

Norwich Union Life & Pensions Limited

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

**Annual FSA Insurance Returns for the year ended
31 December 2008**



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 2008**

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M S HODGES
Chief Executive

.....

T E STRAUSS
Director

.....

J R LISTER
Director

27 March 2009

Statement of solvency - long-term insurance business
Form 2

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

Global business

 Financial year ended **31st December 2008**

Adjusted solo solvency calculation

	Company registration number	GL/ UK/ CM	day	month	year	units	
	R2	3253947	GL	31	12	2008	£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	3830638	6011128
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	12	1655919	1372205
Capital resources available to cover long-term insurance business capital resources requirement (11+12)	13	5486557	7383333

Guarantee fund

Guarantee Fund requirement	21	1292362	1261372
Excess (deficiency) of available capital resources to cover guarantee fund requirement	22	4194195	6121961

Minimum capital requirement (MCR)

Long-term insurance capital requirement	31	1454031	1519641
Resilience capital requirement	32		
Base capital resources requirement	33	2518	2231
Individual minimum capital requirement	34	1454031	1519641
Capital requirements of regulated related undertakings	35	878635	805024
Minimum capital requirement (34+35)	36	2332666	2324665
Excess (deficiency) of available capital resources to cover 50% of MCR	37	4320224	6221000
Excess (deficiency) of available capital resources to cover 75% of MCR	38	3737057	5639834

Enhanced capital requirement

With-profits insurance capital component	39	1328997	2500470
Enhanced capital requirement	40	3661663	4825135

Capital resources requirement (CRR)

Capital resources requirement (greater of 36 and 40)	41	3661663	4825135
Excess (deficiency) of available capital resources to cover long-term insurance business CRR (13-41)	42	1824894	2558198

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

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

Global business

Financial year ended **31st December 2008**

	Company registration number	GL/ UK/ CM	day	month	year	units
R3	3253947	GL	31	12	2008	£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		2595772	2595772	3089478
Share premium account	13		877900	877900	877900
Positive valuation differences	14		2586923	2586923	3604031
Fund for future appropriations	15		1339090	1339090	2182666
Core tier one capital in related undertakings	16		(703410)	(703410)	(1209700)
Core tier one capital (sum of 11 to 16)	19		6796275	6796275	8644375

Tier one waivers

Unpaid share capital / unpaid initial funds and calls for supplementary contributions	21				
Implicit items	22		119000	119000	183000
Tier one waivers in related undertakings	23				
Total tier one waivers as restricted (21+22+23)	24		119000	119000	183000

Other tier one capital

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

Total tier one capital before deductions (19+24+25+26+27+28)	31		6915275	6915275	8827375
Investments in own shares	32				
Intangible assets	33		144885	144885	107150
Amounts deducted from technical provisions for discounting	34				
Other negative valuation differences	35				
Deductions in related undertakings	36		22637	22637	91800
Deductions from tier one (32 to 36)	37		167522	167522	198950
Total tier one capital after deductions (31-37)	39		6747753	6747753	8628425

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

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

Global business

Financial year ended **31st December 2008**

	Company registration number	GL/ UK/ CM	day	month	year	units
R3	3253947	GL	31	12	2008	£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		

Tier two capital

Implicit items, (tier two waivers and amounts excluded from line 22)	41				
Perpetual non-cumulative preference shares excluded from line 25	42				
Innovative tier one capital excluded from line 27	43				
Tier two waivers, innovative tier one capital and perpetual non-cumulative preference shares treated as tier two capital (41 to 43)	44				
Perpetual cumulative preference shares	45				
Perpetual subordinated debt and securities	46	200000	200000	200000	
Upper tier two capital in related undertakings	47				
Upper tier two capital (44 to 47)	49	200000	200000	200000	

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

Total tier two capital before restrictions (49+59)	61	200000	200000	200000	
Excess tier two capital	62				
Further excess lower tier two capital	63				
Total tier two capital after restrictions, before deductions (61-62-63)	69	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 2008**

	Company registration number	GL/ UK/ CM	day	month	year	units
R3	3253947	GL	31	12	2008	£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				
Total capital resources before deductions (39+69+71)	72		6947753	6947753	8828425
Inadmissible assets other than intangibles and own shares	73		1454689	1454689	1445092
Assets in excess of market risk and counterparty limits	74		6507	6507	
Deductions for related ancillary services undertakings	75				
Deductions for regulated non-insurance related undertakings	76				
Deductions of ineligible surplus capital	77				
Total capital resources after deductions (72-73-74-75-76-77)	79		5486557	5486557	7383333

Available capital resources for GENPRU/INSRU tests

Available capital resources for guarantee fund requirement	81		5486557	5486557	7383333
Available capital resources for 50% MCR requirement	82		5486557	5486557	7383333
Available capital resources for 75% MCR requirement	83		5486557	5486557	7383333

Financial engineering adjustments

Implicit items	91		119000	119000	183000
Financial reinsurance – ceded	92		583000	583000	475000
Financial reinsurance – accepted	93				
Outstanding contingent loans	94				
Any other charges on future profits	95				
Sum of financial engineering adjustments (91+92-93+94+95)	96		702000	702000	658000

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

Form 11

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

Global business

Financial year ended **31st December 2008**

Long Term Insurance Business

		Company registration number	GL/ UK/ CM	day	month	year	units	
		R11	3253947	GL	31	12	2008	£000
				This financial year 1		Previous year 2		
Gross premiums written			11	110282		134895		
Premiums taxes and levies (included in line 11)			12					
Premiums written net of taxes and levies (11-12)			13	110282		134895		
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	110282		134895		
Gross premiums earned			21	110282		134895		
Premium taxes and levies (included in line 21)			22					
Premiums earned net of taxes and levies (21-22)			23	110282		134895		
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	110282		134895		
Sub-total I (higher of sub-total A and sub-total H)			30	110282		134895		
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	19851		24281			
	Excess (if any) over 53.1M EURO x 0.02	33	1370		1957			
Sub-total J (32-33)			34	18481		22324		
Claims paid in period of 3 financial years			41	144285		158503		
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	167472		195290			
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	214448		158834			
Sub-total C (41+42+43-44-45)			46	97309		194959		
Amounts recoverable from reinsurers in respect of claims included in Sub-total C			47	(6347)		35569		
Sub-total D (46-47)			48	103656		159390		
Reinsurance ratio (Sub-total D / sub-total C or, if more, 0.50 or, if less, 1.00)			49	1.00		0.82		
Premiums amount (Sub-total J x reinsurance ratio)			50	18481		18251		
Provisions for claims outstanding (before discounting and net of reinsurance)			51	142583		155451		
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	23943		26104		
Greater of lines 50 and 53			54	23943		26104		

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

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

Global business

 Financial year ended **31st December 2008**

Long Term Insurance Business

		Company registration number	GL/ UK/ CM	day	month	year	units	
		R12	3253947	GL	31	12	2008	£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	144285		158503		
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	167472		195290		
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	214448		158834		
Claims incurred in reference period (21+22+23-24-25)			26	97309		194959		
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	97309		194959		
Sub-total F - Conversion of sub-total E to annual figure (multiply by 12 and divide by number of months in reference period)			31	32436		64986		
Division of sub-total F (gross adjusted claims amount)	X 0.26		32	8433		16896		
	Excess (if any) over 37.2M EURO x 0.03		33	95		1171		
Sub-total G (32 - 33)			39	8338		15725		
Claims amount Sub-total G x reinsurance ratio (11.49)			41	8338		12856		
Higher of premiums amount and brought forward amount (11.54)			42	23943		26104		
General insurance capital requirement (higher of lines 41 and 42)			43	23943		26104		

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

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

Global business

 Financial year ended **31st December 2008**

 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	2008	£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	141046	150203
	debts and loans	22		
Other insurance dependants	shares	23		
	debts and loans	24		
Non-insurance dependants	shares	25	155967	158083
	debts and loans	26	18977	13977
Other group undertakings	shares	27		
	debts and loans	28	140000	55300
Participating interests	shares	29	6186	1381
	debts and loans	30		

Other financial investments

Equity shares	41	3381	8112
Other shares and other variable yield participations	42		
Holdings in collective investment schemes	43		
Rights under derivative contracts	44		
Fixed interest securities	Approved	45	6655
	Other	46	
Variable interest securities	Approved	47	
	Other	48	18666
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	2971	
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	
	More than one month withdrawal	55	10008
Other financial investments	56		46990

Analysis of admissible assets
Form 13
(Sheet 2)

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

Global business

Financial year ended **31st December 2008**

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	2008	£000	1
					As at end of this financial year		As at end of the previous year	
					1		2	
Deposits with ceding undertakings				57				
Assets held to match linked liabilities	Index linked			58				
	Property linked			59				

Reinsurers' share of technical provisions

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

Debtors and salvage

Direct insurance business	Policyholders	71		
	Intermediaries	72		
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74		
	Ceded	75		
Dependants	Due in 12 months or less	76		
	Due in more than 12 months	77		
Other	Due in 12 months or less	78	1868	922
	Due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	310082	120029
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	277	1622
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	816084	604575
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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 2008**

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	2008	£000	1
				As at end of this financial year		As at end of the previous year	
				1		2	

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

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	91	816084	604575
Admissible assets in excess of market and counterparty limits	92	6507	
Inadmissible assets directly held	93	191185	153500
Capital resources requirement deduction of regulated related undertakings	94	878635	805024
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	95		
Inadmissible assets of regulated related insurance undertakings	96		
Book value of related ancillary services undertakings	97		
Other differences in the valuation of assets (other than for assets not valued above)	98	865523	1433301
Deferred acquisition costs excluded from line 89	99		
Reinsurers' share of technical provisions excluded from line 89	100		
Other asset adjustments (may be negative)	101	(392)	
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 101)	102	2757542	2996400
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		

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

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

Global business

 Financial year ended **31st December 2008**

 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	2008	£000	10
				As at end of this financial year		As at end of the previous year	
				1		2	
Land and buildings			11		1249246		1821111

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	23672
	debts and loans	26	37479	36498
Other group undertakings	shares	27		
	debts and loans	28	234656	254434
Participating interests	shares	29		
	debts and loans	30		

Other financial investments

Other financial investments				
Equity shares		41	4944784	8416319
Other shares and other variable yield participations		42		
Holdings in collective investment schemes		43	2759544	2477870
Rights under derivative contracts		44	281051	151445
Fixed interest securities	Approved	45	7562845	9049701
	Other	46	4053499	5141289
Variable interest securities	Approved	47	375325	125458
	Other	48	305491	211333
Participation in investment pools		49		
Loans secured by mortgages		50	919544	538724
Loans to public or local authorities and nationalised industries or undertakings		51		
Loans secured by policies of insurance issued by the company		52	38535	44607
Other loans		53	3306003	4342357
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	26194	52803
	More than one month withdrawal	55	193356	220738
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 2008**

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	2008	£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	
	Property linked			59	27417010		32705873	

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	66312	81742
	Intermediaries	72	10853	12867
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74	142821	168849
	Ceded	75	8297	19255
Dependants	Due in 12 months or less	76	10338	
	Due in more than 12 months	77		
Other	Due in 12 months or less	78	458072	358288
	Due in more than 12 months	79	184245	

Other assets

Tangible assets	80		2411
Deposits not subject to time restriction on withdrawal with approved institutions	81	1433658	741907
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	249559	283745
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86	105680	47

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	56398069	67465126
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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 2008**

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	2008	£000	10
				As at end of this financial year		As at end of the previous year	
				1		2	

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

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	91	56398069	67465126
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	10122	7553
Capital resources requirement deduction of regulated related undertakings	94		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	95		
Inadmissible assets of regulated related insurance undertakings	96		
Book value of related ancillary services undertakings	97		
Other differences in the valuation of assets (other than for assets not valued above)	98		
Deferred acquisition costs excluded from line 89	99	990111	1261600
Reinsurers' share of technical provisions excluded from line 89	100	1766940	2258612
Other asset adjustments (may be negative)	101	(137341)	1060165
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 101)	102	59027901	72053056
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103	24703	

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

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

Global business

 Financial year ended **31st December 2008**

 Category of assets **With Profits Sub-Fund**

	Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets
R13	3253947	GL	31	12	2008	£000	11
				As at end of this financial year		As at end of the previous year	
				1		2	
Land and buildings			11		1240374		1798438

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	37479	36498
Other group undertakings	shares	27		
	debts and loans	28	182955	173880
Participating interests	shares	29		
	debts and loans	30		

Other financial investments

Equity shares		41	4739448	8117856
Other shares and other variable yield participations		42		
Holdings in collective investment schemes		43	2635622	2299466
Rights under derivative contracts		44	240571	124292
Fixed interest securities	Approved	45	6719819	8302471
	Other	46	2535867	3344485
Variable interest securities	Approved	47	249874	
	Other	48	282620	170505
Participation in investment pools		49		
Loans secured by mortgages		50	617762	206634
Loans to public or local authorities and nationalised industries or undertakings		51		
Loans secured by policies of insurance issued by the company		52	37972	43871
Other loans		53	2410641	4251707
Bank and approved credit & financial institution deposits	One month or less withdrawal	54		
	More than one month withdrawal	55	121294	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 2008**

Category of assets **With Profits Sub-Fund**

	Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets
	R13	3253947	GL	31	12	2008	£000 11
						As at end of this financial year 1	As at end of the previous year 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	18307	26926
	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	332398	14718
	Due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	603151	98165
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	190111	210050
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	23196265	29384838
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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 2008**

 Category of assets **With Profits Sub-Fund**

	Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets
R13	3253947	GL	31	12	2008	£000	11
				As at end of this financial year		As at end of the previous year	
				1		2	

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

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	91	23196265	29384838
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93		
Capital resources requirement deduction of regulated related undertakings	94		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	95		
Inadmissible assets of regulated related insurance undertakings	96		
Book value of related ancillary services undertakings	97		
Other differences in the valuation of assets (other than for assets not valued above)	98		
Deferred acquisition costs excluded from line 89	99		
Reinsurers' share of technical provisions excluded from line 89	100		7326
Other asset adjustments (may be negative)	101	34401	
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 101)	102	23230666	29392164
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103	24703	

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

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

Global business

 Financial year ended **31st December 2008**

 Category of assets **Provident Mutual Sub-Fund**

	Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets
R13	3253947	GL	31	12	2008	£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	166143	235958
Other shares and other variable yield participations		42		
Holdings in collective investment schemes		43	53357	59934
Rights under derivative contracts		44	3411	6528
Fixed interest securities	Approved	45	568631	595930
	Other	46	897433	1022764
Variable interest securities	Approved	47	63174	64136
	Other	48	406	598
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	563	655
Other loans		53	20521	90650
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	7017	
	More than one month withdrawal	55	26905	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 2008**

Category of assets **Provident Mutual Sub-Fund**

			Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets	
			R13	3253947	GL	31	12	2008	£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	60		
Claims outstanding	61		
Provision for unexpired risks	62		
Other	63		

Debtors and salvage

Direct insurance business	Policyholders	71	15402	9761
	Intermediaries	72		
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74	3323	
	Ceded	75	8297	8
Dependants	Due in 12 months or less	76		
	Due in more than 12 months	77		
Other	Due in 12 months or less	78	22596	5124
	Due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	251431	304980
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	32100	32861
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	2140710	2435338
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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 2008**

Category of assets **Provident Mutual Sub-Fund**

	Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets
R13	3253947	GL	31	12	2008	£000	12
				As at end of this financial year		As at end of the previous year	
				1		2	

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

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	91	2140710	2435338
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	4399	2237
Capital resources requirement deduction of regulated related undertakings	94		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	95		
Inadmissible assets of regulated related insurance undertakings	96		
Book value of related ancillary services undertakings	97		
Other differences in the valuation of assets (other than for assets not valued above)	98		
Deferred acquisition costs excluded from line 89	99		
Reinsurers' share of technical provisions excluded from line 89	100	111320	129386
Other asset adjustments (may be negative)	101	(3424)	
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 101)	102	2253005	2566961
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		

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

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

Global business

 Financial year ended **31st December 2008**

 Category of assets **Belgian Sub-Fund**

	Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets
R13	3253947	GL	31	12	2008	£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

Equity shares	41	14300	
Other shares and other variable yield participations	42		
Holdings in collective investment schemes	43		
Rights under derivative contracts	44		
Fixed interest securities	Approved	45	88300
	Other	46	9231
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 2008**

Category of assets **Belgian Sub-Fund**

	Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets	
	R13	3253947	GL	31	12	2008	£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	6425	
	Due in more than 12 months	77		
Other	Due in 12 months or less	78	2800	
	Due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	7900	
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	2100	

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	121825	9231
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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 2008**

Category of assets **Belgian Sub-Fund**

	Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets
R13	3253947	GL	31	12	2008	£000	13
				As at end of this financial year		As at end of the previous year	
				1		2	

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

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	91	121825	9231
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93		
Capital resources requirement deduction of regulated related undertakings	94		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	95		
Inadmissible assets of regulated related insurance undertakings	96		
Book value of related ancillary services undertakings	97		
Other differences in the valuation of assets (other than for assets not valued above)	98		
Deferred acquisition costs excluded from line 89	99		
Reinsurers' share of technical provisions excluded from line 89	100		
Other asset adjustments (may be negative)	101		
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 101)	102	121825	9231
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		

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

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

Global business

 Financial year ended **31st December 2008**

 Category of assets **Non-Profit Sub-Fund 1**

	Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets
R13	3253947	GL	31	12	2008	£000	14
				As at end of this financial year		As at end of the previous year	
				1		2	
Land and buildings			11		3465		19475

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

Equity shares		41	6155	38516
Other shares and other variable yield participations		42		
Holdings in collective investment schemes		43	37763	75448
Rights under derivative contracts		44	5849	10781
Fixed interest securities	Approved	45	3605	47463
	Other	46	35135	26648
Variable interest securities	Approved	47	374	5642
	Other	48	20063	39224
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
Other loans		53	130526	
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	2103	7171
	More than one month withdrawal	55	45157	900
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 2008**

Category of assets **Non-Profit Sub-Fund 1**

	Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets
R13	3253947	GL	31	12	2008	£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	
	Property linked		59	9395074		11847751	

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	7431	12259
	Intermediaries	72	7988	5545
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74	94496	168849
	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	59900	52485
	Due in more than 12 months	79		

Other assets

Tangible assets	80		2411
Deposits not subject to time restriction on withdrawal with approved institutions	81	25129	4327
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	3211	9564
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86	2	34

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	9909273	12582204
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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 2008**

Category of assets **Non-Profit Sub-Fund 1**

	Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets
R13	3253947	GL	31	12	2008	£000	14
				As at end of this financial year		As at end of the previous year	
				1		2	

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

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	91	9909273	12582204
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	1470	2605
Capital resources requirement deduction of regulated related undertakings	94		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	95		
Inadmissible assets of regulated related insurance undertakings	96		
Book value of related ancillary services undertakings	97		
Other differences in the valuation of assets (other than for assets not valued above)	98		
Deferred acquisition costs excluded from line 89	99	512360	766500
Reinsurers' share of technical provisions excluded from line 89	100	709900	646800
Other asset adjustments (may be negative)	101	(419851)	298189
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 101)	102	10713152	14296298
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		

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

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

Global business

 Financial year ended **31st December 2008**

 Category of assets **Non-Profit Sub-Fund 2**

	Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets
R13	3253947	GL	31	12	2008	£000	15
				As at end of this financial year		As at end of the previous year	
				1		2	
Land and buildings			11		5407		3198

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	100
	debts and loans	26		
Other group undertakings	shares	27		
	debts and loans	28	49426	78279
Participating interests	shares	29		
	debts and loans	30		

Other financial investments

Equity shares		41	18738	23989
Other shares and other variable yield participations		42		
Holdings in collective investment schemes		43	32802	43022
Rights under derivative contracts		44	31220	9844
Fixed interest securities	Approved	45	182490	94606
	Other	46	585064	747392
Variable interest securities	Approved	47	61903	55680
	Other	48	2402	1006
Participation in investment pools		49		
Loans secured by mortgages		50	301782	332090
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	744315	
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	17074	45632
	More than one month withdrawal	55		49511
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 2008**

 Category of assets **Non-Profit Sub-Fund 2**

	Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets	
	R13	3253947	GL	31	12	2008	£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	18021936		20858122	

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	25172	32796
	Intermediaries	72	2865	7322
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74	45002	
	Ceded	75		19247
Dependants	Due in 12 months or less	76	3913	
	Due in more than 12 months	77		
Other	Due in 12 months or less	78	40378	285961
	Due in more than 12 months	79	184245	

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	546047	334435
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	24137	31270
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86	103578	13

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	21029996	23053515
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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 2008**

 Category of assets **Non-Profit Sub-Fund 2**

	Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets
R13	3253947	GL	31	12	2008	£000	15
				As at end of this financial year		As at end of the previous year	
				1		2	

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

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	91	21029996	23053515
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	4253	2711
Capital resources requirement deduction of regulated related undertakings	94		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	95		
Inadmissible assets of regulated related insurance undertakings	96		
Book value of related ancillary services undertakings	97		
Other differences in the valuation of assets (other than for assets not valued above)	98		
Deferred acquisition costs excluded from line 89	99	477751	495100
Reinsurers' share of technical provisions excluded from line 89	100	945720	1475100
Other asset adjustments (may be negative)	101	251533	761976
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 101)	102	22709253	25788402
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		

Long-term insurance business liabilities and margins
Form 14

Name of insurer **Norwich Union Life & Pensions Ltd**
 Global business
 Financial year ended **31st December 2008**
 Fund **Total Long-Term Insurance Business**
 Units **£000**

		As at the end of this financial year	As at the end of the previous year
		1	2
Mathematical reserves, after distribution of surplus	11	48089347	56160311
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12		
Balance of surplus / (valuation deficit)	13		
Long term insurance business fund carried forward (11 to 13)	14	48089347	56160311
Claims outstanding	Gross amount	15	168533
	Reinsurers' share	16	
	Net (15-16)	17	168533
Provisions	Taxation	21	
	Other risks and charges	22	
Deposits received from reinsurers	23		
Creditors	Direct insurance business	31	170080
	Reinsurance accepted	32	9157
	Reinsurance ceded	33	34590
Debenture loans	Secured	34	
	Unsecured	35	
Amounts owed to credit institutions	36	2710	4686
Creditors	Taxation	37	170929
	Other	38	4016790
Accruals and deferred income	39	24296	15946
Provision for "reasonably foreseeable adverse variations"	41		
Total other insurance and non-insurance liabilities (17 to 41)	49	4597085	5476198
Excess of the value of net admissible assets	51	3711637	5828617
Total liabilities and margins	59	56398069	67465126

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	67046	78102
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62	27417131	32705873

Total liabilities (11+12+49)	71	52686432	61636509
Increase to liabilities – DAC related	72		
Reinsurers' share of technical provisions	73	1766940	2258612
Other adjustments to liabilities (may be negative)	74	2180510	4666406
Capital and reserves and fund for future appropriations	75	2394019	3491529
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (71 to 75)	76	59027901	72053056

Long-term insurance business liabilities and margins
Form 14

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

Global business

 Financial year ended **31st December 2008**

 Fund **With Profits Sub-Fund**

 Units **£000**

		As at the end of this financial year	As at the end of the previous year
		1	2
Mathematical reserves, after distribution of surplus	11	17438359	19792947
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12		
Balance of surplus / (valuation deficit)	13		
Long term insurance business fund carried forward (11 to 13)	14	17438359	19792947
Claims outstanding	Gross amount	15	110514
	Reinsurers' share	16	
	Net (15-16)	17	110514
Provisions	Taxation	21	
	Other risks and charges	22	
Deposits received from reinsurers	23		
Creditors	Direct insurance business	31	40160
	Reinsurance accepted	32	
	Reinsurance ceded	33	
Debenture loans	Secured	34	
	Unsecured	35	
Amounts owed to credit institutions	36		1976
Creditors	Taxation	37	158334
	Other	38	2634834
Accruals and deferred income	39	24174	15946
Provision for "reasonably foreseeable adverse variations"	41		
Total other insurance and non-insurance liabilities (17 to 41)	49	2968016	4761225
Excess of the value of net admissible assets	51	2789890	4830666
Total liabilities and margins	59	23196265	29384838

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	1105	23394
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62		

Total liabilities (11+12+49)	71	20406375	24554172
Increase to liabilities – DAC related	72		
Reinsurers' share of technical provisions	73		
Other adjustments to liabilities (may be negative)	74		
Capital and reserves and fund for future appropriations	75		
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (71 to 75)	76		

Long-term insurance business liabilities and margins
Form 14

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

Global business

 Financial year ended **31st December 2008**

 Fund **Provident Mutual Sub-Fund**

 Units **£000**

		As at the end of this financial year	As at the end of the previous year
		1	2
Mathematical reserves, after distribution of surplus	11	1835843	1951944
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12		
Balance of surplus / (valuation deficit)	13		
Long term insurance business fund carried forward (11 to 13)	14	1835843	1951944
Claims outstanding	Gross amount	15	27671
	Reinsurers' share	16	
	Net (15-16)	17	27671
Provisions	Taxation	21	
	Other risks and charges	22	
Deposits received from reinsurers	23		
Creditors	Direct insurance business	31	22538
	Reinsurance accepted	32	
	Reinsurance ceded	33	
Debenture loans	Secured	34	
	Unsecured	35	
Amounts owed to credit institutions	36		
Creditors	Taxation	37	12595
	Other	38	80984
Accruals and deferred income	39		
Provision for "reasonably foreseeable adverse variations"	41		
Total other insurance and non-insurance liabilities (17 to 41)	49	143788	168628
Excess of the value of net admissible assets	51	161079	314766
Total liabilities and margins	59	2140710	2435338

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	2990	5509
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62		

Total liabilities (11+12+49)	71	1979631	2120572
Increase to liabilities – DAC related	72		
Reinsurers' share of technical provisions	73		
Other adjustments to liabilities (may be negative)	74		
Capital and reserves and fund for future appropriations	75		
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (71 to 75)	76		

Long-term insurance business liabilities and margins
Form 14

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

Global business

 Financial year ended **31st December 2008**

 Fund **Belgian Sub-Fund**

 Units **£000**

		As at the end of this financial year	As at the end of the previous year
		1	2
Mathematical reserves, after distribution of surplus	11		
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12		
Balance of surplus / (valuation deficit)	13		
Long term insurance business fund carried forward (11 to 13)	14		
Claims outstanding	Gross amount	15	
	Reinsurers' share	16	
	Net (15-16)	17	
Provisions	Taxation	21	
	Other risks and charges	22	
Deposits received from reinsurers	23		
Creditors	Direct insurance business	31	
	Reinsurance accepted	32	
	Reinsurance ceded	33	
Debenture loans	Secured	34	
	Unsecured	35	
Amounts owed to credit institutions	36		
Creditors	Taxation	37	
	Other	38	112400
Accruals and deferred income	39		
Provision for "reasonably foreseeable adverse variations"	41		
Total other insurance and non-insurance liabilities (17 to 41)	49	112400	
Excess of the value of net admissible assets	51	9425	9231
Total liabilities and margins	59	121825	9231

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61		
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62		

