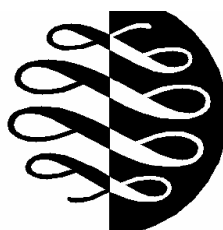


# Norwich Union Life & Pensions Limited

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

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



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Global Business

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

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Name of insurer **Norwich Union Life & Pensions 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 & Pensions Ltd**

Global business

 Financial year ended **31st December 2007**

Adjusted solvency calculation

	Company registration number	GL/ UK/ CM	day	month	year	units
R2	3253947	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	6011128	5687491
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	12	1372205	1287269
Capital resources available to cover long-term insurance business capital resources requirement (11+12)	13	7383333	6974760

**Guarantee fund**

Guarantee Fund requirement	21	1261372	1238344
Excess (deficiency) of available capital resources to cover guarantee fund requirement	22	6121961	5736416

**Minimum capital requirement (MCR)**

Long-term insurance capital requirement	31	1519641	1588373
Resilience capital requirement	32		
Base capital resources requirement	33	2231	2139
Individual minimum capital requirement	34	1519641	1588373
Capital requirements of regulated related undertakings	35	805024	730636
Minimum capital requirement (34+35)	36	2324665	2319009
Excess (deficiency) of available capital resources to cover 50% of MCR	37	6221000	5815256
Excess (deficiency) of available capital resources to cover 75% of MCR	38	5639834	5235503

**Enhanced capital requirement**

With-profits insurance capital component	39	2500470	2266623
Enhanced capital requirement	40	4825135	4585632

**Capital resources requirement (CRR)**

Capital resources requirement (greater of 36 and 40)	41	4825135	4585632
Excess (deficiency) of available capital resources to cover long-term insurance business CRR (13-41)	42	2558198	2389128

**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 **Norwich Union Life & Pensions 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 **Norwich Union Life & Pensions Ltd**

Global business

Financial year ended **31st December 2007**

	Company registration number	GL/ UK/ CM	day	month	year	units
R3	3253947	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		100000	100000	100000
Profit and loss account and other reserves	12		3089478	3089478	2981125
Share premium account	13		877900	877900	877893
Positive valuation differences	14		3604031	3604031	3088857
Fund for future appropriations	15		2182666	2182666	2210344
Core tier one capital in related undertakings	16		(1209700)	(1209700)	(1274795)
Core tier one capital (sum of 11 to 16)	19		8644375	8644375	7983424

**Tier one waivers**

Unpaid share capital / unpaid initial funds and calls for supplementary contributions	21				
Implicit items	22		183000	183000	186000
Tier one waivers in related undertakings	23				
Total tier one waivers as restricted (21+22+23)	24		183000	183000	186000

**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		8827375	8827375	8169424
Investments in own shares	32				
Intangible assets	33		107150	107150	61900
Amounts deducted from technical provisions for discounting	34				
Other negative valuation differences	35				
Deductions in related undertakings	36		91800	91800	160421
Deductions from tier one (32 to 36)	37		198950	198950	222321
<b>Total tier one capital after deductions</b> (31-37)	39		8628425	8628425	7947103

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

Name of insurer **Norwich Union Life & Pensions Ltd**

Global business

Financial year ended **31st December 2007**

	Company registration number	GL/ UK/ CM	day	month	year	units
<b>R3</b>	<b>3253947</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>		

**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>	200000	200000	200000	
Upper tier two capital in related undertakings	<b>47</b>				
<b>Upper tier two capital (44 to 47)</b>	<b>49</b>	200000	200000	200000	

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>	200000	200000	200000	
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>	200000	200000	200000	

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

Name of insurer **Norwich Union Life & Pensions Ltd**

Global business

Financial year ended **31st December 2007**

	Company registration number	GL/ UK/ CM	day	month	year	units
R3	3253947	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	

**Total capital resources**

Positive adjustments for regulated non-insurance related undertakings	71				
<b>Total capital resources before deductions (39+69+71)</b>	<b>72</b>		8828425	8828425	8147103
Inadmissible assets other than intangibles and own shares	73		1445092	1445092	1166878
Assets in excess of market risk and counterparty limits	74				5465
Deductions for related ancillary services undertakings	75				
Deductions for regulated non-insurance related undertakings	76				
Deductions of ineligible surplus capital	77				
<b>Total capital resources after deductions (72-73-74-75-76-77)</b>	<b>79</b>		7383333	7383333	6974760

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

Available capital resources for guarantee fund requirement	81		7383333	7383333	6974760
Available capital resources for 50% MCR requirement	82		7383333	7383333	6974760
Available capital resources for 75% MCR requirement	83		7383333	7383333	6974760

**Financial engineering adjustments**

Implicit items	91		183000	183000	186000
Financial reinsurance – ceded	92		475000	475000	201556
Financial reinsurance – accepted	93				
Outstanding contingent loans	94				
Any other charges on future profits	95				
<b>Sum of financial engineering adjustments (91+92-93+94+95)</b>	<b>96</b>		658000	658000	387556



Name of insurer **Norwich Union Life & Pensions Ltd**

Global business

Financial year ended **31st December 2007**

Long term insurance business

		Company registration number	GL/ UK/ CM	day	month	year	units	
		R11	3253947	GL	31	12	2007	£000
				This financial year		Previous year		
				1		2		
Gross premiums written			11	134895		186333		
Premiums taxes and levies (included in line 11)			12					
Premiums written net of taxes and levies (11-12)			13	134895		186333		
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	134895		186333		
Gross premiums earned			21	134895		186333		
Premium taxes and levies (included in line 21)			22					
Premiums earned net of taxes and levies (21-22)			23	134895		186333		
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	134895		186333		
Sub-total I (higher of sub-total A and sub-total H)			30	134895		186333		
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	24281		33540			
	Excess (if any) over 53.1M EURO x 0.02	33	1957		3017			
Sub-total J (32-33)			34	22324		30523		
Claims paid in period of 3 financial years			41	158503		208512		
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	195290		207838			
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	158834		171463			
Sub-total C (41+42+43-44-45)			46	194959		244887		
Amounts recoverable from reinsurers in respect of claims included in Sub-total C			47	35569		80558		
Sub-total D (46-47)			48	159390		164329		
Reinsurance ratio (Sub-total D / sub-total C or, if more, 0.50 or, if less, 1.00)			49	0.82		0.67		
Premiums amount (Sub-total J x reinsurance ratio )			50	18306		20481		
Provisions for claims outstanding (before discounting and net of reinsurance)			51	155451		170511		
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	26104		28633		
Greater of lines 50 and 53			54	26104		28633		

**Calculation of insurance capital requirement - claims amount and result**
**Form 12**

 Name of insurer **Norwich Union Life & Pensions Ltd**

Global business

 Financial year ended **31st December 2007**

Long term insurance business

		Company registration number	GL/ UK/ CM	day	month	year	units	
		R12	3253947	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	158503		208512		
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	195290		207838		
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	158834		171463		
Claims incurred in reference period (21+22+23-24-25)			26	194959		244887		
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	194959		244887		
Sub-total F - Conversion of sub-total E to annual figure (multiply by 12 and divide by number of months in reference period)			31	64986		81629		
Division of sub-total F (gross adjusted claims amount)	X 0.26		32	16896		21224		
	Excess (if any) over 37.2M EURO x 0.03		33	1171		1703		
Sub-total G (32 - 33)			39	15725		19521		
Claims amount Sub-total G x reinsurance ratio (11.49)			41	12895		13099		
Higher of premiums amount and brought forward amount (11.54)			42	26104		28633		
General insurance capital requirement (higher of lines 41 and 42)			43	26104		28633		

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

Name of insurer **Norwich Union Life & Pensions 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	3253947	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	150203	141102
	debts and loans	22		
Other insurance dependants	shares	23		
	debts and loans	24		
Non-insurance dependants	shares	25	158083	130510
	debts and loans	26	13977	4000
Other group undertakings	shares	27		
	debts and loans	28	55300	5000
Participating interests	shares	29	1381	137
	debts and loans	30		

**Other financial investments**

Equity shares	41	8112	6112
Other shares and other variable yield participations	42		
Holdings in collective investment schemes	43		4442
Rights under derivative contracts	44		
Fixed interest securities	Approved	45	
	Other	46	126
Variable interest securities	Approved	47	
	Other	48	47956
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	155490
	More than one month withdrawal	55	46990
Other financial investments	56		650

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

Name of insurer **Norwich Union Life & Pensions 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	3253947	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	<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>	922	7583
	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>	120029	78628
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>	1622	2090
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>	604575	590662
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**Analysis of admissible assets**
**Form 13  
(Sheet 3)**

Name of insurer **Norwich Union Life & Pensions 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>3253947</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>	604575	590662
Admissible assets in excess of market and counterparty limits	<b>92</b>		
Inadmissible assets directly held	<b>93</b>	153500	
Capital resources requirement deduction of regulated related undertakings	<b>94</b>	805024	730636
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>	1433301	1604120
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>		110370
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>	2996400	3035788
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 & Pensions 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	3253947	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		1821111		2202983

**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	23672	23776
	debts and loans	26	36498	37284
Other group undertakings	shares	27		
	debts and loans	28	254434	267635
Participating interests	shares	29		
	debts and loans	30		

**Other financial investments**

Other financial investments				
Equity shares		41	8416319	10470482
Other shares and other variable yield participations		42		
Holdings in collective investment schemes		43	2477870	904885
Rights under derivative contracts		44	151445	184426
Fixed interest securities	Approved	45	9049701	11163112
	Other	46	5141289	4342994
Variable interest securities	Approved	47	125458	130441
	Other	48	211333	238897
Participation in investment pools		49		
Loans secured by mortgages		50	538724	167932
Loans to public or local authorities and nationalised industries or undertakings		51		
Loans secured by policies of insurance issued by the company		52	44607	52884
Other loans		53	4342357	1620796
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	52803	732992
	More than one month withdrawal	55	220738	174500
Other financial investments		56		

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

 Name of insurer **Norwich Union Life & Pensions 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	3253947	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	181783		238004	
	Property linked			59	32705873		29769871	

**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>	81742	130536
	Intermediaries	<b>72</b>	12867	12462
Salvage and subrogation recoveries		<b>73</b>		
Reinsurance	Accepted	<b>74</b>	168849	102720
	Ceded	<b>75</b>	19255	21926
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>	358288	524749
	Due in more than 12 months	<b>79</b>		

**Other assets**

Tangible assets	<b>80</b>	2411	8713
Deposits not subject to time restriction on withdrawal with approved institutions	<b>81</b>	741907	387238
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>	283745	267100
Deferred acquisition costs (general business only)	<b>85</b>		
Other prepayments and accrued income	<b>86</b>	47	22628

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>	67465126	64201966
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**Analysis of admissible assets**
**Form 13  
(Sheet 3)**

 Name of insurer **Norwich Union Life & Pensions 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>3253947</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>	67465126	64201966
Admissible assets in excess of market and counterparty limits	<b>92</b>		
Inadmissible assets directly held	<b>93</b>	7553	
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>	1261600	949500
Reinsurers' share of technical provisions excluded from line 89	<b>100</b>	2258612	2143869
Other asset adjustments (may be negative)	<b>101</b>	1060165	380747
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>	72053056	67676082
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	<b>103</b>		5254



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

 Name of insurer **Norwich Union Life & Pensions Ltd**

Global business

 Financial year ended **31st December 2007**

 Category of assets **With profits sub-fund assets**

	Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets
R13	3253947	GL	31	12	2007	£000	11
				As at end of this financial year		As at end of the previous year	
				1		2	
Land and buildings			11		1798438		2176506

**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	36498	37284
Other group undertakings	shares	27		
	debts and loans	28	173880	174299
Participating interests	shares	29		
	debts and loans	30		

**Other financial investments**

Equity shares	41	8117856	10116398
Other shares and other variable yield participations	42		
Holdings in collective investment schemes	43	2299466	802735
Rights under derivative contracts	44	124292	166478
Fixed interest securities	Approved	45	8302471
	Other	46	3344485
Variable interest securities	Approved	47	
	Other	48	170505
Participation in investment pools	49		
Loans secured by mortgages	50	206634	
Loans to public or local authorities and nationalised industries or undertakings	51		
Loans secured by policies of insurance issued by the company	52	43871	49701
Other loans	53	4251707	1620796
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	455122
	More than one month withdrawal	55	164876
Other financial investments	56		

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

Name of insurer **Norwich Union Life & Pensions Ltd**

Global business

Financial year ended **31st December 2007**

Category of assets **With profits sub-fund assets**

	Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets
R13	3253947	GL	31	12	2007	£000	11
				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	26926	27586
	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	14718	12903
	Due in more than 12 months	79		

**Other assets**

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	98165	174387
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	210050	157618
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	29384838	28238270
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**Analysis of admissible assets**
**Form 13  
(Sheet 3)**

Name of insurer **Norwich Union Life & Pensions Ltd**

Global business

Financial year ended **31st December 2007**

Category of assets **With profits sub-fund assets**

	Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets
<b>R13</b>	<b>3253947</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2007</b>	<b>£000</b>	<b>11</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>	29384838	28238270
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>	7326	7826
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>	29392164	28246096
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	<b>103</b>		53

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

 Name of insurer **Norwich Union Life & Pensions Ltd**

Global business

 Financial year ended **31st December 2007**

 Category of assets **Provident mutual sub-fund assets**

	Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets
R13	3253947	GL	31	12	2007	£000	12
				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**

Other financial investments				
Equity shares		41	235958	292907
Other shares and other variable yield participations		42		
Holdings in collective investment schemes		43	59934	4654
Rights under derivative contracts		44	6528	8196
Fixed interest securities	Approved	45	595930	1108744
	Other	46	1022764	1165849
Variable interest securities	Approved	47	64136	71288
	Other	48	598	361
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	655	1151
Other loans		53	90650	
Bank and approved credit & financial institution deposits	One month or less withdrawal	54		165308
	More than one month withdrawal	55	5451	
Other financial investments		56		

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

 Name of insurer **Norwich Union Life & Pensions Ltd**

Global business

 Financial year ended **31st December 2007**

 Category of assets **Provident mutual sub-fund assets**

		Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets	
		R13	3253947	GL	31	12	2007	£000	12
					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	<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>	9761	18654
	Intermediaries	<b>72</b>		3144
Salvage and subrogation recoveries		<b>73</b>		
Reinsurance	Accepted	<b>74</b>		
	Ceded	<b>75</b>	8	
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>	5124	36647
	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>	304980	11318
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>	32861	38957
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>	2435338	2927178
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**Analysis of admissible assets**
**Form 13  
(Sheet 3)**

 Name of insurer **Norwich Union Life & Pensions Ltd**

Global business

 Financial year ended **31st December 2007**

 Category of assets **Provident mutual sub-fund assets**

	Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets
<b>R13</b>	<b>3253947</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2007</b>	<b>£000</b>	<b>12</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>	2435338	2927178
Admissible assets in excess of market and counterparty limits	<b>92</b>		
Inadmissible assets directly held	<b>93</b>	2237	
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>	129386	138543
Other asset adjustments (may be negative)	<b>101</b>		1347
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>	2566961	3067068
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	<b>103</b>		5201

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

 Name of insurer **Norwich Union Life & Pensions Ltd**

Global business

 Financial year ended **31st December 2007**

 Category of assets **Belgian sub-fund assets**

	Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets
R13	3253947	GL	31	12	2007	£000	13
				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**

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	9231
	Other	46	8818
Variable interest securities	Approved	47	
	Other	48	
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	
	More than one month withdrawal	55	
Other financial investments		56	

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

Name of insurer **Norwich Union Life & Pensions Ltd**

Global business

Financial year ended **31st December 2007**

Category of assets **Belgian sub-fund assets**

	Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets
R13	3253947	GL	31	12	2007	£000	13
				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		
	Due in more than 12 months	79		

**Other assets**

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81		
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84		
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	9231	8818
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**Analysis of admissible assets**
**Form 13  
(Sheet 3)**

 Name of insurer **Norwich Union Life & Pensions Ltd**

Global business

 Financial year ended **31st December 2007**

 Category of assets **Belgian sub-fund assets**

	Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets
<b>R13</b>	<b>3253947</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2007</b>	<b>£000</b>	<b>13</b>
				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)	<b>91</b>	9231	8818
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>	9231	8818
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 & Pensions Ltd**

Global business

Financial year ended **31st December 2007**

Category of assets **Non-profit sub-fund 1 assets**

	Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets
R13	3253947	GL	31	12	2007	£000	14
				As at end of this financial year		As at end of the previous year	
				1		2	
Land and buildings			11		19475		22666

**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	23572	23572
	debts and loans	26		
Other group undertakings	shares	27		
	debts and loans	28	2275	2275
Participating interests	shares	29		
	debts and loans	30		

**Other financial investments**

Other financial investments				
Equity shares		41	38516	36111
Other shares and other variable yield participations		42		
Holdings in collective investment schemes		43	75448	61125
Rights under derivative contracts		44	10781	9752
Fixed interest securities	Approved	45	47463	75322
	Other	46	26648	60129
Variable interest securities	Approved	47	5642	6229
	Other	48	39224	44929
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	81	1213
Other loans		53		
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	7171	4479
	More than one month withdrawal	55	900	2400
Other financial investments		56		

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

Name of insurer **Norwich Union Life & Pensions Ltd**

Global business

Financial year ended **31st December 2007**

Category of assets **Non-profit sub-fund 1 assets**

	Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets
R13	3253947	GL	31	12	2007	£000	14
				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		181783		238004
	Property linked		59		11847751		10157371

**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	12259	42829
	Intermediaries	72	5545	6498
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74	168849	102720
	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	52485	237193
	Due in more than 12 months	79		

**Other assets**

Tangible assets	80	2411	8713
Deposits not subject to time restriction on withdrawal with approved institutions	81	4327	61180
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	9564	53616
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86	34	22628

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	12582204	11280954
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**Analysis of admissible assets**
**Form 13  
(Sheet 3)**

Name of insurer **Norwich Union Life & Pensions Ltd**

Global business

Financial year ended **31st December 2007**

Category of assets **Non-profit sub-fund 1 assets**

	Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets
<b>R13</b>	<b>3253947</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2007</b>	<b>£000</b>	<b>14</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>	12582204	11280954
Admissible assets in excess of market and counterparty limits	<b>92</b>		
Inadmissible assets directly held	<b>93</b>	2605	
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>	766500	511500
Reinsurers' share of technical provisions excluded from line 89	<b>100</b>	646800	612100
Other asset adjustments (may be negative)	<b>101</b>	298189	131100
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>	14296298	12535654
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 & Pensions Ltd**

Global business

 Financial year ended **31st December 2007**

 Category of assets **Non-profit sub-fund 2 assets**

	Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets
R13	3253947	GL	31	12	2007	£000	15
				As at end of this financial year		As at end of the previous year	
				1		2	
Land and buildings			11		3198		3811

**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	100	204
	debts and loans	26		
Other group undertakings	shares	27		
	debts and loans	28	78279	91061
Participating interests	shares	29		
	debts and loans	30		

**Other financial investments**

Other financial investments				
Equity shares		41	23989	25066
Other shares and other variable yield participations		42		
Holdings in collective investment schemes		43	43022	36371
Rights under derivative contracts		44	9844	
Fixed interest securities	Approved	45	94606	662072
	Other	46	747392	351211
Variable interest securities	Approved	47	55680	52924
	Other	48	1006	1111
Participation in investment pools		49		
Loans secured by mortgages		50	332090	167932
Loans to public or local authorities and nationalised industries or undertakings		51		
Loans secured by policies of insurance issued by the company		52		819
Other loans		53		
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	45632	108083
	More than one month withdrawal	55	49511	172100
Other financial investments		56		

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

 Name of insurer **Norwich Union Life & Pensions Ltd**

Global business

 Financial year ended **31st December 2007**

 Category of assets **Non-profit sub-fund 2 assets**

			Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets	
			R13	3253947	GL	31	12	2007	£000	15
							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	20858122		19612500	

**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>	32796	41467
	Intermediaries	<b>72</b>	7322	2820
Salvage and subrogation recoveries		<b>73</b>		
Reinsurance	Accepted	<b>74</b>		
	Ceded	<b>75</b>	19247	21926
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>	285961	238006
	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>	334435	140353
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>	31270	16909
Deferred acquisition costs (general business only)	<b>85</b>		
Other prepayments and accrued income	<b>86</b>	13	

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>	23053515	21746746
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**Analysis of admissible assets**
**Form 13  
(Sheet 3)**

Name of insurer **Norwich Union Life & Pensions Ltd**

Global business

Financial year ended **31st December 2007**

Category of assets **Non-profit sub-fund 2 assets**

	Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets
<b>R13</b>	<b>3253947</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2007</b>	<b>£000</b>	<b>15</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>	23053515	21746746
Admissible assets in excess of market and counterparty limits	<b>92</b>		
Inadmissible assets directly held	<b>93</b>	2711	
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>	495100	438000
Reinsurers' share of technical provisions excluded from line 89	<b>100</b>	1475100	1385400
Other asset adjustments (may be negative)	<b>101</b>	761976	248300
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>	25788402	23818446
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 & Pensions 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 <b>1</b>	As at the end of the previous year <b>2</b>
Mathematical reserves, after distribution of surplus	<b>11</b>	56160311	55782771
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>	56160311	55782771
Claims outstanding	Gross amount	<b>15</b>	189231
	Reinsurers' share	<b>16</b>	
	Net (15-16)	<b>17</b>	189231
Provisions	Taxation	<b>21</b>	117518
	Other risks and charges	<b>22</b>	
Deposits received from reinsurers	<b>23</b>		
Creditors	Direct insurance business	<b>31</b>	127665
	Reinsurance accepted	<b>32</b>	166177
	Reinsurance ceded	<b>33</b>	28935
Debenture loans	Secured	<b>34</b>	
	Unsecured	<b>35</b>	
Amounts owed to credit institutions	<b>36</b>	4686	217161
Creditors	Taxation	<b>37</b>	222249
	Other	<b>38</b>	4721309
Accruals and deferred income	<b>39</b>	15946	23423
Provision for "reasonably foreseeable adverse variations"	<b>41</b>		
Total other insurance and non-insurance liabilities (17 to 41)	<b>49</b>	5476198	2917706
Excess of the value of net admissible assets	<b>51</b>	5828617	5501489
Total liabilities and margins	<b>59</b>	67465126	64201966

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	<b>61</b>	78102	159609
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	<b>62</b>	32705873	29769871

Total liabilities (11+12+49)	<b>71</b>	61636509	58700477
Increase to liabilities – DAC related	<b>72</b>		
Reinsurers' share of technical provisions	<b>73</b>	2258612	2143869
Other adjustments to liabilities (may be negative)	<b>74</b>	4666406	3461935
Capital and reserves and fund for future appropriations	<b>75</b>	3491529	3369801
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>	72053056	67676082



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

Name of insurer **Norwich Union Life & Pensions Ltd**

Global business

Financial year ended **31st December 2007**

Fund **With Profits Sub-Fund**

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>	19792947	21522282
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>	19792947	21522282
Claims outstanding	Gross amount	<b>15</b>	135093
	Reinsurers' share	<b>16</b>	
	Net (15-16)	<b>17</b>	135093
Provisions	Taxation	<b>21</b>	116643
	Other risks and charges	<b>22</b>	
Deposits received from reinsurers	<b>23</b>		
Creditors	Direct insurance business	<b>31</b>	18280
	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>	1976	17667
Creditors	Taxation	<b>37</b>	142647
	Other	<b>38</b>	4447283
Accruals and deferred income	<b>39</b>	15946	23422
Provision for "reasonably foreseeable adverse variations"	<b>41</b>		
Total other insurance and non-insurance liabilities (17 to 41)	<b>49</b>	4761225	2069345
Excess of the value of net admissible assets	<b>51</b>	4830666	4646643
Total liabilities and margins	<b>59</b>	29384838	28238270

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	<b>61</b>	23394	11560
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>	24554172	23591627
Increase to liabilities – DAC related	<b>72</b>		
Reinsurers' share of technical provisions	<b>73</b>		
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>		

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

 Name of insurer **Norwich Union Life & Pensions Ltd**

Global business

 Financial year ended **31st December 2007**

 Fund **Provident Mutual Sub-Fund**

 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>	1951944	2499512
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>	1951944	2499512
Claims outstanding	Gross amount	<b>15</b>	11349
	Reinsurers' share	<b>16</b>	
	Net (15-16)	<b>17</b>	11349
Provisions	Taxation	<b>21</b>	875
	Other risks and charges	<b>22</b>	
Deposits received from reinsurers	<b>23</b>		
Creditors	Direct insurance business	<b>31</b>	27901
	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>		
Creditors	Taxation	<b>37</b>	9271
	Other	<b>38</b>	120107
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>	168628	65301
Excess of the value of net admissible assets	<b>51</b>	314766	362365
Total liabilities and margins	<b>59</b>	2435338	2927178

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	<b>61</b>	5509	3590
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>	2120572	2564813
Increase to liabilities – DAC related	<b>72</b>		
Reinsurers' share of technical provisions	<b>73</b>		
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>		

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

Name of insurer **Norwich Union Life & Pensions Ltd**

Global business

Financial year ended **31st December 2007**

Fund **Belgian Sub-Fund**

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>	
	Reinsurers' share	<b>16</b>	
	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>	
	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>		
Creditors	Taxation	<b>37</b>	
	Other	<b>38</b>	
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>		
Excess of the value of net admissible assets	<b>51</b>	9231	8818
Total liabilities and margins	<b>59</b>	9231	8818

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>		
Increase to liabilities – DAC related	<b>72</b>		
Reinsurers' share of technical provisions	<b>73</b>		
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>		

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

Name of insurer **Norwich Union Life & Pensions Ltd**

Global business

Financial year ended **31st December 2007**

Fund **Non-Profit Sub-Fund 1**

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>	11763042	10366428
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>	11763042	10366428
Claims outstanding	Gross amount	<b>15</b>	26427
	Reinsurers' share	<b>16</b>	
	Net (15-16)	<b>17</b>	26427
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>	55281
	Reinsurance accepted	<b>32</b>	112151
	Reinsurance ceded	<b>33</b>	25300
Debenture loans	Secured	<b>34</b>	
	Unsecured	<b>35</b>	
Amounts owed to credit institutions	<b>36</b>	2710	174231
Creditors	Taxation	<b>37</b>	55830
	Other	<b>38</b>	38313
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>	316012	466981
Excess of the value of net admissible assets	<b>51</b>	503150	447545
Total liabilities and margins	<b>59</b>	12582204	11280954

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	<b>61</b>	28525	67193
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	<b>62</b>	11847751	10157371

Total liabilities (11+12+49)	<b>71</b>	12079054	10833409
Increase to liabilities – DAC related	<b>72</b>		
Reinsurers' share of technical provisions	<b>73</b>		
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>		

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

Name of insurer **Norwich Union Life & Pensions Ltd**

Global business

Financial year ended **31st December 2007**

Fund **Non-Profit Sub-Fund 2**

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>	22652378	21394549
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>	22652378	21394549
Claims outstanding	Gross amount	<b>15</b>	16362
	Reinsurers' share	<b>16</b>	
	Net (15-16)	<b>17</b>	16362
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>	26203
	Reinsurance accepted	<b>32</b>	54026
	Reinsurance ceded	<b>33</b>	3635
Debenture loans	Secured	<b>34</b>	
	Unsecured	<b>35</b>	
Amounts owed to credit institutions	<b>36</b>		25263
Creditors	Taxation	<b>37</b>	14501
	Other	<b>38</b>	115606
Accruals and deferred income	<b>39</b>		1
Provision for "reasonably foreseeable adverse variations"	<b>41</b>		
Total other insurance and non-insurance liabilities (17 to 41)	<b>49</b>	230333	316079
Excess of the value of net admissible assets	<b>51</b>	170804	36118
Total liabilities and margins	<b>59</b>	23053515	21746746

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	<b>61</b>	20674	77266
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	<b>62</b>	20858122	19612500

Total liabilities (11+12+49)	<b>71</b>	22882711	21710628
Increase to liabilities – DAC related	<b>72</b>		
Reinsurers' share of technical provisions	<b>73</b>		
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>		

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

Name of insurer **Norwich Union Life & Pensions Ltd**

Global business

Financial year ended **31st December 2007**

	Company registration number	GL/ UK/ CM	day	month	year	units
R15	3253947	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	7508	9100
	Foreseeable dividend	48		
	Other	49	30375	24927
Accruals and deferred income		51		
Total (19 to 51)		59	37883	34027
Provision for "reasonably foreseeable adverse variations"		61		
Cumulative preference share capital		62		
Subordinated loan capital		63	200000	200000
Total (59 to 63)		69	237883	234027

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		2200
Capital and reserves	84	2758517	2799561
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	2996400	3035788

**Profit and loss account (non-technical account)**
**Form 16**

Name of insurer **Norwich Union Life & Pensions Ltd**

Global business

Financial year ended **31st December 2007**

		Company registration number	GL/ UK/ CM	day	month	year	units	
		R16	3253947	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		40506		35317		
Investment income	Income	14		18619		42040		
	Value re-adjustments on investments	15		248		87904		
	Gains on the realisation of investments	16		954		840		
Investment charges	Investment management charges, including interest	17		12927		6563		
	Value re-adjustments on investments	18		77909				
	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						
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)		29		(30509)		159538		
Tax on profit or loss on ordinary activities		31		(1107)		(323)		
Profit or loss on ordinary activities after tax (29-31)		39		(29402)		159861		
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		(29402)		159861		
Dividends (paid or foreseeable)		51		35300		205200		
Profit or loss retained for the financial year (49-51)		59		(64702)		(45339)		

**Analysis of derivative contracts**
**Form 17**

Name of insurer **Norwich Union Life & Pensions 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	
		R17	3253947	GL	31	12	2007	£000	10
Derivative contracts			As at the end of this financial year			As at the end of the previous year			
			Assets 1	Liabilities 2	Assets 3	Liabilities 4			
Futures contracts	Fixed-interest securities	11	5	14657	14868	1550			
	Equity shares	12			5217	2460			
	Land	13							
	Currencies	14	20772	59204	52328	22065			
	Other	15							
Options	Fixed-interest securities	21	74845		80542				
	Equity shares	22	9819	1492	12199				
	Land	23							
	Currencies	24							
	Other	25							
Contracts for differences	Fixed-interest securities	31	9844						
	Equity shares	32	6059	7464					
	Land	33	68215		537	3900			
	Currencies	34	360007		302927				
	Other	35							
Adjustments for variation margin		41	(398121)		(284192)				
Total (11 to 41)		49	151445	82817	184426	29975			



**Analysis of derivative contracts**
**Form 17**

Name of insurer **Norwich Union Life & Pensions Ltd**

Global business

Financial year ended **31st December 2007**

Category of assets **With profits sub-fund assets**

		Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets	
		R17	3253947	GL	31	12	2007	£000	11
Derivative contracts			As at the end of this financial year			As at the end of the previous year			
			Assets 1		Liabilities 2	Assets 3		Liabilities 4	
Futures contracts	Fixed-interest securities	11	5	14657	14868	1550			
	Equity shares	12			5217	2460			
	Land	13							
	Currencies	14	20772	59204	52303	22065			
	Other	15							
Options	Fixed-interest securities	21	72245		76365				
	Equity shares	22	1638	1492	6624				
	Land	23							
	Currencies	24							
	Other	25							
Contracts for differences	Fixed-interest securities	31							
	Equity shares	32	6059	7464					
	Land	33	68215		537	3900			
	Currencies	34	140022		150531				
	Other	35							
Adjustments for variation margin		41	(184664)		(139967)				
Total (11 to 41)		49	124292	82817	166478	29975			

**Analysis of derivative contracts**
**Form 17**

Name of insurer **Norwich Union Life & Pensions Ltd**

Global business

Financial year ended **31st December 2007**

Category of assets **Provident mutual sub-fund assets**

		Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets	
		R17	3253947	GL	31	12	2007	£000	12
Derivative contracts			As at the end of this financial year			As at the end of the previous year			
			Assets 1	Liabilities 2	Assets 3	Liabilities 4			
Futures contracts	Fixed-interest securities	11							
	Equity shares	12							
	Land	13							
	Currencies	14				25			
	Other	15							
Options	Fixed-interest securities	21							
	Equity shares	22							
	Land	23							
	Currencies	24							
	Other	25							
Contracts for differences	Fixed-interest securities	31							
	Equity shares	32							
	Land	33							
	Currencies	34	219985			152396			
	Other	35							
Adjustments for variation margin		41	(213457)			(144225)			
Total (11 to 41)		49	6528			8196			

**Analysis of derivative contracts**
**Form 17**

 Name of insurer **Norwich Union Life & Pensions Ltd**

Global business

 Financial year ended **31st December 2007**

 Category of assets **Non-profit sub-fund 1 assets**

		Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets	
		R17	3253947	GL	31	12	2007	£000	14
Derivative contracts			As at the end of this financial year			As at the end of the previous year			
			Assets		Liabilities		Assets		Liabilities
			1	2	3	4			
Futures contracts	Fixed-interest securities	11							
	Equity shares	12							
	Land	13							
	Currencies	14							
	Other	15							
Options	Fixed-interest securities	21	2600		4177				
	Equity shares	22	8181		5575				
	Land	23							
	Currencies	24							
	Other	25							
Contracts for differences	Fixed-interest securities	31							
	Equity shares	32							
	Land	33							
	Currencies	34							
	Other	35							
Adjustments for variation margin		41							
Total (11 to 41)		49	10781		9752				

**Analysis of derivative contracts**
**Form 17**

 Name of insurer **Norwich Union Life & Pensions Ltd**

Global business

 Financial year ended **31st December 2007**

 Category of assets **Non-profit sub-fund 2 assets**

			Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets	
			R17	3253947	GL	31	12	2007	£000	15
Derivative contracts			As at the end of this financial year				As at the end of the previous year			
			Assets		Liabilities		Assets		Liabilities	
			1	2	3	4				
Futures contracts	Fixed-interest securities	11								
	Equity shares	12								
	Land	13								
	Currencies	14								
	Other	15								
Options	Fixed-interest securities	21								
	Equity shares	22								
	Land	23								
	Currencies	24								
	Other	25								
Contracts for differences	Fixed-interest securities	31	9844							
	Equity shares	32								
	Land	33								
	Currencies	34								
	Other	35								
Adjustments for variation margin		41								
Total (11 to 41)		49	9844							

**With-profits insurance capital component for the fund**
**Form 18**

Name of insurer **Norwich Union Life & Pensions Ltd**

Global business

Financial year ended **31st December 2007**

With-profits fund **With Profits Sub-Fund**

Units **£000**

	As at end of this financial year	As at end of the previous year
	1	2

**Regulatory excess capital**

Regulatory value of assets	Long-term admissible assets of the fund	11	29384838	28238270
	Implicit items allocated to the fund	12		
	Mathematical reserves in respect of the fund's non-profit insurance contracts	13	692155	720264
	Long-term admissible assets of the fund covering the LTICR of the fund's non-profit insurance contracts	14	27694	28819
	Long-term admissible assets of the fund covering the RCR of the fund's non-profit insurance contracts	15		
	Total (11+12-(13+14+15))	19	28664989	27489187
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profit insurance contracts	21	19100791	20802018
	Regulatory current liabilities of the fund	22	4761225	2069345
	Total (21+22)	29	23862016	22871363
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		31	770499	839788
Resilience capital requirement in respect of the fund's with-profits insurance contracts		32		
Sum of regulatory value of liabilities, LTICR and RCR (29+31+32)		39	24632515	23711151
Regulatory excess capital (19-39)		49	4032474	3778036

**Realistic excess capital**

Realistic excess capital	51	1246230	1231174
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**Excess assets allocated to with-profits insurance business**

Excess (deficiency) of assets allocated to with-profits insurance business in fund (49-51)	61	2786244	2546862
Face amount of capital instruments attributed to the fund and included in the capital resources (unstressed)	62		
Realistic amount of capital instruments attributed to the fund and included in the capital resources (stressed)	63		
Present value of future shareholder transfers arising from distribution of surplus	64	408757	419211
Present value of other future internal transfers not already taken into account	65		
With-profits insurance capital component for fund (if 62 exceeds 63, greater of 61+62-63-64-65 and zero; else greater of 61-64-65 and zero)	66	2377487	2127651

**With-profits insurance capital component for the fund**
**Form 18**

Name of insurer **Norwich Union Life & Pensions Ltd**

Global business

Financial year ended **31st December 2007**

With-profits fund **Provident Mutual Sub-Fund**

Units **£000**

	As at end of this financial year	As at end of the previous year
	<b>1</b>	<b>2</b>

**Regulatory excess capital**

Regulatory value of assets	Long-term admissible assets of the fund	<b>11</b>	2435338	2927177
	Implicit items allocated to the fund	<b>12</b>		
	Mathematical reserves in respect of the fund's non-profit insurance contracts	<b>13</b>	192365	614543
	Long-term admissible assets of the fund covering the LTICR of the fund's non-profit insurance contracts	<b>14</b>	79877	96027
	Long-term admissible assets of the fund covering the RCR of the fund's non-profit insurance contracts	<b>15</b>		
	Total (11+12-(13+14+15))	<b>19</b>	2163096	2216607
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profit insurance contracts	<b>21</b>	1759579	1884969
	Regulatory current liabilities of the fund	<b>22</b>	168628	65301
	Total (21+22)	<b>29</b>	1928207	1950270
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		<b>31</b>	71777	79057
Resilience capital requirement in respect of the fund's with-profits insurance contracts		<b>32</b>		
Sum of regulatory value of liabilities, LTICR and RCR (29+31+32)		<b>39</b>	1999984	2029327
Regulatory excess capital (19-39)		<b>49</b>	163112	187280

**Realistic excess capital**

Realistic excess capital	<b>51</b>		
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**Excess assets allocated to with-profits insurance business**

Excess (deficiency) of assets allocated to with-profits insurance business in fund (49-51)	<b>61</b>	163112	187280
Face amount of capital instruments attributed to the fund and included in the capital resources (unstressed)	<b>62</b>		
Realistic amount of capital instruments attributed to the fund and included in the capital resources (stressed)	<b>63</b>		
Present value of future shareholder transfers arising from distribution of surplus	<b>64</b>	40129	48308
Present value of other future internal transfers not already taken into account	<b>65</b>		
With-profits insurance capital component for fund (if 62 exceeds 63, greater of 61+62-63-64-65 and zero; else greater of 61-64-65 and zero)	<b>66</b>	122983	138972

**Realistic balance sheet**
**Form 19  
(Sheet 1)**

Name of insurer **Norwich Union Life & Pensions Ltd**

Global business

Financial year ended **31st December 2007**

With-profits fund **With Profits Sub-Fund**

Units **£000**

	As at end of this financial year	As at end of the previous year
	1	2

**Realistic value of assets available to the fund**

Regulatory value of assets	11	28664988	27489187
Implicit items allocated to the fund	12		
Value of shares in subsidiaries held in the fund (regulatory)	13		
Excess admissible assets	21		
Present value of future profits (or losses) on non-profit insurance contracts written in the fund	22	47694	48819
Value of derivatives and quasi-derivatives not already reflected in lines 11 to 22	23		
Value of shares in subsidiaries held in the fund (realistic)	24		
Prepayments made from the fund	25		
Realistic value of assets of the fund (11+21+22+23+24+25-(12+13))	26	28712682	27538006
Support arrangement assets	27		
Assets available to the fund (26+27)	29	28712682	27538006

**Realistic value of liabilities of fund**

With-profits benefits reserve	31	19420929	20996989
Future policy related liabilities	Past miscellaneous surplus attributed to with-profits benefits reserve	32	
	Past miscellaneous deficit attributed to with-profits benefits reserve	33	
	Planned enhancements to with-profits benefits reserve	34	
	Planned deductions for the cost of guarantees, options and smoothing from with-profits benefits reserve	35	562598
	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	36	
	Future costs of contractual guarantees (other than financial options)	41	1327890
	Future costs of non-contractual commitments	42	689294
	Future costs of financial options	43	681293
	Future costs of smoothing (possibly negative)	44	(54000)
	Financing costs	45	
	Any other liabilities related to regulatory duty to treat customers fairly	46	
	Other long-term insurance liabilities	47	646569
	Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49	2728448
Realistic current liabilities of the fund	51	4754541	2040091
Realistic value of liabilities of the fund (31+49+51)	59	26903918	25684932

**Realistic balance sheet****Form 19  
(Sheet 2)**Name of insurer **Norwich Union Life & Pensions Ltd**

Global business

Financial year ended **31st December 2007**With-profits fund **With Profits Sub-Fund**Units **£000**

	As at end of this financial year	As at end of the previous year
	<b>1</b>	<b>2</b>

**Realistic excess capital and additional capital available**

Value of relevant assets before applying the most adverse scenario other than present value of future profits arising from business outside with-profits funds	<b>62</b>	27466452	26306832
Amount of present value of future profits (or losses) on long-term insurance contracts written outside the fund included in the value of relevant assets before applying most adverse scenario	<b>63</b>		
Value of relevant assets before applying the most adverse scenario (62+ 63)	<b>64</b>	27466452	26306832
Risk capital margin for fund (62-59)	<b>65</b>	562534	621900
Realistic excess capital for fund (26-(59+65))	<b>66</b>	1246230	1231174
Realistic excess available capital for fund (29-(59+65))	<b>67</b>	1246230	1231174
Working capital for for fund (29-59)	<b>68</b>	1808764	1853074
Working capital ratio for fund (68/29)	<b>69</b>	6.30	6.73

**Other assets potentially available if required to cover  
the fund's risk capital margin**

Additional amount potentially available for inclusion in line 62	<b>81</b>		
Additional amount potentially available for inclusion in line 63	<b>82</b>		



**Realistic balance sheet**
**Form 19  
(Sheet 1)**

Name of insurer **Norwich Union Life & Pensions Ltd**

Global business

Financial year ended **31st December 2007**

With-profits fund **Provident Mutual Sub-Fund**

Units **£000**

	As at end of this financial year	As at end of the previous year
	1	2

**Realistic value of assets available to the fund**

Regulatory value of assets	11	2163096	2216607
Implicit items allocated to the fund	12		
Value of shares in subsidiaries held in the fund (regulatory)	13		
Excess admissible assets	21		
Present value of future profits (or losses) on non-profit insurance contracts written in the fund	22	93468	133340
Value of derivatives and quasi-derivatives not already reflected in lines 11 to 22	23		
Value of shares in subsidiaries held in the fund (realistic)	24		
Prepayments made from the fund	25		
Realistic value of assets of the fund (11+21+22+23+24+25-(12+13))	26	2256564	2349947
Support arrangement assets	27		
Assets available to the fund (26+27)	29	2256564	2349947

**Realistic value of liabilities of fund**

With-profits benefits reserve	31	1724491	1834883
Future policy related liabilities	Past miscellaneous surplus attributed to with-profits benefits reserve	32	
	Past miscellaneous deficit attributed to with-profits benefits reserve	33	
	Planned enhancements to with-profits benefits reserve	34	15320
	Planned deductions for the cost of guarantees, options and smoothing from with-profits benefits reserve	35	6066
	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	36	
	Future costs of contractual guarantees (other than financial options)	41	18191
	Future costs of non-contractual commitments	42	
	Future costs of financial options	43	279928
	Future costs of smoothing (possibly negative)	44	
	Financing costs	45	
	Any other liabilities related to regulatory duty to treat customers fairly	46	
	Other long-term insurance liabilities	47	71409
	Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49	363462
Realistic current liabilities of the fund	51	168611	65178
Realistic value of liabilities of the fund (31+49+51)	59	2256564	2349947

**Realistic balance sheet****Form 19  
(Sheet 2)**Name of insurer **Norwich Union Life & Pensions Ltd**

Global business

Financial year ended **31st December 2007**With-profits fund **Provident Mutual Sub-Fund**Units **£000**

	As at end of this financial year	As at end of the previous year
	<b>1</b>	<b>2</b>

**Realistic excess capital and additional capital available**

Value of relevant assets before applying the most adverse scenario other than present value of future profits arising from business outside with-profits funds	<b>62</b>	2256564	2349947
Amount of present value of future profits (or losses) on long-term insurance contracts written outside the fund included in the value of relevant assets before applying most adverse scenario	<b>63</b>		
Value of relevant assets before applying the most adverse scenario (62+ 63)	<b>64</b>	2256564	2349947
Risk capital margin for fund (62-59)	<b>65</b>		
Realistic excess capital for fund (26-(59+65))	<b>66</b>		
Realistic excess available capital for fund (29-(59+65))	<b>67</b>		
Working capital for for fund (29-59)	<b>68</b>		
Working capital ratio for fund (68/29)	<b>69</b>	0.00	0.00

**Other assets potentially available if required to cover  
the fund's risk capital margin**

Additional amount potentially available for inclusion in line 62	<b>81</b>		
Additional amount potentially available for inclusion in line 63	<b>82</b>		

**Long-term insurance business: Revenue account****Form 40**Name of insurer **Norwich Union Life & Pensions Ltd**Name and number of fund/Summary **Total Long-Term Insurance Business**Financial year ended **31st December 2007**Units **£000**

	Financial year	Previous year
	<b>1</b>	<b>2</b>

**Income**

Earned premiums	<b>11</b>	6241169	7207790
Investment income receivable before deduction of tax	<b>12</b>	2610183	2416140
Increase (decrease) in the value of non-linked assets brought into account	<b>13</b>	59749	672677
Increase (decrease) in the value of linked assets	<b>14</b>	134002	1775330
Other income	<b>15</b>		
<b>Total income</b>	<b>19</b>	9045103	12071937

**Expenditure**

Claims incurred	<b>21</b>	7166184	6688223
Expenses payable	<b>22</b>	1112418	1218834
Interest payable before deduction of tax	<b>23</b>	179172	42220
Taxation	<b>24</b>	169283	(17394)
Other expenditure	<b>25</b>		
Transfer to (from) non technical account	<b>26</b>	40506	35317
<b>Total expenditure</b>	<b>29</b>	8667563	7967200

Business transfers-in	<b>31</b>		
Business transfers-out	<b>32</b>		
Increase (decrease) in fund in financial year (19-29+31-32)	<b>39</b>	377540	4104737
Fund brought forward	<b>49</b>	55782771	51678034
Fund carried forward (39+49)	<b>59</b>	56160311	55782771

**Long-term insurance business: Revenue account****Form 40**Name of insurer **Norwich Union Life & Pensions Ltd**Name and number of fund/Summary **With Profits Sub-Fund**Financial year ended **31st December 2007**Units **£000**

	Financial year	Previous year
	<b>1</b>	<b>2</b>

**Income**

Earned premiums	<b>11</b>	321650	431754
Investment income receivable before deduction of tax	<b>12</b>	1238433	1111177
Increase (decrease) in the value of non-linked assets brought into account	<b>13</b>	136376	1426502
Increase (decrease) in the value of linked assets	<b>14</b>		
Other income	<b>15</b>	(84679)	(88246)
<b>Total income</b>	<b>19</b>	1611780	2881187

**Expenditure**

Claims incurred	<b>21</b>	2939147	2940131
Expenses payable	<b>22</b>	69696	59864
Interest payable before deduction of tax	<b>23</b>	151566	1175
Taxation	<b>24</b>	145717	68882
Other expenditure	<b>25</b>		
Transfer to (from) non technical account	<b>26</b>	34989	30368
<b>Total expenditure</b>	<b>29</b>	3341115	3100420

