



Hamilton Life Assurance Company Limited

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

**Annual FSA Insurance Returns for the year ended
31 December 2009**



Returns under the Accounts and Statements Rules

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

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

Global Business

Financial year ended **31st December 2009**

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Returns under the Accounts and Statements Rules

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

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

Global Business

Financial year ended **31st December 2009**

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Statement of solvency - long-term insurance business
Form 2

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

Global business

 Financial year ended **31st December 2009**

Solo solvency calculation

	Company registration number	GL/ UK/ CM	day	month	year	units	
	R2	1656838	GL	31	12	2009	£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			9878
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	12		7987	13445
Capital resources available to cover long-term insurance business capital resources requirement (11+12)	13		7987	23323

Guarantee fund

Guarantee fund requirement	21		3128	2518
Excess (deficiency) of available capital resources to cover guarantee fund requirement	22		4859	20805

Minimum capital requirement (MCR)

Long-term insurance capital requirement	31			3876
Resilience capital requirement	32			34
Base capital resources requirement	33		3128	2518
Individual minimum capital requirement	34		3128	3911
Capital requirements of regulated related undertakings	35			
Minimum capital requirement (34+35)	36		3128	3911
Excess (deficiency) of available capital resources to cover 50% of MCR	37		6423	21367
Excess (deficiency) of available capital resources to cover 75% of MCR	38		5641	20390

Enhanced capital requirement

With-profits insurance capital component	39			
Enhanced capital requirement	40			3911

Capital resources requirement (CRR)

Capital resources requirement (greater of 36 and 40)	41		3128	3911
Excess (deficiency) of available capital resources to cover long-term insurance business CRR (13-41)	42		4859	19412

Contingent liabilities

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

Covering page to Form 2

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

Global business

Financial year ended **31st December 2009**

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

..... **T E STRAUSS**
Director

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

24 March 2010

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

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

Global business

 Financial year ended **31st December 2009**

	Company registration number	GL/UK/CM	day	month	year	units	
	R3	1656838	GL	31	12	2009	£000
	General insurance business	Long-term insurance business	Total as at the end of this financial year	Total as at the end of the previous year			
	1	2	3	4			

Core tier one capital

Permanent share capital	11		11750	11750	11750
Profit and loss account and other reserves	12		758	758	11747
Share premium account	13				
Positive valuation differences	14				
Fund for future appropriations	15				
Core tier one capital in related undertakings	16				
Core tier one capital (sum of 11 to 16)	19		12508	12508	23497

Tier one waivers

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

Other tier one capital

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

Total tier one capital before deductions (19+24+25+26+27+28)	31		12508	12508	23497
Investments in own shares	32				
Intangible assets	33				
Amounts deducted from technical provisions for discounting	34				
Other negative valuation differences	35				
Deductions in related undertakings	36				
Deductions from tier one (32 to 36)	37				
Total tier one capital after deductions (31-37)	39		12508	12508	23497

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

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

Global business

 Financial year ended **31st December 2009**

	Company registration number	GL/UK/CM	day	month	year	units	
	R3	1656838	GL	31	12	2009	£000
	General insurance business	Long-term insurance business	Total as at the end of this financial year	Total as at the end of the previous year			
	1	2	3	4			

Tier two capital

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

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

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

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

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

Global business

 Financial year ended **31st December 2009**

	Company registration number	GL/UK/CM	day	month	year	units	
	R3	1656838	GL	31	12	2009	£000
	General insurance business	Long-term insurance business	Total as at the end of this financial year	Total as at the end of the previous year			
	1	2	3	4			

Total capital resources

Positive adjustments for regulated non-insurance related undertakings	71				
Total capital resources before deductions (39+69+71)	72		12508	12508	23497
Inadmissible assets other than intangibles and own shares	73				
Assets in excess of market risk and counterparty limits	74		4521	4521	174
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		7987	7987	23323

Available capital resources for GENPRU/INSRU tests

Available capital resources for guarantee fund requirement	81		7987	7987	23323
Available capital resources for 50% MCR requirement	82		7987	7987	23323
Available capital resources for 75% MCR requirement	83		7987	7987	23323