Total liabilities (11+12+49)	71	112400	
Increase to liabilities – DAC related	72		
Reinsurers' share of technical provisions	73		
Other adjustments to liabilities (may be negative)	74		
Capital and reserves and fund for future appropriations	75		
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (71 to 75)	76		

Long-term insurance business liabilities and margins
Form 14

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

Global business

Financial year ended **31st December 2008**

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

Units **£000**

		As at the end of this financial year	As at the end of the previous year
		1	2
Mathematical reserves, after distribution of surplus	11	9083304	11763042
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12		
Balance of surplus / (valuation deficit)	13		
Long term insurance business fund carried forward (11 to 13)	14	9083304	11763042
Claims outstanding	Gross amount	15	16105
	Reinsurers' share	16	
	Net (15-16)	17	16105
Provisions	Taxation	21	
	Other risks and charges	22	
Deposits received from reinsurers	23		
Creditors	Direct insurance business	31	67857
	Reinsurance accepted	32	5089
	Reinsurance ceded	33	15075
Debenture loans	Secured	34	
	Unsecured	35	
Amounts owed to credit institutions	36	2710	2710
Creditors	Taxation	37	55830
	Other	38	297548
Accruals and deferred income	39	122	
Provision for "reasonably foreseeable adverse variations"	41		
Total other insurance and non-insurance liabilities (17 to 41)	49	404506	316012
Excess of the value of net admissible assets	51	421463	503150
Total liabilities and margins	59	9909273	12582204

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	34230	28525
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62	9395193	11847751

Total liabilities (11+12+49)	71	9487810	12079054
Increase to liabilities – DAC related	72		
Reinsurers' share of technical provisions	73		
Other adjustments to liabilities (may be negative)	74		
Capital and reserves and fund for future appropriations	75		
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (71 to 75)	76		

Long-term insurance business liabilities and margins
Form 14

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

Global business

Financial year ended **31st December 2008**

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

Units **£000**

		As at the end of this financial year	As at the end of the previous year
		1	2
Mathematical reserves, after distribution of surplus	11	19731841	22652378
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12		
Balance of surplus / (valuation deficit)	13		
Long term insurance business fund carried forward (11 to 13)	14	19731841	22652378
Claims outstanding	Gross amount	15	14243
	Reinsurers' share	16	
	Net (15-16)	17	14243
Provisions	Taxation	21	
	Other risks and charges	22	
Deposits received from reinsurers	23		
Creditors	Direct insurance business	31	39525
	Reinsurance accepted	32	4068
	Reinsurance ceded	33	19515
Debenture loans	Secured	34	
	Unsecured	35	
Amounts owed to credit institutions	36		
Creditors	Taxation	37	14501
	Other	38	891024
Accruals and deferred income	39		
Provision for "reasonably foreseeable adverse variations"	41		
Total other insurance and non-insurance liabilities (17 to 41)	49	968375	230333
Excess of the value of net admissible assets	51	329780	170804
Total liabilities and margins	59	21029996	23053515

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	28721	20674
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62	18021938	20858122

Total liabilities (11+12+49)	71	20700216	22882711
Increase to liabilities – DAC related	72		
Reinsurers' share of technical provisions	73		
Other adjustments to liabilities (may be negative)	74		
Capital and reserves and fund for future appropriations	75		
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (71 to 75)	76		

Liabilities (other than long-term insurance business)
Form 15

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

Global business

 Financial year ended **31st December 2008**

	Company registration number	GL/ UK/ CM	day	month	year	units
R15	3253947	GL	31	12	2008	£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	7285	7508
	Foreseeable dividend	48		
	Other	49	31515	30375
Accruals and deferred income		51		
Total (19 to 51)		59	38800	37883
Provision for "reasonably foreseeable adverse variations"		61		
Cumulative preference share capital		62		
Subordinated loan capital		63	200000	200000
Total (59 to 63)		69	238800	237883

Amounts included in line 69 attributable to liabilities to related insurers, other than those under contracts of insurance or reinsurance	71		
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Amounts deducted from technical provisions for discounting	82		
Other adjustments (may be negative)	83		
Capital and reserves	84	2518742	2758517
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	2757542	2996400

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

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

Global business

 Financial year ended **31st December 2008**

		Company registration number	GL/ UK/ CM	day	month	year	units	
		R16	3253947	GL	31	12	2008	£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	238013	40506				
Investment income	Income	14	88352	18619				
	Value re-adjustments on investments	15	743	248				
	Gains on the realisation of investments	16	56	954				
Investment charges	Investment management charges, including interest	17	10731	12927				
	Value re-adjustments on investments	18	517406	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	(200973)	(30509)				
Tax on profit or loss on ordinary activities		31	(378)	(1107)				
Profit or loss on ordinary activities after tax (29-31)		39	(200595)	(29402)				
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	(200595)	(29402)				
Dividends (paid or foreseeable)		51	40506	35300				
Profit or loss retained for the financial year (49-51)		59	(241101)	(64702)				

Analysis of derivative contracts

Form 17

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

Global business

Financial year ended **31st December 2008**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	2008	£000	10
Derivative contracts			Value as at the end of this financial year				Notional amount as at the end of this financial year			
			Assets		Liabilities		Bought / Long		Sold / Short	
			1	2	3	4				
Futures and contracts for differences	Fixed-interest securities	11	2482	4809	336187	331842				
	Interest rates	12	472067	93546	2033731	900739				
	Inflation	13								
	Credit index / basket	14	2888	1296	8827	42569				
	Credit single name	15	5087	477	9764	198001				
	Equity index	16		9639		379195				
	Equity stock	17								
	Land	18	184840		17800	323832				
	Currencies	19		114216	306473	1496947				
	Mortality	20								
	Other	21	78362		76187					
In the money options	Swaptions	31								
	Equity index calls	32								
	Equity stock calls	33	2173	1604	440798	440798				
	Equity index puts	34	84708		393185					
	Equity stock puts	35								
	Other	36	1		97					
Out of the money options	Swaptions	41								
	Equity index calls	42								
	Equity stock calls	43	579	760	526894	526894				
	Equity index puts	44								
	Equity stock puts	45		11		2040				
	Other	46								
Total (11 to 46)		51	833187	226358	4149943	4642857				
Adjustments for variation margin		52	(552136)							
Total (51 + 52)		53	281051	226358						

THE NOTIONAL AMOUNTS IN COLUMNS 3 AND 4 ARE NOT A MEASURE OF EXPOSURE. Please see instructions 11 and 12 to this Form for the meaning of these figures

Analysis of derivative contracts
Form 17

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

Global business

 Financial year ended **31st December 2008**

 Category of assets **With Profits Sub-Fund**

			Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets	
			R17	3253947	GL	31	12	2008	£000	11
Derivative contracts			Value as at the end of this financial year				Notional amount as at the end of this financial year			
			Assets 1		Liabilities 2		Bought / Long 3		Sold / Short 4	
Futures and contracts for differences	Fixed-interest securities	11	2482	4809	336187	331842				
	Interest rates	12	142928	60074	1058972	680315				
	Inflation	13								
	Credit index / basket	14	2888	1296	8827	42569				
	Credit single name	15	5087	477	9764	198001				
	Equity index	16		9639		379195				
	Equity stock	17								
	Land	18	184840		17800	323832				
	Currencies	19		114216	306473	1496947				
	Mortality	20								
	Other	21	78362		76187					
In the money options	Swaptions	31								
	Equity index calls	32								
	Equity stock calls	33	2173	1604	440798	440798				
	Equity index puts	34								
	Equity stock puts	35								
	Other	36	1		97					
Out of the money options	Swaptions	41								
	Equity index calls	42								
	Equity stock calls	43	579	760	526894	526894				
	Equity index puts	44								
	Equity stock puts	45		11		2040				
	Other	46								
Total (11 to 46)		51	419340	192886	2781999	4422433				
Adjustments for variation margin		52	(178769)							
Total (51 + 52)		53	240571	192886						

THE NOTIONAL AMOUNTS IN COLUMNS 3 AND 4 ARE NOT A MEASURE OF EXPOSURE. Please see instructions 11 and 12 to this Form for the meaning of these figures

Analysis of derivative contracts
Form 17

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

Global business

 Financial year ended **31st December 2008**

 Category of assets **Provident Mutual Sub-Fund**

			Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets	
			R17	3253947	GL	31	12	2008	£000	12
Derivative contracts			Value as at the end of this financial year				Notional amount as at the end of this financial year			
			Assets 1		Liabilities 2		Bought / Long 3		Sold / Short 4	
Futures and contracts for differences	Fixed-interest securities	11								
	Interest rates	12	256178			805655				
	Inflation	13								
	Credit index / basket	14								
	Credit single name	15								
	Equity index	16								
	Equity stock	17								
	Land	18								
	Currencies	19								
	Mortality	20								
	Other	21								
In the money options	Swaptions	31								
	Equity index calls	32								
	Equity stock calls	33								
	Equity index puts	34								
	Equity stock puts	35								
	Other	36								
Out of the money options	Swaptions	41								
	Equity index calls	42								
	Equity stock calls	43								
	Equity index puts	44								
	Equity stock puts	45								
	Other	46								
Total (11 to 46)		51	256178			805655				
Adjustments for variation margin		52	(252767)							
Total (51 + 52)		53	3411							

THE NOTIONAL AMOUNTS IN COLUMNS 3 AND 4 ARE NOT A MEASURE OF EXPOSURE. Please see instructions 11 and 12 to this Form for the meaning of these figures

Analysis of derivative contracts

Form 17

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

Global business

Financial year ended **31st December 2008**Category of assets **Non-Profit Sub-Fund 1**

			Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets	
			R17	3253947	GL	31	12	2008	£000	14
Derivative contracts			Value as at the end of this financial year				Notional amount as at the end of this financial year			
			Assets 1		Liabilities 2		Bought / Long 3		Sold / Short 4	
Futures and contracts for differences	Fixed-interest securities	11								
	Interest rates	12								
	Inflation	13								
	Credit index / basket	14								
	Credit single name	15								
	Equity index	16								
	Equity stock	17								
	Land	18								
	Currencies	19								
	Mortality	20								
	Other	21								
In the money options	Swaptions	31								
	Equity index calls	32								
	Equity stock calls	33								
	Equity index puts	34	84708			393185				
	Equity stock puts	35								
	Other	36								
Out of the money options	Swaptions	41								
	Equity index calls	42								
	Equity stock calls	43								
	Equity index puts	44								
	Equity stock puts	45								
	Other	46								
Total (11 to 46)		51	84708			393185				
Adjustments for variation margin		52	(78859)							
Total (51 + 52)		53	5849							

THE NOTIONAL AMOUNTS IN COLUMNS 3 AND 4 ARE NOT A MEASURE OF EXPOSURE. Please see instructions 11 and 12 to this Form for the meaning of these figures

Analysis of derivative contracts

Form 17

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

Global business

Financial year ended **31st December 2008**Category of assets **Non-Profit Sub-Fund 2**

			Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets	
			R17	3253947	GL	31	12	2008	£000	15
Derivative contracts			Value as at the end of this financial year				Notional amount as at the end of this financial year			
			Assets 1		Liabilities 2		Bought / Long 3		Sold / Short 4	
Futures and contracts for differences	Fixed-interest securities	11								
	Interest rates	12	72961	33472	169104	220424				
	Inflation	13								
	Credit index / basket	14								
	Credit single name	15								
	Equity index	16								
	Equity stock	17								
	Land	18								
	Currencies	19								
	Mortality	20								
	Other	21								
In the money options	Swaptions	31								
	Equity index calls	32								
	Equity stock calls	33								
	Equity index puts	34								
	Equity stock puts	35								
	Other	36								
Out of the money options	Swaptions	41								
	Equity index calls	42								
	Equity stock calls	43								
	Equity index puts	44								
	Equity stock puts	45								
	Other	46								
Total (11 to 46)		51	72961	33472	169104	220424				
Adjustments for variation margin		52	(41741)							
Total (51 + 52)		53	31220	33472						

THE NOTIONAL AMOUNTS IN COLUMNS 3 AND 4 ARE NOT A MEASURE OF EXPOSURE. Please see instructions 11 and 12 to this Form for the meaning of these figures

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 2008**

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	23196265	29384838
	Implicit items allocated to the fund	12		
	Mathematical reserves in respect of the fund's non-profit insurance contracts	13	760420	692155
	Long-term admissible assets of the fund covering the LTICR of the fund's non-profit insurance contracts	14	30433	27694
	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	22405412	28664989
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profit insurance contracts	21	16677939	19100791
	Regulatory current liabilities of the fund	22	2968016	4761225
	Total (21+22)	29	19645955	23862016
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		31	675281	770499
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	20321236	24632515
Regulatory excess capital (19-39)		49	2084176	4032474

Realistic excess capital

Realistic excess capital	51	531566	1246230
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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	1552610	2786244
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	223613	408757
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	1328997	2377487

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 2008**

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

Regulatory excess capital

Regulatory value of assets	Long-term admissible assets of the fund	11	2140710	2435338
	Implicit items allocated to the fund	12		
	Mathematical reserves in respect of the fund's non-profit insurance contracts	13	200924	192365
	Long-term admissible assets of the fund covering the LTICR of the fund's non-profit insurance contracts	14	67938	79877
	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	1871848	2163096
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profit insurance contracts	21	1634919	1759579
	Regulatory current liabilities of the fund	22	143788	168628
	Total (21+22)	29	1778707	1928207
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		31	68155	71777
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	1846862	1999984
Regulatory excess capital (19-39)		49	24986	163112

Realistic excess capital

Realistic excess capital	51		
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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	24986	163112
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	35997	40129
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		122983

Realistic balance sheet**Form 19
(Sheet 1)**Name of insurer **Norwich Union Life & Pensions Ltd**

Global business

Financial year ended **31st December 2008**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	22405412	28664988
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	144055	47694
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	22549467	28712682
Support arrangement assets	27		
Assets available to the fund (26+27)	29	22549467	28712682

Realistic value of liabilities of fund

With-profits benefits reserve	31	14838051	19420929
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	483752
	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	36	14900
	Future costs of contractual guarantees (other than financial options)	41	2344836
	Future costs of non-contractual commitments	42	813678
	Future costs of financial options	43	605520
	Future costs of smoothing (possibly negative)	44	(145238)
	Financing costs	45	
	Any other liabilities related to regulatory duty to treat customers fairly	46	
	Other long-term insurance liabilities	47	473168
	Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49	3593312
Realistic current liabilities of the fund	51	2950753	4754541
Realistic value of liabilities of the fund (31+49+51)	59	21382116	26903918

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

Global business

Financial year ended **31st December 2008**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 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	62	22017901	27466452
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	63		
Value of relevant assets before applying the most adverse scenario (62+ 63)	64	22017901	27466452
Risk capital margin for fund (62-59)	65	635785	562534
Realistic excess capital for fund (26-(59+65))	66	531566	1246230
Realistic excess available capital for fund (29-(59+65))	67	531566	1246230
Working capital for for fund (29-59)	68	1167351	1808764
Working capital ratio for fund (68/29)	69	5.18	6.30

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

Additional amount potentially available for inclusion in line 62	81		
Additional amount potentially available for inclusion in line 63	82		

Realistic balance sheet**Form 19
(Sheet 1)**Name of insurer **Norwich Union Life & Pensions Ltd**

Global business

Financial year ended **31st December 2008**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	1871848	2163096
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	80743	93468
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	1952592	2256564
Support arrangement assets	27		
Assets available to the fund (26+27)	29	1952592	2256564

Realistic value of liabilities of fund

With-profits benefits reserve	31	1455281	1724491
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	6308
	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	36	11100
	Future costs of contractual guarantees (other than financial options)	41	40118
	Future costs of non-contractual commitments	42	
	Future costs of financial options	43	260268
	Future costs of smoothing (possibly negative)	44	(13000)
	Financing costs	45	
	Any other liabilities related to regulatory duty to treat customers fairly	46	
	Other long-term insurance liabilities	47	91057
	Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49	361035
Realistic current liabilities of the fund	51	136275	168611
Realistic value of liabilities of the fund (31+49+51)	59	1952591	2256564

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

Global business

Financial year ended **31st December 2008**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 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	62	1952592	2256564
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	63		
Value of relevant assets before applying the most adverse scenario (62+ 63)	64	1952592	2256564
Risk capital margin for fund (62-59)	65		
Realistic excess capital for fund (26-(59+65))	66		
Realistic excess available capital for fund (29-(59+65))	67		
Working capital for for fund (29-59)	68		
Working capital ratio for fund (68/29)	69		

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

Additional amount potentially available for inclusion in line 62	81		
Additional amount potentially available for inclusion in line 63	82		

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 2008**Units **£000**

	Financial year	Previous year
	1	2

Income

Earned premiums	11	5317609	6241169
Investment income receivable before deduction of tax	12	2920662	2610183
Increase (decrease) in the value of non-linked assets brought into account	13	(414896)	59749
Increase (decrease) in the value of linked assets	14	(6770462)	134002
Other income	15		
Total income	19	1052913	9045103

Expenditure

Claims incurred	21	7434730	7166184
Expenses payable	22	1021202	1112418
Interest payable before deduction of tax	23	290919	179172
Taxation	24	139013	169283
Other expenditure	25		
Transfer to (from) non technical account	26	238013	40506
Total expenditure	29	9123877	8667563

Business transfers-in	31		
Business transfers-out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(8070964)	377540
Fund brought forward	49	56160311	55782771
Fund carried forward (39+49)	59	48089347	56160311

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 2008**Units **£000**

	Financial year	Previous year
	1	2

Income

Earned premiums	11	367605	321650
Investment income receivable before deduction of tax	12	1308085	1238433
Increase (decrease) in the value of non-linked assets brought into account	13	(845146)	136376
Increase (decrease) in the value of linked assets	14		
Other income	15	(72433)	(84679)
Total income	19	758111	1611780

Expenditure

Claims incurred	21	2649437	2939147
Expenses payable	22	87765	69696
Interest payable before deduction of tax	23	223417	151566
Taxation	24	110915	145717
Other expenditure	25		
Transfer to (from) non technical account	26	41165	34989
Total expenditure	29	3112699	3341115

Business transfers-in	31		
Business transfers-out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(2354588)	(1729335)
Fund brought forward	49	19792947	21522282
Fund carried forward (39+49)	59	17438359	19792947

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 2008**Units **£000**

	Financial year	Previous year
	1	2

Income

Earned premiums	11	4390	(315210)
Investment income receivable before deduction of tax	12	120225	123449
Increase (decrease) in the value of non-linked assets brought into account	13	104124	(42189)
Increase (decrease) in the value of linked assets	14		
Other income	15	26723	31291
Total income	19	255462	(202659)

Expenditure

Claims incurred	21	298206	276372
Expenses payable	22	46663	57367
Interest payable before deduction of tax	23	18847	5493
Taxation	24	999	160
Other expenditure	25		
Transfer to (from) non technical account	26	6848	5517
Total expenditure	29	371563	344909

Business transfers-in	31		
Business transfers-out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(116101)	(547568)
Fund brought forward	49	1951944	2499512
Fund carried forward (39+49)	59	1835843	1951944

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 2008**Units **£000**

	Financial year	Previous year
	1	2

Income

Earned premiums	11		
Investment income receivable before deduction of tax	12	194	413
Increase (decrease) in the value of non-linked assets brought into account	13	(194)	(413)
Increase (decrease) in the value of linked assets	14		
Other income	15		
Total income	19		

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		
Total expenditure	29		

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 2008**Units **£000**

	Financial year	Previous year
	1	2

Income

Earned premiums	11	1206334	2986225
Investment income receivable before deduction of tax	12	427576	285242
Increase (decrease) in the value of non-linked assets brought into account	13	428664	66948
Increase (decrease) in the value of linked assets	14	(1986645)	(145772)
Other income	15	10811	13346
Total income	19	86740	3205989

Expenditure

Claims incurred	21	2010431	1155736
Expenses payable	22	501504	654809
Interest payable before deduction of tax	23	47578	10182
Taxation	24	206965	(11352)
Other expenditure	25		
Transfer to (from) non technical account	26		
Total expenditure	29	2766478	1809375

Business transfers-in	31		
Business transfers-out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(2679738)	1396614
Fund brought forward	49	11763042	10366428
Fund carried forward (39+49)	59	9083304	11763042

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 2008**Units **£000**

	Financial year	Previous year
	1	2

Income

Earned premiums	11	3739280	3248504
Investment income receivable before deduction of tax	12	1064582	962646
Increase (decrease) in the value of non-linked assets brought into account	13	(102344)	(100973)
Increase (decrease) in the value of linked assets	14	(4783817)	279774
Other income	15	34899	40042
Total income	19	(47400)	4429993

Expenditure

Claims incurred	21	2476656	2794929
Expenses payable	22	385270	330546
Interest payable before deduction of tax	23	1077	11931
Taxation	24	(179866)	34758
Other expenditure	25		
Transfer to (from) non technical account	26	190000	
Total expenditure	29	2873137	3172164

Business transfers-in	31		
Business transfers-out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(2920537)	1257829
Fund brought forward	49	22652378	21394549
Fund carried forward (39+49)	59	19731841	22652378

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 2008**

Units **£000**

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

Gross

Regular premiums	11	992092	1565513	26433	2584038	2510546
Single premiums	12	870751	2298086	4038	3172875	4508251

Reinsurance - external

Regular premiums	13	308423	31232	102	339757	374115
Single premiums	14	8432	60048		68480	37545

Reinsurance - intra-group

Regular premiums	15	7505	7362		14867	15235
Single premiums	16	21	16179		16200	350733

Net of reinsurance

Regular premiums	17	676164	1526919	26331	2229414	2121196
Single premiums	18	862298	2221859	4038	3088195	4119973

Total

Gross	19	1862843	3863599	30471	5756913	7018797
Reinsurance	20	324381	114821	102	439304	777628
Net	21	1538462	3748778	30369	5317609	6241169

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 2008**

Units **£000**

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

Gross

Regular premiums	11	191319	99348	16141	306808	353327
Single premiums	12	(2232)	59013	4016	60797	(31677)

Reinsurance - external

Regular premiums	13					
Single premiums	14					

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16					

Net of reinsurance

Regular premiums	17	191319	99348	16141	306808	353327
Single premiums	18	(2232)	59013	4016	60797	(31677)

Total

Gross	19	189087	158361	20157	367605	321650
Reinsurance	20					
Net	21	189087	158361	20157	367605	321650

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 2008**

 Units **£000**

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

Gross

Regular premiums	11	10724	13502		24226	33062
Single premiums	12	(1410)	2351		941	9057

Reinsurance - external

Regular premiums	13					
Single premiums	14					

Reinsurance - intra-group

Regular premiums	15	5946	(4)		5942	6599
Single premiums	16		14835		14835	350730

Net of reinsurance

Regular premiums	17	4778	13506		18284	26463
Single premiums	18	(1410)	(12484)		(13894)	(341673)

Total

Gross	19	9314	15853		25167	42119
Reinsurance	20	5946	14831		20777	357329
Net	21	3368	1022		4390	(315210)

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 2008**

 Units **£000**

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

Gross

Regular premiums	11	678177		678177	676331
Single premiums	12	857740		857740	2624239

Reinsurance - external

Regular premiums	13	319922		319922	304119
Single premiums	14	8432		8432	8660

Reinsurance - intra-group

Regular premiums	15	1229		1229	1566
Single premiums	16				

Net of reinsurance

Regular premiums	17	357026		357026	370646
Single premiums	18	849308		849308	2615579

Total

Gross	19	1535917		1535917	3300570
Reinsurance	20	329583		329583	314345
Net	21	1206334		1206334	2986225

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 2008**

 Units **£000**

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

Gross

Regular premiums	11	111872	1452663	10292	1574827	1447826
Single premiums	12	16653	2236722	22	2253397	1906632

Reinsurance - external

Regular premiums	13	(11499)	31232	102	19835	69996
Single premiums	14		60048		60048	28885

Reinsurance - intra-group

Regular premiums	15	330	7366		7696	7070
Single premiums	16	21	1344		1365	3

Net of reinsurance

Regular premiums	17	123041	1414065	10190	1547296	1370760
Single premiums	18	16632	2175330	22	2191984	1877744

Total

Gross	19	128525	3689385	10314	3828224	3354458
Reinsurance	20	(11148)	99990	102	88944	105954
Net	21	139673	3589395	10212	3739280	3248504

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 2008**

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	498247	187931	12100	698278	703234
Disability periodic payments	12	41656	242	9	41907	30917
Surrender or partial surrender	13	1957127	2860050	32473	4849650	4558773
Annuity payments	14	3795	62714	4	66513	87473
Lump sums on maturity	15	1327472	1048753	31047	2407272	2069174
Total	16	3828297	4159690	75633	8063620	7449571

Reinsurance - external

Death or disability lump sums	21	213560	19395	27	232982	201826
Disability periodic payments	22	4696			4696	4679
Surrender or partial surrender	23	2423	319875		322298	1592
Annuity payments	24					
Lump sums on maturity	25		7320		7320	10482
Total	26	220679	346590	27	567296	218579

Reinsurance - intra-group

Death or disability lump sums	31	1493	638		2131	2699
Disability periodic payments	32					
Surrender or partial surrender	33	7335	15121		22456	46764
Annuity payments	34					
Lump sums on maturity	35	33007	4000		37007	15345
Total	36	41835	19759		61594	64808

Net of reinsurance

Death or disability lump sums	41	283194	167898	12073	463165	498709
Disability periodic payments	42	36960	242	9	37211	26238
Surrender or partial surrender	43	1947369	2525054	32473	4504896	4510417
Annuity payments	44	3795	62714	4	66513	87473
Lump sums on maturity	45	1294465	1037433	31047	2362945	2043347
Total	46	3565783	3793341	75606	7434730	7166184

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 2008**

 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	77929	39034	(5243)	111720	163178
Disability periodic payments	12	7	69		76	142
Surrender or partial surrender	13	302690	580895	30951	914536	1353964
Annuity payments	14		13284	4	13288	12507
Lump sums on maturity	15	1059512	521724	28581	1609817	1409356
Total	16	1440138	1155006	54293	2649437	2939147

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					
Total	26					

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					
Total	36					

Net of reinsurance

Death or disability lump sums	41	77929	39034	(5243)	111720	163178
Disability periodic payments	42	7	69		76	142
Surrender or partial surrender	43	302690	580895	30951	914536	1353964
Annuity payments	44		13284	4	13288	12507
Lump sums on maturity	45	1059512	521724	28581	1609817	1409356
Total	46	1440138	1155006	54293	2649437	2939147

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 2008**

 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	2228	4813		7041	9224
Disability periodic payments	12	1288	19		1307	1352
Surrender or partial surrender	13	16470	82988		99458	90812
Annuity payments	14	959	31919		32878	50355
Lump sums on maturity	15	78280	116660		194940	146656
Total	16	99225	236399		335624	298399

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					
Total	26					

Reinsurance - intra-group

Death or disability lump sums	31	1284			1284	1667
Disability periodic payments	32					
Surrender or partial surrender	33	5568			5568	8505
Annuity payments	34					
Lump sums on maturity	35	30566			30566	11855
Total	36	37418			37418	22027