Business transfers-in	<b>31</b>		
Business transfers-out	<b>32</b>		
Increase (decrease) in fund in financial year (19-29+31-32)	<b>39</b>	(1729335)	(219233)
Fund brought forward	<b>49</b>	21522282	21741515
Fund carried forward (39+49)	<b>59</b>	19792947	21522282

**Long-term insurance business: Revenue account****Form 40**Name of insurer **Norwich Union Life & Pensions Ltd**Name and number of fund/Summary **Provident Mutual Sub-Fund**Financial year ended **31st December 2007**Units **£000**

	Financial year	Previous year
	<b>1</b>	<b>2</b>

**Income**

Earned premiums	<b>11</b>	(315210)	71513
Investment income receivable before deduction of tax	<b>12</b>	123449	136045
Increase (decrease) in the value of non-linked assets brought into account	<b>13</b>	(42189)	(208985)
Increase (decrease) in the value of linked assets	<b>14</b>		
Other income	<b>15</b>	31291	31630
<b>Total income</b>	<b>19</b>	(202659)	30203

**Expenditure**

Claims incurred	<b>21</b>	276372	327707
Expenses payable	<b>22</b>	57367	37364
Interest payable before deduction of tax	<b>23</b>	5493	3989
Taxation	<b>24</b>	160	65
Other expenditure	<b>25</b>		
Transfer to (from) non technical account	<b>26</b>	5517	4949
<b>Total expenditure</b>	<b>29</b>	344909	374074

Business transfers-in	<b>31</b>		
Business transfers-out	<b>32</b>		
Increase (decrease) in fund in financial year (19-29+31-32)	<b>39</b>	(547568)	(343871)
Fund brought forward	<b>49</b>	2499512	2843383
Fund carried forward (39+49)	<b>59</b>	1951944	2499512

**Long-term insurance business: Revenue account**
**Form 40**

 Name of insurer **Norwich Union Life & Pensions Ltd**

 Name and number of fund/Summary **Belgian Sub-Fund**

 Financial year ended **31st December 2007**

 Units **£000**

	Financial year	Previous year
	1	2

**Income**

Earned premiums	11		
Investment income receivable before deduction of tax	12	413	1587
Increase (decrease) in the value of non-linked assets brought into account	13	(413)	(1587)
Increase (decrease) in the value of linked assets	14		
Other income	15		
<b>Total income</b>	<b>19</b>		

**Expenditure**

Claims incurred	21		
Expenses payable	22		
Interest payable before deduction of tax	23		
Taxation	24		
Other expenditure	25		
Transfer to (from) non technical account	26		
<b>Total expenditure</b>	<b>29</b>		

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

**Long-term insurance business: Revenue account****Form 40**Name of insurer **Norwich Union Life & Pensions Ltd**Name and number of fund/Summary **Non-Profit Sub-Fund 1**Financial year ended **31st December 2007**Units **£000**

	Financial year	Previous year
	<b>1</b>	<b>2</b>

**Income**

Earned premiums	<b>11</b>	2986225	3111818
Investment income receivable before deduction of tax	<b>12</b>	285242	305154
Increase (decrease) in the value of non-linked assets brought into account	<b>13</b>	66948	(460690)
Increase (decrease) in the value of linked assets	<b>14</b>	(145772)	700189
Other income	<b>15</b>	13346	15823
<b>Total income</b>	<b>19</b>	3205989	3672294

**Expenditure**

Claims incurred	<b>21</b>	1155736	996528
Expenses payable	<b>22</b>	654809	687400
Interest payable before deduction of tax	<b>23</b>	10182	29663
Taxation	<b>24</b>	(11352)	(143403)
Other expenditure	<b>25</b>		
Transfer to (from) non technical account	<b>26</b>		
<b>Total expenditure</b>	<b>29</b>	1809375	1570188

Business transfers-in	<b>31</b>		
Business transfers-out	<b>32</b>		
Increase (decrease) in fund in financial year (19-29+31-32)	<b>39</b>	1396614	2102106
Fund brought forward	<b>49</b>	10366428	8264322
Fund carried forward (39+49)	<b>59</b>	11763042	10366428

**Long-term insurance business: Revenue account****Form 40**Name of insurer **Norwich Union Life & Pensions Ltd**Name and number of fund/Summary **Non-Profit Sub-Fund 2**Financial year ended **31st December 2007**Units **£000**

	Financial year	Previous year
	1	2

**Income**

Earned premiums	11	3248504	3592705
Investment income receivable before deduction of tax	12	962646	862177
Increase (decrease) in the value of non-linked assets brought into account	13	(100973)	(82563)
Increase (decrease) in the value of linked assets	14	279774	1075141
Other income	15	40042	40793
<b>Total income</b>	<b>19</b>	<b>4429993</b>	<b>5488253</b>

**Expenditure**

Claims incurred	21	2794929	2423857
Expenses payable	22	330546	434206
Interest payable before deduction of tax	23	11931	7393
Taxation	24	34758	57062
Other expenditure	25		
Transfer to (from) non technical account	26		
<b>Total expenditure</b>	<b>29</b>	<b>3172164</b>	<b>2922518</b>

Business transfers-in	31		
Business transfers-out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	1257829	2565735
Fund brought forward	49	21394549	18828814
Fund carried forward (39+49)	59	22652378	21394549



**Long-term insurance business: Analysis of premiums**
**Form 41**

Name of insurer **Norwich Union Life & Pensions 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	1045897	1444344	20305	2510546	2459424
Single premiums	12	2673503	1829759	4989	4508251	5281564

**Reinsurance - external**

Regular premiums	13	330772	43225	118	374115	340583
Single premiums	14	8660	28885		37545	56932

**Reinsurance - intra-group**

Regular premiums	15	8279	6056	900	15235	20919
Single premiums	16		350730	3	350733	114764

**Net of reinsurance**

Regular premiums	17	706846	1395063	19287	2121196	2097922
Single premiums	18	2664843	1450144	4986	4119973	5109868

**Total**

Gross	19	3719400	3274103	25294	7018797	7740988
Reinsurance	20	347711	428896	1021	777628	533198
Net	21	3371689	2845207	24273	6241169	7207790

**Long-term insurance business: Analysis of premiums**
**Form 41**

 Name of insurer **Norwich Union Life & Pensions Ltd**

 Total business / subfund **With Profits Sub-Fund**

 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	219576	113985	19766	353327	384735
Single premiums	12	(19574)	(15805)	3702	(31677)	47019

**Reinsurance - external**

Regular premiums	13					
Single premiums	14					

**Reinsurance - intra-group**

Regular premiums	15					
Single premiums	16					

**Net of reinsurance**

Regular premiums	17	219576	113985	19766	353327	384735
Single premiums	18	(19574)	(15805)	3702	(31677)	47019

**Total**

Gross	19	200002	98180	23468	321650	431754
Reinsurance	20					
Net	21	200002	98180	23468	321650	431754

**Long-term insurance business: Analysis of premiums**
**Form 41**

Name of insurer **Norwich Union Life & Pensions Ltd**

Total business / subfund **Provident Mutual Sub-Fund**

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	15660	17402		33062	38514
Single premiums	12	2531	6526		9057	143942

**Reinsurance - external**

Regular premiums	13					
Single premiums	14					

**Reinsurance - intra-group**

Regular premiums	15	6555	44		6599	10943
Single premiums	16		350730		350730	100000

**Net of reinsurance**

Regular premiums	17	9105	17358		26463	27571
Single premiums	18	2531	(344204)		(341673)	43942

**Total**

Gross	19	18191	23928		42119	182456
Reinsurance	20	6555	350774		357329	110943
Net	21	11636	(326846)		(315210)	71513

**Long-term insurance business: Analysis of premiums**
**Form 41**

 Name of insurer **Norwich Union Life & Pensions Ltd**

 Total business / subfund **Non-Profit Sub-Fund 1**

 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	676331		676331	746191
Single premiums	12	2624239		2624239	2640429

**Reinsurance - external**

Regular premiums	13	304119		304119	271313
Single premiums	14	8660		8660	

**Reinsurance - intra-group**

Regular premiums	15	1566		1566	3489
Single premiums	16				

**Net of reinsurance**

Regular premiums	17	370646		370646	471389
Single premiums	18	2615579		2615579	2640429

**Total**

Gross	19	3300570		3300570	3386620
Reinsurance	20	314345		314345	274802
Net	21	2986225		2986225	3111818

**Long-term insurance business: Analysis of premiums**
**Form 41**

 Name of insurer **Norwich Union Life & Pensions Ltd**

 Total business / subfund **Non-Profit Sub-Fund 2**

 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	134330	1312957	539	1447826	1289984
Single premiums	12	66307	1839038	1287	1906632	2450174

**Reinsurance - external**

Regular premiums	13	26653	43225	118	69996	69270
Single premiums	14		28885		28885	56932

**Reinsurance - intra-group**

Regular premiums	15	158	6012	900	7070	6487
Single premiums	16			3	3	14764

**Net of reinsurance**

Regular premiums	17	107519	1263720	(479)	1370760	1214227
Single premiums	18	66307	1810153	1284	1877744	2378478

**Total**

Gross	19	200637	3151995	1826	3354458	3740158
Reinsurance	20	26811	78122	1021	105954	147453
Net	21	173826	3073873	805	3248504	3592705

**Long-term insurance business: Analysis of claims**
**Form 42**

Name of insurer **Norwich Union Life & Pensions 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	539891	158746	4597	703234	639441
Disability periodic payments	12	30742	175		30917	23531
Surrender or partial surrender	13	1434399	3060350	64024	4558773	4108619
Annuity payments	14	3157	84316		87473	99500
Lump sums on maturity	15	955244	1075132	38798	2069174	2074175
<b>Total</b>	<b>16</b>	<b>2963433</b>	<b>4378719</b>	<b>107419</b>	<b>7449571</b>	<b>6945266</b>

**Reinsurance - external**

Death or disability lump sums	21	197492	4235	99	201826	186273
Disability periodic payments	22	4679			4679	5915
Surrender or partial surrender	23	1592			1592	11412
Annuity payments	24					548
Lump sums on maturity	25	971	9511		10482	14766
<b>Total</b>	<b>26</b>	<b>204734</b>	<b>13746</b>	<b>99</b>	<b>218579</b>	<b>218914</b>

**Reinsurance - intra-group**

Death or disability lump sums	31	1667	905	127	2699	5856
Disability periodic payments	32					21
Surrender or partial surrender	33	8505	32648	5611	46764	25641
Annuity payments	34					
Lump sums on maturity	35	11855	3452	38	15345	6611
<b>Total</b>	<b>36</b>	<b>22027</b>	<b>37005</b>	<b>5776</b>	<b>64808</b>	<b>38129</b>

**Net of reinsurance**

Death or disability lump sums	41	340732	153606	4371	498709	447312
Disability periodic payments	42	26063	175		26238	17595
Surrender or partial surrender	43	1424302	3027702	58413	4510417	4071566
Annuity payments	44	3157	84316		87473	98952
Lump sums on maturity	45	942418	1062169	38760	2043347	2052798
<b>Total</b>	<b>46</b>	<b>2736672</b>	<b>4327968</b>	<b>101544</b>	<b>7166184</b>	<b>6688223</b>

**Long-term insurance business: Analysis of claims**
**Form 42**

 Name of insurer **Norwich Union Life & Pensions Ltd**

 Total business / subfund **With Profits Sub-Fund**

 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	127407	33090	2681	163178	130394
Disability periodic payments	12	7	135		142	122
Surrender or partial surrender	13	546674	762270	45020	1353964	1423512
Annuity payments	14		12507		12507	5809
Lump sums on maturity	15	789137	582579	37640	1409356	1380294
<b>Total</b>	<b>16</b>	<b>1463225</b>	<b>1390581</b>	<b>85341</b>	<b>2939147</b>	<b>2940131</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					
Disability periodic payments	32					
Surrender or partial surrender	33					
Annuity payments	34					
Lump sums on maturity	35					
<b>Total</b>	<b>36</b>					

**Net of reinsurance**

Death or disability lump sums	41	127407	33090	2681	163178	130394
Disability periodic payments	42	7	135		142	122
Surrender or partial surrender	43	546674	762270	45020	1353964	1423512
Annuity payments	44		12507		12507	5809
Lump sums on maturity	45	789137	582579	37640	1409356	1380294
<b>Total</b>	<b>46</b>	<b>1463225</b>	<b>1390581</b>	<b>85341</b>	<b>2939147</b>	<b>2940131</b>

**Long-term insurance business: Analysis of claims**
**Form 42**

 Name of insurer **Norwich Union Life & Pensions Ltd**

 Total business / subfund **Provident Mutual Sub-Fund**

 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	4597	4627		9224	9795
Disability periodic payments	12	1350	2		1352	1460
Surrender or partial surrender	13	23630	67182		90812	98443
Annuity payments	14	914	49441		50355	70629
Lump sums on maturity	15	49839	96817		146656	162143
<b>Total</b>	<b>16</b>	<b>80330</b>	<b>218069</b>		<b>298399</b>	<b>342470</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	1667			1667	2247
Disability periodic payments	32					
Surrender or partial surrender	33	8505			8505	7359
Annuity payments	34					
Lump sums on maturity	35	11855			11855	5157
<b>Total</b>	<b>36</b>	<b>22027</b>			<b>22027</b>	<b>14763</b>

**Net of reinsurance**

Death or disability lump sums	41	2930	4627		7557	7548
Disability periodic payments	42	1350	2		1352	1460
Surrender or partial surrender	43	15125	67182		82307	91084
Annuity payments	44	914	49441		50355	70629
Lump sums on maturity	45	37984	96817		134801	156986
<b>Total</b>	<b>46</b>	<b>58303</b>	<b>218069</b>		<b>276372</b>	<b>327707</b>



**Long-term insurance business: Analysis of claims**
**Form 42**

 Name of insurer **Norwich Union Life & Pensions Ltd**

 Total business / subfund **Non-Profit Sub-Fund 1**

 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	395345		395345	375704
Disability periodic payments	12	166		166	198
Surrender or partial surrender	13	863477		863477	659570
Annuity payments	14	1780		1780	1805
Lump sums on maturity	15	95023		95023	146951
<b>Total</b>	<b>16</b>	<b>1355791</b>		<b>1355791</b>	<b>1184228</b>

**Reinsurance - external**

Death or disability lump sums	21	197492		197492	184192
Disability periodic payments	22				
Surrender or partial surrender	23	1592		1592	412
Annuity payments	24				
Lump sums on maturity	25	971		971	1419
<b>Total</b>	<b>26</b>	<b>200055</b>		<b>200055</b>	<b>186023</b>

**Reinsurance - intra-group**

Death or disability lump sums	31				1676
Disability periodic payments	32				
Surrender or partial surrender	33				
Annuity payments	34				
Lump sums on maturity	35				1
<b>Total</b>	<b>36</b>				<b>1677</b>

**Net of reinsurance**

Death or disability lump sums	41	197853		197853	189836
Disability periodic payments	42	166		166	198
Surrender or partial surrender	43	861885		861885	659158
Annuity payments	44	1780		1780	1805
Lump sums on maturity	45	94052		94052	145531
<b>Total</b>	<b>46</b>	<b>1155736</b>		<b>1155736</b>	<b>996528</b>

**Long-term insurance business: Analysis of claims**
**Form 42**

 Name of insurer **Norwich Union Life & Pensions Ltd**

 Total business / subfund **Non-Profit Sub-Fund 2**

 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	12542	121029	1916	135487	123548
Disability periodic payments	12	29219	38		29257	21751
Surrender or partial surrender	13	618	2230898	19004	2250520	1927094
Annuity payments	14	463	22368		22831	21257
Lump sums on maturity	15	21245	395736	1158	418139	384787
<b>Total</b>	<b>16</b>	<b>64087</b>	<b>2770069</b>	<b>22078</b>	<b>2856234</b>	<b>2478437</b>

**Reinsurance - external**

Death or disability lump sums	21		4235	99	4334	2081
Disability periodic payments	22	4679			4679	5915
Surrender or partial surrender	23					11000
Annuity payments	24					548
Lump sums on maturity	25		9511		9511	13347
<b>Total</b>	<b>26</b>	<b>4679</b>	<b>13746</b>	<b>99</b>	<b>18524</b>	<b>32891</b>

**Reinsurance - intra-group**

Death or disability lump sums	31		905	127	1032	1933
Disability periodic payments	32					21
Surrender or partial surrender	33		32648	5611	38259	18282
Annuity payments	34					
Lump sums on maturity	35		3452	38	3490	1453
<b>Total</b>	<b>36</b>		<b>37005</b>	<b>5776</b>	<b>42781</b>	<b>21689</b>

**Net of reinsurance**

Death or disability lump sums	41	12542	115889	1690	130121	119534
Disability periodic payments	42	24540	38		24578	15815
Surrender or partial surrender	43	618	2198250	13393	2212261	1897812
Annuity payments	44	463	22368		22831	20709
Lump sums on maturity	45	21245	382773	1120	405138	369987
<b>Total</b>	<b>46</b>	<b>59408</b>	<b>2719318</b>	<b>16203</b>	<b>2794929</b>	<b>2423857</b>

**Long-term insurance business: Analysis of expenses**
**Form 43**

Name of insurer **Norwich Union Life & Pensions 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	436932	94207	3	531142	629445
Commission - other	12	47467	13766	7	61240	90972
Management - acquisition	13	136523	65547	38	202108	210206
Management - maintenance	14	117329	152013	400	269742	220864
Management - other	15	39702	26610	110	66422	84657
<b>Total</b>	<b>16</b>	<b>777953</b>	<b>352143</b>	<b>558</b>	<b>1130654</b>	<b>1236144</b>

**Reinsurance - external**

Commission - acquisition	21					23970
Commission - other	22	77	148		225	172
Management - acquisition	23					
Management - maintenance	24		12141		12141	
Management - other	25					
<b>Total</b>	<b>26</b>	<b>77</b>	<b>12289</b>		<b>12366</b>	<b>24142</b>

**Reinsurance - intra-group**

Commission - acquisition	31					
Commission - other	32	56	2		58	923
Management - acquisition	33	342			342	
Management - maintenance	34	717	4753		5470	(7755)
Management - other	35					
<b>Total</b>	<b>36</b>	<b>1115</b>	<b>4755</b>		<b>5870</b>	<b>(6832)</b>

**Net of reinsurance**

Commission - acquisition	41	436932	94207	3	531142	605475
Commission - other	42	47334	13616	7	60957	89877
Management - acquisition	43	136181	65547	38	201766	210206
Management - maintenance	44	116612	135119	400	252131	228619
Management - other	45	39702	26610	110	66422	84657
<b>Total</b>	<b>46</b>	<b>776761</b>	<b>335099</b>	<b>558</b>	<b>1112418</b>	<b>1218834</b>

**Long-term insurance business: Analysis of expenses**
**Form 43**

 Name of insurer **Norwich Union Life & Pensions Ltd**

 Total business / subfund **With Profits Sub-Fund**

 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	(51)	1549		1498	2775
Commission - other	12	4891	482		5373	6485
Management - acquisition	13	234	1291	38	1563	1314
Management - maintenance	14	22192	28154	400	50746	43010
Management - other	15	8533	1873	110	10516	6280
<b>Total</b>	<b>16</b>	<b>35799</b>	<b>33349</b>	<b>548</b>	<b>69696</b>	<b>59864</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					
Management - other	35					
<b>Total</b>	<b>36</b>					

**Net of reinsurance**

Commission - acquisition	41	(51)	1549		1498	2775
Commission - other	42	4891	482		5373	6485
Management - acquisition	43	234	1291	38	1563	1314
Management - maintenance	44	22192	28154	400	50746	43010
Management - other	45	8533	1873	110	10516	6280
<b>Total</b>	<b>46</b>	<b>35799</b>	<b>33349</b>	<b>548</b>	<b>69696</b>	<b>59864</b>

**Long-term insurance business: Analysis of expenses**
**Form 43**

 Name of insurer **Norwich Union Life & Pensions Ltd**

 Total business / subfund **Provident Mutual Sub-Fund**

 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	378	1560	1938	2159
Commission - other	12	417	658	1075	1308
Management - acquisition	13	12	907	919	87
Management - maintenance	14	13964	42976	56940	22119
Management - other	15	859	975	1834	3967
<b>Total</b>	<b>16</b>	<b>15630</b>	<b>47076</b>	<b>62706</b>	<b>29640</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	56	2	58	31
Management - acquisition	33				
Management - maintenance	34	528	4753	5281	(7755)
Management - other	35				
<b>Total</b>	<b>36</b>	<b>584</b>	<b>4755</b>	<b>5339</b>	<b>(7724)</b>

**Net of reinsurance**

Commission - acquisition	41	378	1560	1938	2159
Commission - other	42	361	656	1017	1277
Management - acquisition	43	12	907	919	87
Management - maintenance	44	13436	38223	51659	29874
Management - other	45	859	975	1834	3967
<b>Total</b>	<b>46</b>	<b>15046</b>	<b>42321</b>	<b>57367</b>	<b>37364</b>

**Long-term insurance business: Analysis of expenses**
**Form 43**

 Name of insurer **Norwich Union Life & Pensions Ltd**

 Total business / subfund **Non-Profit Sub-Fund 1**

 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	395104		395104	411587
Commission - other	12	41645		41645	69626
Management - acquisition	13	114385		114385	110983
Management - maintenance	14	74838		74838	70722
Management - other	15	29445		29445	28988
<b>Total</b>	<b>16</b>	<b>655417</b>		<b>655417</b>	<b>691906</b>

**Reinsurance - external**

Commission - acquisition	21				3552
Commission - other	22	77		77	62
Management - acquisition	23				
Management - maintenance	24				
Management - other	25				
<b>Total</b>	<b>26</b>	<b>77</b>		<b>77</b>	<b>3614</b>

**Reinsurance - intra-group**

Commission - acquisition	31				
Commission - other	32				892
Management - acquisition	33	342		342	
Management - maintenance	34	189		189	
Management - other	35				
<b>Total</b>	<b>36</b>	<b>531</b>		<b>531</b>	<b>892</b>

**Net of reinsurance**

Commission - acquisition	41	395104		395104	408035
Commission - other	42	41568		41568	68672
Management - acquisition	43	114043		114043	110983
Management - maintenance	44	74649		74649	70722
Management - other	45	29445		29445	28988
<b>Total</b>	<b>46</b>	<b>654809</b>		<b>654809</b>	<b>687400</b>

**Long-term insurance business: Analysis of expenses**
**Form 43**

 Name of insurer **Norwich Union Life & Pensions Ltd**

 Total business / subfund **Non-Profit Sub-Fund 2**

 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	41501	91098	3	132602	212924
Commission - other	12	514	12626	7	13147	13553
Management - acquisition	13	21892	63349		85241	97822
Management - maintenance	14	6335	80883		87218	85013
Management - other	15	865	23762		24627	45422
<b>Total</b>	<b>16</b>	<b>71107</b>	<b>271718</b>	<b>10</b>	<b>342835</b>	<b>454734</b>

**Reinsurance - external**

Commission - acquisition	21					20418
Commission - other	22		148		148	110
Management - acquisition	23					
Management - maintenance	24		12141		12141	
Management - other	25					
<b>Total</b>	<b>26</b>		<b>12289</b>		<b>12289</b>	<b>20528</b>

**Reinsurance - intra-group**

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

**Net of reinsurance**

Commission - acquisition	41	41501	91098	3	132602	192506
Commission - other	42	514	12478	7	12999	13443
Management - acquisition	43	21892	63349		85241	97822
Management - maintenance	44	6335	68742		75077	85013
Management - other	45	865	23762		24627	45422
<b>Total</b>	<b>46</b>	<b>71107</b>	<b>259429</b>	<b>10</b>	<b>330546</b>	<b>434206</b>

**Long-term insurance business: Linked funds balance sheet**
**Form 44**

 Name of insurer **Norwich Union Life & Pensions Ltd**

Total business

 Financial year ended **31st December 2007**

 Units **£000**

	Financial year	Previous year
	<b>1</b>	<b>2</b>

**Internal linked funds (excluding cross investment)**

Directly held assets (excluding collective investment schemes)	<b>11</b>	27091214	27592082
Directly held assets in collective investment schemes of connected companies	<b>12</b>	5381832	3769941
Directly held assets in other collective investment schemes	<b>13</b>	2599543	1862786
<b>Total assets (excluding cross investment) (11+12+13)</b>	<b>14</b>	35072589	33224809
Provision for tax on unrealised capital gains	<b>15</b>	53183	119475
Secured and unsecured loans	<b>16</b>		
Other liabilities	<b>17</b>	2126825	3170619
<b>Total net assets (14-15-16-17)</b>	<b>18</b>	32892581	29934715

**Directly held linked assets**

Value of directly held linked assets	<b>21</b>	9746	9628
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**Total**

Value of directly held linked assets and units held (18+21)	<b>31</b>	32902327	29944343
Surplus units	<b>32</b>	196454	174472
Deficit units	<b>33</b>		
<b>Net unit liability (31-32+33)</b>	<b>34</b>	32705873	29769871



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

**Form 45**

Name of insurer **Norwich Union Life & Pensions Ltd**

Total business

Financial year ended **31st December 2007**

Units **£000**

	Financial year	Previous year
	<b>1</b>	<b>2</b>

**Income**

Value of total creation of units	<b>11</b>	4283007	4105061
Investment income attributable to the funds before deduction of tax	<b>12</b>	1155320	1020554
Increase (decrease) in the value of investments in the financial year	<b>13</b>	131893	1788726
Other income	<b>14</b>	50923	20414
<b>Total income</b>	<b>19</b>	5621143	6934755

**Expenditure**

Value of total cancellation of units	<b>21</b>	2437781	1287857
Charges for management	<b>22</b>	134732	135682
Charges in respect of tax on investment income	<b>23</b>	93130	57157
Taxation on realised capital gains	<b>24</b>	37365	58368
Increase (decrease) in amount set aside for tax on capital gains not yet realised	<b>25</b>	(81879)	25758
Other expenditure	<b>26</b>	42148	23422
<b>Total expenditure</b>	<b>29</b>	2663277	1588244

Increase (decrease) in funds in financial year (19-29)	<b>39</b>	2957866	5346511
Internal linked fund brought forward	<b>49</b>	29934715	24588204
Internal linked funds carried forward (39+49)	<b>59</b>	32892581	29934715

**Long-term insurance business: Summary of new business**
**Form 46**

 Name of insurer **Norwich Union Life & Pensions Ltd**

Total 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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**Number of new policyholders / scheme members for direct insurance business**

Regular premium business	<b>11</b>	219440	4001	8938	232379	265573
Single premium business	<b>12</b>	188	624	674	1486	2043
<b>Total</b>	<b>13</b>	219628	4625	9612	233865	267616

**Amount of new regular premiums**

Direct insurance business	<b>21</b>	104402	64961	10312	179675	185689
External reinsurance	<b>22</b>					
Intra-group reinsurance	<b>23</b>	13	346468	4034	350515	324327
<b>Total</b>	<b>24</b>	104415	411429	14346	530190	510016

**Amount of new single premiums**

Direct insurance business	<b>25</b>	208648	180929	39226	428803	611078
External reinsurance	<b>26</b>					
Intra-group reinsurance	<b>27</b>	2483799	1586607	13398	4083804	4321767
<b>Total</b>	<b>28</b>	2692447	1767536	52624	4512607	4932845

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

**Form 47  
(Sheet 1)**

Name of insurer **Norwich Union Life & Pensions 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
120	Conventional endowment with-profits OB savings	6	49		
155	Conventional pensions endowment with-profits	34	106	3	312
160	Conventional pensions endowment with-profits -increments				10
185	Group conventional pensions endowment with-profits		813		80
300	Regular premium non-profit WL/EA OB	7386	1808		
395	Annuity non-profit (PLA)			160	6315
410	Group Life	27	181		
525	Individual pensions UWP		5	2	333
530	Individual pensions UWP -increments		85		269
535	Group money purchase pensions UWP	20	86	10	42
540	Group money purchase pensions UWP -increments		82		198
565	DWP National Insurance rebates UWP			4	1554
725	Individual pensions property linked	82	173	397	4549
730	Individual pensions property linked -increments		275		2817
735	Group money purchase pensions property linked	1383	4141	98	1995
740	Group money purchase pensions property linked -increments		2508		18157
745	DWP National Insurance rebates property linked				2595

**Long-term insurance business: Analysis of new business****Form 47  
(Sheet 1)**Name of insurer **Norwich Union Life & Pensions Ltd**

Total business

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

Overseas / Reinsurance accepted intra-group

Product code number  <b>1</b>	Product description  <b>2</b>	Regular premium business		Single premium business	
		Number of policyholders / scheme members <b>3</b>	Amount of premiums <b>4</b>	Number of policyholders / scheme members <b>5</b>	Amount of premiums <b>6</b>
700	Life property linked single premium				22
725	Individual pensions property linked		3111		12355
730	Individual pensions property linked -increments		922		1021

**Long-term insurance business: Analysis of new business**
**Form 47  
(Sheet 1)**

Name of insurer **Norwich Union Life & Pensions 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
200	Annuity with-profits (CPA)			1	100
205	Miscellaneous conventional with-profits		3		
300	Regular premium non-profit WL/EA OB	3044	686		
305	Single premium non-profit WL/EA OB			14	207
325	Level term assurance	86585	39635		
330	Decreasing term assurance	82452	33733		
365	Income protection non-profit (reviewable premiums)	16479	6153		
395	Annuity non-profit (PLA)			173	18407
415	Collective Life		13317		128761
420	Group income protection	30880	10842		60256
500	Life UWP single premium				180
505	Life UWP whole life regular premium		3		
510	Life UWP endowment regular premium -savings		17		
575	Miscellaneous UWP				58
700	Life property linked single premium				646
710	Life property linked whole life regular premium		(1)		33
715	Life property linked endowment regular premium -savings		14		

**Long-term insurance business: Analysis of new business****Form 47  
(Sheet 1)**Name of insurer **Norwich Union Life & Pensions Ltd**

Total business

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

UK Life / Reinsurance accepted intra-group

Product code number  <b>1</b>	Product description  <b>2</b>	Regular premium business		Single premium business	
		Number of policyholders / scheme members <b>3</b>	Amount of premiums <b>4</b>	Number of policyholders / scheme members <b>5</b>	Amount of premiums <b>6</b>
360	Income protection non-profit (guaranteed premiums)		49		
415	Collective Life		(100)		19278
700	Life property linked single premium				2464521
710	Life property linked whole life regular premium		55		
720	Life property linked endowment regular premium – target cash		9		

**Long-term insurance business: Analysis of new business**
**Form 47  
(Sheet 1)**

Name of insurer **Norwich Union Life & Pensions 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
155	Conventional pensions endowment with-profits	23	192	24	1548
160	Conventional pensions endowment with-profits -increments				1017
185	Group conventional pensions endowment with-profits		37		
200	Annuity with-profits (CPA)			136	2174
410	Group Life	839	31164		
525	Individual pensions UWP		5	11	751
530	Individual pensions UWP -increments		850		4648
535	Group money purchase pensions UWP	274	671	15	240
540	Group money purchase pensions UWP -increments		2645		3573
560	Group deposit administration with-profits -increments		497		1517
565	DWP National Insurance rebates UWP			18	55604
575	Miscellaneous UWP		93		5366
725	Individual pensions property linked	12	14	(1)	861
730	Individual pensions property linked -increments		4822		14263
735	Group money purchase pensions property linked	2853	4395	402	2161
740	Group money purchase pensions property linked -increments		19576		10650
745	DWP National Insurance rebates property linked			5	76148
905	Index linked annuity			14	408

**Long-term insurance business: Analysis of new business****Form 47  
(Sheet 1)**Name of insurer **Norwich Union Life & Pensions Ltd**

Total business

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

UK Pension / Reinsurance accepted intra-group

Product code number  <b>1</b>	Product description  <b>2</b>	Regular premium business		Single premium business	
		Number of policyholders / scheme members <b>3</b>	Amount of premiums <b>4</b>	Number of policyholders / scheme members <b>5</b>	Amount of premiums <b>6</b>
725	Individual pensions property linked		43082		449555
730	Individual pensions property linked -increments		37302		435447
735	Group money purchase pensions property linked		162811		149324
740	Group money purchase pensions property linked -increments		103273		405196
745	DWP National Insurance rebates property linked				63320
755	Trustee investment plan				83765



**Long-term insurance business: Assets not held to match linked liabilities**
**Form 48**

Name of insurer **Norwich Union Life & Pensions 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	22673	22673		4.26	
Approved fixed interest securities	12	1138633	1138633	61822	4.55	
Other fixed interest securities	13	801457	812305	51475	5.89	
Variable interest securities	14	102139	102226	3525	3.87	
UK listed equity shares	15	62505	165388	74	5.67	
Non-UK listed equity shares	16		10451	3	2.90	
Unlisted equity shares	17	23672	23774	1	2.79	
Other assets	18	1598307	1473936	23404	2.82	
<b>Total</b>	<b>19</b>	<b>3749386</b>	<b>3749386</b>	<b>140304</b>	<b>4.17</b>	

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

Land and buildings	21	1798438	3076559	126738	4.09	(0.87)
Approved fixed interest securities	22	8012398	7050375	403143	4.44	5.77
Other fixed interest securities	23	4459162	5095317	296077	5.89	2.86
Variable interest securities	24	236659	233519	8781	4.82	8.97
UK listed equity shares	25	5682569	6020323	206974	3.44	5.37
Non-UK listed equity shares	26	2630771	3007689	68669	2.28	18.98
Unlisted equity shares	27	40474	304315	220	0.07	0.00
Other assets	28	7967613	6039987	75968	1.41	5.76
<b>Total</b>	<b>29</b>	<b>30828084</b>	<b>30828084</b>	<b>1186570</b>	<b>3.60</b>	<b>5.80</b>

**Overall return on with-profits assets**

Post investment costs but pre-tax	31					5.28
Return allocated to non taxable 'asset shares'	32					5.77
Return allocated to taxable 'asset shares'	33					5.22

**Long-term insurance business: Assets not held to match linked liabilities**
**Form 48**

 Name of insurer **Norwich Union Life & Pensions Ltd**

 Financial year ended **31st December 2007**

 Category of assets **With profits sub-fund 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	719850	719850	41390	4.43	
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>	<b>719850</b>	<b>719850</b>	<b>41390</b>	<b>4.43</b>	

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

Land and buildings	21	1798438	3021991	123668	4.09	(1.11)
Approved fixed interest securities	22	7673806	6711783	385912	4.43	5.80
Other fixed interest securities	23	3419121	3835290	224064	5.89	3.17
Variable interest securities	24	171335	168345	7429	6.17	9.56
UK listed equity shares	25	5474362	5812116	200348	3.45	5.33
Non-UK listed equity shares	26	2603020	2974560	67797	2.28	19.00
Unlisted equity shares	27	40474	304315	220	0.07	0.00
Other assets	28	7484432	5836588	62467	1.07	5.76
<b>Total</b>	<b>29</b>	<b>28664988</b>	<b>28664988</b>	<b>1071905</b>	<b>3.45</b>	<b>5.95</b>

**Overall return on with-profits assets**

Post investment costs but pre-tax	31					5.47
Return allocated to non taxable 'asset shares'	32					5.95
Return allocated to taxable 'asset shares'	33					5.40

**Long-term insurance business: Assets not held to match linked liabilities**
**Form 48**

 Name of insurer **Norwich Union Life & Pensions Ltd**

 Financial year ended **31st December 2007**

 Category of assets **Provident mutual sub-fund 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	266120	266120	13543	4.75	
Other fixed interest securities	13	6122	6122	350	5.88	
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>	<b>272242</b>	<b>272242</b>	<b>13893</b>	<b>4.78</b>	

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

Land and buildings	21		54568	3070	5.63	12.54
Approved fixed interest securities	22	338592	338592	17231	4.75	5.24
Other fixed interest securities	23	1040041	1260027	72013	5.88	1.92
Variable interest securities	24	65324	65174	1352	1.29	7.44
UK listed equity shares	25	208207	208207	6626	3.18	6.39
Non-UK listed equity shares	26	27751	33129	872	2.63	17.11
Unlisted equity shares	27				0.00	0.00
Other assets	28	483181	203399	13501	6.64	5.73
<b>Total</b>	<b>29</b>	<b>2163096</b>	<b>2163096</b>	<b>114665</b>	<b>5.32</b>	<b>3.90</b>

**Overall return on with-profits assets**

Post investment costs but pre-tax	31					2.74
Return allocated to non taxable 'asset shares'	32					3.36
Return allocated to taxable 'asset shares'	33					2.85

**Long-term insurance business: Assets not held to match linked liabilities**
**Form 48**

 Name of insurer **Norwich Union Life & Pensions Ltd**

 Financial year ended **31st December 2007**

 Category of assets **Belgian sub-fund 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	9231	9231	425	4.61	
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>	<b>9231</b>	<b>9231</b>	<b>425</b>	<b>4.61</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					
<b>Total</b>	<b>29</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: Assets not held to match linked liabilities**
**Form 48**

 Name of insurer **Norwich Union Life & Pensions Ltd**

 Financial year ended **31st December 2007**

 Category of assets **Non-profit sub-fund 1 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	19475	19475		4.26	
Approved fixed interest securities	12	47682	47682	1779	4.72	
Other fixed interest securities	13	29525	29525	655	6.02	
Variable interest securities	14	45097	45097	2207	5.90	
UK listed equity shares	15	38516	108554	45	6.03	
Non-UK listed equity shares	16					
Unlisted equity shares	17	23572	23660	1	2.80	
Other assets	18	348803	278677	8815	6.03	
<b>Total</b>	<b>19</b>	<b>552670</b>	<b>552670</b>	<b>13502</b>	<b>5.71</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					
<b>Total</b>	<b>29</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: Assets not held to match linked liabilities**
**Form 48**

 Name of insurer **Norwich Union Life & Pensions Ltd**

 Financial year ended **31st December 2007**

 Category of assets **Non-profit sub-fund 2 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	3198	3198		4.26	
Approved fixed interest securities	12	95750	95750	5110	5.29	
Other fixed interest securities	13	765810	776658	50470	5.88	
Variable interest securities	14	57042	57129	1318	2.26	
UK listed equity shares	15	23989	56834	29	4.98	
Non-UK listed equity shares	16		10451	3	2.90	
Unlisted equity shares	17	100	114		0.22	
Other assets	18	1249504	1195259	14589	2.07	
<b>Total</b>	<b>19</b>	<b>2195393</b>	<b>2195393</b>	<b>71519</b>	<b>3.65</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					
<b>Total</b>	<b>29</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: Fixed and variable interest assets**
**Form 49**

Name of insurer **Norwich Union Life & Pensions Ltd**  
 Financial year ended **31st December 2007**  
 Category of assets **Total long-term insurance business assets**  
 Units **£000**

		Value of assets <b>1</b>	Mean term <b>2</b>	Yield before adjustment <b>3</b>	Yield after adjustment <b>4</b>
<b>UK government approved fixed interest securities</b>	<b>11</b>	6512834	9.27	4.45	4.45
<b>Other approved fixed interest securities</b>	<b>21</b>	1666943	10.35	4.53	4.53
<b>Other fixed interest securities</b>					
AAA/Aaa	<b>31</b>	1065353	7.61	5.11	5.02
AA/Aa	<b>32</b>	1713184	6.49	5.91	5.63
A/A	<b>33</b>	1723525	7.05	6.08	5.76
BBB/Baa	<b>34</b>	980535	6.25	6.66	5.99
BB/Ba	<b>35</b>	35102	5.50	12.80	11.13
B/B	<b>36</b>	11220	3.46	13.98	10.88
CCC/Caa	<b>37</b>	2	1.91	0.00	0.00
Other (including unrated)	<b>38</b>	378701	49.89	4.64	4.31
<b>Total other fixed interest securities</b>	<b>39</b>	5907622	9.59	5.91	5.58
<b>Approved variable interest securities</b>	<b>41</b>	133410	9.07	1.80	1.80
<b>Other variable interest securities</b>	<b>51</b>	202334	3.34	6.33	6.00
<b>Total (11+21+39+41+51)</b>	<b>61</b>	14423143	9.44	5.06	4.92

**Long-term insurance business: Fixed and variable interest assets**
**Form 49**

 Name of insurer **Norwich Union Life & Pensions Ltd**

 Financial year ended **31st December 2007**

 Category of assets **With profits sub-fund assets**

 Units **£000**

		Value of assets <b>1</b>	Mean term <b>2</b>	Yield before adjustment <b>3</b>	Yield after adjustment <b>4</b>
<b>UK government approved fixed interest securities</b>	<b>11</b>	6114796	9.31	4.41	4.41
<b>Other approved fixed interest securities</b>	<b>21</b>	1316837	10.98	4.51	4.51
<b>Other fixed interest securities</b>					
AAA/Aaa	<b>31</b>	726228	6.83	4.87	4.78
AA/Aa	<b>32</b>	1022326	5.62	5.82	5.54
A/A	<b>33</b>	1157402	6.60	6.03	5.71
BBB/Baa	<b>34</b>	736957	6.33	6.65	5.98
BB/Ba	<b>35</b>	32331	5.41	12.73	11.05
B/B	<b>36</b>	11220	3.46	13.98	10.88
CCC/Caa	<b>37</b>	2	1.91	0.00	0.00
Other (including unrated)	<b>38</b>	148824	80.55	4.49	3.82
<b>Total other fixed interest securities</b>	<b>39</b>	3835290	9.18	5.89	5.53
<b>Approved variable interest securities</b>	<b>41</b>				
<b>Other variable interest securities</b>	<b>51</b>	168345	3.62	6.17	5.78
<b>Total (11+21+39+41+51)</b>	<b>61</b>	11435268	9.37	4.94	4.82



**Long-term insurance business: Fixed and variable interest assets**
**Form 49**

Name of insurer **Norwich Union Life & Pensions Ltd**  
 Financial year ended **31st December 2007**  
 Category of assets **Provident mutual sub-fund assets**  
 Units **£000**

		Value of assets <b>1</b>	Mean term <b>2</b>	Yield before adjustment <b>3</b>	Yield after adjustment <b>4</b>
<b>UK government approved fixed interest securities</b>	<b>11</b>	281402	8.50	4.62	4.62
<b>Other approved fixed interest securities</b>	<b>21</b>	323310	8.51	4.87	4.87
<b>Other fixed interest securities</b>					
AAA/Aaa	<b>31</b>	196226	10.44	5.43	5.34
AA/Aa	<b>32</b>	382762	8.08	6.11	5.83
A/A	<b>33</b>	377434	7.40	6.23	5.91
BBB/Baa	<b>34</b>	87104	5.98	7.45	6.78
BB/Ba	<b>35</b>	2590	7.03	14.59	12.91
B/B	<b>36</b>		0.00	0.00	0.00
CCC/Caa	<b>37</b>		0.00	0.00	0.00
Other (including unrated)	<b>38</b>	220033	31.27	4.56	4.47
<b>Total other fixed interest securities</b>	<b>39</b>	1266149	12.13	5.88	5.62
<b>Approved variable interest securities</b>	<b>41</b>	64935	13.93	1.28	1.28
<b>Other variable interest securities</b>	<b>51</b>	239	31.79	4.54	3.87
<b>Total (11+21+39+41+51)</b>	<b>61</b>	1936035	11.06	5.37	5.20

**Long-term insurance business: Fixed and variable interest assets**
**Form 49**

Name of insurer **Norwich Union Life & Pensions Ltd**

Financial year ended **31st December 2007**

Category of assets **Non-profit sub-fund 1 assets**

Units **£000**

		Value of assets <b>1</b>	Mean term <b>2</b>	Yield before adjustment <b>3</b>	Yield after adjustment <b>4</b>
<b>UK government approved fixed interest securities</b>	<b>11</b>	44703	8.82	4.71	4.71
<b>Other approved fixed interest securities</b>	<b>21</b>	2979	10.14	5.00	5.00
<b>Other fixed interest securities</b>					
AAA/Aaa	<b>31</b>	5753	11.80	5.67	5.58
AA/Aa	<b>32</b>	13703	7.41	5.97	5.69
A/A	<b>33</b>	5679	8.66	6.10	5.78
BBB/Baa	<b>34</b>	4372	7.61	6.54	5.87
BB/Ba	<b>35</b>	18	0.00	0.00	0.00
B/B	<b>36</b>				
CCC/Caa	<b>37</b>				
Other (including unrated)	<b>38</b>				
<b>Total other fixed interest securities</b>	<b>39</b>	29525	8.53	6.02	5.71
<b>Approved variable interest securities</b>	<b>41</b>	11425	2.08	2.21	2.21
<b>Other variable interest securities</b>	<b>51</b>	33672	1.76	7.15	7.15
<b>Total (11+21+39+41+51)</b>	<b>61</b>	122304	6.21	5.47	5.40

**Long-term insurance business: Fixed and variable interest assets**
**Form 49**

Name of insurer **Norwich Union Life & Pensions Ltd**

Financial year ended **31st December 2007**

Category of assets **Non-profit sub-fund 2 assets**

Units **£000**

		Value of assets <b>1</b>	Mean term <b>2</b>	Yield before adjustment <b>3</b>	Yield after adjustment <b>4</b>
<b>UK government approved fixed interest securities</b>	<b>11</b>	71933	9.26	6.75	6.75
<b>Other approved fixed interest securities</b>	<b>21</b>	23817	0.84	0.90	0.90
<b>Other fixed interest securities</b>					
AAA/Aaa	<b>31</b>	137146	7.54	5.92	5.83
AA/Aa	<b>32</b>	294393	7.43	5.96	5.68
A/A	<b>33</b>	183010	9.08	6.04	5.72
BBB/Baa	<b>34</b>	152102	5.95	6.29	5.62
BB/Ba	<b>35</b>	163	0.00	0.00	0.00
B/B	<b>36</b>				
CCC/Caa	<b>37</b>				
Other (including unrated)	<b>38</b>	9844	2.61	8.76	8.09
<b>Total other fixed interest securities</b>	<b>39</b>	776658	7.49	6.07	5.73
<b>Approved variable interest securities</b>	<b>41</b>	57050	4.93	2.32	2.31
<b>Other variable interest securities</b>	<b>51</b>	78	0.00	0.00	0.03
<b>Total (11+21+39+41+51)</b>	<b>61</b>	929536	7.30	5.76	5.47

**Long-term insurance business: Summary of mathematical reserves**
**Form 50**

Name of insurer **Norwich Union Life & Pensions 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>	6527327	4952765	299509	11779601	12593459
Form 51 - non-profit	<b>12</b>	1781746	1909647	203659	3895052	4337388
Form 52	<b>13</b>	1744790	7083488	287111	9115389	10079617
Form 53 - linked	<b>14</b>	11999298	21665258	135851	33800407	30720436
Form 53 - non-linked	<b>15</b>	(271843)	274927	596	3680	(44866)
Form 54 - linked	<b>16</b>	181783			181783	238004
Form 54 - non-linked	<b>17</b>	61221		2829	64050	68999
<b>Total</b>	<b>18</b>	22024322	35886085	929555	58839962	57993037