Financial engineering adjustments

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

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

Form 11

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

Global business

Financial year ended **31st December 2009**

Long-term insurance business

	Company registration number	GL/UK/CM	day	month	year	units	
	R11	1656838	GL	31	12	2009	£000
			This financial year		Previous year		
			1		2		
Gross premiums written	11						389
Premiums taxes and levies (included in line 11)	12						
Premiums written net of taxes and levies (11-12)	13						389
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						389
Gross premiums earned	21						389
Premium taxes and levies (included in line 21)	22						
Premiums earned net of taxes and levies (21-22)	23						389
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						389
Sub-total I (higher of sub-total A and sub-total H)	30						389
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					70
	Excess (if any) over 57.5M EURO x 0.02	33					
Sub-total J (32-33)	34						70
Claims paid in period of 3 financial years	41						18962
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					2415
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					6090
Sub-total C (41+42+43-44-45)	46						15287
Amounts recoverable from reinsurers in respect of claims included in Sub-total C	47						246
Sub-total D (46-47)	48						15041
Reinsurance ratio (Sub-total D / sub-total C or, if more, 0.50 or, if less, 1.00)	49						0.98
Premiums amount (Sub-total J x reinsurance ratio)	50						69
Provisions for claims outstanding (before discounting and net of reinsurance)	51						2169
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						1887
Greater of lines 50 and 53	54						1887

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

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

Global business

 Financial year ended **31st December 2009**

Long-term insurance business

		Company registration number	GL/ UK/ CM	day	month	year	units	
		R12	1656838	GL	31	12	2009	£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				18962		
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				2415		
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				6090		
Claims incurred in reference period (21+22+23-24-25)		26				15287		
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				15287		
Sub-total F - Conversion of sub-total E to annual figure (multiply by 12 and divide by number of months in the reference period)		31				5096		
Division of sub-total F (gross adjusted claims amount)	X 0.26	32				1325		
	Excess (if any) over 40.3M EURO x 0.03	33						
Sub-total G (32 - 33)		39				1325		
Claims amount Sub-total G x reinsurance ratio (11.49)		41				1304		
Higher of premiums amount and brought forward amount (11.54)		42				1887		
General insurance capital requirement (higher of lines 41 and 42)		43				1887		

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

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

Global business

 Financial year ended **31st December 2009**

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

	Company registration number	GL/UK/CM	day	month	year	units	Category of assets	
	R13	1656838	GL	31	12	2009	£000	1
						As at end of this financial year	As at end of the previous year	
						1	2	
Land and buildings								
				11				

Investments in group undertakings and participating interests

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

Other financial investments

Equity shares	41		
Other shares and other variable yield participations	42		
Holdings in collective investment schemes	43		
Rights under derivative contracts	44		
Fixed interest securities	Approved	45	
	Other	46	
Variable interest securities	Approved	47	
	Other	48	3723
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	7987
Other financial investments	56		8670

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

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

Global business

 Financial year ended **31st December 2009**

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

	Company registration number	GL/UK/CM	day	month	year	units	Category of assets	
	R13	1656838	GL	31	12	2009	£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	7
	due in more than 12 months						79	

Other assets

Tangible assets							80	
Deposits not subject to time restriction on withdrawal with approved institutions							81	2695
Cash in hand							82	
Other assets (particulars to be specified by way of supplementary note)							83	
Accrued interest and rent							84	91
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	7987	15186
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Analysis of admissible assets

**Form 13
(Sheet 3)**

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

Global business

Financial year ended **31st December 2009**

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

	Company registration number	GL/UK/CM	day	month	year	units	Category of assets	
	R13	1656838	GL	31	12	2009	£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	7987	15186
Admissible assets in excess of market and counterparty limits	92	4521	174
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 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	12508	15360
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		

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

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

Global business

 Financial year ended **31st December 2009**

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

	Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets
	R13	1656838	GL	31	12	2009	£000
						As at end of this financial year	As at end of the previous year
						1	2
Land and buildings			11				

Investments in group undertakings and participating interests

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

Other financial investments

Equity shares	41		
Other shares and other variable yield participations	42		
Holdings in collective investment schemes	43		75
Rights under derivative contracts	44		
Fixed interest securities	Approved	45	
	Other	46	
Variable interest securities	Approved	47	
	Other	48	7115
Participation in investment pools	49		
Loans secured by mortgages	50		
Loans to public or local authorities and nationalised industries or undertakings	51		
Loans secured by policies of insurance issued by the company	52		
Other loans	53		
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	500
	More than one month withdrawal	55	16226
Other financial investments	56		

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

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

Global business

 Financial year ended **31st December 2009**

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

	Company registration number	GL/UK/CM	day	month	year	units	Category of assets	
	R13	1656838	GL	31	12	2009	£000	10
						As at end of this financial year	As at end of the previous year	
						1	2	
Deposits with ceding undertakings			57					
Assets held to match linked liabilities	Index linked		58					
	Property linked		59					40143