Net of reinsurance

Death or disability lump sums	41	944	4813		5757	7557
Disability periodic payments	42	1288	19		1307	1352
Surrender or partial surrender	43	10902	82988		93890	82307
Annuity payments	44	959	31919		32878	50355
Lump sums on maturity	45	47714	116660		164374	134801
Total	46	61807	236399		298206	276372

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 2008**

 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	413443		413443	395345
Disability periodic payments	12	803		803	166
Surrender or partial surrender	13	1622539		1622539	863477
Annuity payments	14	1180		1180	1780
Lump sums on maturity	15	188449		188449	95023
Total	16	2226414		2226414	1355791

Reinsurance - external

Death or disability lump sums	21	213560		213560	197492
Disability periodic payments	22				
Surrender or partial surrender	23	2423		2423	1592
Annuity payments	24				
Lump sums on maturity	25				971
Total	26	215983		215983	200055

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				
Total	36				

Net of reinsurance

Death or disability lump sums	41	199883		199883	197853
Disability periodic payments	42	803		803	166
Surrender or partial surrender	43	1620116		1620116	861885
Annuity payments	44	1180		1180	1780
Lump sums on maturity	45	188449		188449	94052
Total	46	2010431		2010431	1155736

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 2008**

 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	4647	144084	17343	166074	135487
Disability periodic payments	12	39558	154	9	39721	29257
Surrender or partial surrender	13	15428	2196167	1522	2213117	2250520
Annuity payments	14	1656	17511		19167	22831
Lump sums on maturity	15	1231	410369	2466	414066	418139
Total	16	62520	2768285	21340	2852145	2856234

Reinsurance - external

Death or disability lump sums	21		19395	27	19422	4334
Disability periodic payments	22	4696			4696	4679
Surrender or partial surrender	23		319875		319875	
Annuity payments	24					
Lump sums on maturity	25		7320		7320	9511
Total	26	4696	346590	27	351313	18524

Reinsurance - intra-group

Death or disability lump sums	31	209	638		847	1032
Disability periodic payments	32					
Surrender or partial surrender	33	1767	15121		16888	38259
Annuity payments	34					
Lump sums on maturity	35	2441	4000		6441	3490
Total	36	4417	19759		24176	42781

Net of reinsurance

Death or disability lump sums	41	4438	124051	17316	145805	130121
Disability periodic payments	42	34862	154	9	35025	24578
Surrender or partial surrender	43	13661	1861171	1522	1876354	2212261
Annuity payments	44	1656	17511		19167	22831
Lump sums on maturity	45	(1210)	399049	2466	400305	405138
Total	46	53407	2401936	21313	2476656	2794929

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 2008**

Units **£000**

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

Gross

Commission - acquisition	11	281336	95794	608	377738	531142
Commission - other	12	72094	11438	125	83657	61240
Management - acquisition	13	121156	86891	7	208054	202108
Management - maintenance	14	131092	131938	312	263342	269742
Management - other	15	41270	53816	7	95093	66422
Total	16	646948	379877	1059	1027884	1130654

Reinsurance - external

Commission - acquisition	21					
Commission - other	22	38			38	225
Management - acquisition	23					
Management - maintenance	24					12141
Management - other	25					
Total	26	38			38	12366

Reinsurance - intra-group

Commission - acquisition	31					
Commission - other	32	47	2		49	58
Management - acquisition	33					342
Management - maintenance	34	672	5923		6595	5470
Management - other	35					
Total	36	719	5925		6644	5870

Net of reinsurance

Commission - acquisition	41	281336	95794	608	377738	531142
Commission - other	42	72009	11436	125	83570	60957
Management - acquisition	43	121156	86891	7	208054	201766
Management - maintenance	44	130420	126015	312	256747	252131
Management - other	45	41270	53816	7	95093	66422
Total	46	646191	373952	1059	1021202	1112418

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 2008**

 Units **£000**

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

Gross

Commission - acquisition	11	5	1605	603	2213	1498
Commission - other	12	4158	306	119	4583	5373
Management - acquisition	13	389	1065	7	1461	1563
Management - maintenance	14	50704	26471	312	77487	50746
Management - other	15	1283	731	7	2021	10516
Total	16	56539	30178	1048	87765	69696

Reinsurance - external

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

Reinsurance - intra-group

Commission - acquisition	31					
Commission - other	32					
Management - acquisition	33					
Management - maintenance	34					
Management - other	35					
Total	36					

Net of reinsurance

Commission - acquisition	41	5	1605	603	2213	1498
Commission - other	42	4158	306	119	4583	5373
Management - acquisition	43	389	1065	7	1461	1563
Management - maintenance	44	50704	26471	312	77487	50746
Management - other	45	1283	731	7	2021	10516
Total	46	56539	30178	1048	87765	69696

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 2008**

 Units **£000**

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

Gross

Commission - acquisition	11	320	471		791	1938
Commission - other	12	405	2098		2503	1075
Management - acquisition	13	73	1975		2048	919
Management - maintenance	14	(1164)	45770		44606	56940
Management - other	15	1134	2225		3359	1834
Total	16	768	52539		53307	62706

Reinsurance - external

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

Reinsurance - intra-group

Commission - acquisition	31					
Commission - other	32	47	2		49	58
Management - acquisition	33					
Management - maintenance	34	672	5923		6595	5281
Management - other	35					
Total	36	719	5925		6644	5339

Net of reinsurance

Commission - acquisition	41	320	471		791	1938
Commission - other	42	358	2096		2454	1017
Management - acquisition	43	73	1975		2048	919
Management - maintenance	44	(1836)	39847		38011	51659
Management - other	45	1134	2225		3359	1834
Total	46	49	46614		46663	57367

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 2008**

 Units **£000**

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

Gross

Commission - acquisition	11	258523		258523	395104
Commission - other	12	55114		55114	41645
Management - acquisition	13	101998		101998	114385
Management - maintenance	14	54738		54738	74838
Management - other	15	31156		31156	29445
Total	16	501529		501529	655417

Reinsurance - external

Commission - acquisition	21				
Commission - other	22	25		25	77
Management - acquisition	23				
Management - maintenance	24				
Management - other	25				
Total	26	25		25	77

Reinsurance - intra-group

Commission - acquisition	31				
Commission - other	32				
Management - acquisition	33				342
Management - maintenance	34				189
Management - other	35				
Total	36				531

Net of reinsurance

Commission - acquisition	41	258523		258523	395104
Commission - other	42	55089		55089	41568
Management - acquisition	43	101998		101998	114043
Management - maintenance	44	54738		54738	74649
Management - other	45	31156		31156	29445
Total	46	501504		501504	654809

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 2008**

 Units **£000**

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

Gross

Commission - acquisition	11	22488	93718	5	116211	132602
Commission - other	12	12417	9034	6	21457	13147
Management - acquisition	13	18696	83851		102547	85241
Management - maintenance	14	26814	59697		86511	87218
Management - other	15	7697	50860		58557	24627
Total	16	88112	297160	11	385283	342835

Reinsurance - external

Commission - acquisition	21					
Commission - other	22	13			13	148
Management - acquisition	23					
Management - maintenance	24					12141
Management - other	25					
Total	26	13			13	12289

Reinsurance - intra-group

Commission - acquisition	31					
Commission - other	32					
Management - acquisition	33					
Management - maintenance	34					
Management - other	35					
Total	36					

Net of reinsurance

Commission - acquisition	41	22488	93718	5	116211	132602
Commission - other	42	12404	9034	6	21444	12999
Management - acquisition	43	18696	83851		102547	85241
Management - maintenance	44	26814	59697		86511	75077
Management - other	45	7697	50860		58557	24627
Total	46	88099	297160	11	385270	330546

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 2008**

 Units **£000**

	Financial year	Previous year
	1	2

Internal linked funds (excluding cross investment)

Directly held assets (excluding collective investment schemes)	11	22467812	27091214
Directly held assets in collective investment schemes of connected companies	12	3971009	5381832
Directly held assets in other collective investment schemes	13	1913253	2599543
Total assets (excluding cross investment) (11+12+13)	14	28352074	35072589
Provision for tax on unrealised capital gains	15	1379	53183
Secured and unsecured loans	16		
Other liabilities	17	820199	2126825
Total net assets (14-15-16-17)	18	27530496	32892581

Directly held linked assets

Value of directly held linked assets	21	6679	9746
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Total

Value of directly held linked assets and units held (18+21)	31	27537175	32902327
Surplus units	32	108076	196454
Deficit units	33		
Net unit liability (31-32+33)	34	27429099	32705873

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 2008**

 Units **£000**

	Financial year	Previous year
	1	2

Income

Value of total creation of units	11	2734621	4283007
Investment income attributable to the funds before deduction of tax	12	1313897	1155320
Increase (decrease) in the value of investments in the financial year	13	(6819527)	131893
Other income	14	51722	50923
Total income	19	(2719287)	5621143

Expenditure

Value of total cancellation of units	21	2725637	2437781
Charges for management	22	110991	134732
Charges in respect of tax on investment income	23	99024	93130
Taxation on realised capital gains	24	(90298)	37365
Increase (decrease) in amount set aside for tax on capital gains not yet realised	25	(252396)	(81879)
Other expenditure	26	49840	42148
Total expenditure	29	2642798	2663277
Increase (decrease) in funds in financial year (19-29)	39	(5362085)	2957866
Internal linked fund brought forward	49	32892581	29934715
Internal linked funds carried forward (39+49)	59	27530496	32892581

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 2008**

 Units **£000**

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

Regular premium business	11	214250	3478	9243	226971	232379
Single premium business	12	97	1535	564	2196	1486
Total	13	214347	5013	9807	229167	233865

Amount of new regular premiums

Direct insurance business	21	111834	51190	11397	174421	179675
External reinsurance	22					
Intra-group reinsurance	23	60	440549	2772	443381	350515
Total	24	111894	491739	14169	617802	530190

Amount of new single premiums

Direct insurance business	25	95149	267281	41223	403653	428803
External reinsurance	26					
Intra-group reinsurance	27	818293	1860630	2345	2681268	4083804
Total	28	913442	2127911	43568	3084921	4512607

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 2008**

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)			(4)	
205	Miscellaneous conventional with-profits		1		
300	Regular premium non-profit WL/EA OB	15656	3338		
325	Level term assurance	82336	37074		
330	Decreasing term assurance	49193	19647		
340	Accelerated critical illness (guaranteed premiums)	107	40		
345	Accelerated critical illness (reviewable premiums)	17730	10358		
360	Income protection non-profit (guaranteed premiums)	29	14		
365	Income protection non-profit (reviewable premiums)	13894	5742		
395	Annuity non-profit (PLA)			99	14826
415	Collective Life		22729		46058
420	Group income protection	35300	12376		33544
500	Life UWP single premium				71
505	Life UWP whole life regular premium	4	237		
700	Life property linked single premium			2	570
710	Life property linked whole life regular premium	1	277		80

Long-term insurance business: Analysis of new business**Form 47
(Sheet 2)**Name of insurer **Norwich Union Life & Pensions Ltd**

Total business

Financial year ended **31st December 2008**Units **£000**

UK Life / Reinsurance accepted intra-group

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
360	Income protection non-profit (guaranteed premiums)		19		
415	Collective Life		8		10888
700	Life property linked single premium				807406
710	Life property linked whole life regular premium		33		

Long-term insurance business: Analysis of new business
**Form 47
(Sheet 3)**

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

Total business

 Financial year ended **31st December 2008**

 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	16	377	38	1424
160	Conventional pensions endowment with-profits -increments		7		533
200	Annuity with-profits (CPA)			134	13631
350	Stand-alone critical illness (guaranteed premiums)	115	88		
395	Annuity non-profit (PLA)			17	588
410	Group Life	788	26491		
525	Individual pensions UWP	61	21	13	347
530	Individual pensions UWP -increments		479		2133
535	Group money purchase pensions UWP	262	305	26	258
540	Group money purchase pensions UWP -increments		2314		6290
565	DWP National Insurance rebates UWP				74423
575	Miscellaneous UWP		67		2862
720	Life property linked endowment regular premium – target cash		2		
725	Individual pensions property linked	17	25	783	79830
730	Individual pensions property linked -increments		3120		13439
735	Group money purchase pensions property linked	2219	3793	493	1327
740	Group money purchase pensions property linked -increments		14102		13036
745	DWP National Insurance rebates property linked				54633
905	Index linked annuity			31	2528

Long-term insurance business: Analysis of new business**Form 47
(Sheet 4)**Name of insurer **Norwich Union Life & Pensions Ltd**

Total business

Financial year ended **31st December 2008**Units **£000**

UK Pension / Reinsurance accepted intra-group

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
725	Individual pensions property linked		58230		505467
730	Individual pensions property linked -increments		45984		447696
735	Group money purchase pensions property linked		195618		373717
740	Group money purchase pensions property linked -increments		140716		389862
745	DWP National Insurance rebates property linked				49316
755	Trustee investment plan				94573

Long-term insurance business: Analysis of new business
**Form 47
(Sheet 5)**

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

Total business

Financial year ended **31st December 2008**

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	5893	2096		
155	Conventional pensions endowment with-profits	17	188		127
160	Conventional pensions endowment with-profits -increments		27		66
185	Group conventional pensions endowment with-profits		1010		111
300	Regular premium non-profit WL/EA OB	744	1094		
325	Level term assurance	817	674		
330	Decreasing term assurance	795	423		
345	Accelerated critical illness (reviewable premiums)	89	64		
395	Annuity non-profit (PLA)			158	6351
410	Group Life	22	271		
525	Individual pensions UWP	2		2	189
530	Individual pensions UWP -increments		94		340
535	Group money purchase pensions UWP	6	21	34	414
540	Group money purchase pensions UWP -increments		86		790
565	DWP National Insurance rebates UWP				1470
725	Individual pensions property linked	6	13	47	299
730	Individual pensions property linked -increments		234		1009
735	Group money purchase pensions property linked	852	2282	323	9834
740	Group money purchase pensions property linked -increments		2820		18162
745	DWP National Insurance rebates property linked				2061

Long-term insurance business: Analysis of new business**Form 47
(Sheet 6)**Name of insurer **Norwich Union Life & Pensions Ltd**

Total business

Financial year ended **31st December 2008**Units **£000**

Overseas / Reinsurance accepted intra-group

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
725	Individual pensions property linked		1224		1376
730	Individual pensions property linked -increments		1548		970

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 2008**

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	8872	8872			
Approved fixed interest securities	12	1330078	1330078	61000	17.72	
Other fixed interest securities	13	649656	689144	41477	19.81	
Variable interest securities	14	85283	85339	3644	11.88	
UK listed equity shares	15	24893	68553	2875	12.84	
Non-UK listed equity shares	16	14300	106724	869	3.88	
Unlisted equity shares	17	23672	23687	2		
Other assets	18	2567045	2391401	60897	5.85	
Total	19	4703799	4703798	170764	11.38	

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

Land and buildings	21	1240373	2104697	158440	10.42	(28.33)
Approved fixed interest securities	22	6308477	6190735	289849	7.16	23.94
Other fixed interest securities	23	3517488	5083784	295863	14.26	(2.17)
Variable interest securities	24	600291	1034777	37083	5.59	(13.31)
UK listed equity shares	25	3217035	3114093	158712	10.21	(60.25)
Non-UK listed equity shares	26	1674217	1706564	78645	9.39	(55.14)
Unlisted equity shares	27	14339	716948	430	0.06	32.10
Other assets	28	7705041	4325663	17091	4.16	10.31
Total	29	24277261	24277261	1036113	8.67	(6.19)

Overall return on with-profits assets

Post investment costs but pre-tax	31					(12.37)
Return allocated to non taxable 'asset shares'	32					(19.36)
Return allocated to taxable 'asset shares'	33					(15.61)

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 2008**

 Category of assets **With Profits Sub-Fund**

 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	790852	790852	36969	3.38	
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					
Total	19	790852	790852	36969	3.38	

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

Land and buildings	21	1240373	2055734	157077	7.64	(22.80)
Approved fixed interest securities	22	5995235	5877493	274747	3.38	12.86
Other fixed interest securities	23	2602317	3912435	234065	7.48	(0.75)
Variable interest securities	24	536111	970787	35706	4.01	(14.07)
UK listed equity shares	25	3071970	2968982	151294	5.10	(30.64)
Non-UK listed equity shares	26	1653427	1681284	77436	4.61	(35.09)
Unlisted equity shares	27	14051	716660	430	0.06	32.10
Other assets	28	7291929	4222038	13106	0.31	4.91
Total	29	22405413	22405413	943861	4.15	(4.20)

Overall return on with-profits assets

Post investment costs but pre-tax	31					(9.58)
Return allocated to non taxable 'asset shares'	32					(16.04)
Return allocated to taxable 'asset shares'	33					(13.06)

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 2008**

 Category of assets **Provident Mutual Sub-Fund**

 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	263203	263203	12690	3.78	
Other fixed interest securities	13	5658	5658	298	6.78	
Variable interest securities	14					
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18					
Total	19	268861	268861	12988	3.84	

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

Land and buildings	21		48963	1363	2.78	(5.53)
Approved fixed interest securities	22	313242	313242	15102	3.78	11.08
Other fixed interest securities	23	915171	1171349	61798	6.78	(1.42)
Variable interest securities	24	64180	63990	1377	1.58	0.76
UK listed equity shares	25	145065	145111	7418	5.11	(29.61)
Non-UK listed equity shares	26	20790	25280	1209	4.78	(20.05)
Unlisted equity shares	27	288	288			
Other assets	28	413112	103625	3985	3.85	5.40
Total	29	1871848	1871848	92252	5.68	(1.42)

Overall return on with-profits assets

Post investment costs but pre-tax	31					(2.79)
Return allocated to non taxable 'asset shares'	32					(3.32)
Return allocated to taxable 'asset shares'	33					(2.55)

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 2008**

 Category of assets **Belgian Sub-Fund**

 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	88300	88300	4785	3.92	
Other fixed interest securities	13					
Variable interest securities	14					
UK listed equity shares	15					
Non-UK listed equity shares	16	14300	14300	555	3.88	
Unlisted equity shares	17					
Other assets	18	19225	19225			
Total	19	121825	121825	5340	3.30	

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

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

Overall return on with-profits assets

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

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

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

 Financial year ended **31st December 2008**

 Category of assets **Non-Profit Sub-Fund 1**

 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	3465	3465			
Approved fixed interest securities	12	3790	3790	223	3.37	
Other fixed interest securities	13	37506	37506	1988	5.21	
Variable interest securities	14	20605	20605	1363	9.57	
UK listed equity shares	15	6155	33487	1797	5.37	
Non-UK listed equity shares	16		84708			
Unlisted equity shares	17	23572	23572	1		
Other assets	18	419106	307066	4570	2.20	
Total	19	514199	514199	9942	2.45	

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

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

Overall return on with-profits assets

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

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

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

 Financial year ended **31st December 2008**

 Category of assets **Non-Profit Sub-Fund 2**

 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	5407	5407			
Approved fixed interest securities	12	183933	183933	6333	3.27	
Other fixed interest securities	13	606492	645980	39191	7.82	
Variable interest securities	14	64678	64734	2281	2.31	
UK listed equity shares	15	18738	35066	1078	7.47	
Non-UK listed equity shares	16		7716	314		
Unlisted equity shares	17	100	115	1		
Other assets	18	2128714	2065110	56327	3.65	
Total	19	3008062	3008061	105525	4.52	

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

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

Overall return on with-profits assets

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

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

Name of insurer **Norwich Union Life & Pensions Ltd**
 Financial year ended **31st December 2008**
 Category of assets **Total Long-Term Insurance Business Assets**
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK government approved fixed interest securities	11	5476040	28.97	10.09	10.09
Other approved fixed interest securities	21	1956473	32.54	15.32	15.32
Other fixed interest securities					
AAA/Aaa	31	808898	22.69	18.93	18.57
AA/Aa	32	1110182	17.94	30.12	29.00
A/A	33	1710354	22.12	28.87	27.59
BBB/Baa	34	1603752	16.35	35.03	32.35
BB/Ba	35	71646	6.82	86.03	79.31
B/B	36	32593	8.83	111.15	98.75
CCC/Caa	37	4854	2.38	84.33	74.43
Other (including unrated)	38	430649	9.79	16.20	14.86
Total other fixed interest securities	39	5772928	18.59	29.70	28.05
Approved variable interest securities	41	450441	55.08	6.13	6.13
Other variable interest securities	51	669675	47.13	21.81	19.57
Total (11+21+39+41+51)	61	14325557	26.94	19.13	18.36

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

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

 Financial year ended **31st December 2008**

 Category of assets **With Profits Sub-Fund**

 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK government approved fixed interest securities	11	5084076	11.43	3.29	3.29
Other approved fixed interest securities	21	1584269	10.10	3.66	3.66
Other fixed interest securities					
AAA/Aaa	31	543118	5.91	4.06	3.97
AA/Aa	32	689908	4.01	7.24	6.96
A/A	33	1038810	5.41	8.63	8.31
BBB/Baa	34	1424502	4.40	7.55	6.88
BB/Ba	35	62482	4.42	14.48	12.80
B/B	36	30062	2.79	16.22	13.12
CCC/Caa	37	3857	1.24	46.50	41.55
Other (including unrated)	38	119696	7.46	6.48	5.81
Total other fixed interest securities	39	3912435	4.89	7.48	7.01
Approved variable interest securities	41	305195	28.93	0.50	0.50
Other variable interest securities	51	665592	0.71	5.62	5.06
Total (11+21+39+41+51)	61	11551567	8.88	4.82	4.63

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

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

Financial year ended **31st December 2008**

Category of assets **Provident Mutual Sub-Fund**

Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK government approved fixed interest securities	11	234459	11.01	3.63	3.63
Other approved fixed interest securities	21	341986	8.05	3.88	3.88
Other fixed interest securities					
AAA/Aaa	31	165508	9.53	5.53	5.44
AA/Aa	32	268112	5.98	7.61	7.33
A/A	33	385070	6.19	7.93	7.61
BBB/Baa	34	97009	3.80	8.79	8.12
BB/Ba	35	4132	1.86	7.34	5.66
B/B	36	961			
CCC/Caa	37				
Other (including unrated)	38	256215	2.33	4.24	3.57
Total other fixed interest securities	39	1177007	5.55	6.78	6.39
Approved variable interest securities	41	63899	13.01	1.57	1.57
Other variable interest securities	51	91	16.61	9.73	8.05
Total (11+21+39+41+51)	61	1817442	6.99	5.64	5.39

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

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

 Financial year ended **31st December 2008**

 Category of assets **Non-Profit Sub-Fund 1**

 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK government approved fixed interest securities	11				
Other approved fixed interest securities	21	3790	10.00	4.20	4.20
Other fixed interest securities					
AAA/Aaa	31	15316	3.99	3.38	3.29
AA/Aa	32	15870	3.70	7.03	6.75
A/A	33	5654	4.99	4.70	4.38
BBB/Baa	34	640	3.95	9.61	8.94
BB/Ba	35	21	0.42	58.52	56.84
B/B	36	5	6.04	49.10	46.00
CCC/Caa	37				
Other (including unrated)	38				
Total other fixed interest securities	39	37506	4.02	5.27	5.05
Approved variable interest securities	41	20044	9.66	1.87	1.87
Other variable interest securities	51	561	9.66	1.87	1.87
Total (11+21+39+41+51)	61	61901	6.26	4.07	3.94

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

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

 Financial year ended **31st December 2008**

 Category of assets **Non-Profit Sub-Fund 2**

 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK government approved fixed interest securities	11	157505	6.53	3.17	3.17
Other approved fixed interest securities	21	26428	4.39	3.58	3.58
Other fixed interest securities					
AAA/Aaa	31	84956	3.26	5.96	5.87
AA/Aa	32	136292	4.25	8.24	7.96
A/A	33	280820	5.53	7.61	7.29
BBB/Baa	34	81601	4.20	9.08	8.41
BB/Ba	35	5011	0.12	5.69	4.01
B/B	36	1565		45.83	42.73
CCC/Caa	37	997	1.14	37.83	32.88
Other (including unrated)	38	54738		5.48	5.48
Total other fixed interest securities	39	645980	4.26	7.66	7.33
Approved variable interest securities	41	61303	3.48	2.19	2.19
Other variable interest securities	51	3431	20.15	4.59	4.59
Total (11+21+39+41+51)	61	894647	4.67	6.36	6.12

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 2008**

Units **£000**

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

Form 51 - with-profits	11	5569159	4256691	276255	10102105	11779601
Form 51 - non-profit	12	1630276	2032730	212515	3875521	3895052
Form 52	13	1486140	6499944	264114	8250198	9115389
Form 53 - linked	14	9515750	18403532	144636	28063918	33800407
Form 53 - non-linked	15	(138087)	201138	250	63301	3680
Form 54 - linked	16	120			120	181783
Form 54 - non-linked	17	58317		2676	60993	64050
Total	18	18121675	31394035	900446	50416156	58839962

Reinsurance - external

Form 51 - with-profits	21			89865	89865	72245
Form 51 - non-profit	22	1349326	88897	63554	1501777	1404288
Form 52	23	97			97	97
Form 53 - linked	24		646908		646908	1094534
Form 53 - non-linked	25	145	1		146	153
Form 54 - linked	26					
Form 54 - non-linked	27					
Total	28	1349568	735806	153419	2238793	2571317

Reinsurance - intra-group

Form 51 - with-profits	31	167362			167362	182672
Form 51 - non-profit	32	9120		127873	136993	139375
Form 52	33					
Form 53 - linked	34					
Form 53 - non-linked	35	497	22285		22782	30958
Form 54 - linked	36					
Form 54 - non-linked	37	504		2676	3180	3526
Total	38	177483	22285	130549	330317	356531

Net of reinsurance

Form 51 - with-profits	41	5401797	4256691	186390	9844878	11524684
Form 51 - non-profit	42	271830	1943833	21088	2236751	2351389
Form 52	43	1486043	6499944	264114	8250101	9115292
Form 53 - linked	44	9515750	17756624	144636	27417010	32705873
Form 53 - non-linked	45	(138729)	178852	250	40373	(27431)
Form 54 - linked	46	120			120	181783
Form 54 - non-linked	47	57813			57813	60524
Total	48	16594624	30635944	616478	47847046	55912114

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 2008**

 Units **£000**

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

Form 51 - with-profits	11	5228499	3841969	186390	9256858	10932411
Form 51 - non-profit	12	3	741507	18909	760419	692156
Form 52	13	1484566	5443325	263455	7191346	7939423
Form 53 - linked	14					
Form 53 - non-linked	15					
Form 54 - linked	16					
Form 54 - non-linked	17					
Total	18	6713068	10026801	468754	17208623	19563990

Reinsurance - external

Form 51 - with-profits	21					7252
Form 51 - non-profit	22					
Form 52	23					
Form 53 - linked	24					
Form 53 - non-linked	25					
Form 54 - linked	26					
Form 54 - non-linked	27					
Total	28					7252

Reinsurance - intra-group

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

Net of reinsurance

Form 51 - with-profits	41	5228499	3841969	186390	9256858	10925159
Form 51 - non-profit	42	3	741507	18909	760419	692156
Form 52	43	1484566	5443325	263455	7191346	7939423
Form 53 - linked	44					
Form 53 - non-linked	45					
Form 54 - linked	46					
Form 54 - non-linked	47					
Total	48	6713068	10026801	468754	17208623	19556738