**Reinsurance - external**

Form 51 - with-profits	<b>21</b>	6686		65559	72245	62337
Form 51 - non-profit	<b>22</b>	1268568	84702	51018	1404288	1150782
Form 52	<b>23</b>	97			97	97
Form 53 - linked	<b>24</b>		1094534		1094534	950566
Form 53 - non-linked	<b>25</b>	152	1		153	149
Form 54 - linked	<b>26</b>					
Form 54 - non-linked	<b>27</b>					
<b>Total</b>	<b>28</b>	1275503	1179237	116577	2571317	2163931

**Reinsurance - intra-group**

Form 51 - with-profits	<b>31</b>	182672			182672	188425
Form 51 - non-profit	<b>32</b>	9127		130248	139375	140868
Form 52	<b>33</b>					
Form 53 - linked	<b>34</b>					
Form 53 - non-linked	<b>35</b>	991	29967		30958	10691
Form 54 - linked	<b>36</b>					
Form 54 - non-linked	<b>37</b>	697		2829	3526	3353
<b>Total</b>	<b>38</b>	193487	29967	133077	356531	343337

**Net of reinsurance**

Form 51 - with-profits	<b>41</b>	6337969	4952765	233950	11524684	12342697
Form 51 - non-profit	<b>42</b>	504051	1824945	22393	2351389	3045738
Form 52	<b>43</b>	1744693	7083488	287111	9115292	10079520
Form 53 - linked	<b>44</b>	11999298	20570724	135851	32705873	29769870
Form 53 - non-linked	<b>45</b>	(272986)	244959	596	(27431)	(55706)
Form 54 - linked	<b>46</b>	181783			181783	238004
Form 54 - non-linked	<b>47</b>	60524			60524	65646
<b>Total</b>	<b>48</b>	20555332	34676881	679901	55912114	55485769

**Long-term insurance business: Summary of mathematical reserves**
**Form 50**

 Name of insurer **Norwich Union Life & Pensions Ltd**

 Total business / subfund **With Profits Sub-Fund**

 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>	6142489	4554863	235059	10932411	11705695
Form 51 - non-profit	<b>12</b>	4	672037	20115	692156	720264
Form 52	<b>13</b>	1744432	5908565	286426	7939423	8818744
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>	7886925	11135465	541600	19563990	21244703

**Reinsurance - external**

Form 51 - with-profits	<b>21</b>	6143		1109	7252	7762
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>	6143		1109	7252	7762

**Reinsurance - intra-group**

Form 51 - with-profits	<b>31</b>					
Form 51 - non-profit	<b>32</b>					
Form 52	<b>33</b>					
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>					

**Net of reinsurance**

Form 51 - with-profits	<b>41</b>	6136346	4554863	233950	10925159	11697933
Form 51 - non-profit	<b>42</b>	4	672037	20115	692156	720264
Form 52	<b>43</b>	1744432	5908565	286426	7939423	8818744
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>	7880782	11135465	540491	19556738	21236941

**Long-term insurance business: Summary of mathematical reserves**
**Form 50**

 Name of insurer **Norwich Union Life & Pensions Ltd**

 Total business / subfund **Provident Mutual Sub-Fund**

 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>	384838	397902		782740	833785
Form 51 - non-profit	<b>12</b>	25860	168829		194689	618535
Form 52	<b>13</b>	114	1147952		1148066	1228544
Form 53 - linked	<b>14</b>					
Form 53 - non-linked	<b>15</b>	866	29967		30833	10555
Form 54 - linked	<b>16</b>					
Form 54 - non-linked	<b>17</b>					
<b>Total</b>	<b>18</b>	411678	1744650		2156328	2691419

**Reinsurance - external**

Form 51 - with-profits	<b>21</b>	543			543	596
Form 51 - non-profit	<b>22</b>	2130	194		2324	3992
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>	2673	194		2867	4588

**Reinsurance - intra-group**

Form 51 - with-profits	<b>31</b>	182672			182672	188425
Form 51 - non-profit	<b>32</b>					
Form 52	<b>33</b>					
Form 53 - linked	<b>34</b>					
Form 53 - non-linked	<b>35</b>	866	29967		30833	10555
Form 54 - linked	<b>36</b>					
Form 54 - non-linked	<b>37</b>					
<b>Total</b>	<b>38</b>	183538	29967		213505	198980

**Net of reinsurance**

Form 51 - with-profits	<b>41</b>	201623	397902		599525	644764
Form 51 - non-profit	<b>42</b>	23730	168635		192365	614543
Form 52	<b>43</b>	114	1147952		1148066	1228544
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>	225467	1714489		1939956	2487851

**Long-term insurance business: Summary of mathematical reserves**
**Form 50**

 Name of insurer **Norwich Union Life & Pensions Ltd**

 Total business / subfund **Belgian Sub-Fund**

 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>			64450	64450	53979
Form 51 - non-profit	<b>12</b>			39694	39694	36375
Form 52	<b>13</b>					
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>			104144	104144	90354

**Reinsurance - external**

Form 51 - with-profits	<b>21</b>			64450	64450	53979
Form 51 - non-profit	<b>22</b>			39694	39694	36375
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>			104144	104144	90354

**Reinsurance - intra-group**

Form 51 - with-profits	<b>31</b>					
Form 51 - non-profit	<b>32</b>					
Form 52	<b>33</b>					
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>					

**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: Summary of mathematical reserves**
**Form 50**

 Name of insurer **Norwich Union Life & Pensions Ltd**

 Total business / subfund **Non-Profit Sub-Fund 1**

 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>	1069484		1069484	992107
Form 52	<b>13</b>	243		243	2932
Form 53 - linked	<b>14</b>	11847751		11847751	10157371
Form 53 - non-linked	<b>15</b>	(275722)		(275722)	(216716)
Form 54 - linked	<b>16</b>	181783		181783	238004
Form 54 - non-linked	<b>17</b>	10057		10057	10089
<b>Total</b>	<b>18</b>	12833596		12833596	11183787

**Reinsurance - external**

Form 51 - with-profits	<b>21</b>				
Form 51 - non-profit	<b>22</b>	1060356		1060356	807178
Form 52	<b>23</b>	97		97	97
Form 53 - linked	<b>24</b>				
Form 53 - non-linked	<b>25</b>	152		152	148
Form 54 - linked	<b>26</b>				
Form 54 - non-linked	<b>27</b>				
<b>Total</b>	<b>28</b>	1060605		1060605	807423

**Reinsurance - intra-group**

Form 51 - with-profits	<b>31</b>				
Form 51 - non-profit	<b>32</b>	9127		9127	8966
Form 52	<b>33</b>				
Form 53 - linked	<b>34</b>				
Form 53 - non-linked	<b>35</b>	125		125	136
Form 54 - linked	<b>36</b>				
Form 54 - non-linked	<b>37</b>	697		697	834
<b>Total</b>	<b>38</b>	9949		9949	9936

**Net of reinsurance**

Form 51 - with-profits	<b>41</b>				
Form 51 - non-profit	<b>42</b>	1		1	175963
Form 52	<b>43</b>	146		146	2835
Form 53 - linked	<b>44</b>	11847751		11847751	10157371
Form 53 - non-linked	<b>45</b>	(275999)		(275999)	(217000)
Form 54 - linked	<b>46</b>	181783		181783	238004
Form 54 - non-linked	<b>47</b>	9360		9360	9255
<b>Total</b>	<b>48</b>	11763042		11763042	10366428



**Long-term insurance business: Summary of mathematical reserves**
**Form 50**

 Name of insurer **Norwich Union Life & Pensions Ltd**

 Total business / subfund **Non-Profit Sub-Fund 2**

 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>	686398	1068781	143850	1899029
Form 52	<b>13</b>	1	26971	685	27657
Form 53 - linked	<b>14</b>	151547	21665258	135851	21952656
Form 53 - non-linked	<b>15</b>	3013	244960	596	248569
Form 54 - linked	<b>16</b>				
Form 54 - non-linked	<b>17</b>	51164		2829	53993
<b>Total</b>	<b>18</b>	892123	23005970	283811	24181904

**Reinsurance - external**

Form 51 - with-profits	<b>21</b>				
Form 51 - non-profit	<b>22</b>	206082	84508	11324	301914
Form 52	<b>23</b>				
Form 53 - linked	<b>24</b>		1094534		1094534
Form 53 - non-linked	<b>25</b>		1		1
Form 54 - linked	<b>26</b>				
Form 54 - non-linked	<b>27</b>				
<b>Total</b>	<b>28</b>	206082	1179043	11324	1396449

**Reinsurance - intra-group**

Form 51 - with-profits	<b>31</b>				
Form 51 - non-profit	<b>32</b>			130248	130248
Form 52	<b>33</b>				
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>			2829	2829
<b>Total</b>	<b>38</b>			133077	133077

**Net of reinsurance**

Form 51 - with-profits	<b>41</b>				
Form 51 - non-profit	<b>42</b>	480316	984273	2278	1466867
Form 52	<b>43</b>	1	26971	685	27657
Form 53 - linked	<b>44</b>	151547	20570724	135851	20858122
Form 53 - non-linked	<b>45</b>	3013	244959	596	248568
Form 54 - linked	<b>46</b>				
Form 54 - non-linked	<b>47</b>	51164			51164
<b>Total</b>	<b>48</b>	686041	21826927	139410	22652378

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

**Form 51**  
**(Sheet 1)**

Name of insurer **Norwich Union Life & Pensions Ltd**

Total business / subfund **With Profits Sub-Fund**

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
100	Conventional whole life with-profits OB	25858	992036	13212	n/a	n/a	n/a	574079
120	Conventional endowment with-profits OB savings	61336	620023	19027	n/a	n/a	n/a	435084
125	Conventional endowment with-profits OB target cash	381681	5315305	153170	n/a	n/a	n/a	4068516
165	Conventional deferred annuity with-profits	220	44		n/a	n/a	n/a	424
210	Additional reserves with-profits OB				n/a	n/a	n/a	1064386
390	Deferred annuity non-profit	3			n/a	n/a	n/a	4

**Long-term insurance business : Valuation summary of non-linked contracts** (other than accumulating with-profit contracts)**Form 51**  
**(Sheet 2)**Name of insurer **Norwich Union Life & Pensions Ltd**Total business / subfund **With Profits Sub-Fund**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
100	Conventional whole life with-profits OB		9003	83	n/a	n/a	n/a	5419
120	Conventional endowment with-profits OB savings		402	6	n/a	n/a	n/a	377
125	Conventional endowment with-profits OB target cash		385	8	n/a	n/a	n/a	347

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

**Form 51**  
**(Sheet 3)**

Name of insurer **Norwich Union Life & Pensions Ltd**

Total business / subfund **With Profits Sub-Fund**

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
155	Conventional pensions endowment with-profits	107280	3521422	11973	n/a	n/a	n/a	3942286
165	Conventional deferred annuity with-profits	10274	32976	1304	n/a	n/a	n/a	426382
175	Group conventional deferred annuity with-profits	504	1836		n/a	n/a	n/a	26590
185	Group conventional pensions endowment with-profits	204	12746	354	n/a	n/a	n/a	4742
200	Annuity with-profits (CPA)	3055	13449	11	n/a	n/a	n/a	131563
210	Additional reserves with-profits OB				n/a	n/a	n/a	23300
305	Single premium non-profit WL/EA OB	2006	102690		n/a	n/a	n/a	102448
390	Deferred annuity non-profit	8239	35922		n/a	n/a	n/a	520443
400	Annuity non-profit (CPA)		15091		n/a	n/a	n/a	49146

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

**Form 51**  
**(Sheet 4)**

Name of insurer **Norwich Union Life & Pensions Ltd**

Total business / subfund **With Profits Sub-Fund**

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
100	Conventional whole life with-profits OB	157	15378	178	n/a	n/a	n/a	9174
120	Conventional endowment with-profits OB savings	1555	27140	783	n/a	n/a	n/a	21573
125	Conventional endowment with-profits OB target cash	2357	50721	1653	n/a	n/a	n/a	36898
155	Conventional pensions endowment with-profits	3597	107376	1914	n/a	n/a	n/a	105373
165	Conventional deferred annuity with-profits	647	5000	687	n/a	n/a	n/a	53231
185	Group conventional pensions endowment with-profits	1130	131204	4986	n/a	n/a	n/a	8810
305	Single premium non-profit WL/EA OB	11	269		n/a	n/a	n/a	258
390	Deferred annuity non-profit	283	2142		n/a	n/a	n/a	18657
395	Annuity non-profit (PLA)		366		n/a	n/a	n/a	1200

**Long-term insurance business : Valuation summary of non-linked contracts** (other than accumulating with-profit contracts)**Form 51**  
**(Sheet 5)**Name of insurer **Norwich Union Life & Pensions Ltd**Total business / subfund **With Profits Sub-Fund**Financial year ended **31st December 2007**Units **£000****Overseas / 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
100	Conventional whole life with-profits OB		441	18	n/a	n/a	n/a	351
120	Conventional endowment with-profits OB savings		1002	18	n/a	n/a	n/a	758

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

**Form 51**  
**(Sheet 6)**

Name of insurer **Norwich Union Life & Pensions Ltd**

Total business / subfund **Provident Mutual Sub-Fund**

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
100	Conventional whole life with-profits OB	2567	8343	75	n/a	n/a	n/a	5298
120	Conventional endowment with-profits OB savings	7942	44867	1066	n/a	n/a	n/a	35937
125	Conventional endowment with-profits OB target cash	26487	398665	10457	n/a	n/a	n/a	324192
165	Conventional deferred annuity with-profits	501	113		n/a	n/a	n/a	1512
195	Annuity with-profits (PLA)	141	492		n/a	n/a	n/a	5208
205	Miscellaneous conventional with-profits	35157	77908	1699	n/a	n/a	n/a	8391
210	Additional reserves with-profits OB				n/a	n/a	n/a	4300
300	Regular premium non-profit WL/EA OB	2578	5804	70	n/a	n/a	n/a	3443
365	Income protection non-profit (reviewable premiums)	1548	10821	227	n/a	n/a	n/a	1063
385	Income protection claims in payment	55	433		n/a	n/a	n/a	3457
390	Deferred annuity non-profit	668	216		n/a	n/a	n/a	1985
395	Annuity non-profit (PLA)	870	498		n/a	n/a	n/a	4470
410	Group Life	1386	1622	53	n/a	n/a	n/a	250
420	Group income protection	467	3457	52	n/a	n/a	n/a	206
425	Group income protection claims in payment	116	825		n/a	n/a	n/a	5623
435	Miscellaneous non-profit	3923	281855	1017	n/a	n/a	n/a	5363

**Long-term insurance business : Valuation summary of non-linked contracts** (other than accumulating with-profit contracts)**Form 51**  
**(Sheet 7)**Name of insurer **Norwich Union Life & Pensions Ltd**Total business / subfund **Provident Mutual Sub-Fund**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
205	Miscellaneous conventional with-profits		27576	706	n/a	n/a	n/a	543
410	Group Life		100	3	n/a	n/a	n/a	1
420	Group income protection		436	6	n/a	n/a	n/a	55
425	Group income protection claims in payment		331		n/a	n/a	n/a	2074



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

**Form 51**  
**(Sheet 8)**

Name of insurer **Norwich Union Life & Pensions Ltd**

Total business / subfund **Provident Mutual Sub-Fund**

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
120	Conventional endowment with-profits OB savings		24467	655	n/a	n/a	n/a	18309
125	Conventional endowment with-profits OB target cash		206945	5471	n/a	n/a	n/a	164075
205	Miscellaneous conventional with-profits		375	4	n/a	n/a	n/a	288

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

**Form 51**  
**(Sheet 9)**

Name of insurer **Norwich Union Life & Pensions Ltd**

Total business / subfund **Provident Mutual Sub-Fund**

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
100	Conventional whole life with-profits OB	247	386		n/a	n/a	n/a	285
165	Conventional deferred annuity with-profits	874	816	4	n/a	n/a	n/a	10288
200	Annuity with-profits (CPA)	9750	51422		n/a	n/a	n/a	387329
390	Deferred annuity non-profit	102434	24278		n/a	n/a	n/a	160465
410	Group Life	1831	129104	606	n/a	n/a	n/a	2844
435	Miscellaneous non-profit	2426	110623	367	n/a	n/a	n/a	3670
440	Additional reserves non-profit OB				n/a	n/a	n/a	1850

**Long-term insurance business : Valuation summary of non-linked contracts** (other than accumulating with-profit contracts)**Form 51**  
**(Sheet 10)**Name of insurer **Norwich Union Life & Pensions Ltd**Total business / subfund **Provident Mutual Sub-Fund**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
410	Group Life		21890	80	n/a	n/a	n/a	49
435	Miscellaneous non-profit		13773	122	n/a	n/a	n/a	145

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

**Form 51**  
**(Sheet 11)**

Name of insurer **Norwich Union Life & Pensions Ltd**

Total business / subfund **Belgian Sub-Fund**

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
100	Conventional whole life with-profits OB	77629	241204	15165	n/a	n/a	n/a	48233
120	Conventional endowment with-profits OB savings	2508	15093	153	n/a	n/a	n/a	8465
175	Group conventional deferred annuity with-profits	234	8614	259	n/a	n/a	n/a	3374
195	Annuity with-profits (PLA)	18	20		n/a	n/a	n/a	279
210	Additional reserves with-profits OB				n/a	n/a	n/a	4099
300	Regular premium non-profit WL/EA OB		257834	538	n/a	n/a	n/a	242
325	Level term assurance	111585	5446667	13728	n/a	n/a	n/a	39452
435	Miscellaneous non-profit			1200	n/a	n/a	n/a	

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

**Form 51**  
**(Sheet 12)**

Name of insurer **Norwich Union Life & Pensions Ltd**

Total business / subfund **Belgian Sub-Fund**

Financial year ended **31st December 2007**

Units **£000**

**Overseas / 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
100	Conventional whole life with-profits OB		241204	15165	n/a	n/a	n/a	48233
120	Conventional endowment with-profits OB savings		15093	153	n/a	n/a	n/a	8465
175	Group conventional deferred annuity with-profits		8614	259	n/a	n/a	n/a	3374
195	Annuity with-profits (PLA)		20		n/a	n/a	n/a	279
210	Additional reserves with-profits OB				n/a	n/a	n/a	4099
300	Regular premium non-profit WL/EA OB		257834	538	n/a	n/a	n/a	242
325	Level term assurance		5446667	13728	n/a	n/a	n/a	39452
435	Miscellaneous non-profit			1200	n/a	n/a	n/a	

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

**Form 51**  
**(Sheet 13)**

Name of insurer **Norwich Union Life & Pensions Ltd**

Total business / subfund **Non-Profit Sub-Fund 1**

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
300	Regular premium non-profit WL/EA OB	52128	250739	9009	n/a	n/a	n/a	74840
305	Single premium non-profit WL/EA OB	3654	636		n/a	n/a	n/a	637
325	Level term assurance	651886	94984653	222033	n/a	n/a	n/a	364612
330	Decreasing term assurance	335007	33882845	93860	n/a	n/a	n/a	43124
340	Accelerated critical illness (guaranteed premiums)	430939	36866371	196427	n/a	n/a	n/a	207104
345	Accelerated critical illness (reviewable premiums)	59013	6766856	36539	n/a	n/a	n/a	(19288)
360	Income protection non-profit (guaranteed premiums)		175628	524	n/a	n/a	n/a	8
390	Deferred annuity non-profit	1133	1128	480	n/a	n/a	n/a	14883
395	Annuity non-profit (PLA)	3868	2635	4	n/a	n/a	n/a	37809
410	Group Life	19975	3270041	5118	n/a	n/a	n/a	2671
415	Collective Life		11256232		n/a	n/a	n/a	119659
435	Miscellaneous non-profit	3289	359784	1818	n/a	n/a	n/a	12579
440	Additional reserves non-profit OB		4071017	308	n/a	n/a	n/a	210846

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

**Form 51**  
**(Sheet 14)**

Name of insurer **Norwich Union Life & Pensions Ltd**

Total business / subfund **Non-Profit Sub-Fund 1**

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
300	Regular premium non-profit WL/EA OB		80988	406	n/a	n/a	n/a	74840
305	Single premium non-profit WL/EA OB				n/a	n/a	n/a	602
325	Level term assurance		84402836	136252	n/a	n/a	n/a	361661
330	Decreasing term assurance		29328830	56001	n/a	n/a	n/a	43627
340	Accelerated critical illness (guaranteed premiums)		28665266	109235	n/a	n/a	n/a	207232
345	Accelerated critical illness (reviewable premiums)		4976133	9104	n/a	n/a	n/a	(19288)
360	Income protection non-profit (guaranteed premiums)				n/a	n/a	n/a	8
390	Deferred annuity non-profit				n/a	n/a	n/a	14883
395	Annuity non-profit (PLA)				n/a	n/a	n/a	29895
410	Group Life		2056758	1554	n/a	n/a	n/a	2671
415	Collective Life		498587		n/a	n/a	n/a	119659
435	Miscellaneous non-profit		3323	6	n/a	n/a	n/a	13720
440	Additional reserves non-profit OB			287	n/a	n/a	n/a	210846

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

**Form 51**  
**(Sheet 15)**

Name of insurer **Norwich Union Life & Pensions Ltd**

Total business / subfund **Non-Profit Sub-Fund 1**

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		88127	1258	n/a	n/a	n/a	1845
330	Decreasing term assurance		33053	442	n/a	n/a	n/a	(503)
340	Accelerated critical illness (guaranteed premiums)		21333	187	n/a	n/a	n/a	(128)
395	Annuity non-profit (PLA)		1046		n/a	n/a	n/a	7913



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

**Form 51**  
**(Sheet 16)**

Name of insurer **Norwich Union Life & Pensions Ltd**

Total business / subfund **Non-Profit Sub-Fund 2**

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		1606	4	n/a	n/a	n/a	16
330	Decreasing term assurance		2435	19	n/a	n/a	n/a	(27)
340	Accelerated critical illness (guaranteed premiums)		3169	35	n/a	n/a	n/a	21
350	Stand-alone critical illness (guaranteed premiums)	13164	961843	5018	n/a	n/a	n/a	39252
355	Stand-alone critical illness (reviewable premiums)	2715	221003	1207	n/a	n/a	n/a	3209
360	Income protection non-profit (guaranteed premiums)	29438	269528	7407	n/a	n/a	n/a	28280
365	Income protection non-profit (reviewable premiums)	99912	1140638	32917	n/a	n/a	n/a	15909
370	Long-term care policy	7196	44442	6031	n/a	n/a	n/a	93043
385	Income protection claims in payment				n/a	n/a	n/a	68340
415	Collective Life	198786	1550737		n/a	n/a	n/a	115372
420	Group income protection	100320	2436979	32516	n/a	n/a	n/a	116181
425	Group income protection claims in payment				n/a	n/a	n/a	49197
435	Miscellaneous non-profit	8884	9300	666	n/a	n/a	n/a	920
440	Additional reserves non-profit OB		3042083	73	n/a	n/a	n/a	156685

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

**Form 51**  
**(Sheet 17)**

Name of insurer **Norwich Union Life & Pensions Ltd**

Total business / subfund **Non-Profit Sub-Fund 2**

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
350	Stand-alone critical illness (guaranteed premiums)		565539	222	n/a	n/a	n/a	20824
355	Stand-alone critical illness (reviewable premiums)		161961	25	n/a	n/a	n/a	3032
360	Income protection non-profit (guaranteed premiums)		6322	174	n/a	n/a	n/a	663
365	Income protection non-profit (reviewable premiums)		213444	5989	n/a	n/a	n/a	5117
370	Long-term care policy		32999	1910	n/a	n/a	n/a	45305
385	Income protection claims in payment				n/a	n/a	n/a	11454
415	Collective Life				n/a	n/a	n/a	52900
420	Group income protection		193115	3761	n/a	n/a	n/a	1753
425	Group income protection claims in payment				n/a	n/a	n/a	12727
435	Miscellaneous non-profit		263	7	n/a	n/a	n/a	28
440	Additional reserves non-profit OB				n/a	n/a	n/a	52279

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

**Form 51**  
**(Sheet 18)**

Name of insurer **Norwich Union Life & Pensions Ltd**

Total business / subfund **Non-Profit Sub-Fund 2**

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
300	Regular premium non-profit WL/EA OB	40	42		n/a	n/a	n/a	34
320	Group deposit administration non-profit	5	26		n/a	n/a	n/a	51
325	Level term assurance	40121	5593103	14955	n/a	n/a	n/a	23232
330	Decreasing term assurance	1111	177223	380	n/a	n/a	n/a	(544)
390	Deferred annuity non-profit	27917	72581	56	n/a	n/a	n/a	644539
400	Annuity non-profit (CPA)	6947	21648		n/a	n/a	n/a	247737
410	Group Life	312	96271624	111449	n/a	n/a	n/a	48155
411	Group death in service dependants' annuities		945693	23930	n/a	n/a	n/a	9954
435	Miscellaneous non-profit	9932	23300	43	n/a	n/a	n/a	8852
440	Additional reserves non-profit OB			26	n/a	n/a	n/a	86771

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

**Form 51**  
**(Sheet 19)**

Name of insurer **Norwich Union Life & Pensions Ltd**

Total business / subfund **Non-Profit Sub-Fund 2**

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		4721981	6616	n/a	n/a	n/a	28657
330	Decreasing term assurance		159062	95	n/a	n/a	n/a	39
390	Deferred annuity non-profit		130	10	n/a	n/a	n/a	4942
400	Annuity non-profit (CPA)		214		n/a	n/a	n/a	50041
410	Group Life				n/a	n/a	n/a	28
435	Miscellaneous non-profit				n/a	n/a	n/a	434
440	Additional reserves non-profit OB			28	n/a	n/a	n/a	367

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

**Form 51**  
**(Sheet 20)**

Name of insurer **Norwich Union Life & Pensions Ltd**

Total business / subfund **Non-Profit Sub-Fund 2**

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
300	Regular premium non-profit WL/EA OB	37	176	3	n/a	n/a	n/a	109
325	Level term assurance	7303	1554797	4142	n/a	n/a	n/a	5301
330	Decreasing term assurance	8682	1231282	3084	n/a	n/a	n/a	86
340	Accelerated critical illness (guaranteed premiums)	7855	895380	4729	n/a	n/a	n/a	3845
345	Accelerated critical illness (reviewable premiums)	484	75649	410	n/a	n/a	n/a	(192)
390	Deferred annuity non-profit	52	289	1	n/a	n/a	n/a	2688
395	Annuity non-profit (PLA)	3285	9253		n/a	n/a	n/a	130248
410	Group Life	5138	1846814	2395	n/a	n/a	n/a	1214
411	Group death in service dependants' annuities		21957	649	n/a	n/a	n/a	251
435	Miscellaneous non-profit	61	3645		n/a	n/a	n/a	241
440	Additional reserves non-profit OB			10	n/a	n/a	n/a	59

**Long-term insurance business : Valuation summary of non-linked contracts** (other than accumulating with-profit contracts)**Form 51**  
**(Sheet 21)**Name of insurer **Norwich Union Life & Pensions Ltd**Total business / subfund **Non-Profit Sub-Fund 2**Financial year ended **31st December 2007**Units **£000****Overseas / 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		1373554	2320	n/a	n/a	n/a	5125
330	Decreasing term assurance		1089485	1834	n/a	n/a	n/a	1489
340	Accelerated critical illness (guaranteed premiums)		711676	2834	n/a	n/a	n/a	4592
345	Accelerated critical illness (reviewable premiums)		56601	114	n/a	n/a	n/a	108
440	Additional reserves non-profit OB			10	n/a	n/a	n/a	10

**Long-term insurance business : Valuation summary of non-linked contracts** (other than accumulating with-profit contracts)**Form 51**  
**(Sheet 22)**Name of insurer **Norwich Union Life & Pensions Ltd**Total business / subfund **Non-Profit Sub-Fund 2**Financial year ended **31st December 2007**Units **£000****Overseas / Reinsurance ceded intra-group**

Product code number <b>1</b>	Product description <b>2</b>	Number of policyholders / scheme members <b>3</b>	Amount of benefit <b>4</b>	Amount of annual office premiums <b>5</b>	Nominal value of units <b>6</b>	Discounted value of units <b>7</b>	Other liabilities <b>8</b>	Amount of mathematical reserves <b>9</b>
395	Annuity non-profit (PLA)		9253		n/a	n/a	n/a	130248

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

**Form 52  
(Sheet 1)**

Name of insurer **Norwich Union Life & Pensions Ltd**

Total business / subfund **With Profits Sub-Fund**

Financial year ended **31st December 2007**

Units **£000**

**UK Life / Gross**

Product code number <b>1</b>	Product description <b>2</b>	Number of policyholders / scheme members <b>3</b>	Amount of benefit <b>4</b>	Amount of annual office premiums <b>5</b>	Nominal value of units <b>6</b>	Discounted value of units <b>7</b>	Other liabilities <b>8</b>	Amount of mathematical reserves <b>9</b>
500	Life UWP single premium	47810	1479638		1467728	1474603		1474603
505	Life UWP whole life regular premium	12633	31607	5256	31607	31793		31793
510	Life UWP endowment regular premium -savings	3792	34579	2516	34579	34755		34755
515	Life UWP endowment regular premium – target cash	19325	194343	15954	194343	195345		195345
575	Miscellaneous UWP	1512	7208	700	7208	7208	729	7936



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

**Form 52  
(Sheet 2)**

Name of insurer **Norwich Union Life & Pensions Ltd**

Total business / subfund **With Profits Sub-Fund**

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
525	Individual pensions UWP	282864	4265911	49218	4265580	4401389		4401389
535	Group money purchase pensions UWP	139434	1428520	44196	1427063	1487852		1487852
570	Income drawdown UWP	23	4975		4975	4998		4998
575	Miscellaneous UWP		3788		3788	3788	10537	14326

**Long-term insurance business: Valuation summary of accumulating with-profits contracts****Form 52  
(Sheet 3)**Name of insurer **Norwich Union Life & Pensions Ltd**Total business / subfund **With Profits Sub-Fund**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
525	Individual pensions UWP	10146	192669	5445	192071	196616		196616
535	Group money purchase pensions UWP	5093	87995	4924	87995	89810		89810

**Long-term insurance business: Valuation summary of accumulating with-profits contracts****Form 52  
(Sheet 4)**Name of insurer **Norwich Union Life & Pensions Ltd**Total business / subfund **Provident Mutual Sub-Fund**Financial year ended **31st December 2007**Units **£000****UK Life / Gross**

Product code number <b>1</b>	Product description <b>2</b>	Number of policyholders / scheme members <b>3</b>	Amount of benefit <b>4</b>	Amount of annual office premiums <b>5</b>	Nominal value of units <b>6</b>	Discounted value of units <b>7</b>	Other liabilities <b>8</b>	Amount of mathematical reserves <b>9</b>
575	Miscellaneous UWP	3	80	3	83	83	31	114

**Long-term insurance business: Valuation summary of accumulating with-profits contracts****Form 52  
(Sheet 5)**Name of insurer **Norwich Union Life & Pensions Ltd**Total business / subfund **Provident Mutual Sub-Fund**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
555	Group deposit administration with-profits		148638	6160	148638	148638	53507	202145
575	Miscellaneous UWP	41165	599326	6165	841039	659500	286308	945807

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

**Form 52  
(Sheet 6)**

Name of insurer **Norwich Union Life & Pensions Ltd**

Total business / subfund **Non-Profit Sub-Fund 1**

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		29891				85	85
505	Life UWP whole life regular premium		1386815	277			65	65
510	Life UWP endowment regular premium -savings		4746	138			1	1
515	Life UWP endowment regular premium – target cash		739576	840			87	87
605	Miscellaneous protection rider		9909	121			5	5

**Long-term insurance business: Valuation summary of accumulating with-profits contracts****Form 52  
(Sheet 7)**Name of insurer **Norwich Union Life & Pensions Ltd**Total business / subfund **Non-Profit Sub-Fund 1**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
505	Life UWP whole life regular premium		132111	615			1	1
515	Life UWP endowment regular premium – target cash		87420	220			96	96

**Long-term insurance business: Valuation summary of accumulating with-profits contracts****Form 52  
(Sheet 8)**Name of insurer **Norwich Union Life & Pensions Ltd**Total business / subfund **Non-Profit Sub-Fund 2**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
525	Individual pensions UWP		6969	287			201	201
535	Group money purchase pensions UWP		1361	30			484	484
605	Miscellaneous protection rider		25	1				

**Long-term insurance business: Valuation summary of accumulating with-profits contracts****Form 52  
(Sheet 9)**Name of insurer **Norwich Union Life & Pensions Ltd**Total business / subfund **Non-Profit Sub-Fund 2**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
525	Individual pensions UWP		52723	2333			9539	9539
535	Group money purchase pensions UWP		44687	1393			17411	17411
570	Income drawdown UWP		196				8	8
605	Miscellaneous protection rider		7507	308			13	13



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

**Form 52  
(Sheet 10)**

Name of insurer **Norwich Union Life & Pensions Ltd**

Total business / subfund **Non-Profit Sub-Fund 2**

Financial year ended **31st December 2007**

Units **£000**

**UK Life / Gross**

Product code number <b>1</b>	Product description <b>2</b>	Number of policyholders / scheme members <b>3</b>	Amount of benefit <b>4</b>	Amount of annual office premiums <b>5</b>	Nominal value of units <b>6</b>	Discounted value of units <b>7</b>	Other liabilities <b>8</b>	Amount of mathematical reserves <b>9</b>
525	Individual pensions UWP		165					
605	Miscellaneous protection rider		829	18			1	1

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

**Form 53  
(Sheet 1)**

Name of insurer **Norwich Union Life & Pensions Ltd**

Total business / subfund **Provident Mutual Sub-Fund**

Financial year ended **31st December 2007**

Units **£000**

**UK Life / Gross**

Product code number <b>1</b>	Product description <b>2</b>	Number of policyholders / scheme members <b>3</b>	Amount of benefit <b>4</b>	Amount of annual office premiums <b>5</b>	Nominal value of units <b>6</b>	Discounted value of units <b>7</b>	Other liabilities <b>8</b>	Amount of mathematical reserves <b>9</b>
700	Life property linked single premium	9508	1561				788	788
710	Life property linked whole life regular premium	2755	75662				21	21
715	Life property linked endowment regular premium -savings	1113	4080				7	7
720	Life property linked endowment regular premium – target cash	5246	106370				50	50

**Long-term insurance business: Valuation summary of property linked contracts****Form 53  
(Sheet 2)**Name of insurer **Norwich Union Life & Pensions Ltd**Total business / subfund **Provident Mutual Sub-Fund**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
700	Life property linked single premium		1561				788	788
710	Life property linked whole life regular premium		75662				21	21
715	Life property linked endowment regular premium -savings		4080				7	7
720	Life property linked endowment regular premium – target cash		106370				50	50

**Long-term insurance business: Valuation summary of property linked contracts****Form 53  
(Sheet 3)**Name of insurer **Norwich Union Life & Pensions Ltd**Total business / subfund **Provident Mutual Sub-Fund**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	116740	130107				6574	6574
735	Group money purchase pensions property linked	76320	6925				23393	23393
755	Trustee investment plan	87						

**Long-term insurance business: Valuation summary of property linked contracts****Form 53  
(Sheet 4)**Name of insurer **Norwich Union Life & Pensions Ltd**Total business / subfund **Provident Mutual Sub-Fund**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
725	Individual pensions property linked		10135					
735	Group money purchase pensions property linked		206					

**Long-term insurance business: Valuation summary of property linked contracts****Form 53  
(Sheet 5)**Name of insurer **Norwich Union Life & Pensions Ltd**Total business / subfund **Provident Mutual Sub-Fund**Financial year ended **31st December 2007**Units **£000****UK Pension / 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
725	Individual pensions property linked		119972				6574	6574
735	Group money purchase pensions property linked		6719				23393	23393

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

**Form 53  
(Sheet 6)**

Name of insurer **Norwich Union Life & Pensions Ltd**

Total business / subfund **Non-Profit Sub-Fund 1**

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	66751	11290101		11202687	11202687	(292119)	10910567
710	Life property linked whole life regular premium	25272	2442431	14611	147994	146888	486	147374
715	Life property linked endowment regular premium -savings	30607	722943	8860	149581	149502	1943	151445
720	Life property linked endowment regular premium – target cash	21739	942387	21700	342932	339654	472	340126
775	Accelerated critical illness rider			576				
780	Stand-alone critical illness rider	2532	218537	865	2495	2495		2495
790	Miscellaneous protection rider		3797	120			5	5
795	Miscellaneous property linked	5437	37456	303	7611	10525	11323	21847
800	Additional reserves property linked				(4000)	(4000)	2169	(1831)

**Long-term insurance business: Valuation summary of property linked contracts****Form 53  
(Sheet 7)**Name of insurer **Norwich Union Life & Pensions Ltd**Total business / subfund **Non-Profit Sub-Fund 1**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
710	Life property linked whole life regular premium		463245	2323			70	70
715	Life property linked endowment regular premium -savings		8					
720	Life property linked endowment regular premium – target cash		199007	601			80	80
775	Accelerated critical illness rider			319				
780	Stand-alone critical illness rider		117822	216				
790	Miscellaneous protection rider		7674	56			2	2



**Long-term insurance business: Valuation summary of property linked contracts****Form 53  
(Sheet 8)**Name of insurer **Norwich Union Life & Pensions Ltd**Total business / subfund **Non-Profit Sub-Fund 1**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
710	Life property linked whole life regular premium		100249	404			17	17
715	Life property linked endowment regular premium -savings		84968	95			51	51
790	Miscellaneous protection rider		2088	4				
795	Miscellaneous property linked		13118	124			57	57

**Long-term insurance business: Valuation summary of property linked contracts****Form 53  
(Sheet 9)**Name of insurer **Norwich Union Life & Pensions Ltd**Total business / subfund **Non-Profit Sub-Fund 2**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
715	Life property linked endowment regular premium -savings		4436	279	1369	1369	561	1930
725	Individual pensions property linked		147126	15046	145431	145431	2459	147890
755	Trustee investment plan		1177		1177	1177	(9)	1168
790	Miscellaneous protection rider		2038	39			2	2
795	Miscellaneous property linked	1109		299	3570	3570		3570

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

**Form 53  
(Sheet 10)**

Name of insurer **Norwich Union Life & Pensions Ltd**

Total business / subfund **Non-Profit Sub-Fund 2**

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
390	Deferred annuity non-profit							4
725	Individual pensions property linked	222531	15014294	488561	15023741	15002655	91337	15093992
735	Group money purchase pensions property linked	88642	6332508	574737	6270015	6268166	117429	6385594
750	Income drawdown property linked	84	9794		9794	9794	13	9807
755	Trustee investment plan	167	374818		384643	384643	17491	402134
790	Miscellaneous protection rider		29787	1225			51	51
800	Additional reserves property linked						18639	18639

**Long-term insurance business: Valuation summary of property linked contracts****Form 53  
(Sheet 11)**Name of insurer **Norwich Union Life & Pensions Ltd**Total business / subfund **Non-Profit Sub-Fund 2**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
725	Individual pensions property linked		69560		69560	69560		69560
735	Group money purchase pensions property linked		1024974		1024974	1024974		1024974
790	Miscellaneous protection rider		2268	27			1	1

**Long-term insurance business: Valuation summary of property linked contracts****Form 53  
(Sheet 12)**Name of insurer **Norwich Union Life & Pensions Ltd**Total business / subfund **Non-Profit Sub-Fund 2**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
715	Life property linked endowment regular premium -savings	272	4839	117	4839	4839		4839
725	Individual pensions property linked	7407	126309	13567	126068	126068	590	126658
735	Group money purchase pensions property linked	179	3392	231	3392	3392	6	3398
755	Trustee investment plan	5	1552		1552	1552		1552
790	Miscellaneous protection rider		10					

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

**Form 53  
(Sheet 13)**

Name of insurer **Norwich Union Life & Pensions Ltd**

Total business / subfund **Non-Profit Sub-Fund 2**

Financial year ended **31st December 2007**

Units **£000**

**UK Pension / Reinsurance ceded intra-group**

Product code number <b>1</b>	Product description <b>2</b>	Number of policyholders / scheme members <b>3</b>	Amount of benefit <b>4</b>	Amount of annual office premiums <b>5</b>	Nominal value of units <b>6</b>	Discounted value of units <b>7</b>	Other liabilities <b>8</b>	Amount of mathematical reserves <b>9</b>
790	Miscellaneous protection rider		305	1				

**Long-term insurance business: Valuation summary of index linked contracts****Form 54  
(Sheet 1)**Name of insurer **Norwich Union Life & Pensions Ltd**Total business / subfund **Non-Profit Sub-Fund 1**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
900	Life index linked single premium	10848	183601			181783	252	182036
905	Index linked annuity	27	518				9805	9805

**Long-term insurance business: Valuation summary of index linked contracts****Form 54  
(Sheet 2)**Name of insurer **Norwich Union Life & Pensions Ltd**Total business / subfund **Non-Profit Sub-Fund 1**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
905	Index linked annuity		172				697	697



**Long-term insurance business: Valuation summary of index linked contracts****Form 54  
(Sheet 3)**Name of insurer **Norwich Union Life & Pensions Ltd**Total business / subfund **Non-Profit Sub-Fund 2**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
901	Index linked income protection claims in payment						31235	31235
902	Group index linked income protection claims in payment						19929	19929

**Long-term insurance business: Valuation summary of index linked contracts****Form 54  
(Sheet 4)**Name of insurer **Norwich Union Life & Pensions Ltd**Total business / subfund **Non-Profit Sub-Fund 2**Financial year ended **31st December 2007**Units **£000****Overseas / Gross**

Product code number <b>1</b>	Product description <b>2</b>	Number of policyholders / scheme members <b>3</b>	Amount of benefit <b>4</b>	Amount of annual office premiums <b>5</b>	Nominal value of units <b>6</b>	Discounted value of units <b>7</b>	Other liabilities <b>8</b>	Amount of mathematical reserves <b>9</b>
905	Index linked annuity	105	121				2829	2829

**Long-term insurance business: Valuation summary of index linked contracts****Form 54  
(Sheet 5)**Name of insurer **Norwich Union Life & Pensions Ltd**Total business / subfund **Non-Profit Sub-Fund 2**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
905	Index linked annuity		121				2829	2829

**Long-term insurance business: Unit price for internal linked funds**

**Form 55**

Name of insurer **Norwich Union Life & Pensions 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
Pensions Balanced Managed - M008YA	12 - individual pension - balanced managed fund	10343773	Pensions Balanced Managed Accumulation S2 - F641Y P	1.00	5.7592	6.1273	6.39
Life Property - E500YA	07 - life - property	2400222	Life Property Accumulation S4 - F3810YL	0.75	3.5623	3.4680	(2.65)
Pensions Property - E501YA	17 - individual pension - property	1837559	Pensions Property Accumulation S2 - F681YP	1.00	6.7831	6.5983	(2.72)
Life Balanced Managed - L006YA	02 - life - balanced managed fund	1853588	Life Balanced Managed Accumulation S1 - F096YL	0.75	3.0208	3.1558	4.47
Pensions UK Equity - M003YA	15 - individual pension - UK equity	1560672	Pensions UK Equity Accumulation S2 - F658YP	1.00	6.7395	6.9349	2.90
Life Balanced Distribution - L142YA	02 - life - balanced managed fund	962540	Life Balanced Distribution Accumulation S4 - F007YL	1.00	1.2817	1.2236	(4.53)
Pensions Defensive Managed - M030YA	13 - individual pension - defensive managed fund	777396	Pensions Defensive Managed Accumulation S2 - F644YP	1.00	2.5375	2.6529	4.55
Pensions European Equity - M024YA	16 - individual pension - overseas equity	739359	Pensions European Equity Accumulation S2 - F720YP	1.00	9.3941	10.9173	16.21
Pensions Global Equity - M004YA	16 - individual pension - overseas equity	410119	Pensions Global Equity Accumulation S2 - F672YP	1.00	4.8417	5.2840	9.14
Life Defensive Managed - L138YA	03 - life - defensive managed fund	406020	Life Defensive Managed Accumulation S4 - F052YL	1.00	2.1330	2.2203	4.09
Life Cautious Managed - L011YA	04 - life - other managed fund	367428	Life Cautious Managed Accumulation S4 - F031YL	1.00	2.3806	2.4876	4.49
Life UK Equity - L003YA	05 - life - UK equity	225906	Life UK Equity Accumulation S4 - F482YL	0.00	3.4603	3.5565	2.78
Pensions Sustainable Future Managed - M049YA	14 - individual pension - other managed fund	183391	Pensions Sustainable Future Managed Accumulation S2 - F778YP	1.00	1.2552	1.3302	5.98
Pensions Pacific Including Japan - M035YA	16 - individual pension - overseas equity	176975	Pensions Pacific Including Japan Accumulation S2 - F727YP	0.00	2.7617	3.4368	24.45
Pensions US Equity - M022YA	16 - individual pension - overseas equity	156765	Pensions US Equity Accumulation S2 - F713YP	1.00	4.0703	4.1727	2.52
Life European Equity - L027YA	06 - life - overseas equity	130671	Life European Equity Accumulation S1 - F169YL	0.75	4.8932	5.5721	13.87
Pensions UK Equity Ethical - M034YA	16 - individual pension - overseas equity	120458	Pensions UK Equity Ethical Accumulation S2 - F657YP	1.00	1.7328	1.7758	2.48

**Long-term insurance business: index linked business****Form 56**Name of insurer **Norwich Union Life & Pensions Ltd**

Global business

Total business

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

Type of assets and liabilities	Name of index link 1	Value of assets or liabilities 2	Gross derivative value 3
Variation margin	FTSE 100		(176083)
Deposits	FTSE 100	176083	176083
Options	FTSE 100	5701	181784
<b>Sub total assets</b>		<b>181784</b>	
<b>Sub total liabilities</b>			
<b>Sub total net assets</b>		<b>181784</b>	
Total assets		<b>181784</b>	n/a
Total liabilities			n/a
Net total assets		<b>181784</b>	n/a

**Long-term insurance business - analysis of valuation interest rate****Form 57  
(Sheet 1)**Name of insurer **Norwich Union Life & Pensions Ltd**Total business / subfund **With Profits Sub-Fund**Financial year ended **31st December 2007**Units **£000**

Product Group <b>1</b>	Net mathematical reserves <b>2</b>	Net valuation interest rate <b>3</b>	Gross valuation interest rate <b>4</b>	Risk adjusted yield on matching assets <b>5</b>
UK Life WP Form 51	5147466	2.90	3.45	4.57
UK Pens WP Form 51 With Profit Annuity	129689		2.00	4.57
UK Pens WP Form 51 Other Pensions	4367811		3.70	4.57
UK Pens NP Form 51	593559		3.60	4.43
OS WP Form 51	164819		3.70	4.57
OS NP Form 51	19874		3.60	4.43
Misc Form 51	1208627			3.83
UK Life WP Form 52	1781219	3.55	4.22	4.57
UK Pens WP Form 52	6085222		4.00	4.57
OS WP Form 52	294661		4.00	4.57
TOTAL	19792947	n/a	n/a	n/a

**Long-term insurance business - analysis of valuation interest rate****Form 57  
(Sheet 1)**Name of insurer **Norwich Union Life & Pensions Ltd**Total business / subfund **Provident Mutual Sub-Fund**Financial year ended **31st December 2007**Units **£000**