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	498
Salvage and subrogation recoveries		73	
Reinsurance	Accepted	74	
	Ceded	75	137
Dependants	due in 12 months or less	76	
	due in more than 12 months	77	
Other	due in 12 months or less	78	1426
	due in more than 12 months	79	

Other assets

Tangible assets	80	
Deposits not subject to time restriction on withdrawal with approved institutions	81	8148
Cash in hand	82	
Other assets (particulars to be specified by way of supplementary note)	83	
Accrued interest and rent	84	1038
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	75306
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Analysis of admissible assets
**Form 13
(Sheet 3)**

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

Global business

 Financial year ended **31st December 2009**

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

	Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets	
	R13	1656838	GL	31	12	2009	£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		75306
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 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		10884
Other asset adjustments (may be negative)	101		(476)
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		85714
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		

Long-term insurance business liabilities and margins
Form 14

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

Global business

 Financial year ended **31st December 2009**

 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	51624
Cash bonuses which had not been paid to policyholders prior to end of the financial year		12	
Balance of surplus / (valuation deficit)		13	9878
Long term insurance business fund carried forward (11 to 13)		14	61502
Claims outstanding	Gross	15	197
	Reinsurers' share	16	
	Net (15-16)	17	197
Provisions	Taxation	21	
	Other risks and charges	22	
Deposits received from reinsurers		23	
Creditors	Direct insurance business	31	
	Reinsurance accepted	32	
	Reinsurance ceded	33	7104
Debenture loans	Secured	34	
	Unsecured	35	
Amounts owed to credit institutions		36	
Creditors	Taxation	37	518
	Other	38	450
Accruals and deferred income		39	5535
Provision for "reasonably foreseeable adverse variations"		41	
Total other insurance and non-insurance liabilities (17 to 41)		49	13804
Excess of the value of net admissible assets		51	
Total liabilities and margins		59	75306
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance		61	1530
Amounts included in line 59 attributable to liabilities in respect of property linked benefits		62	40143
Total liabilities (11+12+49)		71	65428
Increase to liabilities – DAC related		72	
Reinsurers' share of technical provisions		73	10884
Other adjustments to liabilities (may be negative)		74	(476)
Capital and reserves and fund for future appropriations		75	9878
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	85714

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

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

Global business

 Financial year ended **31st December 2009**

	Company registration number	GL/UK/CM	day	month	year	units	
	R15	1656838	GL	31	12	2009	£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			185
	Foreseeable dividend	48			
	Other	49			1556
Accruals and deferred income		51			
Total (19 to 51)		59			1741
Provision for "reasonably foreseeable adverse variations"		61			
Cumulative preference share capital		62			
Subordinated loan capital		63			
Total (59 to 63)		69			1741

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		12508	13619
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		12508	15360

Profit and loss account (non-technical account)

Form 16

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

Global business

Financial year ended **31st December 2009**

		Company registration number	GL/UK/CM	day	month	year	units
		R16	1656838	GL	31	12	2009
				£000			
				This financial year	Previous year		
				1	2		
Transfer (to) / from the general insurance business technical account	From Form 20	11					
	Equalisation provisions	12					
Transfer from the long term insurance business revenue account		13					
Investment income	Income	14			191		795
	Value re-adjustments on investments	15				158	9
	Gains on the realisation of investments	16				1	38
Investment charges	Investment management charges, including interest	17					1
	Value re-adjustments on investments	18				9	193
	Loss on the realisation of investments	19				45	
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				296	648
Tax on profit or loss on ordinary activities		31				83	185
Profit or loss on ordinary activities after tax (29-31)		39				213	463
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				213	463
Dividends (paid or foreseeable)		51					
Profit or loss retained for the financial year (49-51)		59				213	463

Long-term insurance business: Revenue account

Form 40

Name of insurer **Hamilton Life Assurance Company Ltd**
 Name and number of fund/Summary **Total Long-term insurance business**
 Financial year ended **31st December 2009**
 Units **£000**

	Financial year	Previous year
	1	2

Income

Earned premiums	11	13537	(601)
Investment income receivable before deduction of tax	12	429	2320
Increase (decrease) in the value of non-linked assets brought into account	13	184	(272)
Increase (decrease) in the value of linked assets	14	10367	(24110)
Other income	15	2886	708
Total income	19	27403	(21955)

Expenditure

Claims incurred	21	4484	7076
Expenses payable	22	5766	8042
Interest payable before deduction of tax	23	12	4
Taxation	24	108	530
Other expenditure	25		
Transfer to (from) non technical account	26		
Total expenditure	29	10370	15652