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 2008**

 Units **£000**

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

Form 51 - with-profits	11	340660	414722		755382	782740
Form 51 - non-profit	12	23113	179776		202889	194689
Form 52	13	95	1034238		1034333	1148066
Form 53 - linked	14					
Form 53 - non-linked	15	381	22285		22666	30833
Form 54 - linked	16					
Form 54 - non-linked	17					
Total	18	364249	1651021		2015270	2156328

Reinsurance - external

Form 51 - with-profits	21					543
Form 51 - non-profit	22	1925	39		1964	2324
Form 52	23					
Form 53 - linked	24					
Form 53 - non-linked	25					
Form 54 - linked	26					
Form 54 - non-linked	27					
Total	28	1925	39		1964	2867

Reinsurance - intra-group

Form 51 - with-profits	31	167362			167362	182672
Form 51 - non-profit	32					
Form 52	33					
Form 53 - linked	34					
Form 53 - non-linked	35	381	22285		22666	30833
Form 54 - linked	36					
Form 54 - non-linked	37					
Total	38	167743	22285		190028	213505

Net of reinsurance

Form 51 - with-profits	41	173298	414722		588020	599525
Form 51 - non-profit	42	21188	179737		200925	192365
Form 52	43	95	1034238		1034333	1148066
Form 53 - linked	44					
Form 53 - non-linked	45					
Form 54 - linked	46					
Form 54 - non-linked	47					
Total	48	194581	1628697		1823278	1939956

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 2008**

 Units **£000**

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

Form 51 - with-profits	11			89865	89865	64450
Form 51 - non-profit	12			51645	51645	39694
Form 52	13					
Form 53 - linked	14					
Form 53 - non-linked	15					
Form 54 - linked	16					
Form 54 - non-linked	17					
Total	18			141510	141510	104144

Reinsurance - external

Form 51 - with-profits	21			89865	89865	64450
Form 51 - non-profit	22			51645	51645	39694
Form 52	23					
Form 53 - linked	24					
Form 53 - non-linked	25					
Form 54 - linked	26					
Form 54 - non-linked	27					
Total	28			141510	141510	104144

Reinsurance - intra-group

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

Net of reinsurance

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

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 2008**

 Units **£000**

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

Form 51 - with-profits	11				
Form 51 - non-profit	12	1049710		1049710	1069484
Form 52	13	1478		1478	243
Form 53 - linked	14	9395074		9395074	11847751
Form 53 - non-linked	15	(140314)		(140314)	(275722)
Form 54 - linked	16	120		120	181783
Form 54 - non-linked	17	9931		9931	10057
Total	18	10315999		10315999	12833596

Reinsurance - external

Form 51 - with-profits	21				
Form 51 - non-profit	22	1222713		1222713	1060356
Form 52	23	97		97	97
Form 53 - linked	24				
Form 53 - non-linked	25	145		145	152
Form 54 - linked	26				
Form 54 - non-linked	27				
Total	28	1222955		1222955	1060605

Reinsurance - intra-group

Form 51 - with-profits	31				
Form 51 - non-profit	32	9120		9120	9127
Form 52	33				
Form 53 - linked	34				
Form 53 - non-linked	35	116		116	125
Form 54 - linked	36				
Form 54 - non-linked	37	504		504	697
Total	38	9740		9740	9949

Net of reinsurance

Form 51 - with-profits	41				
Form 51 - non-profit	42	(182123)		(182123)	1
Form 52	43	1381		1381	146
Form 53 - linked	44	9395074		9395074	11847751
Form 53 - non-linked	45	(140575)		(140575)	(275999)
Form 54 - linked	46	120		120	181783
Form 54 - non-linked	47	9427		9427	9360
Total	48	9083304		9083304	11763042

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 2008**

 Units **£000**

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

Form 51 - with-profits	11				
Form 51 - non-profit	12	557450	1111447	141961	1810858
Form 52	13	1	22381	659	23041
Form 53 - linked	14	120676	18403532	144636	18668844
Form 53 - non-linked	15	1846	178853	250	180949
Form 54 - linked	16				
Form 54 - non-linked	17	48386		2676	51062
Total	18	728359	19716213	290182	20734754

Reinsurance - external

Form 51 - with-profits	21				
Form 51 - non-profit	22	124688	88858	11909	225455
Form 52	23				
Form 53 - linked	24		646908		646908
Form 53 - non-linked	25		1		1
Form 54 - linked	26				
Form 54 - non-linked	27				
Total	28	124688	735767	11909	872364

Reinsurance - intra-group

Form 51 - with-profits	31				
Form 51 - non-profit	32			127873	127873
Form 52	33				
Form 53 - linked	34				
Form 53 - non-linked	35				
Form 54 - linked	36				
Form 54 - non-linked	37			2676	2676
Total	38			130549	130549

Net of reinsurance

Form 51 - with-profits	41				
Form 51 - non-profit	42	432762	1022589	2179	1457530
Form 52	43	1	22381	659	23041
Form 53 - linked	44	120676	17756624	144636	18021936
Form 53 - non-linked	45	1846	178852	250	180948
Form 54 - linked	46				
Form 54 - non-linked	47	48386			48386
Total	48	603671	18980446	147724	19731841

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 2008**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	24821	962331	12496	n/a	n/a	n/a	498551
120	Conventional endowment with-profits OB savings	51798	531977	15972	n/a	n/a	n/a	362328
125	Conventional endowment with-profits OB target cash	324334	4571287	132309	n/a	n/a	n/a	3468823
165	Conventional deferred annuity with-profits	178	34		n/a	n/a	n/a	305
210	Additional reserves with-profits OB				n/a	n/a	n/a	898492
390	Deferred annuity non-profit	3			n/a	n/a	n/a	3

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 2008**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	98631	3207402	9982	n/a	n/a	n/a	3332163
165	Conventional deferred annuity with-profits	8930	29014	1086	n/a	n/a	n/a	336156
175	Group conventional deferred annuity with-profits	498	1814		n/a	n/a	n/a	26260
185	Group conventional pensions endowment with-profits	139	7794	203	n/a	n/a	n/a	2611
200	Annuity with-profits (CPA)	3008	12785	9	n/a	n/a	n/a	125912
210	Additional reserves with-profits OB				n/a	n/a	n/a	18867
305	Single premium non-profit WL/EA OB	2511	132704		n/a	n/a	n/a	130765
390	Deferred annuity non-profit	8207	33046		n/a	n/a	n/a	551672
400	Annuity non-profit (CPA)		14859		n/a	n/a	n/a	59070

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 2008**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	142	14142	145	n/a	n/a	n/a	7249
120	Conventional endowment with-profits OB savings	1224	21280	612	n/a	n/a	n/a	16413
125	Conventional endowment with-profits OB target cash	2075	44985	1443	n/a	n/a	n/a	32697
155	Conventional pensions endowment with-profits	3436	97984	1741	n/a	n/a	n/a	86303
165	Conventional deferred annuity with-profits	533	3762	521	n/a	n/a	n/a	36906
185	Group conventional pensions endowment with-profits	1018	123119	4714	n/a	n/a	n/a	6822
305	Single premium non-profit WL/EA OB	12	279		n/a	n/a	n/a	267
390	Deferred annuity non-profit	300	2379		n/a	n/a	n/a	17144
395	Annuity non-profit (PLA)		366		n/a	n/a	n/a	1498

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 **Provident Mutual Sub-Fund**

Financial year ended **31st December 2008**

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	2434	7926	68	n/a	n/a	n/a	5149
120	Conventional endowment with-profits OB savings	6526	36913	834	n/a	n/a	n/a	29617
125	Conventional endowment with-profits OB target cash	21901	335016	8885	n/a	n/a	n/a	281716
165	Conventional deferred annuity with-profits	405	92		n/a	n/a	n/a	1125
195	Annuity with-profits (PLA)	168	595		n/a	n/a	n/a	6811
205	Miscellaneous conventional with-profits	34417	81086	1701	n/a	n/a	n/a	6807
210	Additional reserves with-profits OB				n/a	n/a	n/a	9435
300	Regular premium non-profit WL/EA OB	2485	5609	66	n/a	n/a	n/a	3667
365	Income protection non-profit (reviewable premiums)	1405	9930	205	n/a	n/a	n/a	856
385	Income protection claims in payment	60	480		n/a	n/a	n/a	3550
390	Deferred annuity non-profit	593	207		n/a	n/a	n/a	1744
395	Annuity non-profit (PLA)	843	533		n/a	n/a	n/a	5335
410	Group Life	1236	1380	45	n/a	n/a	n/a	241
420	Group income protection	467	3457	52	n/a	n/a	n/a	206
425	Group income protection claims in payment	99	750		n/a	n/a	n/a	4899
435	Miscellaneous non-profit	3396	252201	876	n/a	n/a	n/a	2615

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 **Provident Mutual Sub-Fund**Financial year ended **31st December 2008**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
410	Group Life		80	2	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		310		n/a	n/a	n/a	1869

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 2008**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		20730	534	n/a	n/a	n/a	15854
125	Conventional endowment with-profits OB target cash		182053	4851	n/a	n/a	n/a	151246
205	Miscellaneous conventional with-profits		337	3	n/a	n/a	n/a	262

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 2008**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	243	373		n/a	n/a	n/a	293
165	Conventional deferred annuity with-profits	747	659	3	n/a	n/a	n/a	7966
200	Annuity with-profits (CPA)	9551	51800		n/a	n/a	n/a	406463
390	Deferred annuity non-profit	97655	23227		n/a	n/a	n/a	175772
410	Group Life	1469	103803	489	n/a	n/a	n/a	2417
435	Miscellaneous non-profit	2153	96623	312	n/a	n/a	n/a	1497
440	Additional reserves non-profit OB				n/a	n/a	n/a	90

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 2008**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		17512	64	n/a	n/a	n/a	39

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 **Belgian Sub-Fund**Financial year ended **31st December 2008**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	79168	329736	20725	n/a	n/a	n/a	68897
120	Conventional endowment with-profits OB savings	2329	17687	177	n/a	n/a	n/a	10138
175	Group conventional deferred annuity with-profits	178	10656	419	n/a	n/a	n/a	4883
195	Annuity with-profits (PLA)	15	26		n/a	n/a	n/a	358
210	Additional reserves with-profits OB				n/a	n/a	n/a	5589
300	Regular premium non-profit WL/EA OB		351421	734	n/a	n/a	n/a	330
325	Level term assurance	106376	6493448	16425	n/a	n/a	n/a	51315
435	Miscellaneous non-profit			1445	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 10)Name of insurer **Norwich Union Life & Pensions Ltd**Total business / subfund **Belgian Sub-Fund**Financial year ended **31st December 2008**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		329736	20725	n/a	n/a	n/a	68897
120	Conventional endowment with-profits OB savings		17687	177	n/a	n/a	n/a	10138
175	Group conventional deferred annuity with-profits		10656	419	n/a	n/a	n/a	4883
195	Annuity with-profits (PLA)		26		n/a	n/a	n/a	358
210	Additional reserves with-profits OB				n/a	n/a	n/a	5589
300	Regular premium non-profit WL/EA OB		351421	734	n/a	n/a	n/a	330
325	Level term assurance		6493448	16425	n/a	n/a	n/a	51315
435	Miscellaneous non-profit			1445	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 11)

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

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

Financial year ended **31st December 2008**

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	49077	314401	10622	n/a	n/a	n/a	89356
305	Single premium non-profit WL/EA OB	1377	53		n/a	n/a	n/a	53
325	Level term assurance	686811	101937697	235449	n/a	n/a	n/a	498617
330	Decreasing term assurance	319751	33011812	89358	n/a	n/a	n/a	(33642)
340	Accelerated critical illness (guaranteed premiums)	409122	35100264	189615	n/a	n/a	n/a	179064
345	Accelerated critical illness (reviewable premiums)	67420	7673984	41201	n/a	n/a	n/a	(28120)
360	Income protection non-profit (guaranteed premiums)		150979	484	n/a	n/a	n/a	1
390	Deferred annuity non-profit	1045	1318	631	n/a	n/a	n/a	17139
395	Annuity non-profit (PLA)	3571	2404	3	n/a	n/a	n/a	39942
410	Group Life	40625	6006888	7553	n/a	n/a	n/a	3118
415	Collective Life		8283276	2	n/a	n/a	n/a	88775
435	Miscellaneous non-profit	329	107421	262	n/a	n/a	n/a	12185
440	Additional reserves non-profit OB		2756102	288	n/a	n/a	n/a	183222

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 **Non-Profit Sub-Fund 1**Financial year ended **31st December 2008**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		127393	491	n/a	n/a	n/a	89356
305	Single premium non-profit WL/EA OB				n/a	n/a	n/a	27
325	Level term assurance		91322026	150270	n/a	n/a	n/a	497284
330	Decreasing term assurance		28730754	54751	n/a	n/a	n/a	27765
340	Accelerated critical illness (guaranteed premiums)		27620681	107098	n/a	n/a	n/a	253093
345	Accelerated critical illness (reviewable premiums)		5647593	12662	n/a	n/a	n/a	9982
360	Income protection non-profit (guaranteed premiums)				n/a	n/a	n/a	1
390	Deferred annuity non-profit				n/a	n/a	n/a	17139
395	Annuity non-profit (PLA)				n/a	n/a	n/a	33052
410	Group Life				n/a	n/a	n/a	3118
415	Collective Life		381050		n/a	n/a	n/a	91593
435	Miscellaneous non-profit		853		n/a	n/a	n/a	17081
440	Additional reserves non-profit OB			266	n/a	n/a	n/a	183222

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 2008**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		83131	324	n/a	n/a	n/a	2660
330	Decreasing term assurance		29851	270	n/a	n/a	n/a	(281)
340	Accelerated critical illness (guaranteed premiums)		18887	161	n/a	n/a	n/a	(149)
395	Annuity non-profit (PLA)		903		n/a	n/a	n/a	6890

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 2**

Financial year ended **31st December 2008**

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		1525	4	n/a	n/a	n/a	9
330	Decreasing term assurance		2271	18	n/a	n/a	n/a	(33)
340	Accelerated critical illness (guaranteed premiums)		3033	34	n/a	n/a	n/a	
350	Stand-alone critical illness (guaranteed premiums)	12340	910168	4710	n/a	n/a	n/a	20738
355	Stand-alone critical illness (reviewable premiums)	2164	174416	966	n/a	n/a	n/a	141
360	Income protection non-profit (guaranteed premiums)	26184	247292	6820	n/a	n/a	n/a	20112
365	Income protection non-profit (reviewable premiums)	95458	1139199	33336	n/a	n/a	n/a	(9438)
370	Long-term care policy	6878	42813	5817	n/a	n/a	n/a	91558
385	Income protection claims in payment				n/a	n/a	n/a	57863
415	Collective Life	198786	4384932		n/a	n/a	n/a	168545
420	Group income protection	116317	3309916	37781	n/a	n/a	n/a	103682
425	Group income protection claims in payment				n/a	n/a	n/a	50592
435	Miscellaneous non-profit	621	22198	6	n/a	n/a	n/a	936
440	Additional reserves non-profit OB			65	n/a	n/a	n/a	52745

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 2**Financial year ended **31st December 2008**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)		545213	2535	n/a	n/a	n/a	11828
355	Stand-alone critical illness (reviewable premiums)		127462	321	n/a	n/a	n/a	889
360	Income protection non-profit (guaranteed premiums)		3975	110	n/a	n/a	n/a	309
365	Income protection non-profit (reviewable premiums)		135886	3853	n/a	n/a	n/a	501
385	Income protection claims in payment				n/a	n/a	n/a	10587
415	Collective Life				n/a	n/a	n/a	43833
420	Group income protection		79018	1264	n/a	n/a	n/a	921
425	Group income protection claims in payment				n/a	n/a	n/a	11021
435	Miscellaneous non-profit		166	5	n/a	n/a	n/a	13
440	Additional reserves non-profit OB				n/a	n/a	n/a	44786

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 2008**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	38	55		n/a	n/a	n/a	48
320	Group deposit administration non-profit	3	29		n/a	n/a	n/a	54
325	Level term assurance	37157	5296129	13796	n/a	n/a	n/a	13052
330	Decreasing term assurance	1009	157296	349	n/a	n/a	n/a	(527)
390	Deferred annuity non-profit	26959	68497	46	n/a	n/a	n/a	696753
400	Annuity non-profit (CPA)	6947	21406		n/a	n/a	n/a	254988
410	Group Life	254	106110646	119817	n/a	n/a	n/a	51764
411	Group death in service dependants' annuities		1077597	29541	n/a	n/a	n/a	13669
435	Miscellaneous non-profit	7350	8330	22	n/a	n/a	n/a	11097
440	Additional reserves non-profit OB			23	n/a	n/a	n/a	70549

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 2008**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		4485958	6083	n/a	n/a	n/a	20594
330	Decreasing term assurance		140773	88	n/a	n/a	n/a	86
390	Deferred annuity non-profit				n/a	n/a	n/a	5630
400	Annuity non-profit (CPA)		233		n/a	n/a	n/a	61276
410	Group Life		2035439	1355	n/a	n/a	n/a	302
435	Miscellaneous non-profit				n/a	n/a	n/a	546
440	Additional reserves non-profit OB			25	n/a	n/a	n/a	424

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 2008**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	34	170	3	n/a	n/a	n/a	112
325	Level term assurance	7542	1669759	4415	n/a	n/a	n/a	7322
330	Decreasing term assurance	8434	1228037	3034	n/a	n/a	n/a	(1368)
340	Accelerated critical illness (guaranteed premiums)	7557	853615	4617	n/a	n/a	n/a	3061
345	Accelerated critical illness (reviewable premiums)	526	81955	434	n/a	n/a	n/a	(280)
390	Deferred annuity non-profit	46	276		n/a	n/a	n/a	3058
395	Annuity non-profit (PLA)	3393	9553		n/a	n/a	n/a	127873
410	Group Life	4226	2057853	2668	n/a	n/a	n/a	1304
411	Group death in service dependants' annuities		24448	727	n/a	n/a	n/a	284
435	Miscellaneous non-profit	8	24374		n/a	n/a	n/a	532
440	Additional reserves non-profit OB			14	n/a	n/a	n/a	63

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 2008**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		1486045	2597	n/a	n/a	n/a	7229
330	Decreasing term assurance		1091286	1846	n/a	n/a	n/a	770
340	Accelerated critical illness (guaranteed premiums)		680900	2807	n/a	n/a	n/a	3890
345	Accelerated critical illness (reviewable premiums)		61250	168	n/a	n/a	n/a	9
440	Additional reserves non-profit OB			11	n/a	n/a	n/a	11

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 2008**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
395	Annuity non-profit (PLA)		9553		n/a	n/a	n/a	127873

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 2008**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	42765	1310891		1300854	1234277		1234277
505	Life UWP whole life regular premium	12139	31923	6685	31923	31640		31640
510	Life UWP endowment regular premium - savings	3112	31298	2112	31298	30850		30850
515	Life UWP endowment regular premium – target cash	17470	192013	14716	192013	187780		187780
575	Miscellaneous UWP		19		19	19		19

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 2008**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	267117	4138702	46697	4138313	4119389		4119389
535	Group money purchase pensions UWP	120620	1315140	37843	1314193	1302731		1302731
570	Income drawdown UWP	17	3605		3605	3471		3471
575	Miscellaneous UWP		3314		3314	3314	14420	17734

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 2008**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	9376	180988	4838	180559	177619		177619
535	Group money purchase pensions UWP	3534	90018	5054	90002	85836		85836

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 2008**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
575	Miscellaneous UWP	1	91		91	91	4	95

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 2008**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		130859	5170	130859	130859	43294	174153
575	Miscellaneous UWP	37523	541214	5065	753570	599325	260760	860085

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 2008**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		28399				485	485
505	Life UWP whole life regular premium		1252095	352			554	554
510	Life UWP endowment regular premium -savings		2841	222				
515	Life UWP endowment regular premium – target cash		642643	775			434	434
605	Miscellaneous protection rider		9700	120			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 2008**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 2008**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
525	Individual pensions UWP		103					
605	Miscellaneous protection rider		823	18			1	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 2008**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		51851	2097			5437	5437
535	Group money purchase pensions UWP		38944	1152			16926	16926
570	Income drawdown UWP		142				6	6
605	Miscellaneous protection rider		7150	287			12	12

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 2008**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		6381	255			168	168
535	Group money purchase pensions UWP		1190	23			491	491
605	Miscellaneous protection rider		24	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 2008**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	8798	1178				298	298
710	Life property linked whole life regular premium	2635	70399				68	68
715	Life property linked endowment regular premium - savings	985	3839				2	2
720	Life property linked endowment regular premium – target cash	4812	107676				13	13

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 2008**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		1178				298	298
710	Life property linked whole life regular premium		70399				68	68
715	Life property linked endowment regular premium - savings		3839				2	2
720	Life property linked endowment regular premium – target cash		107676				13	13

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 2008**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	109852	111167				16278	16278
735	Group money purchase pensions property linked	62727	1830				6006	6006
755	Trustee investment plan	61					1	1

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 2008**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		111167				16278	16278
735	Group money purchase pensions property linked		1830				6006	6006
755	Trustee investment plan						1	1

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 **Non-Profit Sub-Fund 1**Financial year ended **31st December 2008**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	61372	8978975		8899321	8899321	(163928)	8735393
710	Life property linked whole life regular premium	24008	2202700	15677	118410	117629	1297	118926
715	Life property linked endowment regular premium -savings	26874	610170	9038	107116	107070	1890	108960
720	Life property linked endowment regular premium – target cash	19772	792134	19605	263798	261618	546	262164
775	Accelerated critical illness rider			576				
780	Stand-alone critical illness rider	2417	193983	890	2001	2001		2001
790	Miscellaneous protection rider		21581	115			5	5
795	Miscellaneous property linked	5350	35424	285	5226	7435	14396	21831
800	Additional reserves property linked						5480	5480

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 2008**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		438610	2083			60	60
715	Life property linked endowment regular premium -savings		9					
720	Life property linked endowment regular premium – target cash		187655	652			82	82
775	Accelerated critical illness rider			319				
780	Stand-alone critical illness rider		117822	216				
790	Miscellaneous protection rider		6995	62			3	3

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 2008**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		96633	253			11	11
715	Life property linked endowment regular premium -savings		83815	94			54	54
790	Miscellaneous protection rider		2043	4				
795	Miscellaneous property linked		12786	98			51	51

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 2**Financial year ended **31st December 2008**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		5431	331	1162	1162	516	1677
725	Individual pensions property linked		121071	14156	118741	118741	1329	120070
755	Trustee investment plan		773		773	773		773
790	Miscellaneous protection rider		1789	35			1	1

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 2008**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	212547	12284549	467314	12270372	12256169	57979	12314148
735	Group money purchase pensions property linked	84405	5561518	562595	5812283	5811045	84214	5895259
750	Income drawdown property linked	69	6380		6380	6380	11	6391
755	Trustee investment plan	166	323490		329938	329938	18067	348004
790	Miscellaneous protection rider		25659	1072			50	50
800	Additional reserves property linked						18532	18532

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 2008**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		7104		8468	8468		8468
735	Group money purchase pensions property linked		638440		638440	638440		638440
790	Miscellaneous protection rider		2166	27			1	1

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 2008**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
790	Miscellaneous protection rider		321	2				

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 2008**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	250	3193	104	3193	3193		3193
725	Individual pensions property linked	8263	137779	14746	137542	137542	243	137785
735	Group money purchase pensions property linked	171	2636	204	2636	2636	7	2643
755	Trustee investment plan	5	1265		1265	1265		1265
790	Miscellaneous protection rider		9					

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 2008**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	9	121			120		120
905	Index linked annuity	22	471				9931	9931

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 2008**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		110				504	504

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 2008**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						30464	30464
902	Group index linked income protection claims in payment						17922	17922

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 2008**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
905	Index linked annuity	107	130				2676	2676

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 2008**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		130				2676	2676

Long-term insurance business: Unit prices for internal linked funds
Form 55

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

Total business

Financial year ended **31st December 2008**

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	8330499909	Pensions Balanced Managed Accumulation S2 - F641YP	(0.02)	6.1272	4.7758	(22.06)
Life Property - E500YA	07 - life - property	1344455248	Life Property Accumulation S4 - F380YL		3.4679	2.7976	(19.33)
Pensions Property - E501YA	17 - individual pension - property	1149335931	Pensions Property Accumulation S2 - F681YP		6.5982	5.0668	(23.21)
Pensions UK Equity - M003YA	15 - individual pension - UK equity	1058437924	Pensions UK Equity Accumulation S2 - F658YP	(0.02)	6.9348	4.7889	(30.94)
Life Balanced Distribution - L142YA	02 - life - balanced managed fund	852760717	Life Balanced Distribution Accumulation S4 - F007YL		1.2235	1.0406	(14.95)
Life Balanced Managed - L006YA	02 - life - balanced managed fund	1400072156	Life Balanced Managed Accumulation S4 - F019YL		3.2408	2.6138	(19.35)
Pensions Defensive Managed - M030YA	13 - individual pension - defensive managed fund	778363015	Pensions Defensive Managed Accumulation s2 - F644YP	(0.01)	2.6528	2.5118	(5.32)
Pensions European Equity - M024YA	16 - individual pension - overseas equity	576726804	Pensions European Equity Accumulation S2 - F720YP	(0.05)	10.9173	8.7661	(19.70)
Pensions Global Equity M004YA	16 - individual pension - overseas equity	337226382	Pensions Global Equity Accumulation S2 - F672YP	(0.05)	5.2840	4.1670	(21.14)
Life Defensive Managed - L138YA	03 - life - defensive managed fund	408275034	Life Defensive Managed Accumulation S4 - F052YL		2.2203	2.2414	0.95
Life Cautious Managed - L011YA	04 - life - other managed fund	340061062	Life Cautious Managed Accumulation S4 - F031YL		2.4876	2.3655	(4.91)
Life UK Equity - L003YA	05 - life - UK equity	147608414	Life UK Equity Accumulation S4 - F482YL		3.5564	2.5525	(28.23)
Pensions Sustainable Future Managed - M049YA	14 - individual pension - other managed fund	168023720	Pensions Sustainable Future Managed Accumulation S2 - F778YP	(0.03)	1.3301	1.0814	(18.70)
Pensions Pacific Including Japan - M035YA	16 - individual pension - overseas equity	138410855	Pensions Pacific Including Japan Accumulation S2 - F727YP	(0.07)	3.4368	2.5861	(24.75)
Pensions US Equity - M022YA	16 - individual pension - overseas equity	137864630	Pensions US Equity Accumulation S2 - F713YP	(0.02)	4.1726	3.6149	(13.37)
Life European Equity - L027YA	06 - life - overseas equity	100923906	Life European Equity Accumulation S1 - F169YL	0.75	5.5721	4.5882	(17.66)
Pensions UK Equity Ethical - M034YA	16 - individual pension - overseas equity	101995322	Pensions UK Equity Ethical Accumulation S2 - F657YP	(0.02)	1.7757	1.1817	(33.45)