Product Group <b>1</b>	Net mathematical reserves <b>2</b>	Net valuation interest rate <b>3</b>	Gross valuation interest rate <b>4</b>	Risk adjusted yield on matching assets <b>5</b>
UK Life WP Form 51 Assurances	191123	3.90	4.70	5.26
UK Life WP Form 51 Annuities	5165		4.75	4.96
UK Life NP Form 51 Annuities	4470		4.75	4.96
UK Pens WP Form 51 With Profit Annuity	398731		4.75	4.96
UK Pens NP Form 51 Deferred Annuity	168770		4.40	4.75
UK Pens WP Form 52 Compact	44247		3.25	4.75
UK Pens WP Form 52	1115728		4.80	5.26
Misc	23710			
<b>TOTAL</b>	<b>1951944</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>

**Long-term insurance business - analysis of valuation interest rate**
**Form 57  
(Sheet 1)**

Name of insurer **Norwich Union Life & Pensions Ltd**

Total business / subfund **Non-Profit Sub-Fund 1**

Financial year ended **31st December 2007**

Units **£000**

Product Group <b>1</b>	Net mathematical reserves <b>2</b>	Net valuation interest rate <b>3</b>	Gross valuation interest rate <b>4</b>	Risk adjusted yield on matching assets <b>5</b>
Form 51 NP UK L&GA Assurance	293	3.00	3.75	5.36
Form 51 NP UK L&GA Assurance	(13655)	3.10	3.88	5.36
Form 51 NP UK L&GA Additional Reserves	(35)	3.10	3.88	5.36
Form 51 NP UK L&GA Assurance	11422	3.75	4.69	5.36
Form 51 NP UK L&GA Additional Reserves	(1105)	3.75	4.69	5.36
Form 51 NP UK L&GA Assurance	3021	4.00	5.00	5.36
Form 51 NP UK L&GA Assurance	59	4.30	5.38	5.50
Form 52 NP UK L&GA Assurance	(97)			5.36
Form 52 NP UK L&GA Additional Reserves	5			5.36
Form 52 NP UK L&GA Assurance	238	3.40	4.25	5.36
Form 53 NP UK L&GA Assurance	(89)			5.36
Form 53 NP UK L&GA Additional Reserves	12848			5.36
Form 53 NP UK L&GA Assurance	190	3.10	3.88	5.36
Form 53 NP UK L&GA Assurance	(289537)	3.40	4.25	5.36
Form 53 NP UK L&GA Additional Reserves	589	3.40	4.25	5.36
Form 53 NP UK L&GA Critical Illness		3.40	4.25	5.36
Form 54 NP UK L&GA Assurance	252	3.40	4.25	5.36
Form 54 NP UK L&GA Annuity	9109	3.84	4.80	6.53
TOTAL	(266493)	n/a	n/a	n/a



**Long-term insurance business - analysis of valuation interest rate**
**Form 57  
(Sheet 1)**

 Name of insurer **Norwich Union Life & Pensions Ltd**

 Total business / subfund **Non-Profit Sub-Fund 2**

 Financial year ended **31st December 2007**

 Units **£000**

Product Group <b>1</b>	Net mathematical reserves <b>2</b>	Net valuation interest rate <b>3</b>	Gross valuation interest rate <b>4</b>	Risk adjusted yield on matching assets <b>5</b>
Form 51 NP UK OS L&GA Assurance	(2165)		3.90	5.36
Form 51 NP UK OS L&GA Deferred Annuity	2		3.90	5.36
Form 51 NP UK Pens Assurance	48072			5.36
Form 51 NP UK Pens Deferred Annuity	21602			5.36
Form 51 NP UK Pens Annuity	9954			5.36
Form 51 NP UK Pens Additional Reserves	92197			5.36
Form 51 NP UK Pens Assurance	(5869)		3.90	5.36
Form 51 NP UK Pens Deferred Annuity	2491		3.90	5.36
Form 51 NP UK Pens Additional Reserves	2624		3.90	5.36
Form 51 NP UK Pens Deferred Annuity	615471		4.30	5.50
Form 51 NP UK Pens Annuity	197696		4.30	5.50
Form 51 NP UK PHI Assurance	62472			5.36
Form 51 NP UK PHI Income Protection	99844			5.36
Form 51 NP UK PHI Additional Reserves	100601			5.36
Form 51 NP UK PHI	32779			5.36
Form 53 NP UK OS L&GA Assurance	562		3.08	5.36
Form 53 NP UK OS L&GA Assurance	2422		4.20	5.36
Form 51 NP UK PHI Income Protection	(1242)		3.90	5.36
Form 51 NP UK PHI Income Protection CIP	117537		3.90	5.36
Form 51 NP UK PHI Additional Reserves	(17)		3.90	5.36
Form 51 NP UK PHI Income Protection	54235		5.30	6.53
Form 51 NP UK PHI Income Protection CIP	(24181)		5.30	6.53
Form 51 NP UK PHI Additional Reserves	4474		5.30	6.53
Form 53 NP UK Pens Assurance	226269		4.20	5.36
Form 54 NP UK PHI Income Protection CIP	51165		2.10	5.36
NPSF2 Miscellaneous	85260			
TOTAL	1794254	n/a	n/a	n/a

**Long-term insurance business: distribution of surplus****Form 58**

Name of insurer **Norwich Union Life & Pensions Ltd**

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

Financial year ended **31st December 2007**

Units **£000**

	Financial year <b>1</b>	Previous year <b>2</b>
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**Valuation result**

Fund carried forward	<b>11</b>	56160311	55782771
Bonus payments in anticipation of a surplus	<b>12</b>	509190	392091
Transfer to non-technical account	<b>13</b>	40506	35317
Transfer to other funds / parts of funds	<b>14</b>		
Subtotal (11 to 14)	<b>15</b>	56710007	56210179
Mathematical reserves	<b>21</b>	55912114	55485769
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	<b>29</b>	797893	724410

**Composition of surplus**

Balance brought forward	<b>31</b>		
Transfer from non-technical account	<b>32</b>		
Transfer from other funds / parts of fund	<b>33</b>		
Surplus arising since the last valuation	<b>34</b>	797893	724410
Total	<b>39</b>	797893	724410

**Distribution of surplus**

Bonus paid in anticipation of a surplus	<b>41</b>	509191	392091
Cash bonuses	<b>42</b>		
Reversionary bonuses	<b>43</b>	248196	297002
Other bonuses	<b>44</b>		
Premium reductions	<b>45</b>		
Total allocated to policyholders (41 to 45)	<b>46</b>	757387	689093
Net transfer out of fund / part of fund	<b>47</b>	40506	35317
Total distributed surplus (46+47)	<b>48</b>	797893	724410
Surplus carried forward	<b>49</b>		
Total (48+49)	<b>59</b>	797893	724410

**Percentage of distributed surplus allocated to policyholders**

Current year	<b>61</b>		
Current year - 1	<b>62</b>		
Current year - 2	<b>63</b>		
Current year - 3	<b>64</b>		

**Long-term insurance business: distribution of surplus****Form 58**Name of insurer **Norwich Union Life & Pensions Ltd**Total business / subfund **With Profits Sub-Fund**Financial year ended **31st December 2007**Units **£000**

	Financial year <b>1</b>	Previous year <b>2</b>
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**Valuation result**

Fund carried forward	<b>11</b>	19792947	21522282
Bonus payments in anticipation of a surplus	<b>12</b>	470362	356713
Transfer to non-technical account	<b>13</b>	34989	30368
Transfer to other funds / parts of funds	<b>14</b>		
Subtotal (11 to 14)	<b>15</b>	20298298	21909363
Mathematical reserves	<b>21</b>	19556738	21236941
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	<b>29</b>	741560	672422

**Composition of surplus**

Balance brought forward	<b>31</b>		
Transfer from non-technical account	<b>32</b>		
Transfer from other funds / parts of fund	<b>33</b>		
Surplus arising since the last valuation	<b>34</b>	741560	672422
Total	<b>39</b>	741560	672422

**Distribution of surplus**

Bonus paid in anticipation of a surplus	<b>41</b>	470362	356713
Cash bonuses	<b>42</b>		
Reversionary bonuses	<b>43</b>	236209	285341
Other bonuses	<b>44</b>		
Premium reductions	<b>45</b>		
Total allocated to policyholders (41 to 45)	<b>46</b>	706571	642054
Net transfer out of fund / part of fund	<b>47</b>	34989	30368
Total distributed surplus (46+47)	<b>48</b>	741560	672422
Surplus carried forward	<b>49</b>		
Total (48+49)	<b>59</b>	741560	672422

**Percentage of distributed surplus allocated to policyholders**

Current year	<b>61</b>	95.28	95.48
Current year - 1	<b>62</b>	95.48	95.98
Current year - 2	<b>63</b>	95.98	96.10
Current year - 3	<b>64</b>	96.10	95.14

**Long-term insurance business: distribution of surplus****Form 58**

Name of insurer **Norwich Union Life & Pensions Ltd**

Total business / subfund **Provident Mutual Sub-Fund**

Financial year ended **31st December 2007**

Units **£000**

	Financial year <b>1</b>	Previous year <b>2</b>
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**Valuation result**

Fund carried forward	<b>11</b>	1951944	2499512
Bonus payments in anticipation of a surplus	<b>12</b>	38828	35378
Transfer to non-technical account	<b>13</b>	5517	4949
Transfer to other funds / parts of funds	<b>14</b>		
Subtotal (11 to 14)	<b>15</b>	1996289	2539839
Mathematical reserves	<b>21</b>	1939956	2487851
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	<b>29</b>	56333	51988

**Composition of surplus**

Balance brought forward	<b>31</b>		
Transfer from non-technical account	<b>32</b>		
Transfer from other funds / parts of fund	<b>33</b>		
Surplus arising since the last valuation	<b>34</b>	56333	51988
Total	<b>39</b>	56333	51988

**Distribution of surplus**

Bonus paid in anticipation of a surplus	<b>41</b>	38829	35378
Cash bonuses	<b>42</b>		
Reversionary bonuses	<b>43</b>	11987	11661
Other bonuses	<b>44</b>		
Premium reductions	<b>45</b>		
Total allocated to policyholders (41 to 45)	<b>46</b>	50816	47039
Net transfer out of fund / part of fund	<b>47</b>	5517	4949
Total distributed surplus (46+47)	<b>48</b>	56333	51988
Surplus carried forward	<b>49</b>		
Total (48+49)	<b>59</b>	56333	51988

**Percentage of distributed surplus allocated to policyholders**

Current year	<b>61</b>	90.21	90.48
Current year - 1	<b>62</b>	90.48	90.28
Current year - 2	<b>63</b>	90.28	89.08
Current year - 3	<b>64</b>	89.08	90.64

**Long-term insurance business: distribution of surplus**
**Form 58**

Name of insurer **Norwich Union Life & Pensions Ltd**

Total business / subfund **Non-Profit Sub-Fund 1**

Financial year ended **31st December 2007**

Units **£000**

	Financial year <b>1</b>	Previous year <b>2</b>
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**Valuation result**

Fund carried forward	<b>11</b>	11763042	10366428
Bonus payments in anticipation of a surplus	<b>12</b>		
Transfer to non-technical account	<b>13</b>		
Transfer to other funds / parts of funds	<b>14</b>		
Subtotal (11 to 14)	<b>15</b>	11763042	10366428
Mathematical reserves	<b>21</b>	11763042	10366428
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	<b>29</b>		

**Composition of surplus**

Balance brought forward	<b>31</b>		
Transfer from non-technical account	<b>32</b>		
Transfer from other funds / parts of fund	<b>33</b>		
Surplus arising since the last valuation	<b>34</b>		
Total	<b>39</b>		

**Distribution of surplus**

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

**Percentage of distributed surplus allocated to policyholders**

Current year	<b>61</b>	0.00	0.00
Current year - 1	<b>62</b>	0.00	0.00
Current year - 2	<b>63</b>	0.00	0.00
Current year - 3	<b>64</b>	0.00	0.00

**Long-term insurance business: distribution of surplus****Form 58**Name of insurer **Norwich Union Life & Pensions Ltd**Total business / subfund **Non-Profit Sub-Fund 2**Financial year ended **31st December 2007**Units **£000**

	Financial year <b>1</b>	Previous year <b>2</b>
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**Valuation result**

Fund carried forward	<b>11</b>	22652378	21394549
Bonus payments in anticipation of a surplus	<b>12</b>		
Transfer to non-technical account	<b>13</b>		
Transfer to other funds / parts of funds	<b>14</b>		
Subtotal (11 to 14)	<b>15</b>	22652378	21394549
Mathematical reserves	<b>21</b>	22652378	21394549
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	<b>29</b>		

**Composition of surplus**

Balance brought forward	<b>31</b>		
Transfer from non-technical account	<b>32</b>		
Transfer from other funds / parts of fund	<b>33</b>		
Surplus arising since the last valuation	<b>34</b>		
Total	<b>39</b>		

**Distribution of surplus**

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

**Percentage of distributed surplus allocated to policyholders**

Current year	<b>61</b>	0.00	0.00
Current year - 1	<b>62</b>	0.00	0.00
Current year - 2	<b>63</b>	0.00	0.00
Current year - 3	<b>64</b>	0.00	0.00

**Long-term insurance business: With-profits payouts on maturity (normal retirement)**

**Form 59A**

Name of insurer **Norwich Union Life & Pensions Ltd**

Original insurer **Norwich Union Life & Pensions Limited**

Date of maturity value/open market option **01 Mar 2008**

Category of with-profits policy	Original term (years)	Maturity value / open market option	Terminal bonus	MVA	CWP / UWP	MVA permitted?	Death benefit
1	2	3	4	5	6	7	8
Endowment assurance	10	7319	1383		CWP	N	7319
Endowment assurance	15	13156	2804		CWP	N	13156
Endowment assurance	20	23181	5039		CWP	N	23181
Endowment assurance	25	40545	10088		CWP	N	40545
Regular premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Regular premium pension	10	30778	4095		UWP	N	30778
Regular premium pension	15	56092	9007		UWP	N	56092
Regular premium pension	20	104976	13355		CWP	N	104976
Single premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	10	16764	1821		UWP	N	16764
Single premium pension	15	29710	7703		UWP	N	29710
Single premium pension	20	55006	4539		CWP	N	55006

**Long-term insurance business: With-profits payouts on maturity (normal retirement)**

**Form 59A**

Name of insurer **Norwich Union Life & Pensions Ltd**

Original insurer **Provident Mutual Sub-Fund**

Date of maturity value/open market option **01 Mar 2008**

Category of with-profits policy	Original term (years)	Maturity value / open market option	Terminal bonus	MVA	CWP / UWP	MVA permitted?	Death benefit
1	2	3	4	5	6	7	8
Endowment assurance	10	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	15	12038	1478		CWP	N	12038
Endowment assurance	20	21892	3948		CWP	N	21892
Endowment assurance	25	34448	5255		CWP	N	34448
Regular premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Regular premium pension	10	n/a	n/a	n/a	n/a	n/a	n/a
Regular premium pension	15	n/a	n/a	n/a	n/a	n/a	n/a
Regular premium pension	20	99341	13946		CWP	N	99341
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
Single premium pension	15	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	20	51744	13552		CWP	N	51744



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

**Form 59B**

Name of insurer **Norwich Union Life & Pensions Ltd**  
 Original insurer **Norwich Union Life & Pensions Limited**  
 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	5127			CWP	N	16313
Endowment assurance	15	11912			CWP	N	20137
Endowment assurance	20	21921			CWP	N	27567
With-profits bond	2	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	3	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	5	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	10	15443	1655		UWP	Y	15597
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	16764	1821		UWP	Y	16764

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

**Form 59B**

Name of insurer **Norwich Union Life & Pensions Ltd**

Original insurer **Provident Mutual Sub-Fund**

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	10894			CWP	N	21150
Endowment assurance	20	19199			CWP	N	28157
With-profits bond	2	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	3	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	5	n/a	n/a	n/a	n/a	n/a	n/a
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 & Pensions 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%	2508637	2510092			
Classes I (other), II and IX	12	0.1%	118590139	118066565	0.51	60240	53285
Classes I (other), II and IX	13	0.15%	7212407	4451523		5496	5773
Classes I (other), II and IX	14	0.3%	191379286	38600501		291644	277380
Classes III, VII and VIII	15	0.3%	5150969	3838030	0.75	11514	12477
<b>Total</b>	16		324841438	167466711		368894	348915

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

Class IV, supplementary classes 1 and 2 and life protection reinsurance	21					26104	28633
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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%	17127234	15534418	0.91	155344	174462
Classes III, VII and VIII (investment risk)	33	1%	9661191	8908539	0.92	89085	89853
Classes III, VII and VIII (expenses fixed 5 yrs +)	34	1%	11365426	11365318	1.00	113653	97013
Classes III, VII and VIII (other)	35	25%				7848	7225
Class IV (other)	36	1%	747738	539525	0.85	6356	7127
Class V	37	1%					
Class VI	38	1%	33	33	1.00		
<b>Total</b>	39					372286	375680

**Insurance market risk capital component**

Life protection and permanent health reinsurance	41	0%	16418	14969			
Classes I (other), II and IX	42	3%	17127234	15534418	0.91	466033	517733
Classes III, VII and VIII (investment risk)	43	3%	9661191	8908539	0.92	267256	296029
Classes III, VII and VIII (expenses fixed 5 yrs +)	44	0%	11365426	11365318			
Classes III, VII and VIII (other)	45	0%	20170386	19797509			
Class IV (other)	46	3%	747738	539525	0.85	19067	21382
Class V	47	0%					
Class VI	48	3%	33	33	1.00	1	1
<b>Total</b>	49		59088426	56160311		752357	835145

<b>Long term insurance capital requirement</b>	51					1519641	1588373
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**Supplementary notes**Name of insurer **Norwich Union Life & Pensions Limited**

Global business

Financial year ended **31st December 2007****Code****0204 Section 148 waivers****Waiver 526539**

The FSA on the application of the firm issued to the firm in October 2005 a direction under section 148 of FSMA 2000. The effect of the direction is to enable the firm to contract to pay benefits which are determined wholly or partly, by reference to units in the firm's Linked Property Fund which itself holds units in The Mall Unit Trust, The Junction Unit Trust, The Quercus Healthcare Property Unit Trust, The Airport Property Unit Trust, The Henderson UK Retail Warehouse Fund and the Cardiff Bay Limited Partnership.

**Waiver 624754**

The FSA, on the application of the firm, made a direction in June 2006 under section 148 of the Financial Services and Markets Act 2000. The effect of the direction is to enable the firm to contract to pay benefits under linked long term contracts relating to the Norwich Union Linked Property Fund which are themselves determined, either wholly or partly, by reference to units in the JPUT's and the Retirement Housing Limited Partnership and the Cardiff Bay Limited Partnership.

**Waiver 670984**

The FSA, on the application of the firm, made a direction in December 2006 under section 148 of the Financial Services and Markets Act 2000. The effect of the direction is to enable the firm to contract to pay benefits under linked long term contracts relating to Life Portfolio Bond which are themselves determined, either wholly or partly, by reference to units in the Morley European Property Fund.

**Waiver 678525**

The FSA, on the application of the firm, made a direction in June 2006 under section 148 of the Financial Services and Markets Act 2000. The effect of the direction is to enable the firm to contract to pay benefits under linked long term contracts relating to the Norwich Union Linked Property Fund which are themselves determined, either wholly or partly, by reference to units in the JPUT's and the Retirement Housing Limited Partnership; the Cardiff Bay Limited Partnership; Cheshire Oaks Limited Partnership; Swindon Limited Partnership; Bridgend Limited Partnership and Ashford Limited Partnership.

**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)	67,465,126
Form 13 Line 89 (Other than long term business)	604,575
Form 14 Lines 11, 12 and 49	(61,636,509)
Form 15 Line 69	(237,883)
	<u>6,195,309</u>
ii) Components of capital resources that are treated as a liability:	200,000
Subordinated loan capital	
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 – implicit items	183,000
iv) Capital resources requirement of regulated related undertakings	<u>805,024</u>
Total i) to iv) above	
Form 3, Line 79	<u>7,383,333</u>

**Supplementary notes**Name of insurer **Norwich Union Life & Pensions Limited**

Global business

Financial year ended **31st December 2007****Code****0306 Line 92 – Financial Reinsurance**

The impact of the financial reinsurance shown at line 92 is to reduce mathematical reserves by £475m. The amount of contingent liability for payment to the reinsurer is £485.7m. The commutation value of the reinsurance arrangement at the end of the financial year is £485.7m.

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

	<b>£'000</b>
a) Positive valuation differences in respect of assets where valuation in GENPRU and INSPRU exceeds the valuation that the firm uses for external financial reporting purposes	
b) Positive valuation differences in respect of liabilities where valuation in GENPRU and INSPRU is lower than the valuation that the firm uses for external financial reporting purposes	
Deferred taxation provision	297,417
Difference in technical provisions	3,259,290
Deferred income reserve	62,711
c) Negative valuation differences in respect of assets where valuation in GENPRU and INSPRU is lower than the valuation that the firm uses for external financial reporting purposes.	
Valuation of investments in Group Undertakings	(15,387)
d) Negative valuation differences in respect of liabilities where valuation in GENPRU and INSPRU exceeds the valuation that the firm uses for external financial reporting purposes	
<b>Net positive valuation difference included in line 14</b>	<b>3,604,031</b>

**0312 Section 148 waivers****Implicit items 775182**

The Financial Services Authority made, on the application of the firm, a direction in October 2007 under section 148 of the Financial Services and Markets Act 2000. The effect of the direction is to allow the firm to take into account the implicit item shown in this Form.

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

	<b>£'000</b>
Profit and loss account and other reserves at the end of the previous financial year (Form 3 Line 12 Column 4)	2,981,125
Profit/(loss) retained for the financial year (Form 16 Line 59)	(64,702)
Profit/(loss) arising in long-term insurance funds that has not been transferred to the shareholder fund	173,055
Profit and loss account and other reserves at the end of this financial year (Form 3 Line 12 Column 3)	<b>3,089,478</b>

**1104 Provision for claims outstanding**

Discounting has been used at Form 11 line 51 for income replacement policy claims in payment, where the projected amounts constitute a form of annuity.

## Supplementary notes

Name of insurer **Norwich Union Life & Pensions Limited**

Global business

Financial year ended **31st December 2007**

### Code

#### **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 £294.4m (Long term business) and £8.1m (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 £1488.4 (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 £1153.4m.

#### **1304 Statement of amounts set off**

**1310**

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

#### **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.

##### **Derivatives**

Exposure to derivatives is considered in the management of the funds within the overall risk limits. Where appropriate, constraints are in place over the nature of derivative instruments and the duration.

**Supplementary notes**Name of insurer **Norwich Union Life & Pensions Limited**

Global business

Financial year ended **31st December 2007****Code****1306 Counterparty exposure at the year end****1312**

Exposure to any one counterparty at the end of the financial year did not 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.

**1311 Restatement of comparatives****1411****1811****1911**

The Company enters into stock lending transactions and receives collateral to reduce the Company's exposure to counterparty credit risk. This collateral may take the form of cash or non-cash collateral. Upon review of these transactions it was identified that under International Financial Reporting Standards certain cash collateral transactions should have been recognised on the balance sheet with a corresponding obligation to return this collateral. The cash collateral received was subsequently lent out with this loan being fully collateralised by non-cash collateral.

As a result, to allow an appropriate comparison to be made the following adjustment has been recognised in the 2006 comparative figures of these financial statements:

- Form 13 Line 53 Other loans has increased by £1,529.2 million.
- Form 14 line 38 Creditors – other has increased by £1,529.2 million.
- Form 18 Line 11 Long-term admissible assets of the fund has increased by £1,529.2m.
- Form 18 Line 22 Regulatory current liabilities of the fund has increased by £1,529.2m.
- Form 19 Line 51 Realistic current liabilities of the fund has increased by £1,529.2m.

**1316 Leased Assets**

The tangible assets balance shown in line 13.80 contains no leased assets

**1318 Other asset adjustments**

	<b>Category 1</b>	<b>Category 10</b>
	<b>£'000</b>	<b>£'000</b>
Gross up and notional settlement of interfund liabilities	-	46,005
Disclosure of unit-linked credits as liabilities in statutory accounts	-	1,000,983
Surplus unit linked assets included in the statutory accounts	-	13,177
Other asset adjustments included in Form 13 line 101	-	1,060,165

**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.

Included in deferred tax liabilities at line 21 of Form 14 is an amount of £nil in respect of a full provision for potential corporation tax on unrealised capital gains. The potential liability and provision for shareholders on Form 15 is £nil.

There are no contingent liabilities not included on the Form.

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.

**Supplementary notes**Name of insurer **Norwich Union Life & Pensions Limited**

Global business

Financial year ended **31st December 2007****Code****1404 Provision**  
**1506**

The amount of implicit provision required by INSPRU 3.2.17R(3) included in Form 14 line 38 is £82.8m.

**1405 Other adjustments to Liabilities**

	<b>£'000</b>
Adjustment to FSA mathematical reserves	3,259,290
Disclosure of unit-linked credits as liabilities in statutory accounts	1,000,983
Adjustment to FSA taxation provision	297,417
Gross up and notional settlement of interfund liabilities	46,005
Deferred income reserve	62,711

Other adjustments to liabilities included in Form 14 line 74	4,666,406
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**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 Category 1 or Category 13 Form 17 has been prepared on the basis that there are no derivative contracts for these categories of assets.

**1701 Variation Margin**

The aggregate amount of any excess variation margin which has been received by the Company is £nil. The variation margin is allocated to Form 13 as follows:

	<b>£'000</b>
Form 13 line 44	408,472

**4002 Other income and expenditure**

Line 15 has been used for transfers of annual management charges between sub funds.

**4006 Apportionment of items between different long-term insurance business funds****Investment Income**

Where linked assets are not individually designated to a particular fund the assets and investment income are allocated by reference to the unit holdings of the respective funds. For all other invested assets investment income is allocated by reference to the designated asset.

**Increase or decrease in the value of assets brought into account**

The value of non-linked assets brought into account is determined by reference to the liabilities of the relevant fund. The assets available are individually designated to the relevant fund.

In respect of linked assets, where the assets are not individually designated to a particular fund the value brought into account is allocated by reference to the unit holdings of the respective funds.

**Expenses**



**Supplementary notes**Name of insurer **Norwich Union Life & Pensions Limited**

Global business

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

Expenses incurred in respect of a specific fund of business are attributed to the relevant fund. Expenses not so incurred are allocated to the relevant funds on an incurred basis in accordance with the arrangement for the provision of management services by Norwich Union Life Services Limited.

**Taxation**

The taxation of each fund is computed in accordance with the taxation regulations applicable to that class of business.

**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.

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

**4009 Related party transactions**

Related party transactions exceeding 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, were as follows:

1)	Connected Party	CGNU Life Assurance Limited
	Nature of relationship	Fellow group undertaking
	Nature of transactions during the period	Reinsurance accepted
	Value of transactions during the period	Premiums £5,062m
		Claims £2,443m
		Commission £222m
		Expenses £140m
	Nature of transactions during the period	Reinsurance ceded
	Value of transactions during the period	Premiums £13m
		Claims £48m
		Expenses £23m
	Amounts unpaid at the end of the period	£49m owed by CGNU Life Assurance Limited
	Amounts written off in the period	£nil

**4100 Form omitted****4200 Form omitted****4300 Form omitted**

Forms 41, 42 and 43 in respect of the Belgium Fund have been omitted as the fund does not contain any premiums, claims or expenses

**4401 Basis of valuation in internal linked funds**

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

**4402 Aggregate value of rights under derivative contracts**

The aggregate values of rights and liabilities under derivative contracts (gross of variation margin) as at 31 December 2007 are £46.0m and £12.0m respectively. There is no variation margin payable.

**Supplementary notes**Name of insurer **Norwich Union Life & Pensions Limited**

Global business

Financial year ended **31st December 2007****Code****4502 Other income and expenditure**

Other Income comprises the following balances:

	<b>2007 £'000</b>
Cost sheet rebates P&L	11,093
Manager fees rebate	25,407
XTER rebates	14,423
	<u>50,923</u>

Other Expenditure comprises the following balances:

	<b>2007 £'000</b>
Custody and Other Management Fees	2,580
Payment of Distributions to Policyholders	35,699
Interest Paid	3,016
Miscellaneous Investment Expenses	853
	<u>42,148</u>

**4701 New group schemes for which there is no record of benefits at member level**

The number of new group schemes for product code 415 for which there is no record of benefits at member level is 6.

**4803 Redemption assumption**

Where securities may be redeemed over a period at the option of the guarantor or the issuer it has been assumed that they will be redeemed at the point which gives the lowest yield.

**4804 Yield for assets lines 18 or 28**

The yield shown in column 4 for the following assets is significantly different from the weighted average of the yields for each asset of that type determined in accordance with INSPRU 3.1.34R before any allowance for tax required by INSPRU 3.1.29R.

Yield
Loans secured by insurance policies (Form 13 Line 52)
8.50%
NUER Loan (Form 13 Line 26)
6.46%
NUH Loan (Form 13 Line 28)
8.40%
Group Debtors (Form 13 line 78)
5.66%
NUCM Mortgage loan (Form 13 line 50)
5.86%

**4806 Assets used to calculate investment return**

The assets of the With Profit and Provident Mutual funds on Long Term Business Form 13 have been used to calculate the investment returns shown in lines 21-29 column 5.

**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.

**Supplementary notes**Name of insurer **Norwich Union Life & Pensions Limited**

Global business

Financial year ended **31st December 2007****Code****5101 Group schemes for which there is no record of benefits at member level**

The number of group schemes for which there is no record of benefits at member level is as follows

Sub-fund	Business Type	Product Code	Scheme Count
NPSF1	UKL	300	9
NPSF2	UKP	415	217
WPSF	UKP	390	48
WPSF	OS	390	1

**5103 Use of miscellaneous product code**

Business classified under the miscellaneous product code where the £10m threshold is exceeded is as follows

Sub-fund	Business Type	Product Code	Description of Product	Reserve (£000)
NPSF1	UKL GR	435	Miscellaneous Assurance	11,907
NPSF1	UKL RCE	435	Miscellaneous Assurance	11,907

**5201 Group schemes for which there is no record of benefits at member level**

The number of group schemes for which there is no record of benefits at member level is as follows

Sub-fund	Business Type	Product Code	Scheme Count
PMSF	UKP	555	72

**5203 Use of miscellaneous product code**

Business classified under the miscellaneous product code where the £10m threshold is exceeded is as follows

Sub-fund	Business Type	Product Code	Description of Product	Reserve (£000)
PMSF	UKP GR	575	AWP Self Employed Retirement Annuity	409,658
PMSF	UKP GR	575	AWP Personal Pension Plan	219,521
PMSF	UKP GR	575	AWP Executive Pension Plan	132,759
PMSF	UKP GR	575	AWP Individual Pension Arrangement	104,339
PMSF	UKP GR	575	AWP COMPACT	44,213
PMSF	UKP GR	575	AWP Additional Voluntary Contributions	35,318
WPSF	UKP GR	575	Personal Pension Review	10,460

**Supplementary notes**Name of insurer **Norwich Union Life & Pensions Limited**

Global business

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

5701 Non-Profit sub-fund

Negative and positive mathematical reserves offset each other for certain lines in Form 57, as detailed below.

**Form 51 NP UK L&GA Assurances - Net 3.1%, Gross 3.88%**

Product code	Product description	Net reserve (£000)
300	Regular premium non-profit WL/EA OB	-13,631
305	Single premium non-profit WL/EA OB	35
325	Level term assurance	-59
	<b>Total</b>	<b>-13,655</b>

**Form 51 NP UK Pens Assurances - Gross 3.9%**

Product code	Product description	Net reserve (£000)
300	Regular premium non-profit WL/EA OB	34
325	Level term assurance	-5,425
330	Decreasing term assurance	-583
410	Group Life	105
	<b>Total</b>	<b>-5,869</b>

**Form 51 NP UK OS L&GA Assurance - Gross 3.9%**

Product code	Product description	Net reserve (£000)
300	Regular premium non-profit WL/EA OB	109
325	Level term assurance	182
330	Decreasing term assurance	-1,431
340	Accelerated critical illness (guaranteed premiums)	-726
345	Accelerated critical illness (reviewable premiums)	-299
	<b>Total</b>	<b>-2,165</b>

**Form 53 NP UK L&GA Assurance - Net 3.4%, Gross 4.25%**

Product code	Product description	Net non-unit reserve (£000)
700	Life property linked single premium	-292,135
710	Life property linked whole life regular premium	483
715	Life property linked endowment regular premium - savings	1,701
720	Life property linked endowment regular premium – target cash	413
	<b>Total</b>	<b>-289,537</b>

**Form 53 NP UK OS L&GA Assurance - Gross 4.2%**

Product code	Product description	Net non-unit reserve (£000)
725	Individual pensions property linked	2,424
735	Group money purchase pensions property linked	6
755	Trustee investment plan	-9
	<b>Total</b>	<b>2,422</b>

**Supplementary notes**Name of insurer **Norwich Union Life & Pensions Limited**

Global business

Financial year ended **31st December 2007****Code****5803 Distribution of surplus from the With Profits/Belgium Sub-Fund:**

	FSA Ref.	Conventional With Profits (£000)	With Profits Annuity (£000)	Unitised With Profits (£000)	Belgium (£000)	Total (£000)
Bonus payments made to policyholders in anticipation of a surplus	58.41	299,714	332	170,317	-	470,362
Reversionary bonus	58.43	12,091	2,440	221,678	-	236,209
Total allocated to policyholders	58.46	311,805	2,771	391,995	-	706,571
Net Transfer out of fund	58.47	34,645	344	-	-	34,989
Total Distributed Surplus	58.48	346,450	3,115	391,995	-	741,560
Percentage of surplus allocated to shareholders (and previous year)		10.00% (10.00%)	11.04% (11.18%)	0.00% (0.00%)	-	4.72% (4.52%)

**Distribution of surplus from the Provident Mutual Sub-Fund:**

The transfer shown in line 47 represents the shareholders' share of the distribution of surplus.

The transfer consists of:

- a transfer from the Provident Mutual Fund into the non-technical account of £5,646,000 in respect of shareholders transfers associated with the distribution of surplus
- a transfer from the Provident Mutual Fund into the non-technical account of £2,000 in respect of personal pension compensation payments and mortgage endowment promise payments
- a transfer into the Provident Mutual Fund from the non-technical account of £131,000 in respect of injections from shareholders to cover their share of future bonus declarations for new with-profit annuities

If the transfer to the non-technical account of £5,646,000 were shown separately in line 47, line 61 would show 90.00.

**Valuation report – IPRU (INS) Appendix 9.4**Name of insurer **Norwich Union Life & Pensions Limited – With-Profit Fund**

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) An interim valuation was carried out with an effective date of 30 June 2007 for the purposes of rule 9.3A.

**2. Product Range**

During the financial year, the fund closed to new pensions business from the Channel Islands and the Isle of Man. After the closure to new business, increments and new members to existing schemes are still accepted.

The with-profit sub-fund is open to new with-profit business.

**3. Discretionary charges and benefits**

- (1) The table below shows the period during which a market value reduction (MVR) applied during 2007. The table is separated by class of business and by year of unit purchase. Entries marked 'N/A' imply that an MVR was not applied to units for that product / year of purchase combination during 2007. Units purchased in a year that is not shown were not subject to an MVR during 2007.

Product	UWP Life products (not Bond 2000)	UWP Life (Bond 2000)	UWP Individual Pensions Products (and ISA)	UWP Group Defined Benefits
1997	(N/A)	(N/A)	(N/A)	(N/A)
1998	(N/A)	(N/A)	(N/A)	(N/A)
1999	(N/A)	(N/A)	(N/A)	(N/A)
2000	(N/A)	01/01/07 - 30/06/07	01/01/07 - 30/06/07	01/01/07 - 30/06/07
2001	(N/A)	(N/A)	(N/A)	(N/A)

- (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) **Service charges:**

For:

  - Unitised Ordinary Business
  - Post 1 January 1995 Pensions, including 98 Series products, the 2007 increase in plan fees was RPI published September (3.5%). Figures were reviewed with effect from 1 January 2007.

For pre 1 January 1995 Pensions business, figures were reviewed 1 April 2007.

  - Personal Pension Plans (including AVCs, Jersey Investment Plan): 4.5% increase
  - Group Money Purchase plans: 4.8% increase
- (5) There have been no changes to benefit charges on linked policies.
- (6) There were no changes to unit management charges or notional charges on accumulating with-profit policies.
- (7) There are no internal linked funds in the with-profit sub-fund of Norwich Union Life & Pensions Limited (the Company).
- (8) There are no internal linked funds in the with-profit sub-fund of the Company.
- (9) There are no internal linked funds in the with-profit sub-fund of the Company.
- (10) There are no internal linked funds in the with-profit sub-fund of the Company.

**Valuation report – IPRU (INS) Appendix 9.4**

Name of insurer **Norwich Union Life & Pensions Limited – With-Profit Fund**

Global business

Financial year ended **31 December 2007**

**4. Valuation basis (other than for special reserves)****(1) Valuation methodology**

For the Company, 1% of gross mathematical reserves is £591m > £10m. A limit of £10m will be applied to all subfunds of the Company when considering whether a group of products is material.

All regular and single premium business is now valued on a Gross Premium basis.

For pensions business continued beyond the normal pension age, the cash value available at the normal pension age has been accumulated with interest. The accumulation rate has normally been 6% pa.

Unitised with-profits business is valued initially by determining the lower of the current non-guaranteed surrender value and the bid value of units. This result is then compared with a prospective valuation and the higher result taken.

The prospective valuation projects future benefits to the next guarantee date. For Pensions business (and Life business with a set maturity date) this is the maturity date that the policyholder has selected. For Life business without a set maturity date it is the next date that the policyholder has a guaranteed surrender value (see section 5(2)).

The projection assumes future premiums cease and future bonuses are zero, except for policies with a guaranteed minimum bonus rate, where this guaranteed bonus is allowed for. Allowance is made for mortality, with assumptions as shown in the non-profit Sub-fund Appendix 9.4. No allowance is made for lapses. The prospective valuation also explicitly allows for the transfer of the annual management charges from the With Profits Fund to the Non Profit Fund to meet future maintenance expenses.

Any death or critical illness risk is valued on an unexpired premium reserve basis with an allowance for incurred but not reported claims.

Contingency reserves are held and these are available for any kind of contingency which may arise.

**(2) Valuation interest rates:**

A table of all valuation interest rates used is given below.

<b>Product</b>	<b>Interest rate 31 December 2007</b>	<b>Interest rate 31 December 2006</b>
<b><u>Life Assurances</u></b>		
Conventional business WP	2.9%	2.9%
Conventional business NP	2.9%	2.9%
PHI business in Life fund		
UWP business	3.55%	3.55%
<b><u>Pensions and General Annuities</u></b>		
Deferred Annuity With Profit		
In payment	3.7%	3.7%
In deferment – Single Premium	3.7%	3.7%
In deferment – Regular Premium	3.7%	3.7%
Deferred Annuity Non Profit		
In Payment	3.6%	3.6%
In deferment – Single Premium	3.6%	3.6%
In deferment – Regular Premium	3.6%	3.6%
Non-profit policies including PHI	3.6%	3.6%
Regular Premium With Profit policies	3.7%	3.7%
Single Premium With Profit policies	3.7%	3.7%
Group Defined Benefits	3.7%	3.7%
UWP business	4.0%	4.0%
With Profit Annuity	2.0%	2.0%

**Valuation report – IPRU (INS) Appendix 9.4**

Name of insurer

**Norwich Union Life & Pensions Limited – With-Profit Fund**

Global business

Financial year ended

**31 December 2007****(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.

In the case of equity, the cap is the Long Term Gilt Yield + 2%. The cap reduces the average yield on equities by approximately 0.14%. In the case of property, the cap is also the Long Term Gilt Yield + 2%. The cap reduces the average yield on property by approximately 0.16%.

**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 0.37%. 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 Conventional business written by the fund.

Product	Mortality basis 31 December 2007	Mortality basis 31 December 2006
<b><u>NUL&amp;P WP Life Assurances</u></b>		
Whole life and Endowments	138% AM92/138% AF92	138% AM92/138% AF92
<b><u>NUL&amp;P WP Pensions &amp; General Annuities</u></b>		
Whole life and Endowments	138% AM92/138% AF92	138% AM92/138% AF92
Pure Endowment	50% AM92/AF92	50% AM92/AF92
Deferred Annuity		
In deferment	50% AM92/AF92	50% AM92/AF92
Post vesting	90.5% PCMA00/85% PCFA00	90.5% PCMA00/85% PCFA00
Group Defined Benefits		
In deferment	50% AM92/AF92	50% AM92/AF92
Post vesting	a(55) ult	a(55) ult
With Profit Annuity	90.5% PCMA00/85% PCFA00	90.5% PCMA00/85% PCFA00

**Unitised with-profit business**

Mortality assumptions as shown in the non-profit Sub-fund Appendix 9.4.

Notes on tables:

- M tables apply to male lives, F tables to female lives.
- Annuitant mortality: allowance has been made for future improvements to mortality. The base tables (% of PCXA00) are assumed to apply as at 31 December 2004; from that date, improvements are expected. The allowance for improvements is as follows:



**Valuation report – IPRU (INS) Appendix 9.4**

Name of insurer

**Norwich Union Life & Pensions Limited – With-Profit Fund**

Global business

Financial year ended

**31 December 2007**

	<b>31 December 2007</b>	<b>31 December 2006</b>
Males	100% of Medium Cohort, minimum 2.0%, applicable from 2005	100% of Medium Cohort, minimum 2.0%, applicable from 2005
Females	75% of Medium Cohort, minimum 1.5%, applicable from 2005	75% of Medium Cohort, minimum 1.5%, applicable from 2005

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

**Expectation of Life**

The table below shows the required examples for expectation of life using the base mortality tables, percentage adjustments and improvement factors quoted above.

Table Description	Expectation of Life for annuitant aged 65 in 2007	Expectation of Life for annuitant aged 75 in 2007	Expectation of Life from age 65 for annuitant aged 45 in 2007	Expectation of Life from age 65 for annuitant aged 55 in 2007
90.5% of PCMA00 plus 100% CMI_Medium_Cohort, min 2%, applied from 2005	23.29	14.13	27.73	25.48
85% of PCFA00 plus 75% CMI_Medium_Cohort, min 1.5%, applied from 2005	25.38	16.02	28.41	26.89

**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.

**Allowance/reserve for:**

- any possible detrimental impact of significant changes in the incidence of disease on the mortality experience of the insurer;
- developments in medical science on the mortality experience of the insurer:

The mortality bases include adequate margins for AIDS given the present experience. A specific reserve of £5m is held for adverse mortality from AIDS arising from the exercise of guaranteed insurability options.

The remaining margins in the published mortality and morbidity bases are considered sufficient to provide for adverse deviations in experience arising from other causes. No additional reserves are therefore held.

**(5) Morbidity assumptions:**

There are no liabilities within the NUL&P with-profit fund that require morbidity assumptions.

**(6) Expense assumptions:**

Expense assumptions are taken as 130% of the amounts detailed in the Management Services Agreement (MSA) plus an aggregate provision of £7.6m. These loadings are 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.

Non-unit reserves on UWP business are held in the non-profit Subfunds, expense assumptions for this business are shown in the non-profit Sub-fund Appendix 9.4.

Expense levels are assumed the same for premium-paying and paid-up policies.

The table below shows the per-policy expenses for 2006 and 2007 (excluding allowance for project costs).

Product	Product code	Renewal admin (£ per policy)	
		2007	2006
CWP savings endowment	120	28.30	27.38
CWP target cash endowment	125	28.30	27.38
CWP Pensions	155/165	35.82	34.63
Annuity	400	25.36	24.52

**Valuation report – IPRU (INS) Appendix 9.4**Name of insurer **Norwich Union Life & Pensions Limited – With-Profit Fund**

Global business

Financial year ended **31 December 2007****Assumed future expense inflation**

4.5% per annum (NAE – 0.5%, as set out by the MSA agreement)

**Zillmer adjustments**

No Zillmer adjustments were made to net premium reserves (as the valuation was done on a gross premium basis).

**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 made were:

Asset Class	Investment expense
Equity	0.250%
Property	0.182%
Gilts	0.040%
Other Fixed Interest	0.077%
Cash	0.059%

The adjustments reflect the charging structure agreed with the Company's fund managers, Morley Fund Management Limited.

**Tax Relief**

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

(7) There are no internal linked funds in the with-profit sub-fund of the Company.

(8) **Bonus Assumptions:****Conventional with-profit business**

The Company is a realistic basis life firm. Accordingly, no allowance has been made for future annual or final bonus on Conventional with-profit business. This is consistent with INSPRU1.2.31G. There are no guarantees relating to future annual or final bonus on this business.

**Unitised with-profit business**

Certain classes of business have guaranteed annual bonus rates. These have been used in the projection of liabilities. No allowance has been made for discretionary annual or final bonus.

Guaranteed regular bonus by product:

Product	Guaranteed Annual Bonus Rate	Valuation assumption	Applies to...
Unitised With Profits Life	2.50%	2.50%	Units purchased pre 1/1/1999 on policies written before 1/1/1995
Unitised With Profits Pensions	4.00%	4.00%	Units purchased pre 1/1/1999 on policies written before 1/1/1995

In practice there are a small number of cases that do not satisfy the conditions given in the fourth column of the table but do receive the guaranteed bonus rates shown. These units are identified and the guaranteed bonus rate is incorporated into the valuation.

(9) **Persistency assumptions:**

No allowance has been made for lapses in the valuation except for the following:

For UWP Business we have assumed 100% persistency until the policy reaches its next no-MVR/money-back guarantee date (where applicable). We have assumed 100% take-up of benefits at these guarantee dates.

We have also assumed that policyholders that are able to take regular withdrawals without incurring an MVR take 5% of their units in this way (per annum).

**Valuation report – IPRU (INS) Appendix 9.4**

Name of insurer **Norwich Union Life & Pensions Limited – With-Profit Fund**  
Global business  
Financial year ended **31 December 2007**

**(10) Other basis items:**

**Option take-up rates**

- **Guaranteed Annuity Rate Options:**

We have assumed that current option take-up is 95%. This is based on actual 2007 take-up of 80% and incorporates margins for prudence.

- **Guaranteed Minimum Pensions (GMP) on Section 32 policies:**

We have assumed 100% 'option take-up' of the minimum pension. In practice, policyholders do not have an option (if the maximum pension bought by their policy is below the Guaranteed Minimum then they will be paid the GMP).

**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.

A reserve has been made for deferred taxation, including Capital Gains Tax, which has been adjusted for the BLAGAB proportion of business in the fund. No discounting has been applied to the tax rate used; this is line with the IFRS regulations. This reserve forms part of the Company's Accounting Liabilities as shown on Form 14.