Business transfers-in	31		
Business transfers-out	32	78535	
Increase (decrease) in fund in financial year (19-29+31-32)	39	(61502)	(37607)
Fund brought forward	49	61502	99109
Fund carried forward (39+49)	59		61502

Long-term insurance business: Analysis of premiums

Form 41

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

Total business / subfund **Total Long-term insurance business**

Financial year ended **31st December 2009**

Units **£000**

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

Gross

Regular premiums	11	13816	3174	73	17063	20304
Single premiums	12	(2156)		(326)	(2482)	(1274)

Reinsurance - external

Regular premiums	13	(27)			(27)	(155)
Single premiums	14					

Reinsurance - intra-group

Regular premiums	15	12787		73	12860	15753
Single premiums	16	(11627)		(162)	(11789)	4033

Net of reinsurance

Regular premiums	17	1056	3174		4230	4706
Single premiums	18	9471		(164)	9307	(5307)

Total

Gross	19	11660	3174	(253)	14581	19030
Reinsurance	20	1133		(89)	1044	19631
Net	21	10527	3174	(164)	13537	(601)

Long-term insurance business: Analysis of claims

Form 42

Name of insurer **Hamilton Life Assurance Company Ltd**
 Total business / subfund **Total Long-term insurance business**
 Financial year ended **31st December 2009**
 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	1944	88	17	2049	3101
Disability periodic payments	12	1784		208	1992	2675
Surrender or partial surrender	13	(2)	664		662	1209
Annuity payments	14					
Lump sums on maturity	15	52	332		384	695
Total	16	3778	1084	225	5087	7680

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	481		8	489	576
Disability periodic payments	32	(75)		189	114	28
Surrender or partial surrender	33					
Annuity payments	34					
Lump sums on maturity	35					
Total	36	406		197	603	604

Net of reinsurance

Death or disability lump sums	41	1463	88	9	1560	2525
Disability periodic payments	42	1859		19	1878	2647
Surrender or partial surrender	43	(2)	664		662	1209
Annuity payments	44					
Lump sums on maturity	45	52	332		384	695
Total	46	3372	1084	28	4484	7076

Long-term insurance business: Analysis of expenses

Form 43

Name of insurer **Hamilton Life Assurance Company Ltd**
 Total business / subfund **Total Long-term insurance business**
 Financial year ended **31st December 2009**
 Units **£000**

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

Gross

Commission - acquisition	11	7713		(60)	7653	19468
Commission - other	12	5217			5217	898
Management - acquisition	13					
Management - maintenance	14	192	190		382	1104
Management - other	15					
Total	16	13122	190	(60)	13252	21470

Reinsurance - external

Commission - acquisition	21					
Commission - other	22					(198)
Management - acquisition	23					
Management - maintenance	24					
Management - other	25					
Total	26					(198)

Reinsurance - intra-group

Commission - acquisition	31	7546		(60)	7486	13168
Commission - other	32					103
Management - acquisition	33					
Management - maintenance	34					355
Management - other	35					
Total	36	7546		(60)	7486	13626

Net of reinsurance

Commission - acquisition	41	167			167	6300
Commission - other	42	5217			5217	993
Management - acquisition	43					
Management - maintenance	44	192	190		382	749
Management - other	45					
Total	46	5576	190		5766	8042

Long-term insurance business: Linked funds balance sheet

Form 44

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

Total business

Financial year ended **31st December 2009**

Units **£000**

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

Directly held assets (excluding collective investment schemes)	11	251
Directly held assets in collective investment schemes of connected companies	12	
Directly held assets in other collective investment schemes	13	40705
Total assets (excluding cross investment) (11+12+13)	14	40956
Provision for tax on unrealised capital gains	15	(110)
Secured and unsecured loans	16	
Other liabilities	17	848
Total net assets (14-15-16-17)	18	40218

Directly held linked assets

Value of directly held linked assets	21	
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Total

Value of directly held linked assets and units held (18+21)	31	40218
Surplus units	32	75
Deficit units	33	
Net unit liability (31-32+33)	34	40143

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

Form 45

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

Total business

Financial year ended **31st December 2009**

Units **£000**

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

Income

Value of total creation of units	11	2313	2280
Investment income attributable to the funds before deduction of tax	12	4	13
Increase (decrease) in the value of investments in the financial year	13	10562	(24387)
Other income	14	322	389
Total income	19	13201	(21705)

Expenditure

Value of total cancellation of units	21	127	995
Charges for management	22	443	530
Charges in respect of tax on investment income	23		
Taxation on realised capital gains	24		
Increase (decrease) in amount set aside for tax on capital gains not yet realised	25		
Other expenditure	26	52849	
Total expenditure	29	53419	1525