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 2008**Units **£000**

Product Group 1	Net mathematical reserves 2	Net valuation interest rate 3	Gross valuation interest rate 4	Risk adjusted yield on matching assets 5
UK Life WP Form 51	4393400	3.55	4.18	4.37
UK Pens WP Form 51 With Profit Annuity	124257		4.00	4.37
UK Pens WP Form 51 Other Pensions	3666510		4.25	4.37
UK Pens NP Form 51	687202		3.10	3.35
OS WP Form 51	129282		4.25	4.37
OS NP Form 51	18591		3.10	3.35
Misc Form 51	1010270			3.66
UK Life WP Form 52	1519749	3.60	4.24	4.37
UK Pens WP Form 52	5617577		4.20	4.37
OS WP Form 52	271521		4.20	4.37
TOTAL	17438359	n/a	n/a	n/a

Long-term insurance business - analysis of valuation interest rate**Form 57
(Sheet 2)**Name of insurer **Norwich Union Life & Pensions Ltd**Total business / subfund **Provident Mutual Sub-Fund**Financial year ended **31st December 2008**Units **£000**

Product Group 1	Net mathematical reserves 2	Net valuation interest rate 3	Gross valuation interest rate 4	Risk adjusted yield on matching assets 5
UK L&GA WP Form 51 Assurances	156434	3.90	4.66	5.77
UK L&GA WP Form 51 Annuities	6782		4.00	4.54
UK L&GA NP Form 51 Annuities	5335		4.00	4.54
UK Pens WP Form 51 With Profit Annuity	418252		4.00	4.54
UK Pens NP Form 51 Deferred Annuity	181390		3.45	3.78
UK Pens WP Form 51 Deferred Annuity	9146		4.55	5.77
UK Pens WP Form 52 Compact	38635		3.25	3.78
UK Pens WP Form 52	995943		4.55	5.77
Misc	23926			
TOTAL	1835843	n/a	n/a	n/a

Long-term insurance business - analysis of valuation interest rate
**Form 57
(Sheet 3)**

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

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

 Financial year ended **31st December 2008**

 Units **£000**

Product Group 1	Net mathematical reserves 2	Net valuation interest rate 3	Gross valuation interest rate 4	Risk adjusted yield on matching assets 5
FORM 51 NP UK L&GA ADDITIONAL RESERVES	(4870)			3.86
FORM 51 NP UK L&GA ADDITIONAL RESERVES	(27)	2.70		5.67
FORM 51 NP UK L&GA ASSURANCE	2052			3.86
FORM 51 NP UK L&GA ASSURANCE	(196719)	2.70		5.67
FORM 51 NP UK L&GA ASSURANCE	309	3.00		5.67
FORM 51 NP UK L&GA ASSURANCE	13519	3.75		5.67
FORM 51 NP UK L&GA ASSURANCE	3557	4.00		5.67
FORM 51 NP UK L&GA ASSURANCE	56	4.30		5.67
FORM 52 NP UK L&GA ADDITIONAL RESERVES	5			3.86
FORM 52 NP UK L&GA ASSURANCE	(97)			3.86
FORM 52 NP UK L&GA ASSURANCE	1470	3.00		5.67
FORM 52 NP UK L&GA ASSURANCE	3	3.20		5.67
FORM 53 NP UK L&GA ADDITIONAL RESERVES	19171			3.86
FORM 53 NP UK L&GA ADDITIONAL RESERVES	656	3.00		5.67
FORM 53 NP UK L&GA ASSURANCE	(79)			3.86
FORM 53 NP UK L&GA ASSURANCE	190	2.70		5.67
FORM 53 NP UK L&GA ASSURANCE	(160512)	3.00		5.67
FORM 54 NP UK L&GA ANNUITIES	9427	3.65		5.67
TOTAL	(311889)	n/a	n/a	n/a

Long-term insurance business - analysis of valuation interest rate
**Form 57
(Sheet 4)**

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

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

 Financial year ended **31st December 2008**

 Units **£000**

Product Group 1	Net mathematical reserves 2	Net valuation interest rate 3	Gross valuation interest rate 4	Risk adjusted yield on matching assets 5
FORM 51 NP OS OS L&GA ASSURANCE	1304			3.86
FORM 51 NP OS OS L&GA ASSURANCE	(3055)		2.70	5.67
FORM 51 NP OS OS L&GA DEFERRED ANNUITIES	3055		3.80	6.61
FORM 51 NP UK NUHC ADDITIONAL RESERVES	3614		6.10	7.09
FORM 51 NP UK NUHC INCOME PROTECTION	28856		4.20	7.09
FORM 51 NP UK NUHC INCOME PROTECTION	(1114)		6.10	7.09
FORM 51 NP UK NUHC INCOME PROTECTION CIP	(6783)		4.20	7.09
FORM 51 NP UK NUHC INCOME PROTECTION CIP	93630		6.10	7.09
FORM 51 NP UK PENS ADDITIONAL RESERVES	78125			3.86
FORM 51 NP UK PENS ADDITIONAL RESERVES	2524		3.40	7.04
FORM 51 NP UK PENS ANNUITIES	13669			3.86
FORM 51 NP UK PENS ANNUITIES	193713		3.80	6.61
FORM 51 NP UK PENS ASSURANCE	51415			3.86
FORM 51 NP UK PENS ASSURANCE	(8006)		3.40	7.04
FORM 51 NP UK PENS DEFERRED ANNUITIES	25423			3.86
FORM 51 NP UK PENS DEFERRED ANNUITIES	2252		3.40	7.04
FORM 51 NP UK PENS DEFERRED ANNUITIES	663447		3.80	6.61
FORM 51 NP UK PHI	36984			3.86
FORM 51 NP UK PHI	49375		3.50	7.04
FORM 51 NP UK PHI	5199		6.10	7.09
FORM 51 NP UK PHI ADDITIONAL RESERVES	5245			3.86
FORM 51 NP UK PHI ASSURANCE	124712			3.86
FORM 51 NP UK PHI CRITICAL ILLNESS	8131		3.40	7.04
FORM 51 NP UK PHI INCOME PROTECTION	84883			3.86
FORM 52 NP UK PENS ASSURANCE	22368		3.70	4.32
FORM 53 NP UK OS L&GA ASSURANCE	1270		3.70	4.32
FORM 53 NP UK PENS ADDITIONAL RESERVES	18581			3.86
FORM 53 NP UK PENS ASSURANCE	160271		3.70	4.32
FORM 54 NP UK NUHC INCOME PROTECTION CIP	48386		2.10	7.04
NPSF2 Miscellaneous	2430			4.08
TOTAL	1709904	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 2008**

Units **£000**

	Financial year 1	Previous year 2
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Valuation result

Fund carried forward	11	48089347	56160311
Bonus payments in anticipation of a surplus	12	562158	509190
Transfer to non-technical account	13	238013	40506
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	48889518	56710007
Mathematical reserves	21	47847046	55912114
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	1042472	797893

Composition of surplus

Balance brought forward	31		
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	1042472	797893
Total	39	1042472	797893

Distribution of surplus

Bonus paid in anticipation of a surplus	41	562158	509191
Cash bonuses	42		
Reversionary bonuses	43	242301	248196
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	804459	757387
Net transfer out of fund / part of fund	47	238013	40506
Total distributed surplus (46+47)	48	1042472	797893
Surplus carried forward	49		
Total (48+49)	59	1042472	797893

Percentage of distributed surplus allocated to policyholders

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

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 2008**

Units **£000**

	Financial year 1	Previous year 2
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Valuation result

Fund carried forward	11	17438359	19792947
Bonus payments in anticipation of a surplus	12	511013	470362
Transfer to non-technical account	13	41165	34989
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	17990537	20298298
Mathematical reserves	21	17208623	19556738
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	781914	741560

Composition of surplus

Balance brought forward	31		
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	781914	741560
Total	39	781914	741560

Distribution of surplus

Bonus paid in anticipation of a surplus	41	511013	470362
Cash bonuses	42		
Reversionary bonuses	43	229736	236209
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	740749	706571
Net transfer out of fund / part of fund	47	41165	34989
Total distributed surplus (46+47)	48	781914	741560
Surplus carried forward	49		
Total (48+49)	59	781914	741560

Percentage of distributed surplus allocated to policyholders

Current year	61	94.74	95.28
Current year - 1	62	95.28	95.48
Current year - 2	63	95.48	95.98
Current year - 3	64	95.98	96.10

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 2008**

Units **£000**

	Financial year 1	Previous year 2
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Valuation result

Fund carried forward	11	1835843	1951944
Bonus payments in anticipation of a surplus	12	51145	38828
Transfer to non-technical account	13	6848	5517
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	1893836	1996289
Mathematical reserves	21	1823278	1939956
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	70558	56333

Composition of surplus

Balance brought forward	31		
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	70558	56333
Total	39	70558	56333

Distribution of surplus

Bonus paid in anticipation of a surplus	41	51145	38829
Cash bonuses	42		
Reversionary bonuses	43	12565	11987
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	63710	50816
Net transfer out of fund / part of fund	47	6848	5517
Total distributed surplus (46+47)	48	70558	56333
Surplus carried forward	49		
Total (48+49)	59	70558	56333

Percentage of distributed surplus allocated to policyholders

Current year	61	90.29	90.21
Current year - 1	62	90.21	90.48
Current year - 2	63	90.48	90.28
Current year - 3	64	90.28	89.08

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 2008**

Units **£000**

	Financial year 1	Previous year 2
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Valuation result

Fund carried forward	11	9083304	11763042
Bonus payments in anticipation of a surplus	12		
Transfer to non-technical account	13		
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	9083304	11763042
Mathematical reserves	21	9083304	11763042
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29		

Composition of surplus

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

Distribution of surplus

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

Percentage of distributed surplus allocated to policyholders

Current year	61		
Current year - 1	62		
Current year - 2	63		
Current year - 3	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 2**

Financial year ended **31st December 2008**

Units **£000**

	Financial year 1	Previous year 2
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Valuation result

Fund carried forward	11	19731841	22652378
Bonus payments in anticipation of a surplus	12		
Transfer to non-technical account	13	190000	
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	19921841	22652378
Mathematical reserves	21	19731841	22652378
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	190000	

Composition of surplus

Balance brought forward	31		
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	190000	
Total	39	190000	

Distribution of surplus

Bonus paid in anticipation of a surplus	41		
Cash bonuses	42		
Reversionary bonuses	43		
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46		
Net transfer out of fund / part of fund	47	190000	
Total distributed surplus (46+47)	48	190000	
Surplus carried forward	49		
Total (48+49)	59	190000	

Percentage of distributed surplus allocated to policyholders

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

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 **1st March 2009**

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	7003	1190		CWP	n/a	7003
Endowment assurance	15	11355	1339		CWP	n/a	11355
Endowment assurance	20	19705	2548		CWP	n/a	19705
Endowment assurance	25	34496	5549		CWP	n/a	34496
Regular premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Regular premium pension	10	27093	713		UWP	N	27093
Regular premium pension	15	47613	1255		UWP	N	47613
Regular premium pension	20	82282	3996		UWP	N	82282
Single premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	10	14425			UWP	N	14425
Single premium pension	15	22908	1297		UWP	N	22908
Single premium pension	20	37741			UWP	N	37741

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 **1st March 2009**

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	11702	1614		CWP	n/a	11702
Endowment assurance	20	19500	2395		CWP	n/a	19500
Endowment assurance	25	30696	2791		CWP	n/a	30696
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	47907	2845		CWP	n/a	47907
Regular premium pension	20	84365	11285		CWP	n/a	84365
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	22399	3708		CWP	n/a	22399
Single premium pension	20	41003	11521		CWP	n/a	41003

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 **1st March 2009**

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	6137			CWP	n/a	18164
Endowment assurance	15	9887			CWP	n/a	19471
Endowment assurance	20	17648			CWP	n/a	24990
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	11398		1703	UWP	Y	13232
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	11828		2596	UWP	Y	11828

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 **1st March 2009**

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	9725			CWP	n/a	20561
Endowment assurance	20	17239			CWP	n/a	25080
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 2008**

 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%	1935327	1942209			
Classes I (other), II and IX	12	0.1%	149582508	149172661	0.54	80293	60240
Classes I (other), II and IX	13	0.15%	5899573	3173969		4750	5496
Classes I (other), II and IX	14	0.3%	196535047	36610327		316490	291644
Classes III, VII and VIII	15	0.3%	4650838	3408257	0.73	10225	11514
Total	16		358603293	194307423		411758	368894

Insurance health risk and life protection reinsurance capital component

Class IV, supplementary classes 1 and 2 and life protection reinsurance	21					23943	26104
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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%	15290800	13525013	0.88	135250	155344
Classes III, VII and VIII (investment risk)	33	1%	9096199	8782764	0.97	87828	89085
Classes III, VII and VIII (expenses fixed 5 yrs +)	34	1%	8981728	8981623	1.00	89816	113653
Classes III, VII and VIII (other)	35	25%				15310	7848
Class IV (other)	36	1%	614452	487835	0.85	5223	6356
Class V	37	1%					
Class VI	38	1%	33	33	1.00		
Total	39					333427	372286

Insurance market risk capital component

Life protection and permanent health reinsurance	41	0%	20528	13654			
Classes I (other), II and IX	42	3%	15290800	13525013	0.88	405750	466033
Classes III, VII and VIII (investment risk)	43	3%	9096199	8782764	0.97	263483	267256
Classes III, VII and VIII (expenses fixed 5 yrs +)	44	0%	8981728	8981623			
Classes III, VII and VIII (other)	45	0%	16654715	16298425			
Class IV (other)	46	3%	614452	487835	0.85	15669	19067
Class V	47	0%					
Class VI	48	3%	33	33	1.00	1	1
Total	49		50658455	48089347		684903	752357

Long term insurance capital requirement	51					1454031	1519641
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Supplementary notes

Name of insurer **Norwich Union Life & Pensions Limited**
 Global business
 Financial year ended **31st December 2008**

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

	£'000
i) Net admissible assets	
Form 13 Line 89 (Long term business)	56,398,069
Form 13 Line 89 (Other than long term business)	816,084
Form 14 Lines 11, 12 and 49	(52,686,432)
Form 15 Line 69	(238,800)
	<u>4,288,921</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	119,000
iv) Capital resources requirement of regulated related undertakings	<u>878,636</u>
Total i) to iv) above	
Form 3, Line 79	<u>5,486,557</u>

0306 Line 92 – Financial Reinsurance

The impact of the financial reinsurance shown at line 92 is to reduce mathematical reserves by £583m. The amount of contingent liability for payment to the reinsurer is £600.8m. The commutation value of the reinsurance arrangement at the end of the financial year is £600.8m.

Supplementary notesName of insurer **Norwich Union Life & Pensions Limited**

Global business

Financial year ended **31st December 2008****Code****0310 Calculation of valuation differences as required by instruction 9 to Form 3**

	£'000
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	358,439
Difference in technical provisions	2,057,901
Deferred income reserve	62,311
Financial reinsurance	103,000
Other	1,877
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.	
Other	3,395
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	-
Net positive valuation difference included in line 14	<u><u>2,586,923</u></u>

0312 Section 148 waivers**Implicit items 955897**

The Financial Services Authority made, on the application of the firm, a direction in November 2008 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

	£'000
Profit and loss account and other reserves at the end of the previous financial year (Form 3 Line 12 Column 4)	3,089,478
Profit/(loss) retained for the financial year (Form 16 Line 59)	(241,101)
Profit/(loss) arising in long-term insurance funds that has not been transferred to the shareholder fund	(252,605)
Profit and loss account and other reserves at the end of this financial year (Form 3 Line 12 Column 3)	<u><u>2,595,772</u></u>

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 2008**

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 £87.4m (Long term business) and £nil (Other than long term business).
- (ii) Listed investments on lines 41, 46 and 48, which are not readily realisable £nil.
- (iii) Units in collective investment schemes that are not schemes falling within the UCITS Directive or are not authorised unit trust schemes or recognised schemes within the meaning of Part XVII of the Act are £1,994.1m (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 £866.7m.

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 maximum permitted exposure to counterparties is set out in the Investment Management Agreement with Aviva Investors Global Services Limited and approved by Norwich Union Life Investment Committee, as follows:

Deposits

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 2008**

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.

At 31 December 2008, the company held £329.7m of unsecured debt with Aviva Group companies. These assets have been restricted down to 1% of the companies long term insurance business amount.

1316 Leased Assets

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

1318 Other asset adjustments

	Category 1	Category 10
	£'000	£'000
Deferred tax gross up	-	152,600
Current tax gross up	-	(96,371)
Disclosure of unit-linked credits as liabilities in statutory accounts	-	(190,587)
Other adjustments	(392)	(2,984)
Other asset adjustments included in Form 13 line 101	<u>(392)</u>	<u>(137,342)</u>

1401 Provision for reasonably foreseeable adverse variations
1501

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

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.

1404 Provision
1506

The amount of implicit provision required by INSPRU 3.2.17R(3) included in Form 14 line 38 is £226.4m.

1405 Other adjustments to Liabilities

	£'000
Adjustment to FSA mathematical reserves	2,057,901
Disclosure of unit-linked credits as liabilities in statutory accounts	(190,587)
Adjustment to FSA taxation provision	89,778
Current tax gross up	(96,371)
Deferred tax gross up	152,600
Deferred income reserve	62,311
Financial reinsurance	103,000
Other liabilities	<u>1,878</u>

Supplementary notesName of insurer **Norwich Union Life & Pensions Limited**

Global business

Financial year ended **31st December 2008****Code**

Other adjustments to liabilities included in Form 14 line 74

2,180,510**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 2008. 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:

	£'000
Form 13 line 44	552,136

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

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 Aviva Investors Global Services Ltd.

Supplementary notesName of insurer **Norwich Union Life & Pensions Limited**

Global business

Financial year ended **31st December 2008****Code****4009 Related party transactions**

Related party transactions exceeding 5% of the insurer's 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	£3,826m
		Claims	£3,504m
		Commission	£161m
		Expenses	£138m
	Nature of transactions during the period	Reinsurance ceded	
	Value of transactions during the period	Premiums	£10m
		Claims	£57m
		Expenses	£13m
	Amounts unpaid at the end of the period	£40m 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 2008 are £53.4m and £166.6m respectively. There is no variation margin payable.

4502 Other income and expenditure

Other Income comprises the following balances:

	2008
	£'000
Rebates	51,722
	<u>51,722</u>

Other Expenditure comprises the following balances:

	2008
	£'000
Custody and Other Management Fees	2,068
Payment of Distributions to Policyholders	47,043
Interest Paid	730
	<u>49,840</u>

Supplementary notesName of insurer **Norwich Union Life & Pensions Limited**

Global business

Financial year ended **31st December 2008****Code****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 1.

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
Shares in non-insurance dependants (Form 13 Line 25)	Nil
NUCM Mortgage loan (Form 13 line 50)	6.03%
Direct insurance debtors (Form 13 line 71)	Nil
Reinsurance debtors (Form 13 line 74)	Nil
Other debtors (Form 13 line 78)	Nil

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 and Fitch and Moody's. Aviva Investors Global Services Ltd have provided ratings for securities for which there is no published rating.

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	223
WPSF	UKP	390	40
WPSF	OS	390	1

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	69

Supplementary notesName of insurer **Norwich Union Life & Pensions Limited**

Global business

Financial year ended **31st December 2008****Code****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	380,530
PMSF	UKP GR	575	AWP Personal Pension Plan	197,202
PMSF	UKP GR	575	AWP Executive Pension Plan	116,126
PMSF	UKP GR	575	AWP Individual Pension Arrangement	94,295
PMSF	UKP GR	575	AWP COMPACT	38,399
PMSF	UKP GR	575	AWP Additional Voluntary Contributions	33,629

5301 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	735	1

5303 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	795	Miscellaneous property-linked	13,637

5600 Form omitted

No form 56 has been prepared on the basis that index linked assets at Form 13 Line 58 are nil.

Supplementary notesName of insurer **Norwich Union Life & Pensions Limited**

Global business

Financial year ended **31st December 2008****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 OS OS L&GA ASSURANCE - Gross 2.7%

Product Code	Product description	Net reserve (£000)
300	Regular premium non-profit WL/EA OB	112
325	Level term assurance	90
330	Decreasing term assurance	(2,139)
340	Accelerated critical illness (guaranteed premiums)	(828)
345	Accelerated critical illness (reviewable premiums)	(290)
	Total	(3,055)

Form 51 NP UKL L&GA ASSURANCE - Net 0.0%, Gross 0.0%

Product Code	Product description	Net reserve (£000)
325	Level term assurance	4,870
415	Collective Life	(2,818)
	Total	2,052

Form 51 NP UKL L&GA ASSURANCE – Net 2.7%, Gross 3.38%

Product Code	Product description	Net reserve (£000)
300	Regular premium non-profit WL/EA OB	(17,386)
305	Single premium non-profit WL/EA OB	27
325	Level term assurance	(6,253)
330	Decreasing term assurance	(61,125)
340	Accelerated critical illness (guaranteed premiums)	(73,880)
345	Accelerated critical illness (reviewable premiums)	(38,102)
	Total	(196,719)

Form 51 NP UKL NUHC INCOME PROTECTION – Gross 4.2%

Product Code	Product description	Net reserve (£000)
360	Income protection non-profit (guaranteed premiums)	19,803
365	Income protection non-profit (reviewable premiums)	(8,826)
420	Group income protection	17,879
	Total	28,856

Form 51 NP UKL PHI CRITICAL ILLNESS – Gross 3.4%

Product Code	Product description	Net reserve (£000)
350	Stand-alone critical illness (guaranteed premiums)	8,873
355	Stand-alone critical illness (reviewable premiums)	(742)
	Total	8,131

Supplementary notesName of insurer **Norwich Union Life & Pensions Limited**

Global business

Financial year ended **31st December 2008****Code****Form 51 NP UKP UK PENS ASSURANCE – Gross 3.4%**

Product Code	Product description	Net reserve (£000)
300	Regular premium non-profit WL/EA OB	48
325	Level term assurance	(7,542)
330	Decreasing term assurance	(613)
410	Group Life	101
	Total	(8,006)

Form 53 NP UKL L&GA ASSURANCE – Net 0.0%, Gross 0.0%

Product Code	Product description	Net reserve (£000)
700	Life property linked single premium	12
710	Life property linked whole life regular premium	(68)
720	Life property linked endowment regular premium – target cash	(23)
	Total	(79)

Form 53 NP UKL L&GA ASSURANCE - Net 3.0%, Gross 3.75%

Product Code	Product description	Net reserve (£000)
700	Life property linked single premium	(163,940)
710	Life property linked whole life regular premium	1,295
715	Life property linked endowment regular premium -savings	1,646
720	Life property linked endowment regular premium – target cash	487
	Total	(160,512)

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	357,503	445	153,065	-	511,013
Reversionary bonus	58.43	10,043	2,193	217,501	-	229,736
Total allocated to policyholders	58.46	367,545	2,637	370,566	-	740,749
Net Transfer out of fund	58.47	40,838	327	-	-	41,165
Total Distributed Surplus	58.48	408,384	2,964	370,566	-	781,914
Percentage of surplus allocated to shareholders (and previous year)		10.00% (10.00%)	11.03% (11.04%)	0.00% (0.00%)	-	5.26% (4.72%)

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 £7,079,000 in respect of shareholders transfers associated with the distribution of surplus

Supplementary notes

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

Global business

Financial year ended **31st December 2008**

Code

- a transfer into the Provident Mutual Fund from the non-technical account of £231,000 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 £7,079,000 were shown separately in line 47, line 61 would show 90%.

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 2008**

1. Introduction

- (1) The **valuation date** is 31 December 2008.
- (2) The previous valuation was completed with an effective date of 31 December 2007.
- (3) An interim valuation was carried out with an effective date of 30 June 2008 for the purposes of rule 9.3A.

2. Product Range

There have not been any significant changes to products during the financial year. The With-Profit sub-fund is open to new with-profit business.

3. Discretionary charges and benefits

- (1) MVRs were reintroduced with effect from 21 October 2008, so during 2008, MVRs were in force between 21 October 2008 and 31 December 2008. Between these dates, MVRs applied to every product and every purchase year.
- (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 2008 increase in plan fees was RPI published September (4.1%). Figures were reviewed with effect from 1 January 2008.

For pre 1 January 1995 Pensions business, figures were reviewed 1 April 2008.

- Personal Pension Plans (including AVCs, Jersey Investment Plan): 3.5% 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.

4. Valuation basis (other than for special reserves)

(1) Valuation methodology

For the Company, 1% of gross mathematical reserves is £507m > £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.

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 2008

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.

Product	Interest rate 31 December 2008	Interest rate 31 December 2007
<u>Life Assurances</u>		
Conventional business WP	3.55%	2.9%
UWP business	3.6%	3.55%
<u>Pensions and General Annuities</u>		
Deferred Annuity With Profit		
In payment	4.25%	3.7%
In deferment – Single Premium	4.25%	3.7%
In deferment – Regular Premium	4.25%	3.7%
Deferred Annuity Non Profit		
In Payment	3.1%	3.6%
In deferment – Single Premium	3.1%	3.6%
In deferment – Regular Premium	3.1%	3.6%
Non-profit policies	3.1%	3.6%
Regular Premium With Profit policies	4.25%	3.7%
Single Premium With Profit policies	4.25%	3.7%
Group Defined Benefits	4.25%	3.7%
UWP business	4.2%	4.0%
With Profit Annuity	4.0%	2.0%

(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 0.66%. 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 1.93%.

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 2008**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 2008, plus an additional margin of 0.50% for anticipated higher defaults in the short-term.

The deduction used was 0.90%. 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 1.00% 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 2008	Mortality basis 31 December 2007
<u>NUL&P WP Life Assurances</u>		
Whole Life	138.9% AM00/AF00 sel	138% AM92/138% AF92
Endowments	93.3% AM00/AF00 sel	138% AM92/138% AF92
<u>NUL&P WP Pensions & General Annuities</u>		
Whole Life	138.9% AM00/AF00 sel	138% AM92/138% AF92
Endowments	93.3% AM00/AF00 sel	138% AM92/138% AF92
Pure Endowment	60% AM00/AF00 ult	50% AM92/AF92
Deferred Annuity		
In deferment	60% AM00/AF00 ult	50% AM92/AF92
Post vesting	90.5% PCMA00/85% PCFA00	90.5% PCMA00/85% PCFA00
Group Defined Benefits		
In deferment	60% AM00/AF00 ult	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.
- Smoker / Non-Smoker table used where smoker status data is available, otherwise Combined table used
- 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:

	31 December 2008	31 December 2007
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'.

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 2008**

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 2008	Expectation of Life for annuitant aged 75 in 2008	Expectation of Life from age 65 for annuitant aged 45 in 2008	Expectation of Life from age 65 for annuitant aged 55 in 2008
90.5% of PCMA00 plus 100% CMI_Medium_Cohort, min 2%, applied from 2005	23.5	14.3	27.9	25.7
85% of PCFA00 plus 75% CMI_Medium_Cohort, min 1.5%, applied from 2005	25.5	16.1	28.6	27.0

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:

- (a) any possible detrimental impact of significant changes in the incidence of disease on the mortality experience of the insurer;
- (b) 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 120% of the amounts detailed in the Management Services Agreement (MSA). The 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 2007 and 2008 (including loadings).