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

(12) During the reporting period, the fund has made no changes to valuation methodology in respect of the following changes in INSPRU valuation rules:

- (a) Allowance for lapses on valuation of protection business
- (b) Allowance for negative reserves on valuation of protection business
- (c) Allowance for lapses on valuation of unit-linked business
- (d) Allowance for attributable expenses on valuation of unit-linked business

**5. Options and Guarantees**

**(1) Guaranteed Annuity Rate Options:**

**(a) Method:**

For policies with a cash benefit that can be used to buy an annuity on guaranteed terms, the methodology is as follows:

- Calculate the amount of the cash benefit that we have assumed will be converted into an annuity (using the option take-up rates given in section 4(10)).
- Determine the amount of annuity that this cash would buy if it were to be converted on guaranteed terms.
- Calculate the present value of the resulting annuity using the annuitant mortality basis given in section 4(4) and in-payment interest rate basis given in 4(2).
- If the total is greater than the total policy benefit at retirement then add on the difference. Discount the result to valuation date at the discount rate given in section 4(2).
- Add on the reserve for the expenses of administering the annuity.

For policies where the benefit is in the form of an annuity with a guaranteed cash-conversion option, the annuity benefit is converted to cash on the guaranteed terms. The methodology above (for cash contracts) is then applied.

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The Regulatory-peak reserve for Guaranteed Annuity Options is compared with the reserve calculated using the following basis:

- Regulatory-peak annuitant mortality assumptions are used (as given in 4(4))
- Regulatory-peak option takeup rates are used (as given in 4(10))
- Realistic-peak annuity interest rates and discounting are used
- Realistic-peak assumptions for persistency are used

A stochastic uplift factor is used to increase this reserve. It is derived from the option value implicit in the market prices of swaptions with appropriate term to exercise and guaranteed coupon.

Realistic-peak assumptions are discussed in more detail in Appendix 9.4A.

If this second reserve is larger than the base Regulatory-peak figure, an allowance for stochastic variation is added to the Regulatory-peak reserve. The allowance at 31 December 2007 is zero.

(b)

(i) Product	Conventional pensions endowment with-profits	Conventional deferred annuity with-profits	Deferred annuity non-profit
(ii) Basic Reserve (£m)	898.7	269.8	293.1
(iii) Spread of outstanding durations:			
0-5 years	36%	46%	16%
6-10 years	31%	28%	21%
11-20 years	30%	22%	42%
over 20 years	2%	3%	22%
(iv) Guarantee Reserve (£m)	653.6	214.1	233.4

Notes on all products shown:

(v)/(vii): There are two main types of guaranteed annuity:

- Payable monthly in arrears, single life, no escalation, guaranteed for five years
- Payable monthly in arrears, single life, no escalation, no guaranteed period.

The Guaranteed Annuity Rate for the business with the guaranteed period is 11.25%. The Guaranteed Annuity Rate for the business without is 11.61%. These rates differ by less than 1% and so no split is shown.

vi) Increments (where permitted) do not receive the option.

viii) On retirement before Normal Retirement Date (NRD) Guaranteed Annuity Rates are lost. The exceptions are where retirement occurs between 60 and 75, on ill-health grounds before age 60 or when an early NRD was agreed at outset for S226 contracts.

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

The with-profit fund has no unit-linked business.

The non-unit-linked policies with a guaranteed surrender value are certain Unitised With-Profit Life contracts.

No Conventional policies have a guaranteed surrender value. Unitised With-Profit Pensions contracts cannot be surrendered, only transferred or switched; in either case, an MVR would apply if this were to be done before Normal Retirement Date. Retirement under such policies can happen on more than one date without incurring an MVR. Retirement is a contractual exit (not a surrender of the policy) and is explicitly valued.

There are three types of guaranteed surrender value under UWP Life contracts:

- The option to surrender the policy on a certain set of dates without an MVR being applied (a no-MVR guarantee).

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- The option to surrender the policy on a certain set of dates with the total benefit being underpinned by the initial 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 all three 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 includes 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 Profits 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, for NUL&P With-Profit Life business the prospective reserve never exceeds the accumulated benefit (after adjustment). This is because the impact of the current levels of MVR is smaller than the impact of discounting.

The tables show the unit value in force as the guaranteed amount. This represents the amount that would be paid if the policyholder surrendered with a no-MVR guarantee. It is also 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).

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(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		
<b>Norwich Capital Plan (10/89 onwards)</b>	370,020,165	3% with no-MVR date in 2008; 63% with no-MVR date in 2009-2012; 34% with no-MVR date after this (fairly level spread)	0	367,497,780	No MVR on 10th anniversary and subsequent 5 yearly anniversaries for continuous investment in the With Profits Fund	None	Norwich Union reserves the right to apply an MVR on regular withdrawals.	0	Yes but no-MVR guarantee does not apply to increments
<b>Norwich With-Profits Bond; Norwich Bond 2000; Norwich Flexibond (pre 2/10/00); Bicentenary Bond</b>	1,128,730,606	12% with money-back gtee in 2008; 39% with money-back gtee in 2009; 28% with MBG in 2010; 21% with MBG expired	0	1,124,412,569	None	Money-back guarantee applies in the 8-week period centred on the 10th policy anniversary. Does not apply if any part of policy has already been cashed in.	All regular withdrawals are MVR-free. Restrictions are made on the amount of regular withdrawals that can be taken. 5% of original investment is current practice.	0	Yes but they do not receive the money-back guarantee

**(3) Guaranteed Insurability Options**

- (a) For convertible term or increasing sum insured options, a reserve is held equal to one year's option premium.
- (b) The total sum assured for business with conversion and renewal options does not exceed £1bn.

**(4) Other guarantees and options****(a) Guaranteed Minimum Pensions on Section 32 policies**

Section 32 policyholders have a guarantee that the maximum annuity that can be bought with their policy at State Pension Age will not be less than the (revalued) Guaranteed Minimum Pension.

Method/basis:

- The Guaranteed Minimum Pension is valued at retirement using the annuitant mortality/in-payment interest rate assumptions shown in sections 4(4)/4(2) respectively.
- This value of benefits is added to a reserve for paying the expenses of administering the GMP.
- The total is compared with the value of the Sum Assured / Regular Bonus to date. If larger, an additional reserve is established (equal to the difference).

The Regulatory-peak reserve for the GMP guarantee is compared with the reserve calculated using the following basis:

- Regulatory-peak annuitant mortality assumptions are used (as given in 4(4))
- Realistic-peak (realistic valuation) annuity interest rates and discounting are used
- Realistic-peak assumptions for persistency are used

A stochastic uplift factor is used to increase this reserve. It is equal to that used in the Realistic-peak valuation.

Realistic-peak assumptions are discussed in more detail in Appendix 9.4A.

At 31 December 2007 this led to an additional provision of £0m.

The base reserve for the business affected is: £1,507m

The additional reserve required is: £705m

- (b) Some group business contains premium rate guarantees for a limited period. No specific reserve for these is considered necessary.

**Valuation report – IPRU (INS) Appendix 9.4**

Name of insurer **Norwich Union Life & Pensions Limited – With-Profit Fund**

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**6. Expense reserves**

- (1) The aggregate amount for expense allowances during 2008 arising from explicit reserves is £34,165,000.

The main sources are:

- The explicit annual maintenance expense charge for conventional business valued on a gross premium basis.
- Investment expenses as provided for by a deduction from the yield on conventional business.
- Additional explicit expense reserves.

For details about expense loadings for UWP business see Appendix 9.4 for the Non-Profit Subfunds.

- (2) Gross Premium Valuation has been used for all business. All allowances for expenses are explicit.
- (3) The allowance for maintenance expenses in 6(1) above exceeds the figure for expenses in line 14 of Form 43 by £587,000. This difference has been calculated after stripping out costs of Staff Pension Scheme deficit costs and other exceptional expenses from the Form 43 figure, as this is reserved for explicitly elsewhere. The excess is due to margins in the valuation basis.
- (4) No reserve is deemed necessary to cover the costs of transacting new business in the year following the valuation date.
- (5) No explicit reserve for maintenance expense overrun has been made because existing provisions for expenses exceed their current levels.

INSPRU 1.2.50R(2) requires us to make prudent provision for expenses allowing for:

- (a) tax
- (b) expenses in the last twelve months and expected future expenses
- (c) impact of expense inflation
- (d) cost of closure to new business 12 months after valuation date.

We have taken the following action to comply with INSPRU 1.2.50R(2):

- (a) All expenses provisions allow for taxation.
- (b) Our expense provision exceeds expenses incurred over the last twelve months and expected future expenses levels.
- (c) Expense inflation has been allowed for in the valuation at the rates dictated by the Management Services Agreement. The parameter used for RPI inflation (3.00%) was a best-estimate. By using a best-estimate assumption we are incorporating a margin for prudence into the valuation of expenses (since the gap between the valuation discount rate and expense inflation is far smaller than best-estimate).
- (d) An assessment was made of the cost of closure of the Company to new business at the end of 2008 using the following method and basis of calculation:
  - All sales, marketing and new business administration operations were assumed to cease immediately.
  - Allowance was made for redundancy costs.
  - An allowance was made for redundancies in departments servicing the new business areas.
  - Allowance was made for costs arising from the delay in re-letting properties occupied by the new business areas.
  - Allowance was made for other costs incurred on closure to new business such as write-offs on fixed assets.
  - The aggregate costs were discounted to the valuation date.

Allowance was made for the proportion of closure expenses that would be borne by CGNU, Commercial Union Life Assurance Company Limited and Norwich Union Annuity Limited.

**Valuation report – IPRU (INS) Appendix 9.4**

Name of insurer **Norwich Union Life & Pensions Limited – With-Profit Fund**

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No allowance was made for terminating the existing Management Services Agreement charging structure for existing business, as this would be expected to remain in force after closure to new business.

- (6) NUL&P WP Fund does not hold any reserves for non-attributable expenses.

**7. Mismatching Reserves**

- (1) All of the mathematical reserves of the NUL&P WP Fund (sterling value £19,793m) are held to support liabilities payable in pounds sterling. All of these liabilities are supported by assets denominated in sterling.
- (2) No such grouping of liabilities has been needed.
- (3) The fund does not hold a reserve for currency mismatching. The fund has sufficient sterling assets to cover its mathematical reserves.
- (4) The Company is a realistic-basis firm and a resilience capital requirement is no longer required.
- (5) The Company is a realistic-basis firm and a resilience capital requirement is no longer required.
- (6) The Company is a realistic-basis firm and a resilience capital requirement is no longer required.
- (7) INSPRU 1.1.34R(1): "The assets *[held by a firm to cover its technical provisions]*...must...be of a sufficient amount, and of an appropriate currency and term, to ensure that the cash inflows from those assets will meet the expected cash outflows from the firm's insurance liabilities as they become due."

No further reserve has arisen following consideration of this rule.

Currency mismatching is considered in sections 7(1)-7(3).

The assets backing the liabilities do not precisely match them by term. The fund has significant holdings in equity and property assets that have no set maturity date. These assets are held to provide strong performance for policyholders.

Instead, the fund aims to ensure that cash outflows can be met through:

- Incoming premiums
- Income from its assets (dividends, rental income, coupon payments)
- Receipts on redemption from matched fixed interest stocks
- Sales of assets.

There is a risk that the fund may have to sell assets at an unfavourable time, e.g. when prices are temporarily depressed. If the fund has to sell unmarketable assets it may also depress the price through the sale itself. The risk will be very short term; if our liquidity was genuinely an issue then we could sell illiquid assets for cash over the period of a year without distorting the price we would receive (and have used in our asset valuation).

The risk only impacts business where it cannot be passed on to policyholders. For example, the risk is negligible on assets backing Unit Linked business because any reduction in price arising on sale would be passed onto the remaining policyholders through the unit price. On with-profit business, high levels of surrender may lead to higher MVR rates being applied.

To mitigate this risk the fund holds liquid assets (cash, certificates of deposit). It also ensures that a significant proportion of its other assets are invested in highly marketable stocks, in particular government bonds (but also shares issued by large companies).

An estimate of the NUL&P with-profit fund's claims amounts for 2008 is £2,800m. Expected income, in 2008, from assets currently held in the fund is £1,110m and £260m is held in deposit-style assets. Premium income for 2007 was around £320m and there is no reason to expect it to fall significantly. Therefore we expect to be able to pay the majority of the company's claims from incoming premiums/income/cash. The Company also holds an additional £6,100m in gilts. We expect the shortfall could be made by selling some of these assets at short notice without altering prices. Accordingly no additional reserve is considered necessary.



**Valuation report – IPRU (INS) Appendix 9.4**

Name of insurer **Norwich Union Life & Pensions Limited – With-Profit Fund**  
Global business  
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**8. Other Special Reserves**

**(1) Mortgage Endowment Promise**

The Company has announced its intention that payments on with profit mortgage endowment policies may, if necessary, be topped up at maturity (subject to certain conditions) where there is a shortfall between the claim value and the mortgage originally targeted. Top-up payments can be met from future investment earnings on the free reserves within the NUL&P with-profit sub-fund. If investment earnings on the free reserves are not sufficient to meet the top-up payments then the payments may be reduced or eliminated.

Maximum top-up amounts have been communicated to policyholders. We have also advised policyholders that even after the Promise payment has been made they may have a shortfall.

For the purposes of the regulatory valuation these top up payments are treated as discretionary benefits and generally no reserve needs to be held. There are two issues that have led to a provision being established:

- (a) The company has advised policyholders that we will give them at least three years notice before altering payments under the promise. We have assumed a half-year time lag between the Board making this decision and being able to communicate it to policyholders. This gives a minimum liability of the present value of the payments required for the next three and a half years.
- (b) The company intends that payments will be made while they can be provided for from earnings on the free reserves within the with-profit fund.

The reserve will be calculated by considering the full liability for payments advised to policyholders in Promise mailings.

As payment of this amount is contingent on earnings on the free reserves, we test whether this full amount can be paid from these earnings with reference to the stochastic model used for the Realistic peak valuation. If earnings are materially lower than the full reserve we will only reserve for the amount of the promise paid from these earnings. The reduction in reserves at 31 December 2007 for the affordability condition is zero.

The amount of provision is £996m.

**(2) Mortgage Mis-selling Review**

A reserve has been made to provide for future compensation and claims handling costs that are expected to arise from complaints about mortgage mis-selling.

The amount of the provision is £33m.

The reserve has been calculated by:

- Using an adjusted chain-ladder approach to construct reserves for claims that have been reported but not yet settled
- Using historic information and expected future experience to project the number of complaints into the future. An average cost per complaint figure has been derived and applied to the projected number of complaints to get a reserve for future compensation costs. Future expenses have been calculated assuming a fixed amount per complaint.

Allowance is made for the recovery of any mis-selling claim costs and expenses arising from business sold by appointed representatives or other intermediaries where covered by a formal agreement to that effect.

The key basis items are:

- Average cost per claim: £2,177 (Leeds Permanent Claims); £2,733 (other WP claims)
- Percentage of complaints leading to a claim: 83% (Leeds Permanent Claims); 60% (other WP claims)
- Claims processing expense: £330 per complaint

**Valuation report – IPRU (INS) Appendix 9.4**

Name of insurer **Norwich Union Life & Pensions Limited – With-Profit Fund**  
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Financial year ended **31 December 2007**

**(3) Pensions Review Reserve**

This is the reserve for the expected remaining compensation payments arising from the review of pensions mis-selling. The reserve includes expected future compensation costs arising under Phases 1 and 2 of the review, together with the expected future expenses of administering the review and the expected amount of future levies to be paid by each company to the FSCS, the PCU and PASS.

The methodology used to calculate expected future compensation costs follows the Guidance issued by GAD at the start of the review of pensions mis-selling and what is laid down in the Guarantee Agreements between the companies and the investors. A prudent approach has been taken.

Future levies and expenses are derived by analysing past experience and adjusting to allow for expected future experience. Again, a prudent approach has been taken.

The reserve held was £10.5m.

**(4) Staff Pension Scheme Reserve**

The Company's with-profit fund has agreed to meet a share of the costs of funding the Aviva Staff Pensions Scheme deficit. A reserve has been established as the discounted value of the future payments into the scheme as per the current funding plan. Because the fund has agreed to meet a share of the total payments into the scheme, payments over the full funding term are allowed for rather than just 5 years.

The total reserve held was £35m

**(5) Continued Beyond Maturity (CBM) Data Quality Reserve**

A provision of £20m is held to cover the risk that poor data on CBM policies is producing an inadequate reserve.

**9. Reinsurance**

- (1) The NUL&P WP fund does not cede any long-term business to a reinsurer who is not authorised to carry on insurance business in the United Kingdom.
- (2) The NUL&P WP fund has no reinsurance treaties where it is the cedant and where the reserves or premiums exceed £10m.
- (3) There is a treaty that reinsures the business in the NUL&P Belgium fund to Delta Lloyd.
  - (e) The treaty reinsures out all liability from the NUL&P Belgium fund to Delta Lloyd.
  - (f) Delta Lloyd receives the annual premiums payable by the policyholders of the Belgium fund. During 2007 these totalled £31,000,000.
  - (g) There are no deposit-back arrangements under the treaty.
  - (h) The treaty is not closed to new business.
  - (i) There is no undischarged obligation for the insurer.
  - (j) The amount of mathematical reserves ceded under the treaty is £104,145,000.
  - (k) The NUL&P Belgium fund retains no liability for new policies being reinsured.
  - (l) The reinsurer is not authorised to carry on insurance business in the United Kingdom.
  - (m) The reinsurer is a connected company of the Company. It is a subsidiary of the Aviva Group.
  - (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.

The NUL&P with-profit fund and the NUL&P Belgium fund do not have any financing arrangements.

**Valuation report – IPRU (INS) Appendix 9.4**

Name of insurer

**Norwich Union Life & Pensions Limited – With-Profit Fund**

Global business

Financial year ended

**31 December 2007****10. Reversionary (annual, regular) bonus**

(1)

Product	Amount of Gross mathematical reserve (£m)	Regular bonus (2006)	Regular bonus (2007)	Guaranteed bonus (2007)
<b>Conventional Life</b>				
Super-compound series (all business)	5,134.8	0% SA / 0.5% RB	0% SA / 0.5% RB	0.00%
Simple Bonus Whole Life	16.4	16%	16%	0.00%
<b>Conventional Pensions</b>				
Individual & Group Pensions (excl With-Profit Annuity)	4,532.6	0% SA / 0% RB	0% SA / 0% RB	0.00%
Group Defined Benefits	26.6	0.00%	0.00%	0.00%
With-Profits Annuity	129.7	2.00%	2.00%	0.00%
<b>Unitised Life</b>				
Units without regular bonus guarantee	1,341.8	2.00%	2.00%	0.00%
Units with regular bonus guarantee	433.4	2.50%	2.50%	2.50%
<b>Unitised Pensions</b>				
Units without regular bonus guarantee	2,871.3	3.00%	2.00%	0.00%
Units with regular bonus guarantee	3,498.1	4.00%	4.00%	4.00%
<b>ISA</b>				
ISA	6.0	3.00%	3.00%	0.00%
<b>Belgium</b> (in the NUL&P Belgium sub-fund)	64.5	0.00%	0.00%	0.00%

- (2) The figures for bonus awarded on Unitised with-profit business show the percentage increase in unit price during the year.
- (3) For super-compound business both rates are shown (the rate applying to the base benefit is shown as a percentage of SA, the rate applying to regular bonus awarded to date is shown as a percentage of RB).
- (4) The figures above do not represent a weighted average.

**Valuation report – IPRU (INS) Appendix 9.4**

Name of insurer **Norwich Union Life & Pensions Limited – Provident Mutual Fund**  
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) An interim valuation was carried out with an effective date of 30 June 2007 for the purposes of rule 9.3A.

**2. Product Range**

There have not been any significant changes to products during the financial year. The fund is closed to new business except by increment.

**3. Discretionary charges and benefits**

- (1) The Provident Mutual fund (PM fund) has no option to apply a market value reduction on any of its with-profit business.
- (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) **Service charges:**

**Impact Range (including PRIA/IIA with incorrect cancellation notice in 1989)**

The charges for the unit linked product range were increased by 5.2%. The exception is for charges on Compact and Everyman which increased by 3.5%.

**Defined Benefit Schemes**

Deferred Allocation Funding:

The administration fee increased by 5.2%.

- (5) There have been no changes to benefit charges on linked policies.
- (6) There were no changes to unit management charges or notional charges on accumulating with-profit contracts.
- (7) One pool of assets is operated for each internal linked fund. Asset units are created and cancelled at either the asset offer price or the asset bid price depending upon the prevailing basis of the fund and using the most recently available price. The pricing basis is set depending upon the short and medium term expectation of whether the associated internal linked fund will be in a net inflow or outflow position. This includes sales and purchases by Managed funds.

Where an instruction, payment or all our requirements are received for a transaction before 8:00am on a business day, then units are allocated at the unit price based upon market movements up to 11:00pm on the previous business day. Where the instruction, payment or all our requirements are received after 8:00am then units are allocated at the next available unit price. Norwich Union Life & Pensions Limited (the Company) reserves the right to defer any transaction to a subsequent valuation point.

- (8) When a capital gain is realised on the sale of an asset in a unit-linked 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 next periodic settlement of tax due.

This applies in respect of tax on notional realisations under the Taxes Acts as well as tax on realised capital gains. The tax rates used in calculating these deductions are as specified in section 3(9) below.

- (9) The internal linked funds are taxed on investment gains as if they were stand-alone funds within the Long Term Business Fund and are therefore charged tax at the rate that would apply to the Long Term Business Fund. Allowance is made for indexation where applicable. Credit is given for the expected timing of policyholder tax payment in calculating unit prices. The intention is to adopt a smoothed neutrality, looking at rates on a yearly basis and adjusting the rates charged to repay any accumulated excesses or reimburse any accumulated deficit over an appropriate period.

**Valuation report – IPRU (INS) Appendix 9.4**

Name of insurer **Norwich Union Life & Pensions Limited – Provident Mutual Fund**  
Global business  
Financial year ended **31 December 2007**

For funds with an excess of realised/unrealised gains over losses the percentage used for gains and losses varied by fund in the range 15% to 20% during the year to 31 December 2007..

Credit is also applied to unit prices for accumulated realised losses and unrealised losses. For funds with an excess of realised/unrealised losses over gains the percentage used for gains and losses varied by fund in the range 13% to 20% during the year to 31 December 2007.

- (10) The Company derives no financial benefit in respect of collective investment fund units held by the internal linked funds. The Company's policy on receiving discount, commission or other allowance when purchasing, selling or holding units in collective investment funds is to pass the full benefit onto the fund.

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

**(1) Valuation methodology**

For the Company, 1% of gross mathematical reserves is £591m > £10m. A limit of £10m will be applied to all subfunds of the Company when considering whether a group of products is material.

A gross premium method of valuation was used for Conventional with-profit and Conventional non-profit business.

The Accumulating with-profit business was valued as follows:

- The benefit that had accrued prior to valuation date was rolled forward at the guaranteed rate of interest (where appropriate).
- The benefit at retirement was adjusted for the value of any Guaranteed Annuity Option on the contract.
- The result was discounted back to valuation date at the valuation interest rate.
- A reserve for future expenses under the contracts was also held.

Some business has a surrender value that is determined by the value of the accumulated benefit at date of surrender. A comparison with the surrender value has been made in such cases and no material difference was found.

The Deferred Allocation Funding Contract was valued as the benefit that had accumulated to valuation date plus a prospective reserve for expenses. This ensured that the total reserve was greater than both the discounted value of the future benefits and expenses and the current accumulated benefit.

**Principles adopted in the valuation of particular contracts were as follows:**

Assurances

Limited premiums for whole life assurances have been valued using the number of annual premiums outstanding at the valuation date for each policy.

For the valuation of endowment assurances, a maturity age of 59½ was assumed if no Date of Birth was recorded on the system.

Where there is an option to vary the maturity date under certain flexible endowment assurances, the business has been classified according to the earliest date. Where the earliest date was before the valuation date, the reserve was calculated as the amount (excluding final bonus) that would have been payable on the valuation date if that date had been chosen as the maturity date.

The valuation factors used included adjustments for early payment of claims where appropriate.

For individual with profit income benefit policies a reserve of 40% of the office premiums was made. The value of the existing regular bonuses was calculated prospectively.

Annuities

For policies approved under Chapter III of Part XIV of the Income and Corporation Taxes Act 1988 the reserves were calculated by reference to the benefits already purchased or to the accumulated premiums available to purchase benefits (if benefits are not determined until death or retirement). For individual deferred annuities, some of which provide for annuities that increase, the reserves were calculated using benefits already purchased adjusted to an equivalent level annuity. For some annuities the equivalent cash amounts were valued. Where premiums are due to be returned in the event of death before vesting date

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but the death benefit has not been specifically recorded, interest only functions were used in the calculations in respect of the period of deferment.

For group policies where the premiums paid (less expenses) are accumulated with interest and bonus interest in a fund account until required for the provision of retirement benefits the reserve was taken to be the amount standing in such fund accounts.

For certain group deferred annuities under recurring single premium schemes, the amounts of pension allocated and purchased up to recent scheme anniversary dates (or the equivalent cash amounts allowing for profits in possession where applicable) were calculated and valued. Additional reserves were made in respect of unallocated premiums received since the relevant anniversaries.

Where a contract provides an option at vesting to re-apply a guaranteed cash equivalent of the benefits to secure an annuity on the terms current at the time, allowance was made for the option as described above.

Permanent Health Insurance

- Individual PHI business was valued using a gross premium reserve on a policy-by-policy basis.
- For Group PHI business on a current cost basis, reserves were calculated on an unexpired risk basis, with IBNR and claims reserves held in addition.
- For Group PHI business on a level annual premium basis, reserves were calculated as a multiple of the annual premium reflecting the fact that premiums are guaranteed.
- All claims reserves have been calculated using a multiple decrement model which allows for the probability of recovery and death.

Certain assurances and annuities have been issued with the facility that premiums be waived in the event of the prolonged disability of the life assured. These additional benefits have been valued by taking a multiple of the additional premiums payable for the facility.

**(2) Valuation interest rates:**

A table of all valuation interest rates used is given below.

<b>Product</b>	<b>Interest rate (%) 31 December 2007</b>	<b>Interest rate (%) 31 December 2006</b>
Life with-profit assurances	3.90	3.65
Life non-profit business	3.50	3.30
Pension accumulating with-profit (excluding Compact)	4.80	4.45
Compact pension accumulating with-profit	3.25	3.25
Non profit immediate annuity	4.75	4.45
With profit immediate annuity	4.75	4.45
Pension Deferred Annuity Non Profit and Guaranteed Annuity Options		
In payment	3.80	3.80
In deferment	4.40	4.00
Pension Deferred Annuity With Profit and Guaranteed Annuity Options		
In payment	4.25	3.90
In deferment	4.80	4.45
PHI business		
Active lives	3.90	4.00
Disabled lives	5.30	4.75
Disabled lives (index-linked)	2.10	2.20

**(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.

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In the case of equity, the cap is the Long Term Gilt Yield + 2%. The cap reduces the average yield on equities by approximately 0.03%. In the case of property, the cap is also the Long Term Gilt Yield + 2% and reduces the average yield by approximately 0.38%.

**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 0.30%. 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
<b>Life Assurances</b>		
Assurances	132% AM92/AF92 Sel 2	115% AM92/AF92
<b>Pensions and General Annuities</b>		
Accumulating With Profit :		
In deferment	50% AM92/AF92	50% AM92/AF92
Post Vesting (incl GAO)	100% PCMA00/110% PCFA00	100% PCMA00/110% PCFA00
Deferred Annuity		
In deferment	50% AM92/AF92	50% AM92/AF92
Post Vesting	100% PCMA00/110% PCFA00	100% PCMA00/110% PCFA00
With-Profit and Non-Profit Annuity in Payment (Individual)	90% IML00/IFL00	90% IML00/IFL00
Non-Profit Annuity in Payment (Group):	100% PCMA00/110% PCFA00	100% PCMA00/110% PCFA00
With-Profit Annuity in Payment (Group):	100% PCMA00/110% PCFA00	100% PCMA00/110% PCFA00

Notes on tables:

- M tables apply to male lives, F tables to female lives.
- Annuitant mortality: allowance has been made for future improvements to mortality. The base tables (% of PCXA00) are assumed to apply as at 31 December 2004. The base tables (% of modified PXA92) are assumed to apply at calendar year 2002. The allowance for improvements is as follows:

	31 December 2007	31 December 2006
Males: 2003-2004	N/A	N/A
Males: 2005 onwards	100% of Medium Cohort, minimum 2.0%, applicable from 2005	100% of Medium Cohort, minimum 2.0%, applicable from 2005
Females: 2003-2004	N/A	N/A
Females: 2005 onwards	75% of Medium Cohort, minimum 1.5%, applicable from 2005	75% of Medium Cohort, minimum 1.5%, applicable from 2005

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- There are no products where the assurance mortality basis is expressed as 'modified table'.
- The mortality basis for PHI business not in claims is 50% of AM80/AF80 ultimate. For business in claims, the impaired mortality basis is implicitly incorporated in the recovery rates.

**Expectation of Life**

The table below shows the required examples for expectation of life using the base mortality tables, percentage adjustments and improvement factors quoted above.

Table Description	Expectation of Life for annuitant aged 65 in 2007	Expectation of Life for annuitant aged 75 in 2007	Expectation of Life from age 65 for annuitant aged 45 in 2007	Expectation of Life from age 65 for annuitant aged 55 in 2007
100% of PCMA00 plus 100% CMI_Medium_Cohort, min 2%, applied from 2005	22.27	13.32	26.58	24.39
110% of PCFA00 plus 75% CMI_Medium_Cohort, min 1.5%, applied from 2005	22.96	14.00	25.80	24.36
90% IML00 plus 100% CMI_Medium_Cohort, min 2%, applied from 2005	23.48	14.16	27.55	25.48
90% IFL00 plus 75% CMI_Medium_Cohort, min 1.5%, applied from 2005	25.68	15.82	28.43	27.04

**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.

**Allowance/reserve for:**

- any possible detrimental impact of significant changes in the incidence of disease on the mortality experience of the insurer;
- developments in medical science on the mortality experience of the insurer:

For certain categories of options further AIDS reserves have been set up:

- For temporary assurances with a guaranteed option to convert or renew without furnishing further evidence of health it has been assumed that 50% of policyholders who will contract AIDS have exercised the option most expensive to the company.
- For mortgage-related endowment assurances with a guaranteed option to increase the sum assured within certain limits in the event of an increase in mortgage the percentage assumed is 10%.
- For continuation options under group policies it has been assumed that 10% of the "at risk" membership leaves each year for the next 10 years (or until the expiry of the guarantee of terms for existing members if earlier), and that half of these exercise the option most expensive to the company.

The total additional reserve for AIDS is £2.3m.

The remaining margins in the published mortality and morbidity bases are considered sufficient to provide for adverse deviations in experience arising from other causes. No additional reserves are therefore held.

**(5) Morbidity Assumptions**

These are used to value the PM fund's PHI business. The gross reserve for this business is greater than £10m.

**Inceptions:**

The table used was modified CID\_I\_6.

The inception rates for the requested ages are shown below.

Year Age	2006		2007	
	Male	Female	Male	Female
25	0.00325	0.00186	0.00309	0.00177
35	0.00229	0.00347	0.00217	0.00330
45	0.00357	0.00569	0.00339	0.00541
55	0.00606	0.00948	0.00576	0.00901



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Occupation: 1, Deferred period of 6 months, Area: South England, Non-Smoker, Channel: IFA, Duration of policy: 5 years or more.

**Terminations:**

The table used was modified C12\_R.

The recovery rates for the requested ages are shown below.

Year		2006				2007			
Recovery Age		Recovery 2 Years		Recovery 5 Years		Recovery 2 Years		Recovery 5 Years	
		Male	Female	Male	Female	Male	Female	Male	Female
25		0.25353	0.25353	0.07525	0.07525	0.25353	0.25353	0.07525	0.07525
35		0.20510	0.20510	0.06280	0.06280	0.20510	0.20510	0.06280	0.06280
45		0.15473	0.15473	0.05133	0.05133	0.15473	0.15473	0.05133	0.05133
55		0.10273	0.10273	0.04118	0.04118	0.10273	0.10273	0.04118	0.04118

Other assumptions used in the valuation:

Occupation: 1, Deferred period of 6 months, Disabled Code: Miscellaneous (excludes Cancer, Orthopaedic, Psychiatric), Non-Smoker, Area: South England.

**(6) Expense assumptions:**

Expense allowances are set by reference to a Management Services Agreement (MSA) with Norwich Union Life Services. This agreement was based on charges of (actual expenses plus 15%) for operating costs and cost-plus 5% for development costs. Regulatory, Audit and Investment fees are to be charged directly.

Expense levels are assumed the same for premium-paying and paid-up policies.

The table below shows the per-policy expenses used in the basis. The figures include an additional 10% margin for development costs and additional expenses.

1. PM	Existing Business Admin Fees	31 December 2007	31 December 2006
Product code	Category		
120	Conventional endowment with-profits OB savings	37.64	33.78
125	Conventional endowment with-profits OB target cash	37.64	33.78
165	Conventional deferred annuity with-profits	110.39	101.23
700	Life property linked single premium	32.40	30.34
715	Life property linked endowment regular premium -savings	37.64	33.78
720	Life property linked endowment regular premium – target cash	37.64	33.78
725	Individual pensions property linked	28.94	28.25
735	Group money purchase pensions property linked	8.61	8.74

**Assumed future expense inflation:**

4.38% per annum

**Expense assumptions for PHI business are shown below:**

Item of expense	Exposure Measure	31 December 2007 basis	31 December 2006 basis
<b>Claims expenses</b>	Claims Outgo	10.0%	10.0%
<b>Individual renewal expenses (product code 365 and 385)</b>	Number of policies	£26.40 per policy	£25.15 per policy
<b>Legacy Group renewal expenses</b>	Premium	12.5% + £288 per scheme	12.5% + £274 per scheme
<b>Investment expenses</b>	Asset Value	0.025%	0.025%

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**Zillmer adjustments:**

No Zillmer adjustments were made to net premium reserves.

**Investment expenses:**

An explicit reserve is held for investment expenses assumed at 0.088%.

**Tax Relief:**

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

No allowance has been made for taxation in respect of Pensions business.

**(7) Unit Linked policies: basis for non-unit reserves.**

Non-unit reserves have been reinsured to CGNU Life Assurance Limited (CGNU). The basis used to calculate these reserves is shown in the Appendix 9.4 report for CGNU.

**(8) Bonus Assumptions:**

**Conventional with-profit business:**

The Company is a realistic basis life firm. Accordingly, no allowance has been made for future annual or final bonus on Conventional with-profit business. This is consistent with INSPRU1.2.31G. There are no guarantees relating to future annual or final bonus on this business.

**Accumulating with-profit business**

The business does not have guaranteed regular bonus rates. However, some products have guaranteed interest rates. These are incorporated into the valuation of the business. For more details on guaranteed interest rates, please see the table in section 10(1).

**With-Profits Annuity:**

Air France business has a guaranteed regular bonus rate of 5%. This has been used for projection of the liability. No other business has this guaranteed rate.

**(9) Persistency assumptions:**

We have not assumed any lapses in the valuation except as follows:

For Accumulating with-profit business, we have assumed 100% persistency until the first date at which the policyholder can retire without penalty. We have assumed that all policyholders would choose to exit on the first such date. If policyholders have a window where they can retire without penalty, and they find themselves within the window at retirement date, they are assumed to retire immediately. This assumption is prudent because all of the guaranteed interest rates on these policies are below the valuation interest rate.

**(10) Other basis items**

**Option Take-Up Rates**

• **Guaranteed Annuity Rate Options:**

We have assumed that current option take-up is 89%. This includes a margin over current experience of just over 10%.

This rate is assumed to increase by 1% per annum to 95%.

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**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.

A reserve has been made for deferred taxation, including Capital Gains Tax, which has been adjusted for the BLAGAB proportion of business in the fund. No discounting has been applied to the tax rate used; this is in line with the IFRS regulations. This reserve forms part of the Company's Accounting Liabilities as shown on Form 14.

- (11) No account was taken in the valuation of the long-term liabilities of any derivative assets held on the valuation date.
- (12) During the reporting period, the fund has made no changes to valuation methodology in respect of the following changes in INSPRU valuation rules:
- (a) Allowance for lapses on valuation of protection business
  - (b) Allowance for negative reserves on valuation of protection business
  - (c) Allowance for lapses on valuation of unit-linked business
  - (d) Allowance for attributable expenses on valuation of unit-linked business

**5. Options and Guarantees**

**(1) Guaranteed Annuity Rate Options:**

**(a) Method:**

For policies with a cash benefit that can be used to buy an annuity on guaranteed terms, the methodology is as follows:

- Calculate the amount of the cash benefit that we have assumed will be converted into an annuity (using the option take-up rates given in section 4(10)).
- Determine the amount of annuity that this cash would buy if it were to be converted on guaranteed terms.
- Calculate the present value of the resulting annuity using the annuitant mortality basis given in section 4(4) and in-payment interest rate basis given in 4(2).
- If the total is greater than the total policy benefit at retirement then add on the difference. Discount the result to valuation date at the discount rate given in section 4(2).
- Add on the reserve for the expenses of administering the annuity.

The Regulatory-peak reserve for Guaranteed Annuity Options is compared with the reserve calculated using the following basis:

- Regulatory-peak annuitant mortality assumptions are used (as given in 4(4))
- Regulatory-peak option take-up rates are used (as given in 4(10))
- Realistic-peak (realistic valuation) annuity interest rates and discounting are used
- Realistic-peak assumptions for persistency are used

A stochastic uplift factor is used to increase this reserve. It is derived from the option value implicit in the market prices of swaptions with appropriate term to exercise and guaranteed coupon.

Realistic-peak assumptions are discussed in more detail in Appendix 9.4A.

If this second reserve is larger than the base Regulatory-peak figure, an allowance for stochastic variation is added to the Regulatory-peak reserve. The allowance at 31 December 2007 is zero.

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(b)

(i) Product Name	Personal Pension Plan	Products with GAO excluding Personal Pension Plan
(ii) Basic Reserve (£m)	144.0	680.9
(iii) Spread of outstanding durations		
0-5 years	77.9%	60.5%
6-10 years	15.6%	22.0%
11-20 years	6.4%	14.8%
over 20 years	0.1%	2.7%
(iv) guarantee reserve (£m)	75.5	214.1
(v) guaranteed annuity rate	10.8%	10.3%
(vi) increments allowed?	Yes	Yes but GAO does not apply
(vii) form of annuity	Payable monthly in advance, single life, guaranteed for 5 years	Payable monthly in advance, single life, guaranteed for 5 years
(viii) retirement ages	60 to 75 permitted	50 to 75 permitted

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

The PM fund does not offer guaranteed surrender values. On surrender policyholders may receive a benefit that is set by a formula but the parameters will be determined by economic conditions at the date of surrender. Accumulating with-profit pensions policies may allow retirement within a range of dates but this is not the surrender of the contract.

**Unit-Linked:**Pension Assured Fund/British Rail Assured Fund

The basic reserve held in respect of units invested in these funds is £1,678m. The unit benefits at maturity are covered by the NUL&P Non-Profit fund. There is a potential investment risk arising from guaranteed maturity values; the NUL&P PM fund retains this risk for much of the business.

Units in these funds have a guaranteed price of £1 at the selected pension date or on earlier death. The guaranteed amount is £1,723m. The possible impact of this guarantee is mitigated by choosing assets for the fund that approximately immunise the guaranteed liabilities (and by the mechanism for bonus calculation).

The Pension Assured Fund is an investment fund open to many Norwich Union pensions products to invest in. The amount of in-force premiums will be a proportion of the total amount of premiums on those policies that have some of their policy invested in these funds.

A number of products that can invest in the PAF allow policyholders to make increments.

The distribution of outstanding duration is shown below:

Durations	0-4	5-9	10-14	15-19	20-24	24-29	30+
Proportion	10%	15%	19%	23%	18%	11%	4%

**(3) Guaranteed Insurability Options**

(a) For the following classes of business, the reserve held was equal to the proportion of the office premiums attributable to the options:

- Certain policies on the life of or for the benefit of children contain guaranteed options, usually on the child's 18th or 21st birthday.
- Under certain temporary assurances there is an option to convert to other classes without furnishing further evidence of health.

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- Certain endowment and whole life assurances include options to take out further such policies at specified future dates or on the occurrence of specified events (e.g. moving house) without furnishing further evidence of health.
- Under certain group policies and certain individual non-linked pension arrangements the rates of premium applicable to additional benefits are guaranteed for a limited period.

(b) The total sum assured for conversion and renewal options does not exceed £1bn.

**(4) Other guarantees and options**

There are no material guarantees and options offered by the fund.

**6. Expense reserves**

- (1) The aggregate amount for expense allowances during 2008 is £23,800,000. The amount was derived from the explicit allowances for expenses as per the Investment Management Agreement with Morley Fund Management Limited (£9,500,000) and from administrative and premium related charges (£14,300,000). The allowance is gross of reinsurance.
- (2) Gross Premium Valuation has been used for all business. All allowances for expenses are explicit.
- (3) The figure for expenses in line 14 of Form 43 is £56,900,000. The breakdown below adjusts for exceptional items to give true comparison to reserve allowances

Form 43 Line 14 total	56,900,000
Less write offs and bad debt	8,000,000
Less AMC income paid to CGNU	28,200,000
Total for true comparison	20,700,000

After removing these exceptional items the allowance for 2008 expenses in the reserves exceeds the 2007 expenses by £3,100,000.

- (4) Under the Scheme of Transfer, no charges are made to the PM Fund in connection with the acquisition of new business (other than incremental business).
- (5) The PM Fund is closed to new business. The closure of the Company to new business at the end of 2008 would not require an additional provision.
- (6) No expenses have been treated as non-attributable.

**7. Mismatching Reserves**

- (1) All of the mathematical reserves of the PM Fund (sterling value £1,952m) are held to support liabilities payable in pounds sterling. All of these liabilities are supported by assets denominated in sterling.
- (2) No such grouping of liabilities has been needed.
- (3) The fund does not hold a reserve for currency mismatching. The fund has sufficient sterling assets to cover its mathematical reserves.
- (4) The Company is a realistic-basis firm and a resilience capital requirement is no longer required.
- (5) The Company is a realistic-basis firm and a resilience capital requirement is no longer required.
- (6) The Company is a realistic-basis firm and a resilience capital requirement is no longer required.
- (7) INSPRU 1.1.34R(1): "The assets *[held by a firm to cover its technical provisions]*...must...be of a sufficient amount, and of an appropriate currency and term, to ensure that the cash inflows from those assets will meet the expected cash outflows from the firm's insurance liabilities as they become due."

No further reserve has arisen following consideration of this rule.

Currency mismatching is considered in sections 7(1)-7(3).

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The assets backing the liabilities do not precisely match them by term. Instead, the fund aims to ensure that cash outflows can be met through:

- Income from its assets (dividends, rental income, coupon payments)
- Receipts on redemption from matched fixed interest stocks
- Sales of assets.

The fund is closed to new business and has little premium income in comparison to its claims.

There is a risk that the fund may have to sell assets at an unfavourable time, e.g. when prices are temporarily depressed. If the fund has to sell unmarketable assets it may also depress the price through the sale itself. The risk will be very short term; if our liquidity was genuinely an issue then we could sell illiquid assets for cash over the period of a year without distorting the price we would receive (and have used in our asset valuation). The PM fund has few unmarketable assets (e.g. no direct property).

The risk only impacts business where it cannot be passed on to policyholders. For example, the risk is negligible on assets backing Unit Linked business because any reduction in price arising on sale would be passed onto the remaining policyholders through the unit price.

The PM fund holds some deposit-style assets, and uses income from Fixed Interest stocks to back its liabilities by term. However, it does also ensure that it holds highly liquid Fixed Interest assets, particularly government bonds.

An estimate of the PM fund's non-linked claims amounts for 2008 is £390m. Expected income, in 2008, from assets currently held in the fund is £129m and £310m is held in deposit-style assets. The fund currently holds an additional £281m in gilts. We expect that these assets could be sold at short notice without altering prices, so there is no need to hold an additional reserve.

**8. Other Special Reserves**

The PM fund does not hold any other special reserves exceeding £10m.

**9. Reinsurance**

- (1) The PM fund does not cede any business on a facultative basis to a reinsurer who is not authorised to carry on insurance business in the United Kingdom.
- (2) The following reinsurance arrangements satisfy the conditions in either 9.2(a), (b) or (c):
  - (a)
    - (d) CGNU
    - (e) During 2005 endowment policyholders within the Provident Mutual fund had the option request that their asset shares be invested in the CGNU with-profit fund. If they took up this option then their regular and final bonuses will be based on the investment returns that the CGNU fund achieves. The PM fund retains no liability for the benefits payable to policyholders (all benefits, including any in excess of asset share, are paid by CGNU). The fund retains the costs of administering them.
    - (f) The premium payable by the fund during 2007 was £0.
    - (g) There are no deposit-back arrangements.
    - (h) The treaty is closed to new business.
    - (i) There is no undischarged obligation under this treaty.
    - (j) The amount of mathematical reserves ceded under the treaty was £182,700,000.
    - (k) N/A, see (h).
    - (l) The reinsurer is authorised to carry out insurance business within the United Kingdom.
    - (m) The reinsurer is connected to the NUL&P Company.
    - (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.

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- (p) The treaty is not a financing arrangement.
- (b)
- (d) CGNU
- (e) CGNU has taken liability for the sterling reserves of Provident Mutual's unit-linked business. CGNU has paid a premium to PM and holds the statutory liability. In return, the CGNU fund will be entitled to all future profits arising from these reserves.
- (f) CGNU paid NUL&P Provident Mutual Fund £129m in 2006 under this treaty
- (g) There are no deposit-back arrangements.
- (h) The treaty is closed to new business.
- (i) There is no undischarged obligation under this treaty.
- (j) The amount of mathematical reserves ceded under the treaty was £30,833,000.
- (k) N/A, see (h).
- (l) The reinsurer is authorised to carry out insurance business within the United Kingdom.
- (m) The reinsurer is connected to the NUL&P Company.
- (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>Life</b>				
Endowment / Whole Life (incl Budget Plan, Permanent Total Disability, Flightdeck)	365.4	0% SA / 0% RB	0% SA / 0% RB	0.00%
<b>Pensions (excl With-Profit Annuity)</b>				
Personal Pension Plan (Series 1 & 2)	41.9	0% of benefit secured	0% of benefit secured	0.2% gteed interest per month
Personal Pension Plan (Series 3)	177.6	0% of benefit secured	0% of benefit secured	0.22% gteed interest per month
Self Employed Retirement Annuities	409.7	0% of benefit secured	0% of benefit secured	3.25% gteed interest rate in prem basis
IPA / AVC / Money Purchase schemes	139.7	0% of benefit secured	0% of benefit secured	3.25% gteed interest rate in prem basis
Executive Pension Plan	132.9	0% of benefit secured	0% of benefit secured	3.25% gteed interest on Higher rate fund money only
Compact	44.2	0% of benefit secured	0% of benefit secured	3.25%/3.15% gteed interest on Higher Rate Fund money only
Deferred Allocation Funding (All series)	202.1	0% of account balance	0% of account balance	0.00%
Other Deferred Annuities	10.3	0% of account balance	0% of account balance	0.00%
<b>With-Profit Annuity</b>				
Annuityants from defined benefit schemes (excluding Air France)	223.0	3.50%	3.50%	0.00%
Annuityants from Air France	17.4	5.00%	5.00%	5.00%
Annuityants on 1999 series rates	2.3	4.00%	4.50%	0.00%
<b>Other annuityants:</b>				
retiring before 1984	3.8	9.00%	10.00%	0.00%
retiring between 1984 and 1992	48.0	4.00%	4.50%	0.00%
retiring between 1993 and 1997	31.5	1.00%	1.00%	0.00%
retiring between 1998 and 2002	49.0	0.00%	0.00%	0.00%
retiring 2003 and later	13.4	0.00%	0.00%	0.00%

- (2) There is no Unitised with-profit business in the PM Fund.
- (3) For super-compound business both rates are shown (the rate applying to the base benefit is shown as a percentage of SA, the rate applying to regular bonus awarded to date is shown as a percentage of RB).
- (4) The figures above do not represent a weighted average.