Product	Product code	Renewal admin (£ per policy)	
		2008	2007
CWP savings endowment	120	47.39	28.30
CWP target cash endowment	125	47.39	28.30
CWP Pensions	155/165	38.60	35.82
Annuity	400	49.02	25.36

Assumed future expense inflation

1.87% per annum (RPI 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:

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 2008

Asset Class	Investment expense
Equity	0.262%
Property	0.203%
Gilts	0.046%
Other Fixed Interest	0.076%
Cash	0.058%

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:**

For Conventional Business, we have assumed 100% persistency until maturity.

For UWP business, we have allowed for surrender rates consistent with the table below. Furthermore, for UWP policies with a no-MVR/money-back guarantee option available, we have assumed an exit rate of 100% at the next guarantee date.

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).

Product		Average surrender rate for the policy years			
		1-5	6-10	11-15	16-20
UWP savings endowment	Surrender	5.25%	4.50%	4.50%	4.50%
UWP target cash endowment	Surrender	5.25%	5.25%	5.25%	5.25%
UWP whole life	Surrender	5.25%	4.50%	4.50%	4.50%
UWP bond	Surrender	2.14%	9.98%	7.13%	7.13%
UWP pension	Surrender	1.00%	1.00%	1.00%	1.00%

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 2008**

(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 current experience 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.

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 2008

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 2008 is zero.

(b)

(i) Product	Conventional pensions endowment with-profits	Conventional deferred annuity with-profits	Deferred annuity non-profit
(ii) Basic Reserve (£m)	815.3	224.6	314.5
(iii) Spread of outstanding durations:			
0-5 years	38%	46%	17%
6-10 years	30%	28%	21%
11-20 years	29%	23%	43%
over 20 years	2%	3%	19%
(iv) Guarantee Reserve (£m)	495.2	152.3	276.3

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).

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 2008**

- 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 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).

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 2008

(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		
Norwich Capital Plan (10/89 onwards)	338,931,913	3% with no-MVR date in 2009; 92% with no-MVR date in 2010-2012; 5% with no-MVR date 2013+	0	337,294,706	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
Norwich With-Profits Bond; Norwich Bond 2000; Norwich Flexibond (pre 2/10/00); Bicentenary Bond	918,953,336	15% with money-back gtee in 2009; 12% with money-back gtee in 2010; 73% with MBG expired	0	986,489,079	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) (b) The total sum assured for conversion and renewal options is less than £1bn and is therefore not included here in accordance with rule 9.3(b).

(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 2008 this led to an additional provision of £0m.

The base reserve for the business affected is: £1,307m

The additional reserve required is: £540m

- (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**

Global business

Financial year ended **31 December 2008**

6. Expense reserves

- (1) The aggregate amount for expense allowances during 2009 arising from explicit reserves is £35,302,000.

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 and margins

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 2009 maintenance expenses in 6(1) above exceeds the 2008 figure for expenses in line 14 of Form 43 by £6,718,000. 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 difference is due to margins in the valuation basis, changes to the Management Services Agreement and changes in business volumes between 2008 and 2009.
- (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 (1.87%) 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.

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 2008**

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.

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 £17,439m) 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 2009 is £2,200m. Expected income, in 2008, from assets currently held in the fund is £980m and £724m is held in deposit-style assets. Premium income for 2008 was around £367m 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

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 2008**

Company also holds an additional £5,200m 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.

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 2008 for the affordability condition is zero.

The amount of provision is £852m.

(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 £16m.

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: £3,780 (Leeds Permanent Claims); £4,666 (other WP claims)
- Percentage of complaints leading to a claim: 81% (Leeds Permanent Claims); 50% (other WP claims)

Claims processing expense: £341 per complaint

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 2008**

(3) 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 £15m

(4) 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.

(5) System migration costs

A provision of £18.7m is held to cover costs to be incurred as a result of migration of policies onto a new policy administration system.

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 2008 these totalled £40,000,000.
 - (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 £141,510,000.
 - (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 2008**10. Reversionary (annual, regular) bonus**

(1)

Product	Amount of Gross mathematical reserve (£m)	Regular bonus (2007)	Regular bonus (2008)	Guaranteed bonus (2008)
Conventional Life				
Super-compound series (all business)	4,375.3	0% SA / 0.5% RB	0% SA / 0.5% RB	0.00%
Simple Bonus Whole Life	14.9	16%	16%	0.00%
Conventional Pensions				
Individual & Group Pensions (excl With-Profit Annuity)	3,795.8	0% SA / 0% RB	0% SA / 0% RB	0.00%
Group Defined Benefits	26.3	0.00%	0.00%	0.00%
With-Profits Annuity	124.3	2.00%	2.00%	0.00%
Unitised Life				
Units without regular bonus guarantee	1,136.5	2.00%	2.00%	0.00%
Units with regular bonus guarantee	383.3	2.50%	2.50%	2.50%
Unitised Pensions				
Units without regular bonus guarantee	2,684.8	2.00%	2.00%	0.00%
Units with regular bonus guarantee	3,186.6	4.00%	4.00%	4.00%
Belgium (in the NUL&P Belgium sub-fund)	89.9	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 2008**

1. Introduction

- (1) The **valuation date** is 31 December 2008.
- (2) The previous valuation was completed with an effective date of 31 December 2007.
- (3) An interim valuation was carried out with an effective date of 30 June 2008 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 2.9%. The exception is for charges on Compact and Everyman which increased by 4.2%.

Defined Benefit Schemes

Deferred Allocation Funding:

The administration fee increased by 2.9%.

- (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 frequent 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 2008**

For funds with an excess of realised/unrealised gains over losses the percentage used for realised gains was 20% during 2008. For unrealised gains the rate varied by fund in the range of 15% to 20% during the year to 31 December 2008.

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 4% to 20% during the year to 31 December 2008.

- (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 £507m > £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

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

Global business

Financial year ended **31 December 2008**

amounts were valued. Where premiums are due to be returned in the event of death before vesting date 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.

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.

Product	Interest rate (%) 31 December 2008	Interest rate (%) 31 December 2007
Life with-profit assurances	3.90	3.90
Life non-profit business	3.00	3.50
Pension accumulating with-profit (excluding Compact)	4.55	4.80
Compact pension accumulating with-profit	3.25	3.25
Non profit immediate annuity	4.00	4.75
With profit immediate annuity	4.00	4.75
Pension Deferred Annuity Non Profit and Guaranteed Annuity Options		
In payment	3.35	3.80
In deferment	3.45	4.40
Pension Deferred Annuity With Profit and Guaranteed Annuity Options		
In payment	4.45	4.25
In deferment	4.55	4.80

(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 0.84%. In the case of property, the cap is also the Long Term Gilt Yield + 2% and reduces the average yield by approximately 1.19%.

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%

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 2008**

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 2008, plus an additional margin of 0.50% for anticipated higher defaults in the short-term.

The deduction used was 0.81%. 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 1.00% 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 2008	Mortality basis 31 December 2007
<u>Life Assurances</u>		
Assurances - Whole Life	138.9% AM00/AF00 sel	132% AM92/AF92 Sel 2
Assurances - Endowments	93.3% AM00/AF00 sel	132% AM92/AF92 Sel 2
Assurances - Level Term	88.0% TM00/TF00 sel	132% AM92/AF92 Sel 2
Assurances - Decreasing Term	91.2% TM00/TF00 sel	132% AM92/AF92 Sel 2
<u>Pensions and General Annuities</u>		
Accumulating With Profit : In deferment Post Vesting (incl GAO)	60% AM00/AF00 ult 100% PCMA00 / 110% PCFA00	50% AM92/AF92 100% PCMA00/110% PCFA00
Deferred Annuity In deferment Post Vesting	60% AM00/AF00 ult 100% PCMA00 / 110% PCFA00	50% AM92/AF92 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.
- Smoker / Non-Smoker table used where smoker status data is available, otherwise Combined table used
- 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 2008	31 December 2007
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.

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

Global business

Financial year ended **31 December 2008**

Table Description	Expectation of Life for annuitant aged 65 in 2008	Expectation of Life for annuitant aged 75 in 2008	Expectation of Life from age 65 for annuitant aged 45 in 2008	Expectation of Life from age 65 for annuitant aged 55 in 2008
100% of PCMA00 plus 100% CML_Medium_Cohort, min 2%, applied from 2005	22.5	13.5	26.9	24.6
110% of PCFA00 plus 75% CML_Medium_Cohort, min 1.5%, applied from 2005	23.1	14.1	26.0	24.5
90% IML00 plus 100% CML_Medium_Cohort, min 2%, applied from 2005	23.7	14.3	27.8	25.7
90% IFL00 plus 75% CML_Medium_Cohort, min 1.5%, applied from 2005	25.8	15.9	28.6	27.2

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:

- (a) any possible detrimental impact of significant changes in the incidence of disease on the mortality experience of the insurer;
- (b) 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

The gross reserve for PHI business is less than £10m.

(6) Expense assumptions:

Expense assumptions are taken as 120% of the amounts detailed in the Management Services Agreement (MSA) plus an aggregate provision of £2.2m. The 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.

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

The table below shows the per-policy expenses for 2007 and 2008 (including loadings).

1. PM	Existing Business Admin Fees	2008	2007
Product code	Category		
120	Conventional endowment with-profits OB savings	21.49	37.64
125	Conventional endowment with-profits OB target cash	21.49	37.64
165	Conventional deferred annuity with-profits	21.49	110.39
700	Life property linked single premium	21.49	32.40
715	Life property linked endowment regular premium -savings	21.49	37.64
720	Life property linked endowment regular premium – target cash	21.49	37.64
725	Individual pensions property linked	31.69	28.94
735	Group money purchase pensions property linked	25.51	8.61

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 2008**

Assumed future expense inflation:

1.87% per annum (RPI as set out by the MSA agreement)

Zillmer adjustments:

No Zillmer adjustments were made to net premium reserves.

Investment expenses:

A reserve is held for investment expenses assumed at 0.107%.

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 92%. This includes a margin over current experience of just over 10%. This rate is assumed to increase by 1% per annum to 95%.

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 2008**

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 2008 is zero.

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

Global business

Financial year ended **31 December 2008**

(b)

(i) Product Name	Personal Pension Plan	Products with GAO excluding Personal Pension Plan
(ii) Basic Reserve (£m)	129.8	591.6
(iii) Spread of outstanding durations		
0-5 years	79.8%	62.4%
6-10 years	15.0%	20.8%
11-20 years	5.2%	14.2%
over 20 years	0.0%	2.5%
(iv) guarantee reserve (£m)	57.4	176.6
(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 £1,407m. 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 £1,616m. 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	11%	16%	21%	23%	18%	9%	2%

(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.

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 2008**

- 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 is less than £1bn and is therefore not included here in accordance with rule 9.3(b)..

(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 2009 arising from explicit reserves is £20,500,000.

The main sources are:

- The explicit annual maintenance expense charge
- Investment expenses
- Additional explicit expense reserves and margins

(2) Gross Premium Valuation has been used for all business. All allowances for expenses are explicit.

(3) The allowance for 2009 maintenance expenses in 6(1) above exceeds the 2008 figure for expenses in line 14 of Form 43 by £600,000. This difference has been calculated after removing UL AMC paid to CGNU, and other exceptional expenses from the Form 43 figure, as this is reserved for explicitly elsewhere. The difference is due to margins in the valuation basis, changes to the Management Services Agreement and changes in business volumes between 2008 and 2009.

(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 2009 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 £1,836m) 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.

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 2008**

Currency mismatching is considered in sections 7(1)-7(3).

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 2009 is £270m. Expected income, in 2009, from assets currently held in the fund is £105m and £285m is held in deposit-style assets. The fund currently holds an additional £234m 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

(1) System migration costs

A provision of £13.6m is held to cover costs to be incurred as a result of migration of policies onto a new policy administration system.

(2) Additional Expense Reserve

A provision of £13.5m is held to cover anticipated future increase in per-policy expenses as a result of migration of policies onto a new policy administration system.

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 2008 was £0.
 - (g) There are no deposit-back arrangements.
 - (h) The treaty is closed to new business.

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 2008**

- (i) There is no undischarged obligation under this treaty.
 - (j) The amount of mathematical reserves ceded under the treaty was £167,400,000.
 - (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.
- (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 £22,700,000.
 - (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.
 - (p) The treaty is not a financing arrangement.

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 2008**10. Reversionary (annual, regular) bonus**

(1)

Product	Amount of mathematical reserve (£m)	Regular bonus (2007)	Regular bonus (2008)	Guaranteed bonus (2008)
Life				
Endowment / Whole Life (incl Budget Plan, Permanent Total Disability, Flightdeck)	316.7	0% SA / 0% RB	0% SA / 0% RB	0.00%
Pensions (excl With-Profit Annuity)				
Personal Pension Plan (Series 1 & 2)	35.2	0% of benefit secured	0% of benefit secured	0.2% gteed interest per month
Personal Pension Plan (Series 3)	152.0	0% of benefit secured	0% of benefit secured	0.22% gteed interest per month
Self Employed Retirement Annuities	339.3	0% of benefit secured	0% of benefit secured	3.25% gteed interest rate in prem basis
IPA / AVC / Money Purchase schemes	127.9	0% of benefit secured	0% of benefit secured	3.25% gteed interest rate in prem basis
Executive Pension Plan	116.1	0% of benefit secured	0% of benefit secured	3.25% gteed interest on Higher rate fund money only
Compact	38.6	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)	174.2	0% of account balance	0% of account balance	0.00%
Other Deferred Annuities	8.0	0% of account balance	0% of account balance	0.00%
With-Profit Annuity				
Annuitants from defined benefit schemes (excluding Air France)	240.2	3.50%	3.50%	0.00%
Annuitants from Air France	18.6	5.00%	5.00%	5.00%
Annuitants on 1999 series rates	2.8	4.50%	4.50%	0.00%
Other annuitants:				
retiring before 1984	3.4	10.00%	10.00%	0.00%
retiring between 1984 and 1992	49.8	4.50%	4.50%	0.00%
retiring between 1993 and 1997	32.7	1.00%	1.00%	0.00%
retiring between 1998 and 2002	50.6	0.00%	0.00%	0.00%
retiring 2003 and later	16.6	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 Sub-funds**
Global business
Financial year ended **31 December 2008**

1. Introduction

- (1) The **valuation date** is 31 December 2008.
- (2) The previous valuation was completed with an effective date of 31 December 2007.
- (3) An interim valuation was carried out with an effective date of 30 June 2008 for the purposes of Rule 9.3A.

2. Product Range

The only significant changes to products during the financial year were as follows:

The Inflation Protected Guarantee, which is an optional guarantee on the Portfolio Bond, was changed from a Retail Prices Index link to a Consumer Price Index link.

A new Guaranteed Fund (series 6) was introduced during the year.

A new income drawdown product was introduced last year - NU Income Drawdown.

A new charging option was added to our main Designer and Designer Stakeholder Group Personal Pensions (GPPs). This was the "Active Member Discount" option, which allows the GPP charge to vary between active members and those leaving the scheme.

The annual management charge on one of the original stakeholder products was reduced from 1.5% to 1%.

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. 710 critical illness policies were eligible for review, but it was not deemed necessary to change the premiums.
- (3) Interest of 7.4% was added in 2008 for the group non-profit deposit administration benefits shown in Form 51 (UK Pensions).
- (4) Where service charges have been increased in 2008 on linked policies, the increases were in the range of 3.8% to 4.2% (depending on policy conditions), apart from Ireland products where the increase was 5.0%.
- (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 and 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 and 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

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Norwich Union Life & Pensions Limited – Non-Profit Sub-funds**
Global business
Financial year ended **31 December 2008**

at the end of the first month. On contractual exits, units are de-allocated 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

- (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 frequent 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 2008.

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 4% to 20% during the year to 31 December 2008.

(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.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer	Norwich Union Life & Pensions Limited – Non-Profit Sub-funds
Global business	
Financial year ended	31 December 2008

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

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, a Profit Commission Reserve and a Credit Risk reserve associated with liabilities that could arise from distributor default. 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 pre-funding 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

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer	Norwich Union Life & Pensions Limited – Non-Profit Sub-funds
Global business	
Financial year ended	31 December 2008

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.

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.

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

Global business

Financial year ended **31 December 2008****(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.

Product	31 December 2008	31 December 2007
Life Assurances		
Conventional business	2.7%	3.1%
PHI		
Standalone critical illness	3.4%	3.9%
Income Protection		
Active lives	3.4%	3.9%
Disabled lives	6.7%	5.3%
Disabled lives (index-linked)	2.1%	2.1%
Pensions and General Annuities		
Immediate Annuity	3.8%	4.3%
Deferred Annuity/WDIS		
Post vesting	3.4%	3.9%
In deferment	3.8%	4.3%
Other	3.4%	3.9%
Sterling Reserves – Life		
Fund growth	3.6%	4.6%
Discount rate	3.0%	3.4%
Sterling Reserves – Pensions		
Fund growth	4.5%	5.6%
Discount rate	3.7%	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:

- (a) The historic experience of bad debts for each of the major fixed interest asset classes,
- (b) Market margins of gross yield over the yields of risk-free investments of a similar term in the same currency, where available,
- (c) 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,
- (d) The need to take a prudent view of the above.

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	0.31%
Loans secured by mortgages	0.81%

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.

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

Global business

Financial year ended **31 December 2008****(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

	31 December 2008	31 December 2007
Assurances		
Whole life (other)	138.9% AM00/AF00 Sel	132% AM92/AF92
Endowments	93.3% AM00/AF00	132% AM92/AF92
Level Term Assurance (Current Range)	88% TMN00/TFN00 (non Smoker) 94.3% TMS00/TFS00 (Smoker)	Modified TM92/TF92
Level Term assurance (Pre merger)	88% TMx00/TFx00	Modified TM92/TF92
Mortgage Protection (Current)	93.3% TMx00/TFx00	Modified TM92/TF92
Mortgage Protection (Pre Merger)	91.2% TMx00/TFx00	Modified TM92/TF92
Term assurance with Critical Illness	Duration 0 and 1 104% CIM11A Duration 2+ 115% CIM11A	Modified Critical Illness Base Table 1993
Mortgage Protection with Critical Illness	Duration 0 and 1 104% CIM11A Duration 2+ 138% CIM11A	Modified Critical Illness Base Table 1993
Unitised Life		
Flexible Whole Life	138.9% AM00/AF00 Sel	88% AM92/AF92 sel2
Bonds	108.1% AM00/AF00 Sel	88% AM92/AF92 sel2
Mortgage Endowment	93.3% AM00/AF00 Sel	88% AM92/AF92 sel2
Pre-merger NU Bonds	108.1% AM00/AF00 Sel	77% AM92/AF92 sel2
Pre-merger NU Mortgage Endowment,	93.3% AM00/AF00 Sel	71.5% AM92/AF92 sel2

Modified tables for 2007

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

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer

Norwich Union Life & Pensions Limited – Non-Profit Sub-funds

Global business

Financial year ended

31 December 2008

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

Age	Mortgage Protection with Critical Illness Annual rates per mille:			
	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

In 2008, we have used flat percentages of standard tables so specific rates are not disclosed.

Pensions and General Annuities	31 December 2008	31 December 2007
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	60% AM00/AF00	59.1% AM80/ 68.2% AF80
Deferred & Reversionary Annuity Including retirement Annuity In deferment	60% AM00/AF00	59.1% AM80/ 68.2% AF80
In deferment – WDIS	110% AM00/AF00	58.5% AM80/ 67.5% AF80
Post vesting	Unchanged	90.5% PCMA00 85% PCFA00
Variable Annuity In deferment	Unchanged	RMV92 (C=2010)
Unitised Pensions	106% AM00/AF00 ult	71.5% AM80/AF80 -2yrs
Other		
Standalone Critical Illness	Unchanged	104% Reassurer Rates

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

Global business

Financial year ended **31 December 2008****Annuitant mortality bases**

For annuitants in 2008, 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	23.5	14.3	27.9	25.7
85% PCFA00	25.5	16.1	28.6	27.0
74% IML00	25.6	15.9	29.9	27.8
77% IFL00	27.2	17.1	30.1	28.7

Mortality improvement

The 2008 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:

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:

Life Assurances	31 December 2008	31 December 2007
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 2008 (and 2007) were as follows:

Age	Stand alone Critical Illness			
	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 as follows:

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

Global business

Financial year ended **31 December 2008**

	Female	Male
CI guarantee loading (for each year from valuation date)	2.5%	2.0%
	Compound	compound

The 2007 loading was:

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	Safeguard rates			
	Annual rates per mille:			
	31 December 2008	31December 2008	31 December 2007	31December 2007
	Male	Female	Male	Female
25	0.86	0.89	0.96	0.98
35	0.67	1.10	0.74	1.23
45	1.21	2.54	1.34	2.82
55	2.72	4.93	3.02	5.48

Age	PHI rates			
	Annual rates per mille:			
	31 December 2008	31December 2008	31 December 2007	31December 2007
	Male	Female	Male	Female
25	2.65	1.51	3.09	1.77
35	1.86	2.83	2.17	3.30
45	2.91	4.64	3.39	5.41
55	4.94	7.73	5.76	9.01

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 Deferred period 6 months
Non-smoker status Location – South England

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer

Norwich Union Life & Pensions Limited – Non-Profit Sub-funds

Global business

Financial year ended

31 December 2008

Age	Safeguard rates : 31 December 2007			
	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	Safeguard rates : 31 December 2008			
	Annual rates per mille:			
	Recovery 2 years	Recovery 2 years	Recovery 5 years	Recovery 5 years
	Male	Female	Male	Female
25	243.91	243.91	72.38	72.38
35	197.30	197.30	60.40	60.40
45	148.83	148.83	49.37	49.37
55	98.82	98.82	39.60	39.60

Age	PHI rates : 31 December 2007			
	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

Age	PHI rates : 31 December 2008			
	Annual rates per mille:			
	Recovery 2 years	Recovery 2 years	Recovery 5 years	Recovery 5 years
	Male	Female	Male	Female
25	266.77	266.77	79.21	79.21
35	215.82	215.82	66.10	66.10
45	162.83	162.83	54.03	54.03
55	108.12	108.12	43.34	43.34

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 9.4Name of insurer **Norwich Union Life & Pensions Limited – Non-Profit Sub-funds**

Global business

Financial year ended **31 December 2008****(6) Expense assumptions:**

Details of the expense bases used at 31 December 2008 are as follows.

The value of future maintenance expenses is calculated from current maintenance expense levels by broad category of business, increasing by future expense inflation over the lifetime of each contract. The following expense assumptions are based on the terms of the Management Services Agreement between Norwich Union Life Services Limited and Norwich Union Life and Pensions Limited and increased by 10% in respect of project costs.

No zillmer adjustment was used at the end of 2008 - 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

Category	31 Dec 2008 Expense (£)	31 Dec 2007 Expense (£)
Term assurance	12.82	12.74
Critical illness	12.82	12.74
Income protection	27.77	26.40
Income protection claims in payment	27.77	26.40
Annuity	16.48	15.83
UWP bond	48.28	19.75
UWP savings endowment	15.00	10.58
UWP target cash endowment	15.00	10.58
UWP regular premium pension	14.42	21.55
UWP single premium pension	14.42	10.48
UWP group regular premium pension	13.98	24.57
UWP group single premium pension	34.77	24.57
UL bond	17.70	16.40
UL savings endowment	5.17	30.74
UL target cash endowment	15.00	10.58
UL regular premium pension	14.42	21.55
UL single premium pension	14.42	10.48
UL group regular premium pension	13.98	20.38
UL group single premium pension	13.98	20.38

All figures are gross of tax relief which is assumed at 20% on certain products.

Expenses as % of Claim

	2008	2007
Income protection claims in payment	10.0%	10.0%

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 0.173% of the unit fund for unit linked investments and 0.117% 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, Aviva Investors.

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

Global business

Financial year ended **31 December 2008**

(7)

Inflation rate for future expenses	31 December 2008	31 December 2007
Ex-NULL and currently marketed products	1.9%	4.0%
Income Protection	1.9%	5.0%
Other products	1.9%	4.5%
Linked business		
Unit Growth Rate for gross business	4.5%	5.6%
Unit Growth Rate for net business	3.6%	4.6%
Future increases in policy charges	2.0%	2.0%

Expense inflation is set according to the terms of the Management Services Agreement between Norwich Union Life Services Limited and Norwich Union Life and Pensions Limited. This agreement was renegotiated in 2008 resulting in the per policy charges inflating at RPI.

(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:

Product		Average lapse / surrender / paid-up rate for the policy years			
		1-5	6-10	11-15	16-20
Accelerated critical illness	lapse 1	15.1%	17.4%	13.4%	9.7%
Accelerated critical illness	lapse 2	9.0%	10.5%	8.0%	5.8%
Decreasing Term	lapse 1	15.1%	17.4%	13.4%	9.7%
Decreasing Term	lapse 2	9.0%	10.5%	8.0%	5.8%
Level term	lapse 1	12.4%	8.6%	7.4%	7.4%
Level term	lapse 2	6.0%	4.1%	3.6%	3.6%
UL bond	surrender	2.8%	8.2%	8.1%	8.1%
UL indiv pension regular premium	surrender	2.6%	2.6%	2.6%	2.6%
UL indiv pension single premium	surrender	2.1%	2.1%	2.1%	2.1%
UWP indiv pension regular premium	surrender	2.6%	2.6%	2.6%	2.6%
UWP indiv pension single premium	surrender	2.1%	2.1%	2.1%	2.1%

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 tables. 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 (96% 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 tables 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.

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

Global business

Financial year ended **31 December 2008****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.

- (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 2008 arising from changes in INSPRU valuation rules which came into effect at 31 December 2006 is analysed below:

	Estimated effect
Allowance for lapses on valuation of protection business	£36.8m
Allowance for negative reserves on valuation of protection business	£30.2m
Allowance for lapses on valuation of unit-linked business	£20.6m
Allowance for attributable expenses on valuation of unit-linked business	0
Overall allowance on Protection & Linked	£87.6m

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 £41m.

The distribution of policies by outstanding term and retirement age is as follows:

Outstanding Term (years)							
Retirement Age	0-5	5-10	10-15	15-20	20-25	25-30	Total
55 and under	0	0	1	0	0	0	1
56-60	377	226	65	8	0	0	676
61-65	241	121	62	16	1	0	441
66-70	24	9	1	2	0	0	36
71-75	37	55	128	9	0	0	229
Total	679	411	257	35	1	0	1383

The guarantee reserve is £31m.

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.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Norwich Union Life & Pensions Limited – Non-Profit Sub-funds**
 Global business
 Financial year ended **31 December 2008**

(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.

(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	£8.3m	£4,025.0m	£0.2m
Decreasing Term Assurance	£18.3m	£4,226.7m	£9.9m

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 2009 is shown in the table below:

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

Global business

Financial year ended **31 December 2008**

Homogenous risk Group	Implicit allowances	Explicit allowance (investment)	Explicit allowance (other)	Non attributable expenses	Total
UL Life	£19.0m	£16.7m	£6.1m	£0.0m	£41.8m
UL individual pensions	£32.6m	£23.3m	£14.0m	£0.0m	£69.8m
UL employer sponsored pension	£10.0m	£9.3m	£11.0m	£0.0m	£30.3m
All expenses attributable	£0.5m	£0.0m	£32.4m	£0.0m	£32.9m
Total	£62.1m	£49.2m	£63.5m	£0.0m	£174.8m

- (2) Non-attributable expenses on unit linked business are allowed for implicitly, through expected future valuation surplus (on the valuation basis). In 2009, the implicit allowance on unit linked business of £62.1m covers the expected amount of non-attributable expenses, £48.9m.

Investment expenses on conventional business are reserved for implicitly, through a margin in the valuation interest rate. The expected expense over 2009 is £0.5m.

- (3) The total amount of maintenance expenses shown at line 14 of Form 43 (combined for the non-profit sub-funds) is £141.2m. Unit fund management charges of £4.0m 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 £137.2m.

The implicit allowance on unitised business is the main reason that the £174.8m 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 2009 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 2009 new business.
- (5) In addition to per policy expense reserves, explicit expense reserves of £116.5m 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 £47.0 million of Euro-denominated reserves, all of the mathematical reserves of the NUL&P non-profit sub-funds 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.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Norwich Union Life & Pensions Limited – Non-Profit Sub-funds**

Global business

Financial year ended **31 December 2008**

- (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.

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.

8. Other Special Reserves**Counterparty Risk Reserve**

A reserve of £21.7m 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 £80m 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 £22.5m.

9. Reinsurance

- (1) Within the non profit sub-funds 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.

Ref	Name of Reinsurer	A	C	Class of business	Reinsurance Premiums £'000s	31/12/08 Reserve £'000s	Open/ Closed to NB	% retained for new business
A	Swiss Re Life & Health Limited	Yes	No	Permanent Health	823	27,039	Closed	
B	Staley Insurance Services Limited	No	No	Creditor	29,415	2,076	Open	0%
C	GE Frankona Reinsurance Limited.	Yes	No	Term and Gteed Integrated CI	15,422	96,284	Closed	

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer

Norwich Union Life & Pensions Limited – Non-Profit Sub-funds

Global business

Financial year ended

31 December 2008

D	GE Frankona Reinsurance Limited.	Yes	No	Standalone Gteed CI	2,639	19,367	Closed	
E	GE Frankona Reinsurance Limited.	Yes	No	MP and Gteed Integrated CI	73,276	30,179	Open	25% up to £50k
F	Hannover Re (Ireland)	No	No	Term and Gteed Integrated CI	6,753	13,466	Closed	
G	Hannover Life Reassurance (UK) Limited	Yes	No	Term and Gteed Integrated CI	11,115	10,683	Closed	
H	Munich Reinsurance Company, UK Life Branch.	Yes	No	Term and Gteed Integrated CI	50,329	169,986	Open	10% up to £500k
I	SCOR Global Life Reinsurance Ireland Ltd	No	No	Term and Gteed Integrated CI	4,275	17,905	Closed	
J	RGA Americas Reinsurance Company Limited	No	No	Term and Gteed Integrated CI	49,159	143,318	Closed	
K	RGA Americas Reinsurance Company Limited	No	No	MP and Gteed Integrated CI	17,495	8,900	Open	10% up to £500k
L	RGA Americas Reinsurance Company Limited	No	No	Term with Rev Integrated CI	1,622	24,574	Open	
M	HSBC Life Dublin Limited	Yes	No	Creditor	419	90,993	Closed	
N	Swiss Re Life & Health Limited	Yes	No	Term and Gteed Integrated CI	2,924	22,539	Closed	
O	Swiss Re Life & Health Limited	Yes	No	MP and Gteed Integrated CI	14,203	8,560	Closed	
P	XL Re Limited (UK Branch)	Yes	No	Term and Gteed Integrated CI	20,346	142,483	Open	Life: 10% up to £500k, CI: 25% up to £50k
Q	Swiss Re Life & Health Limited	Yes	No	2008 Existing Business	378	583,000	Open	
R	Invesco Pensions Limited	Yes	No	Unit-linked External Funds	12,516	76,863	Closed	
S	Deutsche Asset Management Life & Pensions Ltd	Yes	No	Unit-linked External Funds	49,056	47,563	Closed	
T	Barclays Global Investors	Yes	No	Unit-linked External Funds	45,819	43,893	Closed	
U	Norwich Union Annuity Limited	Yes	Yes	Immediate Annuities	6,270	137,943	Open	
V	Legal and General Assurance (Pensions Management)	Yes	No	Unit-linked	30,800	473,851	Closed	

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

Global business

Financial year ended **31 December 2008**

An indication of the cover given under each treaty is provided below:

Ref	Benefits Reinsured
A	Quota Share & Surplus Reinsurance
B	Quota Share of insured risks under one scheme
C	Variable % of Sum Assured by sex or smoker status
D	Quota Share - death and CI benefits
E	Quota Share - death and CI benefits
F	Quota Share - death and CI benefits
G	Quota Share
H	Quota Share - Life
I	Quota Share - death and CI benefits
J	Quota Share death benefits
K	Quota Share - Life
L	RGA UK 5% of SA, RGA US 45% of SA
M	80% quota share
N	50% of SA
O	50% of SA
P	Quota Share
Q	Financing Arrangement (TDSL)
R	Unit-linked External Funds
S	Unit-linked External Funds
T	Unit-linked External Funds
U	100% of Immediate Annuity Benefits
V	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 31/12/2008.

There are no deposit back arrangements in any of these treaties.

Financing Treaties (table reference Q)

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 2008**

1. Introduction

- (1) The **valuation date** is 31 December 2008.
- (2) The date of the previous valuation was 31 December 2007.
- (3) An interim valuation was carried out with an effective date of 30 June 2008 for the purposes of rule 9.3A.

2. Assets

(1) Economic assumptions for valuation of non-profit business

Non-profit profits are valued using a using a gross investment return of 4.00%, compared to the regulatory valuation basis, which uses a gross return of 3.10%.

In addition a data quality reserve of £20m included in the regulatory valuation is released in the Realistic valuation. This is valued at face value.

The LTICR in respect of non-profit business within the fund is also 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 2008**At 31 December 2008**

Product Class	With-profit benefits reserve £m	Future Policy Related Liabilities £m	Total £m
Conventional Life		1,226	6,198
Asset Share (individual)	4,209		
Asset Share (grouped)	101		
BRV	662		
Conventional Pensions		1,851	4,473
Asset Share (individual)	1,514		
Asset Share (grouped)	228		
BRV	854		
Regulatory Reserve	26		
UWP Life		14	1,535
Asset Share (individual)	1,521		
UWP Pensions		517	6,240
Asset Share (individual)	5,723		
Miscellaneous Other		-14	-14
Total	14,838	3,593	18,431

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 £663m 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 £707m 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 £170m 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 2008**

The following guarantees apply to NUL&P UWP bonds.

Product	Dates of Issue	Anniversary Guarantee
Capital Plan	1989-93	No MVR on 10 th 15 th 20 th etc
Norwich With-Profit, Bicentennial, and Flexibond	1996-1/10/2002	Money back on 10 th

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. They also include a future smoothing asset which exceeds these liabilities by £14m and isn't split between product groups.

(2) Not applicable

4. With-profits benefits reserve – Retrospective method

(1) Table of methods

Method	With-profit benefits reserve (%)
Asset Share (individual)	88
Asset Share (grouped)	2
BRV	10
Regulatory Reserve	0
Miscellaneous Other	0
Total	100

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 2008.
- (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 9.4AName of insurer **Norwich Union Life & Pensions Limited – With-Profit Fund**

Global business

Financial year ended **31 December 2008**

				2008
	Charged to WPBR £m	Not-Charged to WPBR £m	Non-Profit expenses £m	Total £m
Estimated initial expenses and commission	0	4	0	4
Renewal expenses and commission	100	34	0	133
Shareholder Transfers	1	40	0	41

The above table approximately splits out the expenses incurred over 2008. 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. The current MSA agreement terminated in 2008, and a new agreement took effect from the start of 2009.

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 1/9th 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 2008 are approximately £100m. 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 2008**

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 2008 are approximately £123m (£146m in 2007).

(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	2006	2007	2008
NUL&P WP	Conventional Life	100%	100%	107%
	Conventional Pensions	111%	104%	113%
	UWP Life	98%	98%	104%
	UWP Pensions	96%	98%	108%

The figures above are estimates based on actual maturity and surrender payouts.

The figures for Conventional business for 2007 and 2008 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 2008 are -16.04%. This rate applies to all policies.

5. With-profits benefits reserve – Prospective method

(1) Prospective assumptions

Bonus reserve valuation (BRV) is used for approximately 10% 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:

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Norwich Union Life & Pensions Limited – With-Profit Fund**

Global business

Financial year ended **31 December 2008**

(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	1.21%
5	2.87%
10	3.58%
15	4.13%

Future economic assumptions for the conventional whole life and with-profit immediate annuity business are:

Product Class	2008
With-profit Immediate Annuity	3.35%

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	2008
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

	2009	
Product Class	Renewal Expenses Per policy	Expense Inflation %
With-profit Immediate Annuity	£17.65	1.87

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	0	0	0	0	0	0	0
Conventional Pension PUPs – deferred annuities	2	2	2	2	2	2	2
With-profit Immediate Annuity	0	0	0	0	0	0	0

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 2008**

The lapse rate assumed for whole life business is that used for the regulatory valuation.

(g) Future mortality assumptions

Conventional pension PUPs: No mortality is assumed in deferment

Conventional Pension PUPs post-vesting and With-Profit annuity:

	31 December 2008
Males	90.5% PCMA00 with 100% medium cohort improvement factors, minimum 1.5% pa, applicable from 2005
Females	90% PCFA00 with 75% medium cohort improvement factors, minimum 1.0% pa, applicable from 2005

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 the cost of the mortgage promise has been performed using a stochastic model.

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, deferred annuities and GMP business)
- Life Endowment contracts are grouped by original term, outstanding term and also by eligibility to endowment promise.
- Conventional Pensions are grouped by premium type, sex, original term, outstanding term and GAO eligibility.
- Deferred annuities are grouped by premium type, sex, policy term, outstanding term, annuity escalation rate and source admin system
- GMP business is grouped by outstanding term, sex, GMP eligibility, in-the-moneyness of the guarantee and original term

For unitised with-profit business:

- Product class (e.g. life bonds, pensions)
- Life Bonds are split by bonus series, age band, entry year, joint life status, and guarantee type.
- Pensions are grouped by year of unit purchase, bonus series, outstanding term and guarantee type

For the With Profit Fund of NUL&P, we have grouped approximately 1 million policies into approximately 2200 grouped model points.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Norwich Union Life & Pensions Limited – With-Profit Fund**

Global business

Financial year ended **31 December 2008****Validations**

The total grouped policy benefit data is reconciled back to the individual policy benefit data. The aggregate asset shares are reconciled to the totals in Form 19. We also undertake a comparison of the grouped model points run on a deterministic basis within the stochastic model to the ungrouped data run through the embedded value model. These comparisons show that both the grouping process and the assumptions adopted within the stochastic model do not distort the underlying attributes of the base (individual) data.

- (c) The stochastic model directly models over 92% of with profit business (as measured by asset share). Residual business, together with any associated guarantees, are modelled by scaling similar directly modelled business.
- (3) The principal changes to the valuation method for valuing the costs of guarantees, options or smoothing since the previous valuation have included switching to a new stochastic model, resulting in the following changes:
- Management decisions relating to regular bonuses are dynamically allowed for within the model.
 - Enhanced dynamic management decision rules for equity backing ratios
 - Use of proprietary economic scenario generator (ESG) to create investment scenarios
 - Dynamic surrenders for UWP bonds at no MVR dates (if policy is in the money)
 - GAO and GMP costs are calculated using the stochastic model.

(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 and options	Planned deductions for other costs	Contractual Guarantee costs	Non-Contractual Commitments	Cost of financial options	Smoothing costs
Conventional Life	94	0	306	814	0	0
Conventional Pensions	89	0	1,207	0	606	0
UWP Life	49	0	63	0	0	0
UWP Pensions	252	0	768	0	0	0
Misc	0	15	0	0	0	-145

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.

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 2008**

Planned Deductions to WPBR for other costs

This represents an allowance for a charge in respect of expenses incurred in the migration of business to the Admin Re platform, which is expected to be charged to Asset Shares.

Contractual Guarantee Costs

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	£306m
Central Estimate	£10m
Option value	97%

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.

Stochastic Reserve	£707m
Central Estimate	£669m
Option value	5%

Conventional pension guarantees are very in-the-money.

In addition a reserve in respect of Guaranteed Minimum Pension liabilities on Section 32 Transfer policies arises. This reserve has also been calculated using the stochastic projection.

	GMP
Stochastic Reserve	£500m
Central Estimate	£493m
Option value	2%

On those policies which have a GMP, the costs of this underpin is generally very in-the-money.

UWP Life

Stochastic Reserve	£63m
Central Estimate	£31m
Option value	51%

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 UWP Life Bond guarantees are currently in the money in respect of several years of purchase with substantial volumes of business sold.

However, the nature of the guarantee means that many of the guarantees are very long-term in nature, which results in a decreased cost, but an increase in their option value.

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 2008**

UWP Pensions

Stochastic Reserve	£768m
Central Estimate	£547m
Option value	29%

This represents the cost of the payouts exceeding 100% asset share due to no-MVR guarantee under the stochastic projection.

The guarantees are in the money for many years of purchase, and the future guarantee of 4% per annum return, which requires an investment return in excess of 5.5% to support it, means that the expected cost of the guarantees will rise over time.

Non-Contractual Commitments

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.

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.

	GAO
Stochastic Reserve	£606m
Central Estimate	£566m
Option value	6%

Guaranteed annuity options are very deeply in the money

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:

- The Risk-free rate curve used in the model is shown below:

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 2008**

Outstanding term	Risk free annualised spot rate (%) – 2008
1	1.21%
2	1.87%
3	2.31%
4	2.63%
5	2.87%
6	3.06%
7	3.21%
8	3.35%
9	3.47%
10	3.58%
12	3.81%
15	4.13%
20	4.33%
25	4.07%
30	3.91%

- 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 2007.

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:

- BRV on With Profits Immediate Annuity

Risk free rate used: 3.81%

Interest Rate Model

A monthly Libor Market Model (LMM) is used.

The LMM has good analytical approximations to swaption prices and bond prices. The LMM provides a better fit across the swaption volatility surface than other models and also offers superior martingale performance.

The LMM is a two factor log-normal model. It offers a rich universe of future yield curve shapes and it guarantees non negative interest rates.

Equity Model

Equity volatility is calibrated to equity implied volatility. The approach to calibration is to capture the volatility of the longest available option term

Exchange traded options generally only trade up to two year terms. However, this is not a very good proxy for the long term guarantees embedded in insurance contracts. Longer terms are available OTC from investment banks - the longest term available is usually 10 years. This data is collected from a panel of investment banks.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Norwich Union Life & Pensions Limited – With-Profit Fund**

Global business

Financial year ended **31 December 2008**

The equity model is for the excess return process. That is, the element of return in excess of cash.

A Local volatility model is used. The local volatility model allows the volatility to vary by term and strike. This allows the full implied volatility surface to be captured. The following sample UK equity volatilities have been produced from the ESG model:

Term\Strike	0.7	0.8	0.9	1	1.1	1.2	1.3
1	41.69%	39.77%	37.72%	35.69%	34.08%	33.06%	32.54%
3	35.81%	34.83%	33.76%	32.69%	31.74%	31.01%	30.44%
5	34.34%	33.53%	32.76%	32.05%	31.45%	30.96%	30.60%
10	33.48%	33.09%	32.69%	32.31%	32.01%	31.78%	31.58%
15	32.55%	32.22%	31.95%	31.72%	31.53%	31.40%	31.30%
20	31.90%	31.63%	31.43%	31.25%	31.11%	30.99%	30.88%

Property Model

Property is modelled as an equity type asset using the constant volatility model.

The model is calibrated using our best estimate assumptions as there are no meaningful option prices. The best estimate is 15%

Correlations

Correlations are controlled in two ways. For equity markets, correlations are defined by the exposures to common elements of the factor model. For other assets, correlations can be defined between the stochastic shocks to the returns. Shock correlations are not equivalent to return correlations. However, shock correlations can be used to target a particular return correlation.

Correlations between asset returns are targeted to best estimate assumptions. These targets have been derived by considering historical behaviour.

The target correlations used within the ESG are displayed below:

Equity Return Vs	Target
Property Returns	20%
Bond Returns	30%
Index-linked bond returns	30%
Short rate changes	-20%

Correlations between asset classes are not constant within the model and will differ from the above, but the above targets represent the level of correlation which the parameters of the model are chosen to reproduce in the long term

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Norwich Union Life & Pensions Limited – With-Profit Fund**

Global business

Financial year ended **31 December 2008****(iii) Option prices from asset model**

		K				0.75				1				1.5			
n	Duration (n)	5	15	25	35	5	15	25	35	5	15	25	35	5	15	25	35
r	Annualised compound equivalent of the risk free rate assumed for the period (r)	2.87%	4.14%	4.07%	3.82%	x	x	x	x	x	x	x	x	x	x	x	x
1	Risk-Free Zero Coupon Bond	867,994	544,445	369,024	269,622	x	x	x	x	x	x	x	x	x	x	x	x
2	FTSE All Share Index (p=1)	152,820	294,687	381,783	449,577	282,009	459,872	564,485	645,851	634,841	841,415	965,935	1,062,134				
3	FTSE All Share Index (p=0.8)	143,713	244,302	290,878	323,222	266,050	382,639	432,752	466,719	601,601	706,094	746,383	774,925				
4	Property (p=1)	30,613	119,274	191,908	258,649	132,492	258,435	355,088	432,820	523,002	633,730	746,307	833,690				
5	Property (p=0.8)	25,903	82,747	120,909	155,839	117,380	190,440	235,399	273,296	485,296	496,109	528,791	554,154				
6	15yr Risk-Free ZCBs (p=1)	21,704	29,917	17,485	26,416	93,409	95,448	82,372	128,855	499,569	500,674	501,206	537,421				
7	15yr Risk-Free ZCBs (p=0.8)	18,721	19,233	7,986	9,360	81,295	57,636	26,859	31,070	458,311	333,802	251,003	241,316				
8	15yr Corporate Bonds (p=1)	27,204	43,172	39,031	59,759	109,222	129,090	131,994	178,543	500,896	507,546	524,014	578,656				
9	15yr Corporate Bonds (p=0.8)	23,612	27,191	16,720	20,476	96,048	81,714	57,901	67,375	461,122	354,218	288,480	288,791				
10	Portfolio 1 (p=1)	82,040	192,548	270,795	334,826	196,828	340,468	436,079	514,123	559,992	708,316	822,856	911,192				
11	Portfolio 1 (p=0.8)	74,871	149,616	193,490	224,339	181,765	270,169	315,701	350,245	524,977	575,138	608,821	635,136				
12	Portfolio 2 (p=1)	80,327	175,086	243,553	300,884	193,426	317,161	399,160	470,003	556,396	679,655	771,877	854,835				
13	Portfolio 2 (p=0.8)	73,182	134,104	170,750	197,931	178,557	249,398	285,815	315,253	521,189	547,033	564,414	586,582				
14	Portfolio 3 (p=1)	37,707	94,348	146,163	194,426	134,980	219,230	284,493	345,864	517,970	584,336	652,340	721,840				
15	Portfolio 3 (p=0.8)	32,704	63,306	87,533	110,662	120,649	157,195	182,662	206,723	480,098	446,935	443,401	456,357				
16	Sterling Receiver Swaptions	8.75%	11.26%	10.08%	7.50%	12.26%	14.06%	12.33%	8.97%	15.36%	16.57%	14.08%	10.05%				
		Swap Duration = 15 years				Swap Duration = 20 years				Swap Duration = 25 years							

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 $K * £1,000,000 * (1+r*p)^n$.

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.

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 2008**

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:

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 9.4AName of insurer **Norwich Union Life & Pensions Limited – With-Profit Fund**

Global business

Financial year ended **31 December 2008****(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)	%																	
		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025+	
Conventional Life																			
Base guarantee	5.8	2	7	11	18	11	14	13	9	5	1	-	2	-	3	-	-	5	100
Mortgage promise	5.2	2	6	9	17	10	16	16	15	10	0	-	-	-	-	-	-	-	100
Conventional Pensions																			
Base guarantee	9.3	2	4	5	6	6	7	6	6	8	7	7	6	6	5	5	4	10	100
GAR option	7.7	3	12	8	10	8	7	6	6	6	5	4	4	4	4	4	2	8	100
S32 GMP guarantee	9.7	4	3	4	5	5	6	6	6	7	7	7	7	6	6	5	4	12	100
Unitised Life:																			
Death guarantee	12.0	3	4	4	4	5	5	5	5	5	5	5	5	5	4	4	4	29	100
Partial surrender guarantee	7.2	9	9	9	8	8	8	7	6	5	5	4	4	3	3	2	2	8	100
Surrender guarantee	4.0	2	28	35	4	0	0	8	15	1	0	0	1	3	0	0	0	1	100
Unitised Pensions:																			
Base guarantee	13.3	2	2	3	3	3	5	3	5	4	4	4	6	2	7	4	5	37	100

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Norwich Union Life & Pensions Limited – With-Profit Fund**

Global business

Financial year ended **31 December 2008****(vii) Nature of validations of asset model**

The table below shows the discounted value of £1 invested on the valuation date and projected forward t years (t=5, 10, 15, 20) invested in equities and property. For a risk-neutral model, the expected result would be 100%.

t (year from valuation date)		5	10	15	20
Equities	5000 Simulation results	100.2%	101.6%	101.9%	102.3%
	standard error	0.6%	1.3%	1.8%	2.6%
Property	5000 Simulation results	100.0%	100.1%	99.9%	100.1%
	standard error	0.2%	0.4%	0.5%	0.6%

The above results show that there is good convergence of the asset simulations. To ensure convergence of the liabilities, separate calculations were carried out on different numbers of simulations and the results were satisfactory.

The validation includes comparing volatilities produced by the model to market implied volatilities at 31 December 2008. As shown in the following table, the model produces results that compare well to available market data.

Market Implied volatilities:

Term\Strike	0.7	0.8	0.9	1	1.1	1.2	1.3
1	43.99%	40.95%	37.59%	34.45%	31.92%	30.05%	28.73%
3	39.37%	37.48%	35.68%	34.01%	32.49%	31.21%	30.07%
5	38.62%	37.11%	35.71%	34.43%	33.28%	32.26%	31.35%
10	37.44%	36.44%	35.48%	34.57%	33.77%	33.16%	32.60%

Difference between Modelled volatilities and Market Implied volatilities (bps):

Term\Strike	0.7	0.8	0.9	1	1.1	1.2	1.3
1	230	118	13	124	216	300	381
3	357	265	192	133	75	20	36
5	427	358	295	238	184	130	75
10	396	336	280	226	176	138	103

500 projections have been used to calculate realistic liabilities.

(b) Market costs of hedging - Description of guarantees, options or smoothing

No guarantees, options or smoothing costs have been valued using this method.

(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.

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 2008**

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.

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.

Regular Bonus Assumptions

The RB rate is set to ensure that a sufficient level of final bonus can be built up whilst also ensuring the RB rate has reasonable long term sustainability.

The stochastic model utilises a dynamic RB algorithm that depends on the projected asset share to projected guaranteed benefit relationship, along with the desired final bonus buffer and investment return assumption. This calculation also allows for a maximum per annum movement in the RB rate.

The RB algorithm has been compared with actual bonus declarations with satisfactory results.

The results produced by the application of this model are shown in 6.5(b)(i).

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.

(i) Projection at risk free rate

UWP Bonus Rates

Product	31-Dec-08	31-Dec-13	31-Dec-18
UWP Life	1.25%	1.57%	1.93%
UWP Life with Gtee	2.50%	2.68%	2.90%
UWP Pension	1.25%	1.37%	1.62%
UWP Pension with Gtee	4.00%	4.10%	4.36%

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Norwich Union Life & Pensions Limited – With-Profit Fund**

Global business

Financial year ended **31 December 2008**

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%;
- 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 2008:

Asset Class	31/12/2008	31/12/2013	31/12/2018
Equities	40.6%	41.7%	42.4%
Property	16.7%	17.1%	17.4%
Fixed Interest	32.1%	30.6%	29.7%
Cash	10.6%	10.5%	10.5%
Total Assets	100.0%	100.0%	100.0%
EBR	57.3%	58.8%	59.8%

(ii) **Projection at risk free rate plus 17.5%**UWP Bonus rates

Product	31-Dec-08	31-Dec-13	31-Dec-18
UWP Life	1.25%	1.92%	2.31%
UWP Life with Gtee	2.50%	2.81%	3.08%
UWP Pension	1.25%	1.70%	2.02%
UWP Pension with Gtee	4.00%	4.17%	4.55%

Assets Backing With-Profit Benefits Reserve

Asset Class	31/12/2008	31/12/2013	31/12/2018
Equity	40.6%	44.1%	44.8%
Property	16.7%	18.1%	18.3%
Fixed Interest	32.1%	27.3%	26.4%
Cash	10.6%	10.5%	10.5%
Total Assets	100.0%	100.0%	100.0%
EBR	57.3%	62.1%	63.1%

(iii) **Projection at risk free rate minus 17.5%**UWP Bonus rates

Product	31-Dec-08	31-Dec-13	31-Dec-18
UWP Life	1.25%	1.23%	1.56%
UWP Life with Gtee	2.50%	2.59%	2.75%
UWP Pension	1.25%	1.00%	1.26%
UWP Pension with Gtee	4.00%	4.05%	4.21%

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Norwich Union Life & Pensions Limited – With-Profit Fund**

Global business

Financial year ended **31 December 2008**Assets Backing With-Profit Benefits Reserve

Asset Class	31/12/2008	31/12/2013	31/12/2018
Equity	40.6%	39.0%	39.5%
Property	16.7%	16.0%	16.2%
Fixed Interest	32.1%	34.5%	33.7%
Cash	10.6%	10.5%	10.5%
Total Assets	100.0%	100.0%	100.0%
EBR	57.3%	55.0%	55.8%

(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		Average surrender / paid-up rate for			
		1-5	6-10	11-15	16-20
CWP savings endowment	surrender	4.2%	3.3%	3.5%	2.4%
CWP target cash endowment	surrender	4.2%	3.3%	3.5%	2.4%
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	2%	2%	2%	2%
	withdrawals				
CWP pension regular premium	PUP	0%	0%	0%	0%
CWP pension regular premium	surrender	1.0%	1.0%	1.0%	1.0%
CWP pension single premium	surrender	1.0%	1.0%	1.0%	1.0%
UWP indiv pension regular premium	PUP	n/a	n/a	n/a	n/a
UWP indiv pension regular premium	surrender	5.5%	5.5%	5.5%	3.5%
UWP indiv pension single premium	surrender	5.5%	5.5%	5.5%	3.5%

For UWP business we make no allowance for future premiums, so the PUP rate is not applicable.

At no-MVR date:

At the no-MVR date the model assumes that life UWP bond holders will exercise their option if their policy is in the money.

UWP Pensions policies are assumed to take their benefit on the chosen retirement date.

Policies which are already after their chosen retirement date are assumed to take their benefit during the next year.