**Valuation report – IPRU (INS) Appendix 9.4**

Name of insurer **Norwich Union Life & Pensions Limited – Non-Profit Subfunds**  
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) An interim valuation was carried out with an effective date of 30 June 2007 for the purposes of Rule 9.3A.

**2. Product Range**

The only significant changes to products during the financial year were as follows:

**Group Personal Pension**

This product was withdrawn from sale in the Isle of Man.

**Pension Term Assurance**

This protection product was withdrawn from sale during 2007.

**3. Discretionary charges and benefits**

- (1) Details of any market value reductions have been included in the with-profits fund abstract.
- (2) There have been no changes to premiums on reviewable protection policies.
- (3) Interest of 7.4% was added in 2007 for the group non-profit deposit administration benefits shown in Form 51 (UK Pensions).
- (4) Where service charges have been increased in 2007 on linked policies, the increases were in the range of 3.5% to 4.5% (depending on policy conditions), apart from certain Group Money Purchase policies where the increase was 4.8%.
- (5) There have been no changes to benefit charges on linked policies.
- (6) There were no changes to unit management charges or notional charges on accumulating with-profit policies
- (7) **Allocation and creation of units**

The Company operates one pool of assets for each internal linked fund.

Asset units are created and cancelled at either the asset offer price or the asset bid price depending upon the prevailing basis of the fund and using the most recently available price. The pricing basis is set depending upon the short and medium term expectation of whether the associated internal linked fund will be in a net inflow or outflow position. This includes sales and purchases by Managed funds.

Where an instruction, payment or all our requirements are received for a transaction before 8:00am on a business day, then units are allocated at the unit price based upon market movements up to 11:00pm on the previous business day. Where the instruction, payment or all our requirements are received after 8:00am then units are allocated at the next available unit price. The Company reserves the right to defer any transaction to a subsequent valuation point.

For Pension Assured funds, investment return is attributed through the issue of bonus units. Each month bonus units are allocated based on market movements up to 11:00pm on the last business day in the month. The offer unit price may increase during the month as new investments are not entitled to the bonus at the end of the first month. On contractual exits, units are deallocated at the bid value of units, normally £1. On non-contractual exit payment may be subject to a Market Depreciation Discount.

For some very small closed funds, the valuation takes place on a weekly basis.

For Variable Annuity business (included in code 725 in Form 53), units in the internal linked funds are allocated or de-allocated (and simultaneously created and cancelled) as follows:

Accumulation Units



**Valuation report – IPRU (INS) Appendix 9.4**

Name of insurer

**Norwich Union Life & Pensions Limited – Non-Profit Subfunds**

Global business

Financial year ended

**31 December 2007**

- (a) At least once a week the net value of Accumulation Units is determined by reference to the market value of the assets representing the Accumulation Account and the total number of units in force. For this purpose the market value of the assets is reduced to reflect the costs of asset realisation.
- (b) The gross value of Accumulation Units is also calculated as the net value increased by a bid/offer spread of 7%.
- (c) Premiums are carried to the Accumulation Account and applied (without any deduction) to purchase Accumulation Units using the current gross value of the unit.
- (d) The benefits are provided through the realisation of units, which takes place using the net value of the Accumulation Units. As appropriate, charges for management expenses are applied.
- (e) Unit transactions are based on the most recent valuation.

**Annuity Units**

- (a) At least once a week the value of Annuity Units is calculated. The value is such that, in the opinion of the Company's Chief Actuary, the market value of the assets representing the Annuity Account is sufficient to meet all the variable annuities included in the account throughout the remainder of their currency, together with associated expense deductions.
  - (b) Units are allocated by converting the amount being transferred from the Accumulation Account into Annuity Units. The rate of conversion is such that the present value of the units allocated, on the same basis as used to calculate the current value of Annuity Units, is equal to the amount being transferred from the Accumulation Account.
  - (c) Annuity Units are cancelled on the death of the annuitant.
  - (d) Unit transactions are based on the most recent valuation.
- (8) When a capital gain is realised on the sale of an asset in a unit-linked 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 next periodic settlement of tax due.

This applies in respect of tax on notional realisations under the Taxes Acts as well as tax on realised capital gains. The tax rates used in calculating these deductions are as specified in section 3(9) below.

- (9) The internal linked funds are taxed on investment gains as if they were stand-alone funds within the Long Term Business Fund and are charged tax at the rate that would apply to the Long Term Business Fund. Allowance is made for indexation where applicable. Credit is given for the expected timing of policyholder tax payment in calculating unit prices. The intention is to adopt a smoothed neutrality, looking at rates on a yearly basis and adjusting the rates charged to repay any accumulated excesses or reimburse any accumulated deficit over an appropriate period.

For funds with an excess of realised/unrealised gains over losses the percentage used for gains and losses varied by fund in the range 15% to 20% during the year to 31 December 2007.

Credit is also applied to unit prices for accumulated realised losses and unrealised losses. For funds with an excess of realised/unrealised losses over gains the percentage used for gains and losses varied by fund in the range 13% to 20% during the year to 31 December 2007.

**(10) Benefits from discounts, commission and other allowance**

The Company derives no financial benefit in respect of collective investment fund units held by the internal linked funds. The Company's policy on receiving discount, commission or other allowance when purchasing, selling or holding units in collective investment funds is to pass the full benefit onto the fund.

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

Where either the gross mathematical reserves or the gross annual premiums for a group of products exceed £10m, details of the method and basis for valuation are provided below.

**(1) Valuation methods**

**Non-linked business**

**Valuation report – IPRU (INS) Appendix 9.4**

Name of insurer	<b>Norwich Union Life &amp; Pensions Limited – Non-Profit Subfunds</b>
Global business	
Financial year ended	<b>31 December 2007</b>

A gross premium valuation method has been used for most material types of conventional product. The present value of future premiums is deducted from the present value of the benefits and future expenses. For certain blocks of business, negative reserves arising on individual contracts are set to zero – there is no allowance for future policy lapses on these contracts. However, for a large block of protection business, negative reserves have been allowed and prudent lapse assumptions have been included. The lapse rates assumed are higher than expected for contracts where the reserve is negative and lower than expected where the reserve is positive.

For deferred annuity contracts where premiums are returned with interest on death, mortality in the deferred period is ignored. Otherwise the value of any benefit payable on death during the deferred period is added to the value of the annuity.

For deferred annuities continued beyond the normal pension age, the cash available at the normal pension age is accumulated with interest.

For group life contracts, the total reserve consists of an Unearned Premium reserve, an Outstanding Claims reserve and a Claims Equalisation reserve.

For Creditor business, the total reserve consists of an Unearned Premium reserve, an Outstanding Claims reserve and a Profit Commission Reserve. For other Collective Life business, the reserve was calculated as one year's office premium for annual premium contracts, plus the unearned proportion, on a 24ths basis, of the single premiums paid plus a reserve for profit sharing.

Individual PHI contracts have been valued using a gross premium valuation based on inception/annuity methodology. Contracts with waiver of premium were valued by treating the premium waiver as an extra benefit. The reserve for claims in payment is the discounted value of future claim payments. Any benefit escalation is explicitly allowed for. Claim expenses are valued explicitly during claim. An additional disputed claims reserve is held and a notified outstanding claims reserve is held in respect of claims reported but not yet authorised. Annually reviewable PHI contracts have been valued on an unexpired premium basis, plus claims reserve.

For waiver of premium benefits, the reserve is taken to be one year's premium. Where an extra premium has been charged for medical, occupational or residence reasons, an additional reserve of one times the yearly premium has generally been held.

For certain contracts which have fixed benefit increases the valuation provides for these increases within the gross premium valuation method.

Additional reserves are held to provide for future expenses not covered by the valuation method, including allowances for the potential cost of compensation payments. Further details are provided in sections 6 and 8.

**Unit-linked business**

Unit-linked business is valued as the face value of the units at market bid price, together with non-unit reserves for mortality and future expenses not supported by future margins within the individual contracts. Allowances are included where appropriate for loyalty bonus and for actuarial prefunding of the periodic charge on capital units. Additional reserves are held for waiver of premium benefits, permanent health benefits, permanent total disability benefits, regular increase benefits and Guaranteed Insurability Options, and for the accrual of a periodic charge rebate on the Group Pension Investment Bond.

Non-unit reserves include explicit allowance for per policy expenses. Allowance has also been made for expenses which are not directly attributable to individual contracts, as described in section 6. For benefits linked to the Guaranteed Funds, future charges which accrue to CGNU Life Assurance Limited have been allowed for at the rate of 0.5% p.a. applied to those funds. Explicit allowance is made for commission where appropriate.

Allowance is made for the promise that the Company made to certain policyholders that the charges on certain pensions policies will not exceed 1% p.a. in any future year.

For regular premium policies, the non-unit reserve is generally determined assuming that premiums cease at the valuation date. Surrenders are in general ignored, although they are taken into account on the basis of expected future experience, with a margin for prudence, for contract types where negative sterling reserves arise.

**Valuation report – IPRU (INS) Appendix 9.4**Name of insurer **Norwich Union Life & Pensions Limited – Non-Profit Subfunds**

Global business

Financial year ended **31 December 2007**

Where non-unit reserves are negative, these are set to zero, except where the policy terms include a surrender penalty, in which case the absolute amount of the negative reserve is limited to the surrender penalty amount.

A non-unit reserve is determined along similar lines for unitised with profits business where the investment liability arises in the company's With Profits fund, but other policy benefits, charges and expenses arise in the company's Non Profit funds.

The unit liability for Prosper Guaranteed Capital Bond and Prosper Income Bond (included in code 900 on Form 54) was taken as the surrender value of the matching derivative instruments.

For Variable Annuity business (included in code 725 on Form 53), the mathematical reserve has been taken as the total amount of the internal linked funds. In view of the nature of this business, no additional non-unit reserve is required. No reserve is necessary for guarantees and options. The guarantees in the contract relate to maximum limits for levels of charge and in testing the requirement for sterling reserves no increases in the rates of charge have been assumed.

**(2) Valuation interest rates:**

The interest rates used at the end of the financial year, and at the end of the previous financial year, are set out below.

<b>Product</b>	<b>31 December 2007</b>	<b>31 December 2006</b>
Life Assurances		
Conventional business	3.1%	3.1%
PHI		
Standalone critical illness	3.9%	3.9%
Income Protection		
Active lives	3.9%	4.0%
Disabled lives	5.3%	4.75%
Disabled lives (index-linked)	2.1%	2.2%
Pensions and General Annuities		
Immediate Annuity	4.3%	4.3%
Deferred Annuity/WDIS		
Post vesting	3.9%	3.9%
In deferment	4.3%	4.3%
Other	3.9%	3.9%
Sterling Reserves – Life		
Fund growth	4.6%	4.7%
Discount rate	3.4%	3.4%
Sterling Reserves – Pensions		
Fund growth	5.6%	5.6%
Discount rate	4.2%	4.2%

**(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 fixed interest assets, this adjustment took account of:

- The historic experience of bad debts for each of the major fixed interest asset classes,
- Market margins of gross yield over the yields of risk-free investments of a similar term in the same currency, where available,
- The reasonableness of the net of adjustment yields over the yields of risk-free investments of a similar term in the same currency, taking account of the points above,
- The need to take a prudent view of the above.

**Valuation report – IPRU (INS) Appendix 9.4**Name of insurer **Norwich Union Life & Pensions Limited – Non-Profit Subfunds**

Global business

Financial year ended **31 December 2007**

The adjustment made is expressed as a deduction from the expected yield and varies by type of asset as follows:

Type of Asset	Deduction from yield
Deposits	0.10%
Approved fixed interest securities	0.00%
Other fixed interest securities	0.40%
Loans secured by mortgages	0.50%

No equity shares or property were used for the purposes of 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**

Assurances	31 December 2007	31 December 2006
Whole life and Endowments	132% AM92/AF92	Modified AM92/AF92
Level Term assurance	Modified TM92/TF92 (see below)	Modified TM92/TF92
Mortgage Protection	Modified TM92/TF92 (see below)	Modified TM92/TF92
Term assurance with Critical Illness	unchanged	Modified Critical Illness Base
Mortgage Protection with Critical Illness		Table 1993 (see below)

Unitised Life		
Flexible Whole Life, Bonds, Mortgage Endowment	88% AM92/AF92 sel2	A67/70 ult –1 yr
Pre-merger NU Bonds	77% AM92/AF92 sel2	A67/70 ult –1 yr
Pre-merger NU Mortgage Endowment, Critical Illness Plan	71.5% AM92/AF92 sel2	A67/70 ult –1 yr

Age	Term Assurance Annual rates per mille:			
	Male Non-Smoker	Male Smoker	Female Non-Smoker	Female Smoker
25	0.41	0.66	0.13	0.18
35	0.39	0.69	0.26	0.42
45	0.79	1.66	0.64	1.63
55	2.39	6.21	1.69	5.67

Age	Mortgage Protection Annual rates per mille:			
	Male Non-Smoker	Male Smoker	Female Non-Smoker	Female Smoker
25	0.37	0.70	0.17	0.29
35	0.39	0.72	0.31	0.57
45	0.86	1.66	0.71	1.56
55	2.69	5.86	2.01	4.71

Age	Term Assurance with Critical Illness Annual rates per mille:			
	Male Non-Smoker	Male Smoker	Female Non-Smoker	Female Smoker
25	1.16	1.41	0.74	1.00
35	1.51	2.28	1.74	1.90
45	3.54	7.63	3.78	5.31
55	9.80	22.17	8.63	13.31

**Valuation report – IPRU (INS) Appendix 9.4**Name of insurer **Norwich Union Life & Pensions Limited – Non-Profit Subfunds**

Global business

Financial year ended **31 December 2007**

Age	<b>Mortgage Protection with Critical Illness Annual rates per mille:</b>			
	Male Non-Smoker	Male Smoker	Female Non-Smoker	Female Smoker
25	0.97	1.17	0.62	0.83
35	1.26	1.90	1.45	1.59
45	2.95	6.36	3.15	4.43
55	8.17	18.48	7.19	11.09

<b>Pensions and General Annuities</b>	31 December 2007	31 December 2006
Immediate Annuities – individual	unchanged	74% IML00 77% IFL00
Immediate Annuities – group	unchanged	90.5% PCMA00 85% PCFA00
Structured Settlements	unchanged	As individual annuities above + 1 year + 0.01 to rates
Deferred annuity cash contracts in deferment	59.1% AM80/ 68.2% AF80	65% AM92/ 65% AF92
Deferred & Reversionary Annuity In deferment	59.1% AM80/ 68.2% AF80	65% AM92/ 65% AF92 or 50% AM80/ 50% AF80
In deferment – WDIS	58.5% AM80/ 67.5% AF80	70% AM80/ 70% AF80
Post vesting	unchanged	90.5% PCMA00 85% PCFA00
Retirement Annuity In deferment	59.1% AM80/ 68.2% AF80	65% AM92/ 65% AF92 or 50% AM80/ 50% AF80
Post vesting	90.5% PCMA00 85% PCFA00	74% IML00 77% IFL00
Variable Annuity In deferment	unchanged	RMV92 (C=2010)
Unitised Pensions	71.5% AM80/AF80 -2yrs	74.75% AM80/AF80 sel - 2

**Annuitant mortality bases**

For annuitants in 2007, assumed expectation of life was as follows:

	Expectation of Life for annuitant		Expectation of Life from age 65 for annuitant	
	aged 65	aged 75	aged 45	aged 55
90.5% PCMA00	23.3	14.1	27.7	25.5
85% PCFA00	25.4	16.0	28.4	26.9
74% IML00	25.4	15.7	29.7	27.5
77% IFL00	27.1	17.0	29.9	28.5

**Mortality improvement**

The 2007 annuitant mortality basis was derived by taking a percentage of the base table mortality rates (where the percentages are given in the relevant table above) and applying a percentage of the improvement rates from CMI Working Paper 1 (December 2002) for calendar years 2005 and beyond, as in the table below:

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Global business

Financial year ended **31 December 2007**

Improvement rates for both Pension and General Annuities	Male %	Female %
Percentage of medium cohort applicable from 2005	100%	75%
Minimum rate p.a.	2%	1.5%

**Impact of changes in incidence of disease**

The margins in the published mortality and morbidity bases are considered sufficient to provide for adverse deviations in experience arising from various causes, so no additional reserves are held.

**(5) Morbidity assumptions:****Critical Illness**

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

<b>Life Assurances</b>	<b>31 December 2007</b>	<b>31 December 2006</b>
Standalone Critical Illness	unchanged	Modified Reassurer rates (see below)
Critical Illness rider benefits	unchanged	1 periodic premium

Rates for the modified tables for 31 December 2007 (and 2006) were as follows:

Age	<b>Stand alone Critical Illness</b>			
	Annual rates per mille:			
	Male Non-Smoker	Male Smoker	Female Non-Smoker	Female Smoker
25	0.66	0.66	0.96	0.96
35	1.05	1.34	1.52	2.19
45	3.27	5.84	3.14	6.28
55	8.74	19.42	8.12	17.65

For critical illness policies with guaranteed premiums, a guarantee loading is applied to the critical illness rate, unchanged from end-2006.

CI guarantee loading (for each year of policy term)	Female	Male
Term assurance	1.25%	1.0%
Mortgage protection	1.0%	0.75%
Standalone	1.25%	1.0%

**Income Protection - Claims inception rates**

For Safeguard and PHI product groups these have been based on CIDA rates, adjusted by factors dependent on the age, deferred period, occupation, sex, smoker status, sales channel, location and duration in-force, reflecting our own experience. Further margins have been taken for prudence.

For Safeguard and PHI policies, modified rates are shown below. The rates assume the following:

Occupation class 1      Deferred period 6 months      Non-smoker status  
Location – South England      Channel – IFA      Duration of policy – 5+ years

Age	<b>Safeguard rates</b>			
	Annual rates per mille:			
	31 December 2007	31 December 2007	31 December 2006	31 December 2006
	Male	Female	Male	Female
25	0.96	0.98	1.01	1.04
35	0.74	1.23	0.78	1.29
45	1.34	2.82	1.41	2.97
55	3.02	5.48	3.18	5.76

**Valuation report – IPRU (INS) Appendix 9.4**

Name of insurer

**Norwich Union Life & Pensions Limited – Non-Profit Subfunds**

Global business

Financial year ended

**31 December 2007**

Age	<b>PHI rates</b>			
	Annual rates per mille:			
	31 December 2007	31December 2007	31 December 2006	31December 2006
	Male	Female	Male	Female
25	3.09	1.77	3.25	1.86
35	2.17	3.30	2.29	3.47
45	3.39	5.41	3.57	5.69
55	5.76	9.01	6.06	9.48

**Income Protection - Recovery rates**

For Safeguard and PHI policies, these have been based on CMIR12, adjusted by factors derived from our own experience, with further margins for prudence.

For Safeguard and PHI policies, modified rates are shown below. The rates assume the following:

Occupation class 1  
Non-smoker status

Deferred period 6 months  
Location – South England

Age	<b>Safeguard rates : 31 December 2007</b>			
	Annual rates per mille:			
	Recovery 2 years	Recovery 2 years	Recovery 5 years	Recovery 5 years
	Male	Female	Male	Female
25	231.79	231.79	68.76	68.76
35	187.49	187.49	57.38	57.38
45	141.42	141.42	46.90	46.90
55	93.89	93.89	37.62	37.62

Age	<b>PHI rates : 31 December 2007</b>			
	Annual rates per mille:			
	Recovery 2 years	Recovery 2 years	Recovery 5 years	Recovery 5 years
	Male	Female	Male	Female
25	253.53	253.53	75.25	75.25
35	205.10	205.10	62.80	62.80
45	154.73	154.73	51.33	51.33
55	102.73	102.73	41.18	41.18

Safeguard and PHI rates for 31 December 2006 were the same as those shown for 31 December 2007.

The margins in the published morbidity bases are considered sufficient to provide for adverse deviations in experience arising from changes in morbidity experience, so no additional reserves are held.

**Long Term Care (Well-being and Future Care Plan)**

Mortality, prior to claim – PMA80 C=2020 and PFA80 C=2020, with a deduction of 2 years to all ages.

Mortality, during claim – 95% ELT14, with additions to age depending on age and the severity of disablement.

Morbidity – the disability tables used are based on the data underlying the disability prevalence rates contained in Report 9 of the OPCS surveys of disability in Great Britain. The data was adjusted in light of the Company's underwriting policy and the definitions of the Activities of Daily Living used. The morbidity used was 115% (regular premium) and 160% (single premium) of the adjusted prevalence rates.

**Valuation report – IPRU (INS) Appendix 9.4**Name of insurer **Norwich Union Life & Pensions Limited – Non-Profit Subfunds**

Global business

Financial year ended **31 December 2007****(6) Expense assumptions:**

Details of the expense bases used at 31 December 2007 are as follows.

No zillmer adjustment was used at the end of 2007 - valuations were carried out on a Gross Premium basis

The expense assumptions are the same for both premium-paying and non-premium paying contracts.

**Per policy expenses in the year after the valuation date**

	<b>31 December 2007</b>	<b>31 December 2006</b>
Annuity	15.83	14.53
Critical Illness	12.74	11.70
Term Assurance	12.74	11.70
Income Protection	26.40	29.02
UL bond	16.40	14.49
UL group regular premium pension	20.38	19.78
UL group single premium pension	20.38	19.78
UL regular premium pension	21.55	19.04
UL savings endowment	30.74	28.22
UL single premium pension	10.48	45.40
UL target cash endowment	10.58	10.23
UWP bond	19.75	10.23
UWP group regular premium pension	24.57	13.24
UWP group single premium pension	24.57	24.80
UWP regular premium pension	21.55	9.62
UWP savings endowment	10.58	10.23
UWP single premium pension	10.48	9.62
UWP target cash endowment	10.58	10.23

**Expenses as % of Claim**

	<b>2007</b>	<b>2006</b>
Income protection claims in payment	10.0%	10.0%

Tax relief on expenses for BLAGAB products has been assumed at the rate of 20%. No tax relief has been allowed on other business.

**Investment expenses**

For non-unit liabilities, the yield on assets backing the liabilities was reduced for investment expenses of 0.049%. This reduced the upper bound on the interest rates used in the valuation.

In the calculation of sterling reserves on unitised business, explicit allowance was made for investment expenses of 0.188% of the unit fund for unit linked investments and 0.101% of the asset share for unitised with profit investments written in the company's with profit fund.

The allowances reflect the charging structure agreed with our fund managers, Morley Fund Management.



**Valuation report – IPRU (INS) Appendix 9.4**Name of insurer **Norwich Union Life & Pensions Limited – Non-Profit Subfunds**

Global business

Financial year ended **31 December 2007**

(7)

<b>Inflation rate for future expenses</b>	<b>31 December 2007</b>	<b>31 December 2006</b>
Ex-NULL and currently marketed products	4.0%	3.9%
Income Protection	5.0%	4.9%
Other products	4.5%	4.4%
<b>Linked business</b>		
Unit Growth Rate for gross business	5.6%	5.6%
Unit Growth Rate for net business	4.6%	4.7%
Future increases in policy charges	2.0%	2.0%

(8) There are no with-profit contracts in the non-profit sub-funds.

(9) A summary of lapse, surrender and paid-up assumptions is provided below: unchanged for 07

<b>Product</b>		<b>Average lapse / surrender / paid-up rate for the policy years</b>			
		<b>1-5</b>	<b>6-10</b>	<b>11-15</b>	<b>16-20</b>
Accelerated critical illness	lapse 1	12.1%	8.6%	7.7%	7.7%
Accelerated critical illness	lapse 2	5.8%	4.1%	3.7%	3.7%
Decreasing Term	lapse 1	15.0%	17.5%	13.3%	9.0%
Decreasing Term	lapse 2	9.0%	10.5%	8.0%	5.4%
Level term	lapse 1	12.1%	8.6%	7.7%	7.7%
Level term	lapse 2	5.8%	4.1%	3.7%	3.7%
UL bond	surrender	1.8%	7.4%	7.8%	7.8%

Apart from the table above, no allowance is made for lapses.

The 'lapse 1' rates in the table are used for contracts where the reserve is negative, and the 'lapse 2' rates are used for contracts where the reserve is positive.

No PUP assumptions are shown in the above table. It is assumed that premiums cease at the valuation date for regular premium unit-linked policies, unless the assumption of continuing premiums leads to a higher non-unit reserve.

For the vast majority of UL and UWP Bonds (97% of total mathematical reserves on all such business), automatic withdrawals are taken to be the actual withdrawal amount at the valuation date for each individual policy.

For unit-linked bonds, the surrender rates shown in the table exclude additional surrenders at the end of the period where surrender penalties apply. The average additional surrender rate assumption is 14.2%.

**(10) Option take-up rates**

For deferred annuities with a guaranteed cash option and assurances with a guaranteed annuity option, other than for the Pensionvestor contract, it is assumed that policyholders will choose to exercise the greater of the two options on 95% of the available benefit. For the Pensionvestor contracts this percentage is assumed to vary linearly, from 75% on policies maturing within 1 year, to 95% on policies maturing after 20 years or more.

**Taxation**

Valuation interest rates on Life business include an allowance for taxation, assuming a tax rate of 20% in respect of income on Fixed Interest for Life business:

Allowance for taxation is included within the unit pricing of unit-linked funds as described in section 3(9) above.

No allowance has been made for taxation in respect of Pensions business.

**Valuation report – IPRU (INS) Appendix 9.4**

Name of insurer

**Norwich Union Life & Pensions Limited – Non-Profit Subfunds**

Global business

Financial year ended

**31 December 2007**

- (11) Over-the-counter derivative contracts are held to match the index-linked liabilities for guaranteed bonds shown in Form 54. The unit liability for these contracts was taken as the surrender value of the matching derivative instruments.

Apart from this, derivative contracts or assets having the effect of derivative contracts and any associated cash holdings, were not included in the assets allocated to the technical liabilities of the fund and as such did not impact on the calculation of the amount of long term liabilities.

**(12) Changes in INSPRU valuation rules**

The estimated effect on mathematical reserves of changes in valuation methodology in 2007 arising from changes in INSPRU valuation rules which came into effect at 31 December 2006 is analysed below:

	<b>Estimated effect</b>
Allowance for lapses on valuation of protection business	£19.0m
Allowance for negative reserves on valuation of protection business	£44.7m
Allowance for lapses on valuation of unit-linked business	£0.0m
Allowance for attributable expenses on valuation of unit-linked business	£0.0m
Overall allowance	£63.7m

**5. Options and Guarantees****(1) Guaranteed Annuity Options:**

- (a) For deferred annuities with a cash option and assurances with a guaranteed annuity option, the value of the benefits at the vesting date is the greater of the value of the annuity or the cash option, subject to option take-up rates as described in 4(10). Where a guaranteed annuity is more valuable on the valuation basis than the cash alternative, a provision for future expenses in payment is also held.

**(b) Pensionvestor**

Pensionvestor policies have a basic reserve of £60m.

The distribution of policies by outstanding term and retirement age is as follows:

<b>Outstanding Term (years)</b>							
<b>Retirement Age</b>	<b>0-5</b>	<b>5-10</b>	<b>10-15</b>	<b>15-20</b>	<b>20-25</b>	<b>25-30</b>	<b>Total</b>
<b>55 and under</b>	4	0	1	0	0	0	5
<b>56-60</b>	404	263	95	16	1	0	779
<b>61-65</b>	269	150	80	19	3	0	521
<b>66-70</b>	28	7	3	2	0	0	40
<b>71-75</b>	34	45	104	1	0	0	184
<b>Total</b>	739	465	283	38	4	0	1529

The guarantee reserve is £40m.

The guaranteed annuity rate is 12.244% of the cash sum for a male aged 65, based on a single life annuity payable annually in arrears.

Policyholders may make increments to the policy, but no guaranteed annuity options are given on increments.

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

Units in the Pension Assured Fund have a guaranteed price of £1 at the selected pension date or on earlier death. Details are provided in the valuation report of the Company's Provident Mutual Fund, where the majority of these guarantees arise.

**Valuation report – IPRU (INS) Appendix 9.4**Name of insurer **Norwich Union Life & Pensions Limited – Non-Profit Subfunds**

Global business

Financial year ended **31 December 2007****(3) Guaranteed Insurability Options**

- (a) The reserve for guaranteed insurability options is calculated as the option premiums received in respect of policies in force accumulated with interest.

One periodic option premium is held as a reserve for those policies which select conversion or renewal options.

- (b) The table below, together with the comments that follow, gives details for ex-NUL protection policies with conversion and renewal options.

Product name	In-force premiums	Sum Assured	Guarantee Reserve
Level Term Assurance	11.1	4,272.7	1.5
Decreasing Term Assurance	20.1	4,580.5	10.7

**Conversion option**

Conversion options are included on certain policies. For an additional premium, and provided the option is selected prior to their 65th birthday, the policyholder can convert all or part of their policy without further medical evidence. If the policy is a level term assurance then it can be converted into either a non-increasing term type policy or a low cost whole of life. If the policy is a decreasing term assurance it may also be converted into an endowment assurance. In either case the maximum sum insured will be the original sum insured inflated using RPI to the conversion date.

**Renewal option**

Renewal options are included on certain policies. For an additional premium, and provided the term of the policy expires before the policyholder's 65th birthday (if a level term assurance) or 75th birthday (if a decreasing term assurance), the policyholder may effect a new policy at the end of the policy term. The term of the new policy must not exceed the term of the original policy. No further medical evidence is required on selecting this option, unless a critical illness or premium protected option is selected on the new policy. The maximum sum insured will be the original sum insured inflated using RPI to the conversion date.

**(4) Other guarantees and options**

When contracts provide other options with a specific premium, a reserve is generally held of all option premiums paid.

Some group business contains premium rate guarantees for a limited period. No specific reserve for these is considered necessary.

For the Index-linked Bonds shown on Form 54, the benefits on maturity are linked to the performance of an index. There is no additional reserve because matching assets are held.

**6. Expense reserves**

- (1) The aggregate amount for expense loadings, grossed up for taxation where appropriate, expected to arise during 2008 is shown in the table below:

Homogenous risk Group	Implicit allowances	Explicit allowance (investment)	Explicit allowance (other)	Non attributable expenses	Total
UL Life	£37.6m	£19.9m	£6.4m	£0.0m	£64.0m
UL individual pensions	£99.4m	£28.4m	£14.0m	£0.0m	£141.8m
UL employer sponsored pension	£24.9m	£11.2m	£12.6m	£0.0m	£48.7m
All expenses attributable	£0.5m	£0.0m	£35.2m	£0.0m	£35.7m
<b>Total</b>	<b>£162.4m</b>	<b>£59.5m</b>	<b>£68.3m</b>	<b>£0.0m</b>	<b>£290.2m</b>

**Valuation report – IPRU (INS) Appendix 9.4**

Name of insurer **Norwich Union Life & Pensions Limited – Non-Profit Subfunds**

Global business

Financial year ended **31 December 2007**

- (2) Non-attributable expenses on unit linked business are allowed for implicitly, through expected future valuation surplus (on the valuation basis). In 2008, the implicit allowance on unit linked business of £162.4m easily covers the expected amount of non-attributable expenses, £47.9m.

Investment expenses on conventional business are reserved for implicitly, through a margin in the valuation interest rate. The expected expense over 2008 is £0.5m.

- (3) The total amount of maintenance expenses shown at line 14 of Form 43 (combined for the non-profit subfunds) is £160.3m. Unit fund management charges of £8.1m are included in the Form 43 figure, but do not constitute expenses for comparison against the above allowances.

The actual expense figure comparable with the allowance in section 6(1) is £152.2m.

The implicit allowance on unitised business is the main reason that the £290.2m allowance in the table above is higher than line 14 of Form 43. The implicit allowance has been taken to be the valuation surplus. This emerges due to the constraint that sterling reserves cannot be negative, and the surplus is materially higher than the level of non-attributable expenses on this business.

- (4) In determining the requirement for a new business expense overrun reserve, a prudent assessment of the projected value of 2008 new business is calculated, and compared against the projected new business expense overrun. A reserve is held if the latter exceeds the former. No new business expense overrun reserve is required in respect of 2008 new business.
- (5) In addition to per policy expense reserves, explicit expense reserves of £167.5m are held in accordance with INSPRU 1.2.50R. These reserves include appropriate allowance for expected redundancy and other costs associated with ceasing to transact new business 12 months after the valuation date, and for expense overruns in respect of business in force at the valuation date.
- (6) For unit linked business, the explicit expense reserve only covers expenses directly attributable to unit linked contracts. Non-attributable expenses are covered by future valuation surplus, and so the reserve for these expenses is zero.

**7. Mismatching Reserves**

- (1) Apart from £44.3 million of Euro-denominated reserves, all of the mathematical reserves of the NUL&P non-profit subfunds are held to support liabilities payable in Pounds Sterling. The funds hold sufficient sterling assets to match these liabilities. There are no Euro-denominated assets in the funds to match the small volume of Euro-denominated liabilities.
- (2) There are no liabilities in non-sterling currencies other than those described in 7(1) above.
- (3) The fund does not hold an explicit reserve for the small volume of mismatched Euro-denominated liabilities.
- (4) The Company is a realistic-basis firm and no resilience capital requirement is required.
- (5) The Company is a realistic-basis firm and no resilience capital requirement is required.
- (6) The Company is a realistic-basis firm and no resilience capital requirement is required.
- (7) The non-profit sub-funds hold 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. The firm also ensures that a significant proportion of other assets are invested in highly marketable stocks, in particular government bonds, but also corporate bonds issued by large companies. Any cash flow shortfall could therefore be met by selling some of these assets at short notice.

However, a further reserve of £15m is held against the risk of mismatching between positive and negative cash flows arising on different blocks of conventional business where positive and negative reserves are held.

**Valuation report – IPRU (INS) Appendix 9.4**

Name of insurer	<b>Norwich Union Life &amp; Pensions Limited – Non-Profit Subfunds</b>
Global business	
Financial year ended	<b>31 December 2007</b>

**8. Other Special Reserves**

**Counterparty Risk Reserve**

A reserve of £20m is held for adverse deviations in respect of credit risk from reinsurer defaults. The exposure to each reinsurer by credit rating is identified, and using a probability of default for each rating, the risk amount in each calendar year is assessed. The Counterparty Risk reserve is the discounted value of the future annual counterparty risk amounts for each reinsurer.

**Staff Pension Scheme Deficit Reserve**

A reserve of £82m is held to cover the deficit funding payments to be made to the Aviva Staff Pension Scheme over a 5-year period. Payments increase with inflation over the remaining funding period.

**Data Quality Reserves**

A provision of £20m is held against the risk that the data underlying the calculation of the mathematical reserves on unit-linked business is deficient in any way. The amount of this reserve is determined by general considerations.

A similar provision of £40m is held in respect of non-linked business. The amount of this reserve is determined by general considerations.

**Compensation Reserve**

We hold a reserve for Product Governance compensation, amounting to £30m.

**9. Reinsurance**

- (1) Within the non profit subfunds the company has no facultative reinsurance with a reinsurer who is not authorised to carry out business in the United Kingdom.
- (2) Reassurance details are provided in the table below. The third and fourth columns marked A and C indicate, respectively, whether the reassurer is authorised to carry out insurance business in the United Kingdom, and whether the reassurer is connected to the Company.

**Valuation report – IPRU (INS) Appendix 9.4**

Name of insurer

**Norwich Union Life & Pensions Limited – Non-Profit Subfunds**

Global business

Financial year ended

**31 December 2007**

Ref	Name of Reinsurer	A	C	Class of business	Reinsurance Premiums £'000s	31/12/07 Reserve £'000s	Open/ Closed to NB	% retained for new business
A	Munich Reinsurance Company, UK Life Branch.	Yes	No	Term Assurance, Mortgage Protection, Low Cost Endowment.	30,501	73,569	Closed	
B	Swiss Re Life & Health Ltd (GE Frankona Reinsurance Ltd)	Yes	No	Permanent Health	5,030	10,761	Open	
C	Swiss Re Life & Health Limited	Yes	No	Permanent Health	4,812	31,193	Closed	
D	Swiss Re Life & Health Limited	Yes	No	Long Term Care	1,462	22,652	Closed	
E	Swiss Re Life & Health Ltd (GE Frankona Reinsurance Ltd)	Yes	No	Long Term Care	478	11,326	Closed	
F	Swiss Re Life & Health Ltd (GE Frankona Reinsurance Ltd)	Yes	No	Term and Gteed Integrated CI	16,732	85,229	Closed	
G	Swiss Re Life & Health Ltd (GE Frankona Reinsurance Ltd)	Yes	No	Standalone Gteed CI	2,759	20,824	Closed	
H	Swiss Re Life & Health Ltd (GE Frankona Reinsurance Ltd)	Yes	No	MP and Gteed Integrated CI	76,994	53,045	Open	25% up to £50k
I	Hannover Re (Ireland)	No	No	Term and Gteed Integrated CI	2,499	12,272	Closed	
J	Munich Reinsurance Company, UK Life Branch.	Yes	No	Term and Gteed Integrated CI	42,284	122,589	Open	10% up to £500k
K	SCOR Global Life Reinsurance Ireland Ltd	Yes	No	Term and Gteed Integrated CI	4,576	18,109	Closed	
L	RGA Americas Reinsurance Company Limited	No	No	Term and Gteed Integrated CI	52,493	109,622	Closed	
M	RGA Americas Reinsurance Company Limited	No	No	MP and Gteed Integrated CI	15,404	12,534	Open	10% up to £500k
N	RGA Americas Reinsurance Company Limited	No	No	Term with Rev integrated CI	1,551	10,981	Open	
O	Swiss Re Life & Health Ltd (GE Frankona Reinsurance Ltd)	Yes	No	Group Disability	31,000	108,464	Closed	
P	Swiss Re Life & Health Limited	Yes	No	Term and Gteed Integrated CI	3,154	19,334	Closed	
Q	Swiss Re Life & Health Limited	Yes	No	MP and Gteed Integrated CI	13,625	15,612	Closed	
R	XL Re Limited (UK Branch)	Yes	No	Term and Gteed Integrated CI	15,326	104,215	Open	Life: 10% up to £500k, CI: 25% up to £50k
S	Swiss Re Life & Health Limited	Yes	No	2007 Existing Business	2,082	475,000	Closed	
T	Invesco Pensions Limited	Yes	No	Unit-linked External Funds	162,915	94,390	Closed	
U	Deutsche Asset Management Life & Pensions Ltd	Yes	No	Unit-linked External Funds	14,262	64,891	Closed	
V	Norwich Union Annuity Limited	Yes	Yes	Immediate Annuities	6,318	141,687	Open	
W	Legal and General Assurance (Pensions Management)	Yes	No	Unit linked	30,874	931,619	Open	

**Valuation report – IPRU (INS) Appendix 9.4**

Name of insurer **Norwich Union Life & Pensions Limited – Non-Profit Subfunds**

Global business

Financial year ended **31 December 2007**

An indication of the cover given under each treaty is provided below:

A	Quota Share – Death Benefits for all business with no previous reinsurance
B	Quota Share & Surplus Reinsurance
C	Quota Share & Surplus Reinsurance
D	Up to 50% of benefit (min 10%)
E	Up to 50% of benefit
F	Variable % of SA
G,H,I,K	Quota Share – death and CI benefits
J,M	Quota Share – life
L,R	Quota Share – death benefits
N	RGA UK/US 5%/45% of Sum Assured
O	80% quota share
P,Q	50% of SA
S	Financing Arrangement (TDSL)
T,U	Unit-linked External Funds
V	100% of Immediate Annuity benefits
W	Unit liability

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

There are no significant undischarged obligations to the reinsurers as at 31/12/2007.

There are no deposit back arrangements in any of these treaties.

**Financing Treaties** (table reference S)

A financing arrangement exists between the Company and Swiss Reinsurance Company. As this treaty is a Time Deferred Stop Loss arrangement, where the recapture of the liability is contingent on future shareholder surplus, no liability for the undischarged obligation has been taken into account in the valuation. Account has been taken of the credit risk exposure to the reinsurers in the reinsurer counterparty exposure reserve (see section 8).

**10.** There are no with-profits contracts in the non-profit sub-funds.

**Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A**

Name of insurer **Norwich Union Life & Pensions Limited – With-Profit Fund**  
Global business  
Financial year ended **31 December 2007**

**1. Introduction**

- (1) The **valuation date** is 31 December 2007.
- (2) The date of the previous valuation was 31 December 2006.
- (3) An interim valuation was carried out with an effective date of 30 June 2007 for the purposes of rule 9.3A.

**2. Assets**

**(1) Economic assumptions for valuation of non-profit business**

The Norwich Union Life & Pensions Limited With-Profit fund (NUL&P WP) has no future non-profit profits that require economic assumptions.

The only profits are release of LTICR on the non-profit business and the release of the £20m data quality reserve included in the regulatory valuation, both of which are valued at face value.

- (2) Not applicable
- (3) Not applicable
- (4) Not applicable
- (5) Not applicable

**3. With-Profits Benefits Reserve Liabilities**

- (1) There are four main methods used to calculate the with-profits benefits reserve.

- Asset share (individual) (retrospective)
- Asset share (group) (retrospective)
- Bonus Reserve Valuation (prospective)
- Regulatory Reserve (prospective)

The majority of the conventional with-profits benefits reserves are asset shares calculated on an individual policy (or increment) basis. They represent an accumulation of premiums plus investment return less charges and other sources of profit or loss in line with the fund's PPFM.

For unitised business, the asset share of a policy is defined as the sum of the asset shares of the units of the policy. Our approach calculates the asset share of each individual unit, and then aggregates across all units in a policy. We have recorded this approach as being individual.

Where asset shares are not currently calculated, or where they are unreliable as a starting point for deriving future bonuses, then either bonus reserve valuations (BRV) or regulatory reserves are used. BRVs are the discounted value of future expected benefits and expenses using risk-free earned and discount rates along with best-estimate assumptions for other basis items such as lapses and mortality. BRVs are used for the following classes of business:

- Conventional paid up policies (PUP)
- Conventional Whole Life policies
- With-profit immediate annuity business

Regulatory reserves are used for remaining small classes of business where asset share or BRV calculations are not currently carried out.



**Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A**Name of insurer **Norwich Union Life & Pensions Limited – With-Profit Fund**

Global business

Financial year ended **31 December 2007****At 31 December 2007**

<b>Product Class</b>	<b>With-profit benefits reserve £m</b>	<b>Future Policy Related Liabilities £m</b>	<b>Total £m</b>
Conventional Life		879	7,761
Asset Share (individual)	5,924		
Asset Share (grouped)	136		
BRV	822		
Conventional Pensions		1,646	4,674
Asset Share (individual)	2,039		
Asset Share (grouped)	280		
BRV	683		
Regulatory Reserve	27		
UWP Life		-19	2,017
Asset Share (individual)	2,036		
UWP Pensions		57	7,532
Asset Share (individual)	7,475		
Miscellaneous Other		165	165
<b>Total</b>	<b>19,421</b>	<b>2,728</b>	<b>22,149</b>

The with-profits benefit reserves are mainly asset shares calculated on an individual policy level or, in the case of UWP business, individual unit level. The asset shares are an accumulation of premiums, investment return, expense deductions and other adjustments such as for surrender and mortality profits, as set out in the fund's PPFM. Asset shares for the conventional business are charged actual expenses. Asset shares for the direct-written UWP business are charged the policy charges. As from 1 May 2004 all direct-written NUL&P WP asset shares are charged 0.75% p.a. to help cover the cost of guarantees in the fund.

The only direct-written new business in NUL&P WP (other than increments on existing contracts) is the with-profit annuity.

Conventional Life consists mainly of conventional endowments, with only £822m of whole-life contracts. The whole-life products have a bonus reserve valuation. The grouped asset shares in Conventional Life refer to adjustments that are made on a grouped basis. All conventional life products are written on a 90/10 basis. Conventional life endowment policies have guaranteed amounts at maturity equal to the basic sum assured plus any regular bonus accrued to date. Conventional whole life contracts provide a guaranteed payout on death of basic sum assured plus regular bonus accrued to date.

Conventional Pensions consists mainly of deferred cash schemes with attaching guaranteed minimum annuities due at retirement. There is also a block of deferred annuity business with minimum cash values at retirement. Asset shares are used for all premium-paying business. Paid up policies are valued at £518m using a BRV approach. Conventional Group Defined Benefits business uses the regulatory reserve. The grouped asset shares in Conventional Pensions refer to adjustments that are made on a grouped basis. In line with current bonus practice, the BRV is based on the final bonus scales derived from projected premium paying policies.

Conventional Pensions also contains £165m of with-profit annuity business valued using a BRV calculation. The with-profit annuity provides a level of income equal to a basic amount, plus accrued regular bonus, plus a discretionary top-up bonus. Customers can also select a future anticipated level of regular bonus. This increases the initial annuity amount payable, but the annuity amount reduces by the anticipated amount each year such that the total annuity payable would be level if the actual regular bonus rate equalled the anticipated rate. There is also a guaranteed minimum annuity amount attaching to this contract.

UWP Life consists of unitised single premium bonds and unitised mortgage endowments all written on a 100:0 basis. UWP units purchased prior to 1 January 1999 for policies sold prior to 1 January 1995 have a guaranteed minimum regular bonus rate of 2.5% p.a.

**Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A**

Name of insurer **Norwich Union Life & Pensions Limited – With-Profit Fund**

Global business

Financial year ended **31 December 2007**

The following guarantees apply to NUL&P UWP bonds.

Product	Dates of Issue	Anniversary Guarantee
Capital Plan	1989-93	No MVR on 10 <sup>th</sup> 15 <sup>th</sup> 20 <sup>th</sup> etc
Norwich With-Profit, Bicentennial, and Flexibond	1996-1/10/2002	Money back on 10 <sup>th</sup>

There is also the guarantee that MVRs will not apply on any automatic partial withdrawals selected from outset (subject to certain limits).

UWP Pensions consists of unitised individual and group personal pensions written on a 100:0 basis. UWP units purchased prior to 1 January 1999 for policies sold prior to 1 January 1995 have a guaranteed minimum regular bonus rate of 4% p.a.

'Miscellaneous other' consists of reserves held to cover other liabilities to the fund that cannot be assigned to certain product types such as Pension transfer review reserves, reserves for future development and audit fees. The figure also includes the reserve for future shareholder transfers and the associated tax that are not chargeable to asset shares.

(2) Not applicable

**4. With-profits benefits reserve – Retrospective method**

**(1) Table of methods**

Method	With-profit benefits reserve (%)
Asset Share (individual)	90
Asset Share (grouped)	2
BRV	8
Regulatory Reserve	0
Miscellaneous Other	0
<b>Total</b>	<b>100</b>

The table above shows the proportion of with profit benefit reserves calculated using each method.

**(2) Changes in valuation method**

- (a) There have been no significant changes to the valuation methodology during 2007.
- (b) Not applicable.

**(3) Allocation of expenses**

- (a) See (b)
- (b) NULS income and expenses are calculated on a monthly basis and a profit or loss determined on an annual basis.
- (c) The text below sets out the treatment of charges made to asset shares with respect to expenses and commission.

For Conventional with-profit business – the actual per policy expenses are charged to the policies

For Unitised with-profit business – the policies have defined charges as per the policy conditions, and expenses are charged to the non-profit fund.

Other expenses fall to the estate.

**Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A**Name of insurer **Norwich Union Life & Pensions Limited – With-Profit Fund**

Global business

Financial year ended **31 December 2007**

	<b>2007</b>			
	<b>Charged to WPBR</b>	<b>Not-Charged to WPBR</b>	<b>Non-Profit expenses</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Estimated initial expenses and commission	0	3	0	3
Renewal expenses and commission	117	24	0	141
Shareholder Transfers	6	29	0	35

The above table approximately splits out the expenses incurred over 2007. Non-profit expenses are expenses relating to non-profit business within the fund. NUL&P WP direct-written business asset shares are charged all actual per policy expenses and charges incurred.

**Expenses charged to the with-profit funds**

Per-policy expenses are charged to the with-profits funds based on expenses that are laid out in the Management Services Agreement (MSA). These cover fixed initial expenses and ongoing maintenance expenses. MSA charges inflate each calendar year at NAEI – 0.5% for NUL&P WP written business. The current MSA agreement terminates in 2008.

Investment management expenses are charged to the funds in line with the Investment Management Agreement with the fund managers and are reviewed on at least an annual basis.

Commission and sales related expenses are also charged to the with-profits funds. Initial and renewal commission scales and uplifts depend on product type and the agreement with the particular sales channel.

The with-profit funds also incur other non policy-related expenses such as for development expenses, audit fees and mis-selling expenses. These are charged to the with-profit fund as laid out in each fund's PPFM.

Shareholder transfers are charged to the with-profits funds. Most conventional business is written on a 90/10 basis with transfers equal to 1/9<sup>th</sup> of the cost of bonus. NUL&P WP conventional with-profit annuity business written prior to 2 October 2002 has shareholder transfers equal to a fixed proportion of asset shares. UWP business written in NUL&P WP is on a 100:0 basis.

**Expenses charged to the with-profits benefit reserves**

The total expenses charged to with-profits benefit reserves over 2007 are approximately £117m. The majority of this relates to renewal expenses as there is minimal new business written in NUL&P WP.

Deductions are made to the asset shares in respect of expenses and commission and shareholder transfers. The difference between expenses, commission and shareholder transfers incurred and charges made are a credit to or deduction from the estate.

Sales and policy administration expenses are charged to asset shares in two main ways:

Actual expenses apply to NUL&P WP conventional business

Asset shares are currently charged 100% of the MSA agreement. They are also charged the management investment fee and any custody fees. Any initial or renewal commission is deducted from the asset share.

Policy charges are applied to NUL&P UWP business

The asset share is deducted the actual charges on the policy, e.g. a 1% annual management charge applies for stakeholder pensions. Also note that any surrender penalty would apply to the asset share on exit.

**Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A**

Name of insurer **Norwich Union Life & Pensions Limited – With-Profit Fund**

Global business

Financial year ended **31 December 2007**

**Expenses not charged to the with-profits benefits reserve**

Any expenses on UWP Pensions business in excess of the stakeholder promise 1% cap is charged to the estate.

For UWP business written in NUL&P WP the actual expenses are passed across to NUL&P NP along with the charges deducted from the asset shares, so no policy related expenses are accrued to the estate.

Shareholder transfers for NUL&P conventional business are charged to the estate.

All development, regulatory and audit fees are not currently charged to asset shares, although this is reviewable in line with statements in the PPFMs.

**(4) Guarantee Charges**

A deduction of 0.75% p.a. from the with-profits benefit reserves for direct-written NUL&P WP business was introduced on 1 May 2004 to help cover the cost of guarantees. Total charges made over 2007 are approximately £146m (£152m in 2006).

**(5) Non-Insurance Risk Charges**

No explicit deduction is made from the with-profits benefit reserves in respect of non-insurance risks.

**(6) Claims ratios**

Fund	Product Type	2005	2006	2007
NUL&P WP	Conventional Life	99%	100%	100%
	Conventional Pensions	114%	111%	104%
	UWP Life	98%	98%	98%
	UWP Pensions	97%	96%	98%

The figures above are estimates based on actual maturity and surrender payouts.

The figures for Conventional business for 2007 are not directly comparable with 2006 because of enhancements in our analysis.

All entries for Form 19 lines 32 and 33 in respect of reserves for past miscellaneous surplus and any past miscellaneous deficit are zero.

**(7) Gross investment return allocated to WPBR**

Gross returns allocated to asset shares over 2007 are 5.95%. This rate applies to all policies.

**5. With-profits benefits reserve – Prospective method**

**(1) Prospective assumptions**

**Bonus reserve valuation (BRV)** is used for approximately 8% of the with-profit benefits reserve. The key blocks of business valued in this way are:

- conventional whole life contracts, where the calculation is based on a deterministic reserve including an allowance for Final Bonus;
- paid-up Conventional Pensions, where the calculation uses stochastic final bonus rates consistent with unaltered policies;
- with-profit immediate annuities, where the calculation uses stochastic final bonus rates derived from the current WPIA bonus model.

The key assumptions behind the prospective valuation of with-profit benefits reserves are as follows:

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Global business

Financial year ended **31 December 2007**

## (a) Economic Assumptions

The valuation of the BRV for the conventional Pension PUPs uses the stochastic valuation model used to value guarantee costs with term dependent risk free rate for both the earned rate and discount rate. In summary these are:

Term (years)	Rate (gilt +0.1%)
1	4.97%
5	4.61%
10	4.72%
15	4.67%

Future economic assumptions for the conventional whole life and with-profit immediate annuity business are:

Product Class	2007
With-profit Immediate Annuity	4.71%

The basis used for whole life business is that used for the regulatory valuation.

The rate used for immediate annuities is the flat risk free rate.

## (b) Investment returns and risk adjustments.

The BRV is based on the risk free rate.

## (c) Expense inflation:

See (e) below.

## (d) Future Assumed Regular Bonus Rates

Product Class	2007
Conventional Pension PUPs	0%
Whole of Life	0% on sum assured, 0.5% on accrued bonuses
With-profit Immediate Annuity	2%

Final bonuses on paid-up pension contracts are based on the premium paying policy scales which are derived from projections of the asset shares under the stochastic model. As they vary under each simulation they have not been included here.

## (e) Future Expense Assumptions

	2007	
Product Class	Renewal Expenses Per policy	Expense Inflation %
Conventional Pension PUPs	£27.55	4.5
With-profit Immediate Annuity	£27.72	4.55

The future expense assumptions used for whole life business is that used for the regulatory valuation.

## (f) Future Assumed Lapse Rates

Product Class	Policy Duration						
%	1	2	3	4	5	6	7+
Conventional Pension PUPs	2	2	2	2	2	2	2
With-profit Immediate Annuity	0	0	0	0	0	0	0

The lapse rate assumed for whole life business is that used for the regulatory valuation.

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Name of insurer **Norwich Union Life & Pensions Limited – With-Profit Fund**

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(g) Future mortality assumptions

Conventional pension PUPs: 45% A67/70

With-profit annuity: Based on the proposed CMI tables based on data from 1999 to 2002 altered to reflect our own experience.

The mortality rate assumed for whole life business is that used for the regulatory valuation.

(2) **Regulatory Reserves**

Not applicable

(3) **Miscellaneous Other**

Not applicable

**6. Costs of guarantees, options and smoothing**

(1) Not applicable

(2)

- (a) The calculation of the cost of guarantees, options and smoothing and the cost of the mortgage promise has been performed using a stochastic model with a few exceptions.

The cost of guaranteed annuity options and section 32 guaranteed minimum pensions have been valued using a market value replication technique – this is described in section 6(4)(b).

A description of the stochastic model is given below.

(b) **Grouping Basis**

All valuation methods use grouped policy data. Data has been divided as follows:

For conventional business:

- Product class (e.g. life endowment, conventional pensions)
- Entry Year
- Maturity Year

For unitised with-profit business:

- Product class (e.g. life bonds, individual pensions)
- Year of unit purchase
- Guarantee date (date at which a person is expected to take their guarantee, e.g. NRD for pensions, no-MVR date for bonds)

Guarantee costs are not calculated by projecting individual or grouped model points. Instead, the aggregate asset shares and guaranteed amounts are projected for each of the cohorts above.

**Validations**

The total guaranteed amounts are reconciled back to the Regulatory valuation results. The aggregate asset shares are reconciled to the totals in Form 19.

(c) Not applicable.

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Global business

Financial year ended **31 December 2007**

- (3) There were no significant changes to the method for valuing the costs of guarantees, options or smoothing since the previous valuation have included:

**(4) Description of guarantees, options or smoothing being valued****(a) Stochastic Model - Description of guarantees, options or smoothing**

- (i) Here follows the cost and description of the guarantees, options and smoothing methods by product grouping.

Product Class	Planned deductions for cost of guarantees/options	Planned Deductions to WPBR for other costs	Contractual Guarantee costs	Non-Contractual Commitments	Smoothing costs
Conventional Life	112	0	44	667	-42
Conventional Pensions	77	0	304	0	55
Direct Written - UWP Life	46	0	13	23	-8
Direct Written - UWP Overseas	0	0	0	0	0
Direct Written - UWP Pensions	328	0	445	0	-60
Direct Written - UWP Stakeholder	0	0	0	0	0

(Figures in £m)

**Planned Enhancements to WPBR**

None

**Planned Deductions to WPBR for guarantees and options**

This represents the expected future value (from 1 January 2008) of the 0.75% p.a. charge made on direct-written NUL&P WP asset shares. This charge has been made to help cover the future costs of guarantees within the fund. This charge was introduced 1 May 2004.

The aggregate level of the charge is restricted to be no greater than the aggregate costs of the guarantees in any scenario.

**Planned Deductions to WPBR for other costs**

None

**Contractual Guarantee Costs**

In order to reconcile to Form 19, £522m of contractual Guarantee Costs need to be added. This relates to Section 32 Guaranteed Minimum Pension costs, which are valued using a non-stochastic method (see 6(4) (b))

Conventional Life

This represents the cost of the basic sum assured plus any accrued bonuses to date exceeding 100% asset share under the stochastic projection.

Stochastic Reserve = £44m

Central-estimate = £0m

Option value = 100%

Conventional life guarantees are almost completely out of the money.

Conventional Pensions

This represents the cost of the basic sum assured plus any accrued bonuses to date exceeding 100% asset share under the stochastic projection. The costs of providing for guaranteed minimum pensions on Section 32 contracts is covered in section 6.4 (b) as is the cost of any guaranteed annuity options under the cost of financial options.

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Name of insurer **Norwich Union Life & Pensions Limited – With-Profit Fund**

Global business

Financial year ended **31 December 2007**

Stochastic Reserve = £311m

Central-estimate = £167m

Option value = 46%

Conventional pension guarantees are very in-the-money.

UWP Life

This represents the cost of the payouts exceeding 100% asset share due to no-MVR guarantee under the stochastic projection. Note that this includes the cost of any guaranteed bonus rates.

The no-MVR guarantee is out of the money in respect of all years of unit purchase before 2007.

The margin is less than 10% in respect of units purchased between 1998 and 2000 and after 2005. The margin is in excess of 10% in respect of all other years of unit purchase.

UWP Pensions

This represents the cost of the payouts exceeding 100% asset share due to no-MVR guarantee under the stochastic projection. This also includes the cost of the stakeholder promise whereby we have promised to deduct no more than the equivalent of 1% p.a. annual management charge to cover expenses on all unitised personal pensions from 1 April 2001.

For units with a minimum bonus guarantee, the no-MVR guarantee is only in the money, by a margin of less than 10%, in respect of units purchased in 2000 and 2007.

The no-MVR guarantee is out of the money in respect of all other years of unit purchase.

The margin is less than 10% in respect of units purchased in 1989, 1998, 1999, 2001 and after 2005. The margin is in excess of 10% in respect of all other years of unit purchase.

For units without a minimum bonus guarantee, the no-MVR guarantee is out of the money in respect of all other years of unit purchase

The margin is less than 10% in respect of units purchased in 1998 to 2000, and after 2005. The margin is in excess of 10% in respect of all other years of unit purchase.

**Non-Contractual Commitments**

Conventional Life

This represents the cost of the mortgage endowment promise from conventional endowments (plus a small cost from unitised endowments). The amount paid under the promise is the difference between the mortgage amount and policy payout if returns on the fund after tax are 6% or more, or the amount as communicated to policyholders in other circumstances.

Maximum top-up amounts have been communicated to policyholders. We have also advised policyholders that even after the Promise payment has been made they may have a shortfall.

Payment of the mortgage promise is conditional on the investment earnings achieved on the estate. These must be sufficient to pay the shortfall amounts falling due each year.

For the purposes of the valuation, we have assumed that the full promise amount would be paid at all times, with no reduction in those scenarios where the cost of the promise exceeds the investment earnings on the estate.

The payment of promise amounts also gives rise to additional transfers to shareholders.

UWP Life

This represents the cost of the mortgage endowment promise on UWP endowments.



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Financial year ended **31 December 2007**

**Smoothing Costs**

This represents the cost of smoothing final bonus from the assumption that payouts based on 100% asset share will not move by more than 15% from year to year on similar termed products. This is consistent with statements in the PPFM.

This is offset by the 'smoothing retention', relative to 100% of asset share. This is designed to give broadly neutral smoothing costs allowing for the costs incurred to the valuation date, consistent with statements in the PPFMs for NUL&P.

**(ii) Description of the asset model**

The distribution was calculated using the following assumptions:

Risk-free rate:

- Risk-free rate curve as shown below –

Outstanding term	Risk free annualised spot rate (%) – 2007
1	4.97%
2	4.53%
3	4.50%
4	4.56%
5	4.61%
6	4.66%
7	4.69%
8	4.71%
9	4.72%
10	4.72%
12	4.71%
15	4.67%
20	4.58%
25	4.48%
30	4.37%

- All assets were expected to grow at the risk-free rate (i.e. risk neutral pricing was used).

Derivation of risk-free rate curve:

Typically market instruments can be used to demonstrate that gilt yields are lower than would be expected for a risk free instrument, and that this is down to extra return that can be earned from gilts from repo activity (or for other reasons).

Therefore the risk free rate is based on government bonds + 10bp, consistent with the approach used at 31 December 2006.

Use of the curve:

A risk-free rate curve was used for most option-pricing purposes. However, some systems are unable to implement the curve structure and so an appropriate fixed rate was used for these deterministic projections.

The fixed rate chosen reflected the term of the liabilities being valued, plus a margin to allow for the approximations inherent in this approach.

Main liabilities modelled with flat risk-free rate are:

- Future transfers to shareholders (and tax on these)
- BRV on With Profits Immediate Annuity

Risk free rate used: 4.71%

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Global business

Financial year ended **31 December 2007**Form of probability distribution:

The lognormal model was assumed for the prices of all assets.

Derivation of Equity/Property volatility:*UK Equity*

UK equity volatility assumption was derived from a time-varying deterministic model from an external provider. This model has been calibrated to implied volatilities on at-the-money options as at 31 December 2007. The following table shows specimen volatilities from the model.

Specimen volatilities

Term	1	2	5	7	10	15	20	25	30
UK Equity volatility	20.8%	21.8%	23.7%	24.5%	25.2%	25.8%	26.1%	26.3%	26.4%

Our economic scenario model uses a level equity volatility assumption across all terms. We have therefore applied the guarantee profile for each liability class to the time varying volatilities to obtain an average volatility for that liability class. The overall UK equity volatility for the fund was set equal to the weighted average of the equity volatility for each liability class. This method gives a volatility assumption of 25.00% (17.00% at 31 December 2006).

*Overseas Equity*

The difference between UK and overseas volatility for significant territories was applied to the UK assumption calculated above.

*Property volatility*

There are no meaningful option prices so a best estimate approach is used. The best estimate is 15.0%.

Derivation of bond volatility:*Gilts*

The table below shows swaption implied volatility for an option term of 20 years, swap maturity as shown (source values derived from data supplied by an investment bank)

Swap maturity	Implied volatility (%)
1	12.8
5	11.1
10	11.0
15	11.0
20	10.8
25	10.8

For the purposes of our model, we have used an implied volatility of 11.55% at all durations.

Our model requires a price volatility assumption. The price volatility is calculated using the yield volatility combined with the discounted mean term of the assets, to give price volatilities as follows.

DMT	Price volatility
1	0.52%
2	1.05%
3	1.57%
5	2.64%
7	3.71%
10	5.35%

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The discounted mean term of the fixed interest assets at 31st December 2007 is 9.4 years.

We would reduce the outstanding term of the fixed interest investments as the in-force business ran off. From the above it can be seen that this would result in reducing price volatility over time. However, the model cannot utilise time dependant volatility, so we adjust the fixed volatility level to reflect the decline.

We have then calculated the average volatility for all guarantee terms, to give a volatility assumption of 3.75%. The volatility used includes a small margin to allow for inevitable approximations involved in the above approach.

*Corporate Bond and Overseas Bond volatility*

Separate asset classes are set up for corporate and overseas bonds. These have different correlations with the returns on UK gilts.

There are spreads between swaps, corporate bonds, gilts and overseas bonds. These spreads move over time so one class of asset may be more or less volatile than the others.

We have therefore set the price volatility assumption for Corporate and Overseas bonds to be 2% in excess of that of UK gilts.

In summary the price volatility assumptions are

	NUL&P WP
Gilts	3.75%
Other Fixed Interest	5.75%

Correlation between different asset classes:

- Correlation between asset classes was taken from internal historic data. The table below shows the figures used at 31 December 2007.

	UK Equities	Property	European Equities	US Equities	Japanese Equities	Pacific Basin Equities	Emerging Market Equities	UK government bonds	Corporate Bonds	Global Bonds	Cash
UK Equities	1.00	0.25	0.79	0.83	0.55	0.58	0.65	0.31	0.29	0.52	0.10
Property	0.25	1.00	0.22	0.05	0.55	0.11	0.15	0.07	0.03	-0.20	-0.33
European Equities	0.79	0.22	1.00	0.91	0.48	0.55	0.58	0.37	0.28	0.69	-0.10
US Equities	0.83	0.05	0.91	1.00	0.43	0.47	0.56	0.37	0.30	0.74	0.00
Japanese Equities	0.55	0.55	0.48	0.43	1.00	0.62	0.65	0.01	0.00	0.20	-0.17
Pacific Basin Equities	0.58	0.11	0.55	0.47	0.62	1.00	0.87	0.25	0.37	0.53	0.00
Emerging Market Equities	0.65	0.15	0.58	0.56	0.65	0.87	1.00	0.08	0.16	0.47	0.18
UK government bonds	0.31	0.07	0.37	0.37	0.01	0.25	0.08	1.00	0.97	0.50	0.11
Corporate Bonds	0.29	0.03	0.28	0.30	0.00	0.37	0.16	0.97	1.00	0.51	0.12
Global Bonds	0.52	-0.20	0.69	0.74	0.20	0.53	0.47	0.50	0.51	1.00	0.13
Cash	0.10	-0.33	-0.10	0.00	-0.17	0.00	0.18	0.11	0.12	0.13	1.00

Inflation:

Future inflation is assumed to be that implied by the difference between nominal and real government bond yields as at 31 December 2007.

Asset mix/EBR management:

The initial asset mix was equal to the benchmark mix for the asset share investments in with profit funds as at 31 December 2007. The resulting asset mix is shown below, together with the volatility parameters for each class:

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Name of insurer **Norwich Union Life & Pensions Limited – With-Profit Fund**

Global business

Financial year ended **31 December 2007**

<b>Class</b>	<b>% of asset share</b>	<b>Volatility parameter</b>
UK Equities	32.9%	25.0%
Property	15.1%	15.0%
European Equities	2.8%	26.6%
US Equities	2.5%	28.6%
Japanese Equities	0.5%	24.9%
Pacific Basin Equities	5.1%	31.2%
Emerging Market Equities	3.5%	37.4%
UK government bonds	9.5%	3.8%
Corporate bonds	14.4%	5.8%
Global bonds	3.6%	5.8%
Cash	10.0%	0.0%
	100%	

Management of the EBR within the stochastic return projector is discussed in 6(5)(a).

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Global business

Financial year ended **31 December 2007****(iii) Option prices from asset model**

ROW	Asset type	n	K=0.75				K=1				K=1.5			
			5	15	25	35	5	15	25	35	5	15	25	35
		r	4.61%	4.67%	4.48%	4.28%	4.61%	4.67%	4.48%	4.28%	4.61%	4.67%	4.48%	4.28%
		p:												
1	Risk-free zero coupon bond		798,145	504,096	334,536	230,997	x	x	x	x	x	x	x	x
2	FTSE AllShare	1	81,515	214,829	293,651	356,173	209,219	372,345	466,400	542,765	578,107	751,691	860,565	946,443
3	FTSE AllShare	0.8	68,803	163,523	203,229	229,431	183,658	289,667	330,344	355,909	524,243	600,749	626,302	639,402
4	Property	1	34,197	95,743	145,687	187,685	134,272	225,561	287,503	342,436	524,942	596,793	661,118	712,830
5	Property	0.8	27,053	60,902	81,244	96,417	111,074	154,238	173,539	187,495	465,782	443,987	434,579	426,934
6	15 yr risk free ZCB	1	4,015	27,675	51,071	68,798	73,522	127,498	162,373	195,448	503,143	520,801	548,551	563,317
7	15 yr risk free ZCB	0.8	2,313	11,715	16,334	19,972	52,174	66,781	69,049	68,697	439,148	352,330	307,870	272,538
8	15 yr corporate	1	10,294	46,042	78,639	102,795	91,739	157,453	200,752	239,535	507,052	540,439	580,728	604,063
9	15 yr corporate	0.8	6,890	23,628	32,748	38,288	69,744	92,679	100,322	102,661	444,173	378,103	346,407	318,805
10	65% FTSE AllShare, 35% Property	1	49,792	134,659	195,819	245,193	161,754	274,305	347,338	412,159	540,077	646,290	726,152	792,133
11	65% FTSE AllShare, 35% Property	0.8	40,571	93,677	121,931	140,743	137,504	199,031	226,752	244,976	483,585	495,384	498,437	500,978
12	65% FTSE AllShare, 35% ZCB	1	47,406	136,467	203,801	260,130	160,358	281,460	363,858	435,327	543,927	660,836	753,436	829,728
13	65% FTSE AllShare, 35% ZCB	0.8	38,311	93,591	125,216	148,375	135,928	203,584	236,650	259,898	486,912	507,460	520,083	527,982
14	40% Eq, 15% prop, 22.5% ZCB, 22.5% corp	1	21,691	77,561	126,260	166,431	116,904	204,228	266,214	323,597	515,724	583,311	646,936	703,002
15	40% Eq, 15% prop, 22.5% ZCB, 22.5% corp	0.8	16,033	45,896	65,486	78,826	93,908	133,676	153,063	166,249	455,790	426,840	416,044	409,932
			L = 15				L = 20				L = 25			
16	Receiver swaptions		4.96%	6.57%	6.28%	5.59%	6.47%	8.22%	7.84%	7.01%	7.93%	9.83%	9.29%	8.33%

Notes on the table above:

Row 1 shows the value of cash payments of £1,000,000 due n years after the valuation date.

Rows 2 to 15 inclusive is completed for the appropriate asset classes showing the value of a put option on a portfolio worth £1,000,000 on the valuation date exercisable n years after the valuation date with strike price of  $K \times £1,000,000 \times (1+r^*p)^n$ .

All references to 15-year bonds mean rolling bonds traded to maintain the 15 year duration at all future dates. The corporate bonds are assumed to be rolling AA rated zero coupon bonds.

Row 16 shows the value of sterling receiver swaptions with a strike of 5% exercisable n years after the valuation date with swap durations on exercise of L years. The values are expressed as a percentage of nominal.

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Financial year ended **31 December 2007**

The property put options are assumed to relate to a well diversified portfolio of UK commercial property.

A zero trend growth in property prices is assumed where this is relevant.

In each case the options are valued with reinvestment of any dividend income into the FTSE All Share index and reinvestment of any rental or other property income into UK property.

Tax is ignored in all calculations.

All options are assumed to be European-style.

Commentary on the results:

This is a combined table for 6.4(a)(iii) and 6.4(b)(iii).

Our maturity value and no-MVR guarantees that are priced through this process have a discounted mean term of around 9.6 years. Results produced for guarantees longer than 20 years are of less relevance.

For Guaranteed Annuity Options our model is calibrated to the discounted mean term of the GAO liability and the strike price of the GAOs (around 9%). The results produced by the model at 5% strike are not relevant to our valuation of GAO.

For the gilt portfolio pricing we are asked to base these results on a 15-year rebalancing portfolio. Our philosophy is to hold fixed-interest assets with duration matching to the discounted mean term of the liability (i.e. the portfolio shortens over time). Similar to the comments above, results produced incorporating a 15-year rebalancing rule have little practical relevance to the cost of our guarantees.

(iv) Initial Equity and Property Rental Yields

The model assumes risk-neutral approach with drift of the total expected return equal to the risk free rate. A best estimate split of return between income and capital gains is assumed when calculating the assumed tax rate (see section 11).

(v) UK risk free rates are applied throughout.

**Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A**Name of insurer **Norwich Union Life & Pensions Limited – With-Profit Fund**

Global business

Financial year ended **31 December 2007****(vi) Duration of significant guarantees**

The following tables show the durations of significant guarantees and promises for the with-profits funds. Duration is calculated as weighted average of projected maturity years with weights equal to the cost of guarantees.

**NUL&P WP – Duration of guarantees**

	Duration (yrs)	%																		
		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025- 2034	2035+
Conventional Life																				
Base guarantee	7.1	-	-	7	15	17	16	9	8	7	5	2	2	1	1	1	1	1	6	0
Mortgage promise	5.9	3	3	5	11	16	16	12	12	11	7	1	1	0	0	0	0	0	0	100
Conventional Pensions																				
Base guarantee	8.9	2	4	5	7	8	7	7	7	7	7	7	6	6	5	5	4	3	5	0
GAR option	6.5	12	9	9	8	9	8	6	6	5	5	4	3	3	3	3	2	1	4	100
S32 GMP guarantee	9.6	3	3	4	5	6	6	6	6	7	7	7	6	6	6	5	4	3	8	0
Unitised Life:																				
Base guarantee	11.8	1	5	7	13	5	5	6	5	4	4	5	6	4	3	3	2	2	9	10
Mortgage promise	10.0	-	2	3	3	4	5	9	8	4	4	7	20	15	3	4	4	3	2	0
Unitised Pensions:																				
Base guarantee	15.9	1	1	1	2	3	3	3	3	3	4	4	4	4	4	5	5	5	40	6

**Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A**

Name of insurer

**Norwich Union Life & Pensions Limited – With-Profit Fund**

Global business

Financial year ended

**31 December 2007****(vii) Nature of validations of asset model**

The model projects total return credited to asset share, not income and gains on assets. Therefore no explicit comparison of the NPV of the projection of income/gains has been made. Instead, the table below shows the discounted value of £1 invested on the valuation date and projected forward t years (t=5, 10, 15, 20). For a risk-neutral model, the result would be 1. The table shows how the results depend on the number of simulations used.

t (years from valuation date)	5	10	15	20
100 Sims result	0.993	0.998	0.964	1.024
1000 Sims result	1.015	1.021	1.013	1.023
5000 Sims result	1.012	1.011	1.005	1.004
10000 Sims result	1.005	1.005	1.001	0.997
Distribution result	1.001	1.005	1.002	0.998

The final line shows the results based on using the actual distribution required by our matrix approach to the calculation of the costs of guarantees. This table implies that the number of simulations (as used by the model) is sufficient for convergence

Further validation involves comparing the results of the model with Black-Scholes prices.

The output of the matrix approach has been compared to that of the Black-Scholes pricing formula (given appropriate portfolio volatility levels). The output of the matrix approach will only do this when management action is not incorporated. A selection of the results is shown below:

ROW	r (Continuous)	p	K=0.75			K=1			K=1.5		
			5	15	25	5	15	25	5	15	25
			4.51%	4.57%	4.38%	4.51%	4.57%	4.38%	4.51%	4.57%	4.38%
2	FTSE AllShare: matrix approach	1	81,515	214,829	293,651	209,219	372,345	466,400	578,107	751,691	860,565
2	FTSE AllShare: Black-Scholes valuation	1	91,736	213,298	293,908	220,145	371,701	468,029	591,632	751,117	861,327
	Difference / MV(0)		-1.0%	0.2%	0.0%	-1.1%	0.1%	-0.2%	-1.4%	0.1%	-0.1%
4	Property: matrix approach	1	34,197	95,743	145,687	134,272	225,561	287,503	524,942	596,793	661,118
4	Property: Black-Scholes valuation	1	31,238	98,141	148,381	133,185	228,546	292,339	522,417	599,620	664,328
	Difference / MV(0)		0.3%	-0.2%	-0.3%	0.1%	-0.3%	-0.5%	0.3%	-0.3%	-0.3%
10	Property: matrix approach	1	49,792	134,659	195,819	161,754	274,305	347,338	540,077	646,290	726,152
10	65% FTSE, 35% Property: B-S valuation	1	49,634	135,758	197,214	161,897	276,582	352,239	541,764	647,798	729,396
	Difference / MV(0)		0.0%	-0.1%	-0.1%	0.0%	-0.2%	-0.5%	-0.2%	-0.2%	-0.3%

The table above shows that the model is capable of producing Black-Scholes prices. The table also implies that the number of simulations used and the width of the banding within the matrix approach do not distort the results.

(viii) 10,000 projections of asset share returns have been made to construct the probability distribution used to value the guarantees.



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Name of insurer **Norwich Union Life & Pensions Limited – With-Profit Fund**  
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**(b) Market costs of hedging - Description of guarantees, options or smoothing**

The approach used to value Guaranteed Annuity Options on conventional pensions increases the deterministic (intrinsic cost) of the option to allow for the limited option value. The increase is based on the implied option value of swaptions with similar characteristics to the liabilities.

This implied option value is small, as most of the Guaranteed Annuity Options are in the money at interest rates up to about 9%.

An uplift factor of 10% has been used at all durations, which includes an allowance for the variability of investment return prior to retirement.

In addition, a reserve in respect of Guaranteed Minimum Pension liabilities on Section 32 Transfer policies arises. This reserve has also been calculated based on a deterministic (intrinsic cost) of the option, plus an uplift to allow for the implied option value. For these policies an uplift factor of 15% has been used at all durations.

**Costs of Financial Options**

This represents the cost of the guaranteed annuity option (GAO) attaching to conventional deferred cash pensions. Contracts provide for a basic cash amount plus accrued regular bonus and a final bonus. The policyholder then has the option to take this cash amount or to convert this into income at guaranteed rates written into the policy conditions.

The cost of the GMP guarantee on S32 policies is also shown below.

<b>Cost of annuity rate guarantees</b>	<b>£m</b>
Base GAO cost	599.5
Uplift (10%)	60.0
Expense reserve	21.8
<b>Total</b>	<b>681.3</b>
Base cost of GMP gtee on S32	453.9
Uplift (15%)	68.1
<b>Total</b>	<b>522.0</b>

The duration of all guarantees is shown in the table given in 6.4(a)(vi) (where significant).

**(c) Deterministic projections - Description of guarantees, options or smoothing**

No guarantees, options or smoothing costs have been valued using this method.

**(5) Management Actions**

- (a) There are various allowances and limitations for management actions in the stochastic model. Details of the key decisions are set out below.

**Projected Equity Backing Ratio**

Management is assumed to intervene and carry out switches (in addition to any impact from market movements) of investments supporting asset shares when investment returns are particularly strong or weak.

The logic for this is that the main aim of investment policy is to provide the highest long-term returns given acceptable levels of solvency risk.

A substantial amount of our fixed interest portfolio is intended to be held to maturity. Therefore investment performance above or below expectation is largely a function of simulated performance for equity and property.

If equity/property performance is poor, then solvency would deteriorate, hence management action would be to reduce the equity/property content of the fund. However, it is assumed that the EBR will not fall below 30% in any scenario.

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Name of insurer **Norwich Union Life & Pensions Limited – With-Profit Fund**

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The converse is also true; however, increasing the EBR is constrained to the extent of the investment philosophy where a large proportion of our existing holding of bonds will be held to provide a duration match of the liabilities.

**Maximum Cuts in payout**

The model assumes bonus is reviewed annually (in practice reviewed at least semi-annually). Final bonus is set to deliver target payout ratio subject to change of no more than 15% in payout compared to equivalent policy maturing 1 year earlier.

**Target level of payout**

Prospective individual payout targets at maturity are set so that the long-term payout target as a percentage of asset share would be such that the smoothing cost was neutral allowing for costs incurred to the valuation date.

**Regular Bonus Assumptions**

Annual bonus is pre-determined at outset. The assumption is that the current level of annual bonus will be maintained indefinitely, as there is currently a reasonable margin for final bonus in these rates

**Guarantee Charges on asset shares**

The model uses the current 0.75% guarantee charge on asset shares for NUL&P business. Under the stress scenarios any change in guarantee charge is assumed to take effect from the valuation date.

**Shareholder Transfers and tax**

The model assumes that transfers to shareholders continue at the rate of one ninth of the cost of bonus on Conventional Business only.

Shareholder transfers and any additional tax due in NUL&P WP are charged to the estate.

**Mortality costs**

Mortality profits and losses are passed on to the asset shares of Conventional policies in line with PPFM. The sum at risk is death benefit less asset share. The actual proportion is a proportion that varies by year of a standard mortality table.

**Surrender costs**

The current practice of the fund is to target surrender payouts at 100% of Asset Share. Consequently, no future surrender profit or loss is anticipated to emerge.

**(b) Best estimate of future proportions of assets backing the WPBR.**

- The projection allows for future EBR management action as discussed earlier in this document. The results reflect an average of the simulated positions.
- Regular bonus rates quoted are those that have been assumed in the production of the central set of results for Form 19.

**(i) Projection at risk free rate**

UWP Bonus Rates

Product	31 December 2007	31 December 2012	31 December 2017
UWP Life:	2.00%	2.00%	2.00%
UWP Pensions:	2.00%	2.00%	2.00%

Further notes on bonus rates:

**Direct written business:**

- Units purchased before 1 January 1999 on Life policies written before 1 January 1995 have a guaranteed regular bonus rate of 2.5%;

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- Units purchased before 1 January 1999 on Pensions policies written before 1 January 1995 have a guaranteed regular bonus rate of 4% p.a.

Assets Backing With-Profit Benefits Reserve

To the extent that the asset mix in the fund is different from the benchmark asset mix for the fund, it is assumed that the asset mix is reset to the benchmark immediately following the valuation date.

Consequently, the projections below are based on the benchmark asset share mix as at 31 December 2007:

Asset class	31 Dec 2007	31 Dec 2012	31 Dec 2017
UK equities	32.9%	29.2%	26.6%
Overseas equities	14.4%	12.8%	11.7%
Land and buildings	15.1%	13.9%	13.8%
Approved fixed interest securities	9.5%	11.2%	12.1%
Other fixed interest securities	18.1%	21.2%	23.0%
All other assets	10.0%	11.7%	12.7%
<b>Total assets</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
EBR	62.4%	55.9%	52.1%

(ii) **Projection at risk free rate plus 17.5%**

The same bonus rates are anticipated as in the previous projection

Assets Backing With-Profit Benefits Reserve

Asset class	31 Dec 2007	31 Dec 2012	31 Dec 2017
UK equities	32.9%	29.9%	27.8%
Overseas equities	14.4%	13.2%	12.2%
Land and buildings	15.1%	14.3%	14.4%
Approved fixed interest securities	9.5%	10.8%	11.6%
Other fixed interest securities	18.1%	20.5%	21.9%
All other assets	10.0%	11.4%	12.1%
<b>Total assets</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
EBR	62.4%	57.3%	54.4%

(iii) **Projection at risk free rate minus 17.5%**

The same bonus rates are anticipated as in the previous projection

Assets Backing With-Profit Benefits Reserve

Asset class	31 Dec 2007	31 Dec 2012	31 Dec 2017
UK equities	32.9%	28.5%	25.5%
Overseas equities	14.4%	12.5%	11.2%
Land and buildings	15.1%	13.5%	13.1%
Approved fixed interest securities	9.5%	11.5%	12.7%
Other fixed interest securities	18.1%	21.9%	24.1%
All other assets	10.0%	12.1%	13.3%
<b>Total assets</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
EBR	62.4%	54.5%	49.9%

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Global business

Financial year ended **31 December 2007****(6) Persistency and Mortality Assumptions**

The lapse rates assumed in the projection of the asset shares and guaranteed benefits are based on own experience adjusted for anticipated trends.

NUL&P		<u>Average surrender/paid-up rate for the policy years</u>			
		1-5	6-10	11-15	16-20
CWP savings endowment	surrender	2.5%	2.5%	2.5%	2.5%
CWP target cash endowment	surrender	2.0%	2.0%	2.0%	2.0%
UWP savings endowment	surrender	9.5%	9.5%	9.5%	9.5%
UWP target cash endowment	surrender	9.5%	9.5%	9.5%	9.5%
UWP bond	surrender	9.5%	9.5%	9.5%	9.5%
UWP bond	Automatic withdrawals	2%	2%	2%	2%
CWP pension regular premium	PUP	0%	0%	0%	0%
CWP pension regular premium	surrender	2.0%	2.0%	2.0%	2.0%
CWP pension single premium	surrender	0.5%	0.5%	0.5%	0.5%
UWP indiv pension regular premium	PUP	n/a	n/a	n/a	n/a
UWP indiv pension regular premium	surrender	1.0%	1.0%	1.0%	1.0%
UWP indiv pension single premium	surrender	1.0%	1.0%	1.0%	1.0%

For UWP business we make no allowance for future premiums, so the PUP rate is not applicable.

**At no-MVR date:**

Assume 100% exits at the first no-MVR date

UWP Pensions policies with a no-MVR guarantee in force (except those described below): assume that policyholders take the benefit evenly over the next five years.

For UWP Pensions policies with no-MVR guarantee available from age 50, assume 100% exits at the policyholders chosen NRA. For those members already past that date, assume that policyholders take the benefit evenly over the next five years.

Automatic partial withdrawals on bonds have no MVRs applied (subject to certain limits). The assumed Automatic Partial Withdrawal rates are 2.00% p.a.

**Mortality Assumptions**

Mortality assumptions for the Realistic Balance sheet are generally best-estimate assumptions.

**Annuitant Mortality**

For all immediate annuities and deferred annuities in payment we use assumptions based on the proposed CMI tables based on data from 1999 to 2002. The tables have been substantially altered to reflect our experience with a considerable reduction to table mortality.

The initial rates used are the same as assumed in the regulatory valuation. However, for the realistic valuation, minimum improvement factors of 1.5% pa for males and 1.0% pa for females have been assumed.

**Guaranteed Annuity Option take-up rate**

A take-up rate of 90% initially with an increase of 1% per annum until a take up rate of 95% is achieved has been assumed in respect of Guaranteed Annuity options attaching to pensions.

The take up rate is assumed irrespective of how in the money the option is.

The member's chosen normal retirement age has been used to determine the value of the Guaranteed Annuity Option.

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**(7) Policyholder Actions**

Policyholder actions are primarily covered by the static persistency and GAO take-up rates in the previous section. There is no dynamic linking of these decisions relative to the value of the options under each particular scenario.

**7. Financing Costs**

There are no financing costs.

**8. Other long-term insurance liabilities**

<b>Product Class</b>	<b>Any other liabilities related to treating customers fairly</b>	<b>Any other long-term insurance liabilities</b>
Conventional Life	0	322
Conventional Pensions	0	160
UWP Life	0	0
UWP Pensions	0	0
Miscellaneous	0	165
<b>Total</b>	<b>0</b>	<b>647</b>

**Any other liabilities related to treating customers fairly**

No liability is held in respect of any other liabilities related to treating customers fairly.

**Any other long-term insurance liabilities**

Shareholder transfers and the additional tax due on shareholder transfers are not chargeable to NUL&P WP asset shares as set out in the demutualisation scheme. £482m is held in respect of these liabilities to the estate.

The following liabilities are held under the miscellaneous category.

£10m is held in respect of future pension transfer review costs.

£32m is held in respect of the funding for the Aviva staff pension scheme deficit.

£28m is included for the cost of investigation and redress of mortgage endowment mis-selling complaints.

£15m is held to cover the cost of future expenses not charged to asset shares

£14m is held in respect of IBNR death claims and miscellaneous options attaching to NUL&P policies.

£15m is included as a data provision on mortgage endowment contracts.

An additional liability of £50m is held as a contingency.

**9. Realistic current liabilities**

The realistic current liabilities include the following:

- Provisions for deferred taxation
- Provisions for inter company transfers from internal reinsurance
- Outstanding Claims
- Other creditors

The realistic current liabilities at 31 December 2007 are £4,755m.

The realistic current liabilities include a reduction of £7m in respect of discounting of the Unrealised Capital Gains Tax provisions, which is not allowed for in the regulatory current liabilities. The figures are otherwise the same. The significant increase in current liabilities, compared to previous valuation, is due to a change in the accounting treatment of stock-lending, with a corresponding increase in total assets.

**Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A**Name of insurer **Norwich Union Life & Pensions Limited – With-Profit Fund**

Global business

Financial year ended **31 December 2007****10. Risk Capital Margin**

(1)

<b>Fund</b>	<b>RCM (£m)</b>
NUL&P WP	562

(a)

(i) Changes in asset values under stress scenarios for equities and real estate (property)

<b>Asset Class</b>	<b>Fall in market values</b>
UK Equities	19.5%
OS Equities	22.6%
Property	12.5%

The overseas equity fall is set such that it has the same probability as UK equities falling 20%.

The fall in market values of equity and property is more onerous than the rise in market values. This is because of the knock-on increase in guarantee costs.

(ii)

<b>Asset Class</b>	<b>Rise in FI yields</b>	<b>Fall in FI yields</b>
Nominal change in yields	+80bps	-80bps
long-term yield – level post-stress	5.35%	3.75%
long-term yield – % movement post-stress	+17.50%	-17.50%

The fall in fixed-interest yield scenario is more onerous.

(iii)

<b>Fund</b>	<b>Average Increase in credit spread</b>	<b>Change in FI asset value</b>
NUL&P WP	0.3%	-1.66%

The average increase in credit spread is weighted by current market value of fixed interest.

The change in FI asset values is from the increase in credit spreads from the credit-risk test.

The swaps in NUL&P WP have been stressed under the RCM calculation to allow for both spread widening and counter-party risk. In allowing for spread widening it is assumed that swaps move in line with AAA rated bonds. The movement in swap value is based on movements of fixed interest of similar term and credit rating.

Our swaps are fully collateralised, so there is no counter-party default risk before any market movements. However if the swap value rises there is a risk that the counter-party defaults before it injects the required capital. We have assumed level of 5% in respect of the counter-party default risk.

The total change in the value of the swaps arising from both stresses is -15%

(iv) For the persistency test a 32.5% decrease in lapse rates is tested as this increases the fund's exposure to maturity guarantees.

% increase in realistic liabilities = 0.82%

(v) Not applicable

**(b) Management Actions under the stress tests**

(i) The following changes in management actions are assumed to be made under the stress tests.

Cuts in payouts

It is assumed that management would make additional cuts in payout where the payouts implied from the movements in asset shares under the stress tests exceeded the 15% maximum cut

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assumed in the central basis. Any cuts in excess of the 15% are assumed to be made in the annual bonus declaration one year following the valuation date.

In addition, the level of the 'smoothing retention' would be reviewed, to ensure that the smoothing cost was broadly neutral allowing for costs incurred to the valuation date.

Regular Bonuses

Following the asset value falls under the stress test, two additional 0.5% reductions in UWP annual bonus are assumed to be implemented, to better maintain final bonus margins, alongside the action assumed in the central scenario. These reductions would take place one year and two years after the valuation date.

All future conventional regular bonus rates, other than the with-profit immediate annuities, are assumed reduce to zero, with effect from one year after the valuation date.

The with-profit immediate annuity bonus rates are assumed to reduce such that the bonus reserve valuation for the business is unchanged under the stress test.

Guarantee Charges

Under the stress tests the guarantee charges will be assumed to change to 1% for all NUL&P WP business.

Mortgage Promise

Under the stress tests, we have assumed that full payments will be made under the terms of the Mortgage Endowment Promise. The reduction in payments to that covered by earnings on the estate is currently not material.

Guaranteed Annuity Options

The initial take-up rate for guaranteed annuity options is assumed to increase from 90% to 95% as a result of the fall in fixed interest yields.

- (ii) Table showing the effects of the actions in 10(1)(b)(i):

	Effect of action (£m)
Cuts in payouts	280
Regular bonuses	150
Guarantee Charges	87
Mortgage Promise	0
GAO take-up	-14
Total	502

The same investment management rules governing any change in asset mix of the fund have been used for the projection of assets in the stress tests as in the central scenario.

- (iii) In the stress test, the Guarantee Charge income, allowing for the increase in charge, is compared to the revised cost of guarantees in the fund. The Guarantee Charge has been restricted to be no greater than the cost of guarantees in any scenario, which complies with the requirements of INSPRU 1.3.188.

**Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A**Name of insurer **Norwich Union Life & Pensions Limited – With-Profit Fund**

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(c)

(i) The assets hypothecated to back the risk capital margin are set out in the following table

Assets backing RCM	£m	%
UK equities	0	0.0%
Overseas equities	0	0.0%
Land and buildings	0	0.0%
Approved fixed interest securities	436	77.5%
Other fixed interest securities	127	22.5%
All other assets	0	0.0%
Total	562	100.0%

(ii) All assets backing the RCM are within the WP funds.

**11. Tax****(1) Tax treatment in the with-profits benefit reserves**

Asset shares are credited with net of tax investment returns allowing for actual tax rates.

	<b>2007</b> %
Income tax	20
Franked income tax	-
Withholding tax	15

**(2) Tax treatment in future policy related liabilities**

Current tax rates are assumed to continue in the future for all projections.

Corporation Tax 28%

Income Tax 20%

Franked Income Tax 0%

Withholding Tax 15%

Turnover Rates (for CGT calculation)

We have used an average turnover rate of 59%, basing on experience over the years 2004 to 2006.

CGT indexation 2.0% (2/3rds of the RPI assumption)

Average BLAGAB tax rate applying to asset shares: 14.39%

Average tax rate applying to non-profit liabilities: 20% assuming all backed by fixed-interest.