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 the following annuitant mortality basis

	31 December 2008
Males	95.5% PCMA00 with 100% medium cohort improvement factors, minimum 1.5% pa, applicable from 2005
Females	90% PCFA00 with 75% medium cohort improvement factors, minimum 1.0% pa, applicable from 2005

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 2008**

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.

(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

Product Class	Any other liabilities related to treating customers fairly	Any other long-term insurance liabilities
Conventional Life	0	200
Conventional Pensions	0	127
UWP Life	0	0
UWP Pensions	0	0
Miscellaneous	0	146
Total	0	647

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. £327m is held in respect of these liabilities to the estate.

The following liabilities are held under the miscellaneous category.

£5m is held in respect of future pension transfer review costs.

£14m is held in respect of the funding for the Aviva staff pension scheme deficit.

£14m is included for the cost of investigation and redress of mortgage endowment mis-selling complaints.

£25m 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.

£9m is held to cover compensation costs other than those identified above.

An additional liability of £50m is held as a contingency.

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 2008**

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 2008 are £2,951m.

The realistic current liabilities include a reduction of £17m in respect of the deferred tax asset in respect of losses on Equity investments. Only half of the total deferred tax asset was allowed for in the Realistic current liabilities, whereas the whole asset was disallowed for in the regulatory current liabilities. The figures are otherwise the same.

10. Risk Capital Margin

(1)

Fund	RCM (£m)
NUL&P WP	635.8

(a)

(i) Changes in asset values under stress scenarios for equities and real estate (property)

Asset Class	Fall in market values
UK Equities	20.0%
OS Equities	22.0%
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)

Asset Class	Rise in FI yields	Fall in FI yields
Nominal change in yields	+65bps	-65bps
long-term yield – level post-stress	4.39%	3.09%
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 – excluding Approved stock	Change in FI asset value – excluding Approved stock
NUL&P WP	1.54%	-7.7%

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.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Norwich Union Life & Pensions Limited – With-Profit Fund**

Global business

Financial year ended **31 December 2008**

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 2%

- (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 = 1.34%

- (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.

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.

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)
Guarantee Charges	103
Mortgage Promise	0
GAO take-up	-11
Total	92

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.

(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	0.0%
Overseas equities	0.0	0.0%
Land and buildings	0.0	0.0%
Approved fixed interest securities	634.8	99.9%
Other fixed interest securities	0.9	0.1%
All other assets	0.0	0.0%
Total	635.8	100.0%

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 2008**

- (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.

	2008 %
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%

As there are no unrealised gains to discount, turnover and indexation assumptions are not required.

Note the turnover and indexation rates are not relevant this period as the fund does not have any unrealised gains to discount.

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.

12. Derivatives

Security	Value (£m) at 31.12.08
Futures on Bonds - short term trading derivatives	(173)
Futures on Equities - short term trading derivatives	(379)
Mortgage Dollar Rolls - with US banks	78
Currency futures	(113)
Property swaps	(342)
Fixed Cashflow Swaps	24
Floating Cashflow Swaps	67
Credit Default Swaps	6
Asset Swap	(7)

The exposure to futures is part of the company's portfolio management strategy, and the majority of futures expire no later than 31 March 2009. There are some Eurodollar futures which expire no later than 30 June 2010

The Mortgage Dollar Rolls provide exposure to US Corporate Bonds.

The Property swaps provide protection against the property exposure in the fund

The Fixed interest and Cashflow swaps provide extra exposure to UK Corporate Bonds.

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 2008**

13. Analysis of working capital

	£m
Working capital at 31/12/2007	1,809
Investment return on opening working capital	145
Profits on assets backing liabilities	-717
Economic assumption changes	-174
Non-economic assumption changes	122
Policyholder action assumption changes	66
Other experience variances	100
Impact of new business	-9
Changes in reinsurance and regulation	0
Modelling changes and opening adjustments	-197
Miscellaneous liabilities	2
Move to DFA model	21
Working capital at 31/12/2008	1,167

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 31/12/2007, as well as the impact of the change in Risk Free Rate during 2008.
2. The economic assumption impact is mainly driven by a significant increase in equity volatility.
3. 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.
4. Experience variances include impact of premiums, claims and expenses
5. The fund does not write significant volumes of new business
6. Modelling changes and opening adjustments include
 - Correction to 2007 investment return credited to asset shares
 - Increase in investment return used to value future profits on Non-Profit business
 - Correction to BRV methodology used in valuation of Conventional Pensions business
7. Note that the change in other liabilities from Form 19 line 47 is included in the analysis above
8. 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 2008**

1. Introduction

- (1) The **valuation date** is 31 December 2008.
- (2) The date of the previous valuation was 31 December 2007.
- (3) An interim valuation was carried out with an effective date of 30 June 2008 for the purposes of rule 9.3A.

2. Assets

(1) Economic assumptions for valuation of non-profit business

The economic assumptions used to value future profits on non-profits business are as follows

- The gross investment return used is equal to the risk free rate.
- The risk free rates used are the same as the rates used to determine guarantee costs, and shown in section 6(4)(a)(ii) below
- Profits are discounted at rate used for gross investment return, plus an additional margin of 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
- 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.
- The LTICR in respect of non-profit business within the fund is valued at face value

The basis has changed during 2008 to allow for a risk free rate varying by duration

The assumptions used at the end of 2007 are shown in the following table.

	31 December 2007
Gross Earned Rate	4.71%
Net Earned Rate	3.77%
Discount Rate	5.21%
Expense Inflation	4.00%

- (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;

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 2008

- 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.

The total amount of With Profit Benefit Reserve calculated by reference to the BRV approach is £275m.

Regulatory reserves are used for remaining small classes of business where asset share or BRV calculations are not currently carried out.

At 31 December 2008

Product Class	With-profit benefits reserve £m	Future Policy Related Liabilities £m	Total £m
Conventional Life		9	179
Asset Share (ind)	156		
Regulatory Reserve	14		
Conventional Pensions		298	1584
Asset Share (ind)	764		
Asset Share (group)	204		
Bonus Reserve Valuation	275		
Regulatory Reserve	42		
Miscellaneous Other		54	54
Total	1,455	361	1,816

Conventional life consists mainly of endowment business with £5m of whole life business. The WPBR consists of individual policy level asset shares for premium paying business and regulatory reserve of £8m for premium paying business where reliable asset shares are not available, and another £6m of regulatory reserve on paid-up policies where no historical premium payment information is available.. 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 £191m.

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 £204m at 31 December 2008.

Regulatory reserves of £42m 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**

Method	With-profit benefits reserve (%)
Asset Share (individual)	63
Asset Share (grouped)	14
BRV	19
Regulatory Reserve	4
Miscellaneous Other	0
Total	100

The table above shows the proportion of with profit benefit reserves calculated using each method.

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 2008**

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) Changes in valuation method

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. Broadly speaking, all policy related expenses and commission are charged to asset shares.

	2008			
	Charged to WPBR £m	Not-Charged to WPBR £m	Non-Profit expenses £m	Total £m
Initial expenses and commission	0	3	0	3
Renewal expenses and commission	12	13	2	27
Shareholder Transfers	0	7	0	7

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 2008 are approximately £12m. 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.

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 2008

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.

(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	2006	2007	2008
PM	Life	101%	98%	107%
PM	Pensions	93%	99%	103%

These are estimates of claim amounts relative to asset share for the past three complete calendar years.

The figures above for 2006 to 2008 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 and 2008 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 2008 are -3.32%. This rate applies to all policies.

5. With-profits benefits reserve – Prospective method

(1) Prospective assumptions

19% 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 3.2%.
- 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.

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 2008**

(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) The modelling for the cost of guarantees has been extended since the previous valuation to cover further business lines where approximate methods had been used in previous years.

(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 to WPBR for cost of guarantees/options	Planned Deductions to WPBR for other costs	Contractual Guarantee costs	Non-Contractual Commitments	Smoothing costs
Conventional Life	1	1	3	0	-3
Conventional Pens	5	10	37	0	-10

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 2008, there were no planned enhancements.

Planned Deductions to WPBR for Cost of guarantees and options

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 2008, the planned deductions to WPBR totalled £6m.

Planned Deductions to WPBR for other costs

This represents the expected charge to Asset Shares in respect of expenses incurred in the migration of business to the Admin Re platform.

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 2008**

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).

Conventional Life

Stochastic Reserve	=	£3m
Central Estimate	=	£0.2m
Option Value	=	94%

Conventional life guarantees are mostly out of the money.

Conventional Pensions

Stochastic Reserve	=	£37m
Central Estimate	=	£27m
Option Value	=	26%

Conventional pensions guarantees are largely in the money.

Some pension policies have Guaranteed Annuity Rate options. The methodology for these reserves is covered in 6(4)(b).

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 PPFM for PM. The £13m miscellaneous smoothing cost reflects an adjustment to the smoothing retention required to achieve neutral smoothing costs.

(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 (%) – 2008
1	1.21%
2	1.87%
3	2.31%
4	2.63%
5	2.87%
6	3.06%
7	3.22%
8	3.35%
9	3.47%
10	3.58%
12	3.81%
15	4.13%
20	4.34%
25	4.08%
30	3.91%

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 2008**

- 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 2007.

Use of the curve:

The above risk-free rate curve was used for all option-pricing purposes.

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 2008. The following table shows specimen volatilities from the model.

Specimen volatilities

Term	1	2	5	7	10	15	20	25	30
UK Equity volatility	34.60%	34.50%	34.20%	34.00%	33.80%	33.40%	33.10%	32.80%	32.50%

Our economic scenario model uses a level equity volatility assumption across all terms. We have therefore applied NULAP's 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 34.0% (23.5% at 31 December 2007).

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 sample swaption implied volatilities for an option term of 20 years, swap maturity as shown (sourced from Bloomberg)

Swap maturity	Implied volatility (%)
1	27.1
5	15.9
10	14.5
15	16.3
20	15.9
25	15.0

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 2008

For the purposes of our model, we have used an implied volatility of 17.29% 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	0.56
2	1.13
3	1.70
5	2.85
7	4.01
10	5.78

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, using NULAP WP's guarantee profile, to give a volatility assumption of 5.00%. 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	5.00%
Other Fixed Interest	7.00%

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 2008.

	UK Equities	Property	European Equities	UK government bonds	Corporate Bonds	Cash
UK Equities	1.00	0.20	0.79	0.31	0.29	0.10
Property	0.20	1.00	0.22	0.07	0.03	-0.33
European Equities	0.79	0.22	1.00	0.37	0.28	-0.10
UK government bonds	0.31	0.07	0.37	1.00	0.97	0.11
Corporate Bonds	0.29	0.03	0.28	0.97	1.00	0.12
Cash	0.10	-0.33	-0.10	0.11	0.12	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 2008.

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 2008**

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 2008. The resulting asset mix is shown below, together with the volatility parameters for each class:

Class	Actual asset mix	Volatility
UK Equity	8.0%	34.0%
Property	2.7%	15.0%
European Equity	1.3%	33.7%
UK government bonds	14.6%	5.0%
Corporate bonds	65.6%	7.0%
Cash	7.7%	0.0%
TOTAL	100.0%	

Management of the EBR within the stochastic return projector is discussed in 6(5)(a).

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Norwich Union Life & Pensions Limited – Provident Mutual Fund**

Global business

Financial year ended **31 December 2008****(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	2.87%	4.13%	4.07%	3.82%	2.87%	4.13%	4.07%	3.82%	2.87%	4.13%	4.07%	3.82%
		p:												
1	Risk-free zero coupon bond		868,063	545,265	368,754	268,872	x	x	x	x	x	x	x	x
2	FTSE AllShare	1	103,643	310,228	411,132	481,919	247,223	487,405	605,893	688,235	616,629	885,489	1,022,167	1,122,492
3	FTSE AllShare	0.8	93,420	255,089	313,103	346,658	229,637	405,019	465,461	499,690	583,239	746,388	796,110	822,390
4	Property	1	35,149	96,214	146,577	191,054	135,414	226,355	290,945	344,083	525,881	599,187	661,570	720,308
5	Property	0.8	30,299	64,039	87,015	105,280	120,233	161,237	183,387	203,256	488,164	461,508	453,057	453,514
6	15 yr risk free ZCB	1	17,839	69,156	117,861	159,628	108,770	194,334	259,484	312,260	514,161	576,232	638,293	700,350
7	15 yr risk free ZCB	0.8	14,547	41,125	63,229	79,031	93,642	129,850	152,777	171,416	475,222	434,390	424,310	425,277
8	15 yr corporate	1	23,726	81,154	132,413	176,969	119,910	209,613	276,176	332,397	518,764	588,785	653,141	718,646
9	15 yr corporate	0.8	19,753	51,167	74,622	92,202	104,675	144,094	168,699	189,221	480,388	448,494	440,391	444,972
10	65% FTSE AllShare, 35% Property	1	71,717	199,192	274,575	337,156	197,942	354,246	445,433	518,538	570,042	734,098	834,761	920,207
11	65% FTSE AllShare, 35% Property	0.8	63,748	154,256	194,047	223,809	181,394	280,374	320,779	352,409	535,368	598,544	620,619	640,228
12	65% FTSE AllShare, 35% ZCB	1	71,440	174,878	243,095	299,424	203,087	340,497	424,535	491,123	585,848	740,609	836,631	916,437
13	65% FTSE AllShare, 35% ZCB	0.8	63,195	127,499	158,618	181,986	185,838	261,453	292,124	315,458	550,655	598,696	610,508	620,617
14	40% Eq, 15% prop, 22.5% ZCB, 22.5% corp	1	39,180	105,006	159,853	206,506	149,630	246,814	316,800	373,055	540,339	633,467	705,471	771,608
15	40% Eq, 15% prop, 22.5% ZCB, 22.5% corp	0.8	33,611	69,026	93,955	112,108	133,575	176,483	200,227	219,884	503,500	493,021	488,822	491,159
			L = 15				L = 20				L = 25			
16	Receiver swaptions		12.71%	18.82%	16.51%	10.62%	18.95%	23.96%	19.16%	12.51%	25.27%	27.37%	21.15%	13.76%

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 $K \cdot £1,000,000 \cdot (1+r)^n$.

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.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Norwich Union Life & Pensions Limited – Provident Mutual Fund**

Global business

Financial year ended **31 December 2008**

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 guarantees that are priced through this process have a discounted mean term of around 10 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**

The following table shows the durations of significant guarantees in the PM Fund. Duration is calculated as weighted average of projected maturity years with weights equal to the cost of guarantees

Year	Proportion of Maturity Guarantee Costs arising in Year (%)	
	Conventional Life	Conventional Pensions
2009	5	4
2010	18	3
2011	33	5
2012	24	5
2013	12	5
2014	3	5
2015	2	6
2016	2	6
2017	1	6
2018	1	6
2019	0	5
2020	0	5
2021-2025	0	21
2026-2030	0	12
2031+	0	6
Total	100	100
Duration (yrs)	3.2	10.6

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 2008**(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	0.985	0.947	1.092
1000 Sims result	1.016	1.019	1.003	1.019
5000 Sims result	1.015	1.012	1.005	1.003
10000 Sims result	1.005	1.004	0.999	0.993
Distribution result	0.992	1.001	1.000	0.996

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	35	5	15	25	35	5	15	25	35
			2.83%	4.04%	3.99%	3.75%	2.83%	4.04%	3.99%	3.75%	2.83%	4.04%	3.99%	3.75%
2	FTSE AllShare: matrix approach	1	103,643	310,228	411,132	481,919	247,223	487,405	605,893	688,235	616,629	885,489	1,022,167	1,122,492
2	FTSE AllShare: Black-Scholes valuation	1	151,452	312,230	409,947	479,061	296,152	489,724	604,675	685,456	668,371	886,603	1,022,285	1,118,862
	Difference / MV(0)		-4.8%	-0.2%	0.1%	0.3%	-4.9%	-0.2%	0.1%	0.3%	-5.2%	-0.1%	0.0%	0.4%
4	Property: matrix approach	1	35,149	96,214	146,577	191,054	135,414	226,355	290,945	344,083	525,881	599,187	661,570	720,308
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)		0.4%	-0.2%	-0.2%	0.2%	0.2%	-0.2%	-0.1%	0.1%	0.3%	0.0%	-0.3%	0.1%
10	65% FTSE, 35% Property: matrix approach	1	71,717	199,192	274,575	337,156	197,942	354,246	445,433	518,538	570,042	734,098	834,761	920,207
10	65% FTSE, 35% Property: B-S valuation	1	83,414	198,609	275,970	335,330	209,096	353,932	446,729	517,001	581,377	731,275	836,647	918,557
	Difference / MV(0)		-1.2%	0.1%	-0.1%	0.2%	-1.1%	0.0%	-0.1%	0.2%	-1.1%	0.3%	-0.2%	0.2%

- The table above shows that the model is capable of producing Black-Scholes prices. For an all equity portfolio, the comparison to Black Scholes at short durations can be improved by increasing the number of bands used to group returns in the model. However, given the low equity backing ratio in the PM fund there will be no distortion of results from using the current bands. The table 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%.

Abstract of valuation report for realistic valuation – IPRU (INS) Appendix 9.4AName of insurer **Norwich Union Life & Pensions Limited – Provident Mutual Fund**

Global business

Financial year ended **31 December 2008**

An uplift factor of 10% 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.

Cost of annuity rate guarantees	£m
Base GAO cost	237
Uplift (10%)	24
Adjustment after charge to AS	-1
Form 19 reserve	260

The next table shows the split of maturity dates on contracts that have Guaranteed Annuity Options.

Split of Guaranteed Annuity Option Maturity Dates	
Year	Percentage
2009	13%
2010	7%
2011	7%
2012	7%
2013	6%
2014	5%
2015	5%
2016	5%
2017	5%
2018	5%
2019	5%
2020	4%
2021-2025	16%
2026 and later	10%
Total	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.

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 2008**

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.

Regular Bonus Assumptions

In the stochastic model, the regular bonus on all policies is assumed to be zero in future.

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 2008.

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 2008**

The fund does not have any Unitised With-Profits business.

Assets Backing With-Profit Benefits Reserve

Asset Class	31/12/2008	31/12/2013	31/12/2018
Equities	9.3%	5.7%	5.0%
Property	2.7%	1.2%	1.0%
Fixed Interest	80.3%	84.9%	85.8%
Cash	7.7%	8.2%	8.3%
Total Assets	100.0%	100.0%	100.0%
EBR	12.0%	6.9%	6.0%

(ii) **Projection at risk free rate plus 17.5%**

Assets Backing With-Profit Benefits Reserve

Asset Class	31/12/2008	31/12/2013	31/12/2018
Equity	9.3%	8.5%	7.6%
Property	2.7%	1.7%	1.5%
Fixed Interest	80.3%	81.9%	82.9%
Cash	7.7%	7.9%	8.0%
Total Assets	100.0%	100.0%	100.0%
EBR	12.0%	10.2%	9.1%

(iii) **Projection at risk free rate minus 17.5%**

Assets Backing With-Profit Benefits Reserve

Asset Class	31/12/2008	31/12/2013	31/12/2018
Equity	9.3%	5.7%	4.4%
Property	2.7%	1.1%	0.7%
Fixed Interest	80.3%	85.0%	86.5%
Cash	7.7%	8.2%	8.3%
Total Assets	100.0%	100.0%	100.0%
EBR	12.0%	6.8%	5.1%

(6) **Persistency and Mortality Assumptions**

The persistency assumptions used in the calculation of maturity and GAO costs are shown in the following table.

Product class	Lapse rate (% pa)
Endowments	1.5
Executive Pension	2.0
Individual Pension	1.0
Personal Pension	1.5
Self Employed Retirement Annuity	1.4

Mortality Assumptions

Mortality assumptions for the Realistic Balance sheet are generally based on own experience adjusted for anticipated trends.

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 2008**

Annuitant Mortality

	31 December 2008
Males	105% PCMA00 with 100% medium cohort improvement factors, minimum 1.5% pa, applicable from 2005
Females	115% PCFA00 with 75% medium cohort improvement factors, minimum 1.0% pa, applicable from 2005

Guaranteed Annuity Option take-up rate

An initial take-up rate of 87% has been assumed in respect of Guaranteed Annuity options attaching to pensions. The take-up rates increase by 1% every year from 2010 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

Product Class	Any other liabilities related to treating customers fairly	Any other long-term insurance liabilities
Life Shareholder Transfers	0	11
Pensions Shareholder Transfers	0	26
Miscellaneous	0	54
Total	0	91

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

£37m is held in respect of the shareholder transfers which are charged to the estate.

£4m is included for the cost of investigation and redress of mortgage endowment mis-selling complaints.

£21m is held to cover estimated compensation costs for known product governance issues other than mortgage endowment mis-selling.

£13m is held to cover expenses in relation to the Heritage migration project

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

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 2008

- Provisions for inter company transfers from internal reinsurance
- Outstanding Claims
- Other creditors
- Accruals and deferred income

The realistic current liabilities at 31 December 2008 are £136m.

The realistic current liabilities include a reduction of £3m in respect of the deferred tax asset in respect of losses on Equity investments. Only half of the total deferred tax asset was allowed for in the Realistic current liabilities, whereas the whole asset was allowed for in the regulatory current liabilities. The figures are otherwise the same

10. 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	Fall in market values
UK Equities	20.0%
OS Equities	20.0%
Property	12.5%

The fall in equity and property values is more onerous this year, as the change in the cost of guarantees arising from the change in market values has exceeded the cost of Shareholder Transfers and Guaranteed Annuity Options.

(ii)

Asset Class	Rise in FI yields	Fall in FI yields
Nominal change in yields	+65bps	-65bps
long-term yield – level post-stress	4.39%	3.09%
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 – excluding Approved stock	Change in FI asset value – excluding Approved stock
PM	1.26%	-6.75%

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.

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 2008**

The total change in the value of the swaps arising from both stresses is +28%.

- (iv) For the persistency test a 32.5% decrease in lapse rates is tested. This increases realistic liabilities by 0.6%, as a result of an increase in GAO and other guarantee costs
- (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.

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 £32m would be required in the stress test, compared to a charge of £6m in central scenario.

Guaranteed Annuity Options

The initial take-up rate for guaranteed annuity options is assumed to increase from 87% to 92% as a result of the fall in fixed interest yields. The take-up rate then increases by 1% every year from 2010 onwards, until an ultimate level of 95% is reached.

This increases the cost of Guaranteed Annuity Options by £9m.

- (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%

As there are no unrealised gains to discount, turnover and indexation assumptions are not required.

We assumed an average BLGAB tax rate applying to asset shares of 17.62%

Average tax rate applying to non-profit liabilities = 20% assuming all backed by fixed-interest.

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 2008

(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	256

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 31/12/2007	0
Zeroisation impact	8
Working capital at 31/12/2007	-8
Investment return on opening working capital	0
Profits on assets backing liabilities	36
Economic assumption changes	-3
Non-economic assumption changes	4
Policyholder action assumption changes	-4
Other experience variances	-36
Impact of new business	1
Changes in reinsurance and regulation	0
Modelling changes and opening adjustments	16
Miscellaneous liabilities	-14
Working capital at 31/12/2008	-8
Zeroisation impact	8
Published Working capital at 31/12/2008	0

Notes:

1. The profit on assets backing liabilities includes the change in guarantee costs arising from returns less than the projected rates as at 31 December 2007, as well as the impact of the change in Risk Free Rate during 2008. The profit arises as a result of the term of assets backing guarantee costs exceeding the term of the guarantee costs.
2. Experience variances include impact of premiums, claims and expenses
3. The fund is closed to new business – the impact of new business relates to increments on existing policies.
4. The modelling changes and opening adjustments include change in modelling of Guarantees and GAO cost, and correction to Asset Share of SERA business.
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 2008**

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.

The speculative use of derivative contracts is prohibited.

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 company was party to Stock Underwriting over the financial year, which falls into this description. This was the only example of such contracts that was 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.

No derivative contracts were held at any time during the financial year that required a significant provision under INSPRU 3.2.17R, 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 £1.1m.

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 2008**

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 2008**

In accordance with rule 9.36 of the Interim Prudential Sourcebook for Insurers, A R Walton, who resigned as the with-profits actuary of the Company on 31 March 2008, and R G Myers, who was appointed as the with-profits actuary of the Company on 15 May 2008, were requested to furnish and have provided the following information:

(1) A R Walton

- (a) (1) An interest in 1,715 ordinary shares at 31 December 2008 in Aviva plc (2007: 738);
- (2) 8,536 ordinary shares held in the Aviva Long Term Incentive Plan at 31 December 2007 lapsed on 31 March 2008, and 6,788 ordinary shares held in the Aviva Annual Bonus Plan at 31 December 2007 were exercised on 2 April 2008.
- (b) The actuary held general insurance policies with subsidiaries of Aviva plc for which total premiums of £1,140 were paid in the year to 31 December 2008 (2007: £1,082).
- (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 2008 was £246,566 (2007: £248,720). 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.

(2) R G Myers

- (a) (1) The actuary holds no shares in Aviva plc and no shares in any other group companies.
- (2) Under the company's sharesave scheme, the actuary holds options to acquire 4,085 shares in Aviva plc for £4.10 per share on 1 December 2013.
- (b) The actuary has no policies of insurance with Aviva plc or subsidiaries of Aviva plc.
- (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 2008 was £223,983 (2007: £Nil). 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 2008**

We certify that:

- 1 (a)** the return has been properly prepared in accordance with the requirements in IPRU(INS), GENPRU and INSPRU; and

(b) the directors are satisfied that:

 - (i) throughout the financial year in question, the insurer has complied in all material respects with the requirements in SYSC and PRIN as well as the provisions of IPRU(INS), GENPRU and INSPRU; and
 - (ii) it is reasonable to believe that the insurer has continued so to comply subsequently, and will continue so to comply in future.
- 2 (a)** in the directors' opinion, premiums for contracts entered into during the financial year and the resulting income earned are sufficient, under reasonable actuarial methods and assumptions, and taking into account the other financial resources of the insurer that are available for the purpose, to enable the insurer to meet its obligations in respect of those contracts and, in particular, to establish adequate mathematical reserves;

(b) the sum of the mathematical reserves and the deposits received from reinsurers as shown in Form 14, constitute proper provision at the end of the financial year in question for the long-term insurance liabilities (including all liabilities arising from deposit back arrangements, but excluding other liabilities which had fallen due before the end of the financial year) including any increase in those liabilities arising from a distribution of surplus as a result of an actuarial investigation as at that date into the financial condition of the long-term insurance business;

(c) the with-profits 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.

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

..... **T E STRAUSS**
Director

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

27 March 2009

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 2008**

We have examined the following documents prepared by the insurer pursuant to the Accounts and Statements Rules set out in Chapter 9 of 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, 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 IPRU(INS) 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 IPRU(INS) 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 IPRU(INS) 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 31 March 2009. 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 IPRU(INS) rule 9.11.

In accordance with IPRU(INS) rule 9.35(1A), to the extent that any document, Form, statement, analysis or report to be audited under IPRU(INS) rule 9.35(1) contains amounts or information abstracted from the actuarial investigation performed pursuant to IPRU(INS) 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 2008**

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 IPRU(INS) rule 9.31 appropriately reflect the requirements of INSPRU 1.2 and 1.3.

Ernst & Young LLP
Registered Auditor
London
31 March 2009