**(3) Tax treatment in the realistic current liabilities**

In the realistic regime allowance for deferred tax liabilities can be made. In the regulatory regime no allowance can be made.



**Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A**

Name of insurer **Norwich Union Life & Pensions Limited – With-Profit Fund**  
Global business  
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**12. Derivatives**

<b>Security</b>	<b>Value (£m) at 31.12.07</b>
Futures on Bonds - short term trading derivatives	-1,024
Futures on Equities - short term trading derivatives	293
Mortgage Dollar Rolls - with US banks	72
Property swaps	62
Fixed interest and cashflow swaps	140

The exposure to futures is part of the company's portfolio management strategy, and all the futures expire no later than January 2009.

The exposure to swaps in NUL&P WP is a partial hedge of the company's Guaranteed Annuity Option liability. It is expected that these will be unwound as the liabilities fall due.

**13. Analysis of working capital**

	<b>£m</b>
Working capital at 31/12/2006	1,853
Investment return on opening working capital	28
Profits on assets backing liabilities	57
Economic assumption changes	-172
Non-economic assumption changes	66
Policyholder action assumption changes	0
Other experience variances	45
Impact of new business	0
Changes in reinsurance and regulation	0
Modelling changes and opening adjustments	-68
Working capital at 31/12/2007	1,809

Notes

1. The profits on assets backing liabilities includes the reduction in guarantee costs arising from returns in excess of the projected rates as at 31/12/2006, as well as the impact of the change in Risk Free Rate during 2007.
2. Non-economic assumption changes include changes to assurance mortality, tax and expenses, as well as changes to the staff pension scheme and the implied smoothing retention.
3. Experience variances include impact of premiums, claims and expenses
4. The fund does not write significant volumes of new business
5. Opening adjustments include correcting for premium misallocation, adjusting asset shares to reflect final 2006 investment returns and incorporating charge revenues excluded in 2006, as well as claims relating to prior years.
6. Note that the change in other liabilities from Form 19 line 47 is included in the analysis above
7. The change in working capital arising purely from the change in line 51 cannot be quantified.

**14. Optional Disclosure**

The split and determination of what is classified as contractual and non-contractual obligations are covered in section 6.

**Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A**

Name of insurer **Norwich Union Life & Pensions Limited – Provident Mutual Fund**  
 Global business  
 Financial year ended **31 December 2007**

**1. Introduction**

- (1) The **valuation date** is 31 December 2007.
- (2) The date of the previous valuation was 31 December 2006.
- (3) An interim valuation was carried out with an effective date of 30 June 2007 for the purposes of rule 9.3A.

**2. Assets**

**(1) Economic assumptions for valuation of non-profit business**

Non-profit profits are valued using an earned rate equal to the risk free rate (weighted by guarantee term). Profits are discounted at risk free rate plus 0.5% to provide an adjustment to reflect risk and uncertainty, and to give a margin to allow for the cost of any non-financial guarantees.

The gross investment returns do not assume any investment risk premium from non risk free investments.

Tax on investment returns and tax relief on expenses is assumed to be 20% consistent with fixed-interest assets backing the non-profit liability.

The expense inflation assumption is the best-estimate assumption.

	<b>31 December 2007</b>	<b>31 December 2006</b>
Gross Earned Rate	4.71%	4.75%
Net Earned Rate	3.77%	3.80%
Discount Rate	5.21%	5.25%
Expense Inflation	4.38%	3.60%

The LTICR in respect of non-profit business within the fund is valued at face value.

- (2) Not applicable
- (3) Not applicable
- (4) Not applicable
- (5) Not applicable

**3. With-Profits Benefits Reserve Liabilities**

- (1) There are four main methods used to calculate the with-profits benefits reserve.

- Asset share (individual) (retrospective)
- Asset share (group) (retrospective)
- Bonus Reserve Valuation (prospective)
- Regulatory Reserve (prospective)

The majority of the with-profits benefits reserves are asset shares calculated on an individual policy (or increment) basis. They represent an accumulation of premiums plus investment return less charges and other sources of profit or loss in line with the fund's PPFM. A small amount of business is treated at an aggregate level using accounts and reserve information to derive the asset share.

The With Profit Benefit Reserve for With Profits Immediate Annuities is set to the bonus reserve valuation for:

- Business with entry years prior to 1984, where a BRV approach is used so that the With Profits Benefits reserve is aligned to the bonus setting process;
- Schemes with a guaranteed bonus rate of 5%, where a BRV approach using the guaranteed bonus rate is used, as this is in excess of the asset shares; and
- Policies where the BRV approach using a 0% guaranteed bonus rate gives a higher reserve than the asset share calculation.

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Name of insurer

**Norwich Union Life & Pensions Limited – Provident Mutual Fund**

Global business

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**31 December 2007**

The total amount of With Profit Benefit Reserve calculated by reference to the BRV approach is £284m.

Regulatory reserves are used for remaining small classes of business where asset share or BRV calculations are not currently carried out.

**At 31 December 2007**

<b>Product Class</b>	<b>With-profit benefits reserve £m</b>	<b>Future Policy Related Liabilities £m</b>	<b>Total £m</b>
Conventional Life		-1	209
Asset Share (ind)	199		
Regulatory Reserve	11		
Conventional Pensions		293	1,808
Asset Share (ind)	932		
Asset Share (group)	235		
Bonus Reserve Valuation	284		
Regulatory Reserve	64		
Miscellaneous Other		71	71
<b>Total</b>	<b>1,724</b>	<b>363</b>	<b>2,088</b>

Conventional life consists mainly of endowment business with £6m of whole life business. The WPBR consists of individual policy level asset shares for premium paying business and regulatory reserve of £4m for paid-up policies where no historical premium payment information is available, and another £7m of regulatory reserve on other paid-up policies. Conventional life endowment policies have guaranteed amounts at maturity equal to the basic sum assured plus any regular bonus accrued to date. Conventional whole life contracts provide a guaranteed payout on death of basic sum assured plus regular bonus accrued to date. Reinsurance of endowment business to CGNU has reduced the asset share of this business in the PM fund by £253m.

Conventional pensions business consists of regular and single premium cash on retirement and deferred annuity business. Many of the pensions have a guaranteed annuity option (GAO) or minimum cash value at the normal retirement date. The majority of business has asset shares calculated at an individual policy basis with some approximations where reliable premium histories are unavailable. The asset shares for the DAF and PM Staff Superannuation Fund are calculated at an aggregate level and total £235m at 31 December 2007.

Regulatory reserves of £64m are held mainly in respect of with-profit annuity, executive pensions and self-employed retirement annuities where reliable asset shares are not available.

(2) Not applicable

**4. With-profits benefits reserve – Retrospective method****(1) Table of methods**

<b>Method</b>	<b>With-profit benefits reserve (%)</b>
Asset Share (individual)	66
Asset Share (grouped)	14
BRV	16
Regulatory Reserve	4
Miscellaneous Other	0
<b>Total</b>	<b>100</b>

The table above shows the proportion of with profit benefit reserves calculated using each method.

The asset shares on a group basis relate mainly to the conventional pension DAF and PM staff superannuation schemes. The asset shares are an accumulation of premiums plus investment return, less claims and expenses at product level.

(2) Not applicable.

**Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A**

Name of insurer

**Norwich Union Life & Pensions Limited – Provident Mutual Fund**

Global business

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**31 December 2007****(3) Allocation of expenses**

(a) See (b)

(b) NULS income and expenses are calculated on a monthly basis and a profit or loss determined on an annual basis.

(c) The text below sets out the treatment of charges made to asset shares with respect to expenses and commission. Broadly speaking, all policy related expenses and commission are charged to asset shares.

	<b>2007</b>			
	<b>Charged to WPBR £m</b>	<b>Not-Charged to WPBR £m</b>	<b>Non-Profit expenses £m</b>	<b>Total £m</b>
Initial expenses and commission	0	4	0	4
Renewal expenses and commission	5	13	0	17
Shareholder Transfers	0	6	0	6

The above tables approximately splits out the expenses incurred over 2007. Non-profit expenses are expenses relating to non-profit business within the fund. PM asset shares are charged all actual expenses incurred, charges for mortgage endowment mis-selling are deducted as an exit cost when calculating final bonus rates.

Asset shares for PM direct written business are not charged shareholder transfers.

**Expenses charged to the with-profit funds**

From 2006 onwards, the charges to the with profit fund are based on the total costs incurred in the administration based on an equitable allocation of costs, as certified by the With Profits Actuary, increased by a profit margin of 15%.

There is a cap on the maximum amount that can be charged in respect of policy administration to protect the policyholders. The With Profits Actuary will approve the expenses to be charged. Expenses in respect of other services can be charged to the fund so long as the With Profits Actuary approves them as being permissible expenses.

Investment management expenses are charged to the funds in line with the Investment Management Agreement with the fund managers.

Commission and sales related expenses are also charged to the with-profit fund. Initial and renewal commission scales and uplifts depend on product type and the agreement with the particular sales channel.

Shareholder transfers are charged to the with-profit fund on a 90/10 basis.

**Expenses charged to the with-profits benefit reserves**

The total expenses charged to with-profits benefit reserves over 2007 are approximately £5m. Almost all of this relates to renewal expenses, as PM is not open to new business other than through increments to existing contracts.

Actual sales and policy administration fees are charged to asset shares on a cost plus basis.

Actual investment management fees are charged to asset shares.

Shareholder transfers are not charged to asset shares.

**Expenses not charged to the with-profits benefits reserve**

Shareholder transfers are charged to the estate. The tax on shareholder transfers is paid for by the shareholders.

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**(4) Guarantee Charges**

No regular deduction is made from the with profits benefit reserve of policies in respect of the cost of guarantees. A one-off deduction is made to maturity payouts, as described in 6(4)(a).

**(5) Non-Insurance Risk Charges**

No explicit deduction is made from the with-profits benefit reserves in respect of non-insurance risks.

**(6) Claims ratios**

Fund	Product Type	2005	2006	2007
PM	Life	96%	101%	98%
PM	Pensions	92%	93%	99%

These are estimates of claim amounts relative to asset share for the past three complete calendar years.

The figures above for 2005 to 2007 are estimates based on actual maturity and surrender payouts. Figures for pensions policies are quoted relative to the asset share after any charge for projected Guarantee Annuity Option costs are applied. The 2006-2007 figures for life policies are quoted relative to the asset share after any deduction for mortgage endowment mis-selling.

The figures for Conventional business for 2007 are not directly comparable with 2006 because of enhancements in our analysis.

All entries for Form 19 lines 32 and 33 in respect of reserves for past miscellaneous surplus and any past miscellaneous deficit are zero.

**(7) Gross investment return allocated to WPBR**

Gross returns allocated to asset shares over 2007 are 3.36%. This rate applies to all policies.

**5. With-profits benefits reserve – Prospective method**

**(1) Prospective assumptions**

16% of the PM with-profit benefits reserve is made up of bonus reserves and 4% is made up of regulatory reserves. The key assumptions are:

- a) Future bonus rate is as described in section 3(1).
- b) Lapses set to zero.
- c) Expense inflation is set to 4.38%.
- d) Valuation rate, mortality basis and renewal expenses are as outlined in Appendix 9.4.

**6. Costs of guarantees, options and smoothing**

**(1) Not applicable**

**(2)**

- (a) The calculation of the cost of guarantees, options and smoothing has been performed using a stochastic model with a few exceptions. The cost of guaranteed annuity options have been valued using a market value replication technique – this is described in section 6(4)(b). A description of the stochastic model is given below.

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**(b) Grouping Basis**

All valuation methods use grouped policy data. Data has been divided as follows:

For conventional business:

- Product class (e.g. life endowment, conventional pensions)
- Entry Year
- Maturity Year

**Validations**

The total guaranteed amounts are reconciled back to the Regulatory valuation results. The aggregate asset shares are reconciled to the totals in Form 19.

(c) Not applicable.

(3) There have been no significant changes to the methods for valuing the costs of guarantees, options and smoothing since the previous valuation.

**(4) Description of guarantees, options or smoothing being valued**

**(a) Stochastic Model - Description of guarantees, options or smoothing**

(i) Here follows the cost and description of the guarantees, options and smoothing methods by product grouping.

Product Class	Planned deductions for cost of guarantees/options/other	Contractual Guarantee costs	Non-Contractual Commitments	Smoothing costs
Conventional Life direct written	0	1	0	0
Conventional Pensions	6	17	0	0
Miscellaneous	0	0	0	0

(Figures in £m)

**Planned Enhancements to WPBR**

When the fund is in surplus prior to adjustments, we allow for payouts on maturing policies of all classes to be enhanced. The level of the enhancement is calculated so that the net realistic working capital in the fund is zero. At 31 December 2007, there were no planned enhancements.

**Planned Deductions to WPBR for guarantees, options and other costs**

When the fund is in deficit prior to adjustments, we allow for payouts on maturing policies of classes that have a Guaranteed Annuity Option to be charged a proportion of the realistic cost of providing for the Guaranteed Annuity Options attaching to many of the policies. The proportion of the cost is calculated so that the net realistic working capital in the fund is zero, and the charge is no greater than 10% of the asset share.

When the fund is in deficit prior to adjustments, payouts on maturing Endowment policies are charged the cost of any compensation payable in respect of mis-selling of Mortgage Endowments.

At 31 December 2007, the planned deductions to WPBR totalled £6m.

**Contractual Guarantee Costs**

This represents the cost of the basic sum assured plus any accrued bonuses to date exceeding 100% asset share under the stochastic projection (after allowance for any change to asset share).

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The intrinsic value of these guarantees is zero, as the guarantees are out of the money. The option value is also small, as the fund is largely invested in fixed interest assets, which broadly match the term of the liabilities.

Some pension policies have Guaranteed Annuity Rate options. The methodology for these reserves is covered in 6(4)(b).

(ii) **Description of the asset model**

The distribution was calculated using the following assumptions:

Risk-free rate:

- Risk-free rate curve as shown below –

Outstanding term	Risk free annualised spot rate (%) – 2007
1	4.97%
2	4.53%
3	4.50%
4	4.56%
5	4.61%
6	4.66%
7	4.69%
8	4.71%
9	4.72%
10	4.72%
12	4.71%
15	4.67%
20	4.58%
25	4.48%
30	4.37%

- The discount rate was set equal to the risk-free rate.
- All assets were expected to grow at the risk-free rate (i.e. risk neutral pricing was used).

Derivation of risk-free rate curve:

Typically market instruments can be used to demonstrate that gilt yields are lower than would be expected for a risk free instrument, and that this is down to extra return that can be earned from gilts from repo activity (or for other reasons).

The risk free rate is based on government bonds + 10bp, consistent with the approach used at 31 December 2006.

Use of the curve:

A risk-free rate curve was used for most option-pricing purposes. However, some systems are unable to implement the curve structure and so an appropriate fixed rate was used for these deterministic projections.

The fixed rate chosen reflected the term of the liabilities being valued, plus a margin to allow for the approximations inherent in this approach.

Main liabilities modelled with flat risk-free rate:

- Future profits on non-profit business
- Guaranteed annuity options
- Tax on shareholder transfers

Term of liabilities: approx 5 years

Risk free rate used: 4.71%

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Annuity interest rate used: 4.41% (equal to the 8 into 15-year forward rate based on the full curve).

Form of probability distribution:

The lognormal model was assumed for the prices of all assets.

Derivation of Equity/Property volatility:*UK Equity*

UK equity volatility assumption was derived from a time-varying deterministic model from an external provider. This model has been calibrated to implied volatilities on at-the-money options as at 31 December 2007. The following table shows specimen volatilities from the model.

## Specimen volatilities

Term	1	2	5	7	10	15	20	25	30
UK Equity volatility	20.8%	21.8%	23.7%	24.5%	25.2%	25.8%	26.1%	26.3%	26.4%

Our economic scenario model uses a level equity volatility assumption across all terms. We have therefore applied the guarantee profile for each liability class to the time varying volatilities to obtain an average volatility for that liability class. The overall UK equity volatility for the fund was set equal to the weighted average of the equity volatility for each liability class. This method gives a volatility assumption of 23.50% (17.00% at 31 December 2006).

*Overseas Equity*

The difference between UK and overseas volatility for significant territories was applied to the UK assumption calculated above.

*Property volatility*

There are no meaningful option prices so a best estimate approach is used. The best estimate is 15.0%.

Derivation of bond volatility:*Gilts*

The table below shows swaption implied volatility for an option term of 20 years, swap maturity as shown (source values derived from data supplied by an investment bank)

Swap maturity	Implied volatility (%)
1	12.8
5	11.1
10	11.0
15	11.0
20	10.8
25	10.8

For the purposes of our model, we have used an implied volatility of 11.55% at all durations.

Our model requires a price volatility assumption. The price volatility is calculated using the yield volatility combined with the discounted mean term of the assets, to give price volatilities as follows.

DMT	Price volatility
1	0.52%
2	1.05%
3	1.57%
5	2.64%



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7	3.71%
10	5.35%

The discounted mean term of the fixed interest assets at the date of the most recent RBS is 11.1 years

We would reduce the outstanding term of the fixed interest investments as the in-force business ran off. From the above it can be seen that this would result in reducing price volatility over time. However, the model cannot utilise time dependant volatility, so we adjust the fixed volatility level to reflect the decline.

We have then calculated the average volatility for all guarantee terms, to give a volatility assumption of 3.75%. The volatility used includes a small margin to allow for inevitable approximations involved in the above approach.

*Corporate Bond and Overseas Bond volatility*

Separate asset classes are set up for corporate and overseas bonds. These have different correlations with the returns on UK gilts.

There are spreads between swaps, corporate bonds, gilts and overseas bonds. These spreads move over time so one class of asset may be more or less volatile than the others.

We have therefore set the price volatility assumption for Corporate and Overseas bonds to be 2% in excess of that of UK gilts.

In summary the price volatility assumptions are

	NULAP PM
Gilts	3.75%
Other Fixed Interest	5.75%

Correlation between different asset classes:

- Correlation between asset classes was taken from internal historic data. The table below shows the figures used at 31 December 2007.

	UK Equities	Property	European Equities	US Equities	Japanese Equities	Pacific Basin Equities	Emerging Market Equities	UK government bonds	Corporate Bonds	Global Bonds	Cash
UK Equities	1.00	0.25	0.79	0.83	0.55	0.58	0.65	0.31	0.29	0.52	0.10
Property	0.25	1.00	0.22	0.05	0.55	0.11	0.15	0.07	0.03	-0.20	-0.33
European Equities	0.79	0.22	1.00	0.91	0.48	0.55	0.58	0.37	0.28	0.69	-0.10
US Equities	0.83	0.05	0.91	1.00	0.43	0.47	0.56	0.37	0.30	0.74	0.00
Japanese Equities	0.55	0.55	0.48	0.43	1.00	0.62	0.65	0.01	0.00	0.20	-0.17
Pacific Basin Equities	0.58	0.11	0.55	0.47	0.62	1.00	0.87	0.25	0.37	0.53	0.00
Emerging Market Equities	0.65	0.15	0.58	0.56	0.65	0.87	1.00	0.08	0.16	0.47	0.18
UK government bonds	0.31	0.07	0.37	0.37	0.01	0.25	0.08	1.00	0.97	0.50	0.11
Corporate Bonds	0.29	0.03	0.28	0.30	0.00	0.37	0.16	0.97	1.00	0.51	0.12
Global Bonds	0.52	-0.20	0.69	0.74	0.20	0.53	0.47	0.50	0.51	1.00	0.13
Cash	0.10	-0.33	-0.10	0.00	-0.17	0.00	0.18	0.11	0.12	0.13	1.00

Inflation:

Future inflation is assumed to be that implied by the difference between nominal and real government bond yields as at 31 December 2007.

Asset mix/EBR management:

The initial asset mix was equal to the benchmark mix for the asset share investments in With-Profit funds as at 31 December 2007. The resulting asset mix is shown below, together with the volatility parameters for each class:

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<b>Class</b>	<b>% of asset share</b>	<b>Volatility parameter</b>
UK Equities	11%	23.5%
Property	3%	15.0%
European Equities	2%	25.1%
US Equities	0%	27.1%
Japanese Equities	0%	23.4%
Pacific Basin Equities	0%	29.7%
Emerging Market Equities	0%	35.9%
UK government bonds	16%	3.8%
Corporate bonds	63%	5.8%
Global bonds	0%	5.8%
Cash	6%	0.0%
	100%	

Management of the EBR within the stochastic return projector is discussed in 6(5)(a).

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Global business

Financial year ended **31 December 2007****(iii) Option prices from asset model**

ROW	Asset type	n	K=0.75				K=1				K=1.5			
			5	15	25	35	5	15	25	35	5	15	25	35
		r	4.61%	4.67%	4.48%	4.28%	4.61%	4.67%	4.48%	4.28%	4.61%	4.67%	4.48%	4.28%
		p:												
1	Risk-free zero coupon bond		798,145	504,096	334,536	230,997	x	x	x	x	x	x	x	x
2	FTSE AllShare	1	74,935	197,376	272,163	331,631	199,454	351,418	440,996	513,997	569,183	728,009	831,962	912,774
3	FTSE AllShare	0.8	62,930	147,970	184,736	209,359	174,230	270,243	307,825	331,376	514,906	577,567	599,123	608,963
4	Property	1	34,197	95,743	145,687	187,685	134,272	225,561	287,503	342,436	524,942	596,793	661,118	712,830
5	Property	0.8	27,053	60,902	81,244	96,417	111,074	154,238	173,539	187,495	465,782	443,987	434,579	426,934
6	15 yr risk free ZCB	1	4,015	27,675	51,071	68,798	73,522	127,498	162,373	195,448	503,143	520,801	548,551	563,317
7	15 yr risk free ZCB	0.8	2,313	11,715	16,334	19,972	52,174	66,781	69,049	68,697	439,148	352,330	307,870	272,538
8	15 yr corporate	1	10,294	46,042	78,639	102,795	91,739	157,453	200,752	239,535	507,052	540,439	580,728	604,063
9	15 yr corporate	0.8	6,890	23,628	32,748	38,288	69,744	92,679	100,322	102,661	444,173	378,103	346,407	318,805
10	65% FTSE AllShare, 35% Property	1	45,283	124,024	182,168	229,522	154,395	260,998	330,857	393,415	534,853	632,487	707,509	771,208
11	65% FTSE AllShare, 35% Property	0.8	36,598	84,666	110,840	128,659	130,363	186,859	212,246	229,312	477,827	481,248	480,614	481,181
12	65% FTSE AllShare, 35% ZCB	1	42,223	123,365	187,457	239,789	151,700	264,983	343,544	410,612	537,310	643,153	730,492	801,009
13	65% FTSE AllShare, 35% ZCB	0.8	33,796	82,659	112,334	133,029	127,560	188,488	219,125	239,567	479,759	489,653	498,119	501,667
14	40% Eq, 15% prop, 22.5% ZCB, 22.5% corp	1	18,798	70,587	116,700	153,175	111,342	194,118	252,945	306,535	512,475	573,164	632,820	683,415
15	40% Eq, 15% prop, 22.5% ZCB, 22.5% corp	0.8	13,624	40,622	58,867	69,983	88,575	124,727	142,466	153,002	452,037	416,231	401,964	391,584
			L = 15				L = 20				L = 25			
16	Receiver swaptions		4.96%	6.57%	6.28%	5.59%	6.47%	8.22%	7.84%	7.01%	7.93%	9.83%	9.29%	8.33%

Notes on the table above:

Row 1 shows the value of cash payments of £1,000,000 due n years after the valuation date.

Rows 2 to 15 inclusive has been completed for the appropriate asset classes showing the value of a put option on a portfolio worth £1,000,000 on the valuation date exercisable n years after the valuation date with strike price of  $K \times £1,000,000 \times (1+r^*p)^n$ .

All references to 15-year bonds mean rolling bonds traded to maintain the 15 year duration at all future dates. The corporate bonds should be assumed to be rolling AA rated zero coupon bonds.

Row 16 shows the value of sterling receiver swaptions with a strike of 5% exercisable n years after the valuation date with swap durations on exercise of L years. The values are expressed as a percentage of nominal.

The property put options assumed relate to a well diversified portfolio of UK commercial property.

A zero trend growth in property prices is assumed where this is relevant.

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In each case the options are valued with reinvestment of any dividend income into the FTSE All Share index and reinvestment of any rental or other property income into UK property.

Tax is ignored in all calculations.

All options are assumed to be European-style.

Commentary on the results:

This is a combined table for 6.4(a)(iii) and 6.4(b)(iii).

Our maturity value and no-MVR guarantees that are priced through this process have a discounted mean term of around 8 years. Results produced for guarantees longer than 20 years are of less relevance.

For GAOs our model is calibrated to the discounted mean term of the GAO liability and the strike price of the GAOs (around 9%). The results produced by the model at 5% strike are not relevant to our valuation of GAO.

For the gilt portfolio pricing we are asked to base these results on a 15-year rebalancing portfolio. Our philosophy is to hold fixed-interest assets with duration matching to the discounted mean term of the liability (i.e. the portfolio shortens over time). Similar to the comments above, results produced incorporating a 15-year rebalancing rule have little practical relevance to the cost of our guarantees.

**(iv) Initial Equity and Property Rental Yields**

The model assumes risk-neutral approach with drift of the total expected return equal to the risk free rate. A best estimate split of return between income and capital gains is assumed when calculating the assumed tax rate (see section 11).

**(v) UK risk free rates are applied throughout.**

**(vi) Duration of significant guarantees**

There are no significant guarantee costs for the PM fund.

**(vii) Nature of validations of asset model**

The model projects total return credited to asset share, not income and gains on assets. Therefore no explicit comparison of the NPV of the projection of income/gains has been made. Instead, the table below shows the discounted value of £1 invested on the valuation date and projected forward t years (t=5, 10, 15, 20). For a risk-neutral model, the result would be 1. The table shows how the results depend on the number of simulations used.

t (years from valuation date)	5	10	15	20
100 Sims result	0.984	0.983	0.951	1.017
1000 Sims result	1.009	1.015	1.008	1.019
5000 Sims result	1.010	1.010	1.006	1.005
10000 Sims result	1.003	1.004	1.000	0.996
Distribution result	1.000	1.005	1.001	0.997

The final line shows the results based on using the actual distribution required by our matrix approach to the calculation of the costs of guarantees. This table implies that the number of simulations (as used by the model) is sufficient for convergence

Further validation involves comparing the results of the model with Black-Scholes prices.

The output of the matrix approach has been compared to that of the Black-Scholes pricing formula (given appropriate portfolio volatility levels). The output of the matrix approach will only do this when management action is not incorporated. A selection of the results is shown below:

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Financial year ended

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ROW	r (Continuous)	p	K=0.75				K=1				K=1.5			
			5	15	25	35	5	15	25	35	5	15	25	35
			4.51%	4.57%	4.38%	4.19%	4.51%	4.57%	4.38%	4.19%	4.51%	4.57%	4.38%	4.19%
2	FTSE AllShare: matrix approach	1	74,935	197,376	272,163	331,631	199,454	351,418	440,996	513,997	569,183	728,009	831,962	912,774
2	FTSE AllShare: Black-Scholes valuation	1	82,033	196,148	272,946	331,964	207,247	350,945	443,132	513,032	579,691	727,960	832,495	913,896
	Difference / MV(0)		-0.7%	0.1%	-0.1%	0.0%	-0.8%	0.0%	-0.2%	0.1%	-1.1%	0.0%	-0.1%	-0.1%
4	Property: matrix approach	1	34,197	95,743	145,687	187,685	134,272	225,561	287,503	342,436	524,942	596,793	661,118	712,830
4	Property: Black-Scholes valuation	1	31,238	98,141	148,381	189,401	133,185	228,546	292,339	342,745	522,417	599,620	664,328	718,888
	Difference / MV(0)		0.3%	-0.2%	-0.3%	-0.2%	0.1%	-0.3%	-0.5%	0.0%	0.3%	-0.3%	-0.3%	-0.6%
10	65% FTSE, 35% Property: matrix approach	1	45,283	124,024	182,168	229,522	154,395	260,998	330,857	393,415	534,853	632,487	707,509	771,208
10	65% FTSE, 35% Property: B-S valuation	1	44,183	124,959	183,340	230,168	153,726	262,978	335,360	392,009	535,806	633,783	710,760	774,013
	Difference / MV(0)		0.1%	-0.1%	-0.1%	-0.1%	0.1%	-0.2%	-0.5%	0.1%	-0.1%	-0.1%	-0.3%	-0.3%

- The table above shows that the model is capable of producing Black-Scholes prices. The table also implies that the number of simulations used and the width of the banding within the matrix approach do not distort the results.

(viii) 10,000 projections of asset share returns have been made to construct the probability distribution used to value the guarantees.

**(b) Market costs of hedging - Description of guarantees, options or smoothing**

The approach used to value Guaranteed Annuity Options on conventional pensions increases the deterministic (intrinsic cost) of the option to allow for the limited option value. The increase is based on the implied option value of swaptions with similar characteristics to the liabilities.

This implied option value is small, as most of the Guaranteed Annuity Options are in the money at interest rates up to about 9%.

An uplift factor of 5% has been used at all durations, which includes an allowance for the variability of investment return prior to retirement.

**Costs of Financial Options**

This represents the cost of the Guaranteed Annuity options attaching to conventional pensions policies.

In the Provident Mutual Fund, any part of the cost of the option that is not met by the estate can be charged back to the asset shares of Conventional Pensions business (subject to certain conditions being met). When this happens, the cost of the Guaranteed Annuity Options also falls (because policy payouts that depend on the level of asset share will fall).

Similarly, if any excess is available once the cost of guarantees has been met, this will serve to increase the cost of Guaranteed Annuity Options.

The table below shows how the cost of the GAO is constructed.

<b>Cost of annuity rate guarantees</b>	<b>£m</b>
Base GAO cost	268
Uplift (5%)	13
Adjustment after charge to AS	-1
Form 19 reserve	280

The next table shows the split of maturity dates on contracts that have Guaranteed Annuity Options.

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<b>Split of Guaranteed Annuity option maturity dates</b>	
Year	Percentage
2008	15
2009	11
2010	9
2011	9
2012	8
2013	7
2014	6
2015	6
2016	5
2017-2021	16
2022-2027	7
2027 and later	1
ALL	100

(c) **Deterministic projections - Description of guarantees, options or smoothing**

No guarantees, options or smoothing costs have been valued using this method.

(5) **Management Actions**

- (a) There are various allowances and limitations for management actions in the stochastic model. Details of the key decisions are set out below.

**Projected Equity Backing Ratio**

Management is assumed to intervene and carry out switches (in addition to any impact from market movements) of investments supporting asset shares when investment returns are particularly strong or weak.

The logic for this is that the main aim of investment policy is to provide the highest long-term returns given acceptable levels of solvency risk.

A substantial amount of our fixed interest portfolio is intended to be held to maturity. Therefore investment performance above or below expectation is largely a function of simulated performance for equity and property.

If equity/property performance is poor, then solvency would deteriorate, hence management action would be to reduce the equity/property content of the fund.

The converse is also true; however, increasing the EBR is constrained to the extent of the investment philosophy where a large proportion of our existing holding of bonds will be held to provide a duration match of the liabilities.

**Maximum Cuts in payout**

The model assumes bonus is reviewed annually (in practice reviewed at least semi-annually). Final bonus is set to deliver target payout ratio subject to change of no more than 15% in payout compared to equivalent policy maturing 1 year earlier.

**Target level of payout**

Prospective individual payout targets at maturity are set so that the long-term payout target as a percentage of asset share would be such that the smoothing cost was neutral allowing for costs incurred to the valuation date.

**Regular Bonus Assumptions**

In the stochastic model, the regular bonus on all policies is assumed to be zero in future.

**Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A**

Name of insurer **Norwich Union Life & Pensions Limited – Provident Mutual Fund**

Global business

Financial year ended **31 December 2007**

For with-profit immediate annuities, a Bonus Reserve Valuation is used in cases where the guarantee cost would be material.

**Guarantee Charges on asset shares**

The model uses no charge to asset share in respect of guarantees.

Any planned deductions in respect of the GAO liability on conventional pensions, and in respect of the mortgage endowment mis-selling costs on endowments are calculated separately.

**Allocation of non-profit profits to asset share**

It is assumed that no future non profit profits are allocated to asset shares, in line with the PPFM.

**Shareholder Transfers and tax**

The model assumes that transfers to shareholders continue at the rate of 10% of the cost of bonus.

Shareholder transfers in the PM fund are met by the estate. Additional tax due on these is a shareholder liability and is not met by the WP fund.

**Mortality costs**

Mortality profits and losses are passed on to the asset shares in line with the PPFM. The deduction made is sum at risk times actual proportion of deaths. The sum at risk is death benefit less asset share. The actual proportion is a proportion that varies by year of a standard mortality table.

**Surrender costs**

The current practice of the fund is to target surrender payouts at 100% of Asset Share. Consequently, no future surrender profit or loss is anticipated to emerge.

**(b) Best estimate of future proportions of assets backing the WPBR.**

The projection allows for future EBR management action as discussed earlier in this document. The results reflect an average of the simulated positions.

**(i) Projection at risk free rate**

To the extent that the asset mix in the fund is different from the benchmark asset mix for the fund, it is assumed that the asset mix is reset to the benchmark immediately following the valuation date.

Consequently, the projections below are based on the benchmark asset share mix as at 31 December 2007.

The fund does not have any Unitised With-Profits business.

**Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A**

Name of insurer

**Norwich Union Life & Pensions Limited – Provident Mutual Fund**

Global business

Financial year ended

**31 December 2007***Assets Backing With-Profit Benefits Reserve*

<b>Asset class</b>	<b>31 Dec 2007</b>	<b>31 Dec 2012</b>	<b>31 Dec 2017</b>
UK equities	10.7%	10.1%	9.7%
Overseas equities	1.7%	1.7%	1.6%
Land and buildings	2.7%	2.3%	2.1%
Approved fixed interest securities	15.6%	15.8%	15.9%
Other fixed interest securities	63.1%	63.9%	64.4%
All other assets	6.1%	6.2%	6.3%
<b>Total assets</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
EBR	15.1%	14.1%	13.4%

**(ii) Projection at risk free rate plus 17.5%***Assets Backing With-Profit Benefits Reserve*

<b>Asset class</b>	<b>31 Dec 2007</b>	<b>31 Dec 2012</b>	<b>31 Dec 2017</b>
UK equities	10.7%	11.8%	12.1%
Overseas equities	1.7%	1.9%	2.0%
Land and buildings	2.7%	2.7%	2.8%
Approved fixed interest securities	15.6%	15.4%	15.3%
Other fixed interest securities	63.1%	62.2%	61.8%
All other assets	6.1%	6.1%	6.0%
<b>Total assets</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
EBR	15.1%	16.4%	16.9%

**(iii) Projection at risk free rate minus 17.5%***Assets Backing With-Profit Benefits Reserve*

<b>Asset class</b>	<b>31 Dec 2007</b>	<b>31 Dec 2012</b>	<b>31 Dec 2017</b>
UK equities	10.7%	8.6%	7.5%
Overseas equities	1.7%	1.4%	1.2%
Land and buildings	2.7%	1.9%	1.5%
Approved fixed interest securities	15.6%	16.2%	16.5%
Other fixed interest securities	63.1%	65.5%	66.7%
All other assets	6.1%	6.4%	6.5%
<b>Total assets</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
EBR	15.1%	11.9%	10.2%

**(6) Persistency and Mortality Assumptions**

Zero lapses are assumed in the calculation of guarantee costs in the PM fund.

The persistency assumptions used in the calculation of GAO costs are shown in the following table.

<b>Product class</b>	<b>Lapse rate (% pa)</b>
Executive Pension	2
Individual Pension	1.5
Personal Pension	1
Self Employed Retirement Annuity	1

**Mortality Assumptions**

Mortality assumptions for the Realistic Balance sheet are generally based on own experience adjusted for anticipated trends.

**Annuitant Mortality**

For group immediate annuities, deferred and reversionary annuities we use the following annuitant mortality basis post vesting:



**Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A**

Name of insurer

**Norwich Union Life & Pensions Limited – Provident Mutual Fund**

Global business

Financial year ended

**31 December 2007**

	<b>31 December 2007</b>
Males	90.5% PCMA with 100% medium cohort improvement factors, minimum 1.5% pa, applicable from 2005
Females	90.5% PCMA with 100% medium cohort improvement factors, minimum 1.0% pa, applicable from 2005

For individual immediate annuities and retirement annuities we use the following post vesting mortality basis:

	<b>31-Dec-07</b>
Males	74% IML00
Females	77% IFL00

**Guaranteed Annuity Option take-up rate**

An initial take-up rate of 84% has been assumed in respect of Guaranteed Annuity options attaching to pensions. The take-up rates increase by 1% every year from 2009 onwards, until an ultimate level of 95% is reached.

A fixed take up rate is assumed irrespective of how in the money the option is.

A maturity age of 60 has been used to determine the value of the Guaranteed Annuity Option

**(7) Policyholder Actions**

Policyholder actions are primarily covered by the static persistency and GAO take-up rates in the previous section. There is no dynamic linking of these decisions relative to the value of the options under each particular scenario.

**7. Financing Costs**

There are no financing costs.

**8. Other long-term insurance liabilities**

<b>Product Class</b>	<b>Any other liabilities related to treating customers fairly</b>	<b>Any other long-term insurance liabilities</b>
<b>Total</b>	0	71

**Any other liabilities related to treating customers fairly**

No liability is held in respect of any other liabilities related to treating customers fairly.

**Any other long-term insurance liabilities**

£45m is held in respect of the shareholder transfers which are charged to the estate.

£3m is included for the cost of investigation and redress of mortgage endowment mis-selling complaints.

£8m is held to cover estimated compensation costs for known product governance issues other than mortgage endowment mis-selling.

An additional liability of £15m is held as a contingency.

**9. Realistic current liabilities**

The realistic current liabilities include the following:

- Provisions for deferred taxation
- Provisions for inter company transfers from internal reinsurance

**Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A**Name of insurer **Norwich Union Life & Pensions Limited – Provident Mutual Fund**

Global business

Financial year ended **31 December 2007**

- Outstanding Claims
- Other creditors
- Accruals and deferred income

The realistic current liabilities at 31 December 2007 are £169m. The regulatory and realistic balance sheet current liabilities are not materially different.

**Risk Capital Margin**

(1)

Fund	RCM (£m)
PM	0

The RCM for the Fund is calculated to be zero.

(a)

- (i) Changes in asset values under stress scenarios for equities and real estate (property)

Asset Class	Rise in market values
UK Equities	19.6%
OS Equities	19.6%
Property	12.5%

The rise in equity and property values is more onerous as this increases the cost of Shareholder Transfers and Guaranteed Annuity Options. This change is larger than the change in the cost of guarantees arising from the change in market values.

(ii)

Asset Class	Rise in FI yields	Fall in FI yields
Nominal change in yields	+80bps	-80bps
long-term yield – level post-stress	5.35%	3.75%
long-term yield - % movement post-stress	+17.50%	-17.50%

The fall in fixed-interest yield scenario is more onerous.

(iii)

Fund	Average Increase in credit spread	Change in FI asset value
PM	0.5%	-2.9%

The average increase in credit spread is weighted by current market value of fixed interest.

The change in FI asset values is from the increase in credit spreads from the credit-risk test.

The swaps in the fund have been stressed under the RCM calculation to allow for both spread widening and counter-party risk. In allowing for spread widening it is assumed that swaps move in line with AAA rated bonds. The movement in swap value is based on movements of fixed interest of similar term and credit rating.

Our swaps are fully collateralised, so there is no counter-party default risk before any market movements. However if the swap value rises there is a risk that the counter-party defaults before it injects the required capital. We have assumed level of 5% in respect of the counter-party default risk.

The total change in the value of the swaps arising from both stresses is -5.9%.

For the persistency test a 32.5% decrease in lapse rates is tested. This increases realistic liabilities by 0.25%, as a result of an increase in GAO costs.

- (iv) Not applicable

**Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A**

Name of insurer **Norwich Union Life & Pensions Limited – Provident Mutual Fund**

Global business

Financial year ended **31 December 2007**

**(b) Management Actions under the stress tests**

- (i) The following changes in management actions are assumed to be made under the stress tests.

Charge to payouts

Under the stress test, any deficit in fund will be covered by a charge to payouts for maturing policies of classes that have a Guaranteed Annuity Option, subject to a maximum charge of 10% of asset share.

Where this is exceeded, a charge to payouts of up to 10% of asset shares is assumed to be introduced to the other contracts issued by the fund.

In addition, the cost of compensation payments in respect of Mortgage Endowment Misselling would be charged to payouts of all Endowment policies.

A total charge to payouts of £58m would be required in the stress test, compared to a charge of £6m in central scenario.

Cuts in payouts

It is assumed that management would make additional cuts in payout where the payouts implied from the movements in asset shares under the stress tests exceeded the 15% maximum cut assumed in the central basis. Any cuts in excess of the 15% would assumed to be made over the two six-monthly bonus declarations following the valuation date with the same percentage cut in each.

It is assumed that the long-term payout target as a percentage of asset share would be such that the smoothing cost was neutral allowing for costs incurred to the valuation date.

This change does not have a material impact on the cost of smoothing.

Guaranteed Annuity Options

The initial take-up rate for guaranteed annuity options is assumed to increase from 84% to 89% as a result of the fall in fixed interest yields. The take-up rate then increases by 1% every year from 2009 onwards, until an ultimate level of 95% is reached.

This increases the cost of Guaranteed Annuity Options by £22m.

- (ii) The same investment management rules governing any change in asset mix of the fund have been used for the projection of assets in the stress tests as in the central scenario.
- (iii) In the stress test, the charge to payouts is less than the cost of Guaranteed Annuity Options, which complies with the requirements of PRU 7.4.188.

**(c)**

- (i) The RCM in the fund is zero.
- (ii) Not Applicable

**11. Tax**

**(1) Tax treatment in the with-profits benefit reserves**

Tax on investment returns is assumed to be 20% in line with PM asset shares being predominantly invested in fixed interest securities.

**(2) Tax treatment in future policy related liabilities**

Current tax rates are assumed to continue in the future for all projections.

Corporation Tax	28%
Income Tax	20%
Franked Income Tax	0%
Withholding Tax	15%

**Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4A**Name of insurer **Norwich Union Life & Pensions Limited – Provident Mutual Fund**

Global business

Financial year ended **31 December 2007**

Turnover Rates (for CGT calculation)

We have used an average turnover rate of 57%, basing on experience over the years 2004 to 2006.

CGT indexation 2.0% (2/3rds of the RPI assumption)

We assumed an average BLAGAB tax rate applying to asset shares of 17.63%

Average tax rate applying to non-profit liabilities = 20% assuming all backed by fixed-interest.

**(3) Tax treatment in the realistic current liabilities**

In the realistic regime allowance for deferred tax liabilities can be made. In the regulatory regime no allowance can be made. However, the effect of this on the fund is not material.

**12. Derivatives**

Security	Value at 31 December 2007 £m
Cashflow Swaps	220

The exposure to swaps in the PM fund is a partial hedge of the Company's Guaranteed Annuity Option liability. It is expected that these will be unwound as liabilities fall due.

**13. Analysis of working capital**

	£m
Published Working capital at 31/12/2006	0
Zeroisation impact	-15
Working capital at 31/12/2006	15
Investment return on opening working capital	-1
Profits on assets backing liabilities	-59
Economic assumption changes	0
Non-economic assumption changes	-5
Policyholder action assumption changes	0
Other experience variances	21
Impact of new business	0
Changes in reinsurance and regulation	22
Modelling changes and opening adjustments	1
Working capital at 31/12/2007	-6
Zeroisation impact	6
Published Working capital at 31/12/2007	0

Notes:

1. The losses on assets backing liabilities includes the change in guarantee costs arising from returns less than the projected rates as at 31 December 2006, as well as the impact of the change in Risk Free Rate during 2007.
2. Experience variances include impact of premiums, claims and expenses
3. The fund is closed to new business
4. Changes in reinsurance reflects the recapture of PM's Non Profit Annuities by Norwich Union Annuity.
5. Note that the change in other liabilities from line 47 is included in the analysis above
6. The change in working capital arising purely from the change in line 51 cannot be quantified.

**14. Optional Disclosure**

The split and determination of what is classified as contractual and non-contractual obligations are covered in section 6.

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

Name of insurer **Norwich Union Life & Pensions Limited**

Global business

Financial year ended **31st December 2007**

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.

The company was party to Stock Underwriting over the financial year, which falls into the description above. This is the only example of such contracts that were transacted during the financial period. However, none of the amounts recorded in Form 13 would have been materially changed if the insurer became obligated to purchase these assets.

The amounts recorded in Form 13 would not have significantly changed if contracts held had been exercised at the end of the financial year or at any point during the financial year.

The maximum loss in the event of failure by any one counterparty to fulfil its obligations at the end of the financial year would have been £77.1m. This would not have been materially greater at any one time during the year or under other foreseeable market conditions.

No derivative contracts were held at any time during the financial year that required a significant provision under INSPRU 4.3.17R, and where appropriate, all contracts held fell within the definition of a permitted derivative contract.

During the financial period, the company's use of derivatives included the granting of rights under derivative contracts for a fixed consideration. This was in the activity of Stock Underwriting. The fee income over the financial year was £0.1m.

Returns under the Accounts and Statements Rules

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

Name of insurer **Norwich Union Life & Pensions 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.

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 & Pensions 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 & Pensions 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.
  - (c)** the directors note that the FSA issued a decision notice on 10th December 2007 in respect of breaches of Principle 3 of the FSA's Principles for Businesses which occurred between 1 March 2005 and 30 November 2006 and have paid due regard to this
- 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 funds have 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.

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**M S HODGES**  
Chief Executive

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**N A NICANDROU**  
Director

.....

**J R LISTER**  
Director

25 March 2008



**Independent auditor's report to the directors pursuant to rule 9.35 of the Interim Prudential Sourcebook for Insurers**

Name of insurer **Norwich Union Life & Pensions 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, 11 to 19, 40 to 45, 48, 49, 56, 58 and 60 (including the supplementary notes) ("the Forms");
- the statement required by rule 9.29 ("the statement"); and
- the reports required by rule 9.31 ("the valuation reports").

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

- a) Forms 46, 47, 50 to 55, 57, 59A 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 reports) under the provisions of the Rules. The requirements of the Rules have been modified by the directions issued under section 148 of the Act, referred to in supplementary notes 0204 and 0312. Under rule 9.11 the Forms, the statement and the valuation reports 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 reports prepared in accordance with rule 9.31 are required to reflect appropriately the requirements of INSPRU 1.2 and 1.3.

It is our responsibility to form an independent opinion as to whether the Forms, the statement and the valuation reports 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 reports. 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 reports.

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 reports 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.

**Independent auditor's report to the directors pursuant to rule 9.35 of the Interim Prudential Sourcebook for Insurers**

Name of insurer **Norwich Union Life & Pensions Limited**

Global Business

Financial year ended **31st December 2007**

**Opinion**

In our opinion:

- (a) the Forms, the statement and the valuation reports fairly state the information provided on the basis required by the Rules as modified 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 reports prepared in accordance with rule 9.31 appropriately reflect the requirements of INSPRU 1.2 and 1.3.

Ernst & Young LLP  
Registered Auditor  
London  
27 March 2008