Increase (decrease) in funds in financial year (19-29)	39	(40218)	(23230)
Internal linked fund brought forward	49	40218	63448
Internal linked funds carried forward (39+49)	59		40218

Long-term insurance business: Summary of new business

Form 46

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

Total business

Financial year ended **31st December 2009**

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				
Single premium business	12				
Total	13				

Amount of new regular premiums

Direct insurance business	21	12089		(10)	12079	16402
External reinsurance	22					
Intra-group reinsurance	23					
Total	24	12089		(10)	12079	16402

Amount of new single premiums

Direct insurance business	25	(1208)	3428	(88)	2132	8878
External reinsurance	26					
Intra-group reinsurance	27					
Total	28	(1208)	3428	(88)	2132	8878

Long-term insurance business: Analysis of new business

**Form 47
(Sheet 1)**

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

Total business

Financial year ended **31st December 2009**

Units **£000**

UK Life / Direct insurance business

Product code number 1	Product description 2	Regular premium business		Single premium business	
		Number of policyholders / scheme members 3	Amount of premiums 4	Number of policyholders / scheme members 5	Amount of premiums 6
325	Level term assurance		11933		
435	Miscellaneous non-profit		156		(1208)

Long-term insurance business: Analysis of new business**Form 47
(Sheet 2)**Name of insurer **Hamilton Life Assurance Company Ltd**

Total business

Financial year ended **31st December 2009**Units **£000**

UK Pension / Direct insurance business

Product code number	Product description	Regular premium business		Single premium business	
		Number of policyholders / scheme members	Amount of premiums	Number of policyholders / scheme members	Amount of premiums
1	2	3	4	5	6
745	DWP National Insurance rebates property linked				3428

Long-term insurance business: Analysis of new business**Form 47
(Sheet 3)**Name of insurer **Hamilton Life Assurance Company Ltd**

Total business

Financial year ended **31st December 2009**Units **£000**

Overseas / Direct insurance business

Product code number	Product description	Regular premium business		Single premium business	
		Number of policyholders / scheme members	Amount of premiums	Number of policyholders / scheme members	Amount of premiums
1	2	3	4	5	6
435	Miscellaneous non-profit		(10)		(88)

Long-term insurance business: Summary of mathematical reserves

Form 50

Name of insurer **Hamilton Life Assurance Company Ltd**
 Total business / subfund **Total Long-term insurance business**
 Financial year ended **31st December 2009**
 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				25213
Form 52	13				
Form 53 - linked	14				39807
Form 53 - non-linked	15				335
Form 54 - linked	16				
Form 54 - non-linked	17				
Total	18				65355

Reinsurance - external

Form 51 - with-profits	21				
Form 51 - non-profit	22				5494
Form 52	23				
Form 53 - linked	24				
Form 53 - non-linked	25				
Form 54 - linked	26				
Form 54 - non-linked	27				
Total	28				5494

Reinsurance - intra-group

Form 51 - with-profits	31				
Form 51 - non-profit	32				8237
Form 52	33				
Form 53 - linked	34				
Form 53 - non-linked	35				
Form 54 - linked	36				
Form 54 - non-linked	37				
Total	38				8237

Net of reinsurance

Form 51 - with-profits	41				
Form 51 - non-profit	42				11482
Form 52	43				
Form 53 - linked	44				39807
Form 53 - non-linked	45				335
Form 54 - linked	46				
Form 54 - non-linked	47				
Total	48				51624

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

Form 55

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

Total business

Financial year ended **31st December 2009**

Units **£000**

Fund name 1	Type of fund 2	Net assets 3	Main series 4	Unit mgmt charge 5	Price at previous valuation date 6	Price at current valuation date 7	Change in price during year 8
Hamilton Save & Prosper Life Fund	05 - life - UK equity			1112.00	108.7000	128.7000	18.40
Hamilton Save & Prosper Life Fund	15 - individual pension - UK equity			51734.00	132.4000	165.7000	25.15

Long-term insurance business: distribution of surplus

Form 58

Name of insurer **Hamilton Life Assurance Company Ltd**
 Total business / subfund **Total Long-term insurance business**
 Financial year ended **31st December 2009**
 Units **£000**

	Financial year 1	Previous year 2
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Valuation result

Fund carried forward	11		61502
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		61502
Mathematical reserves	21		51624
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29		9878

Composition of surplus

Balance brought forward	31	9878	4317
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	(9878)	5561
Total	39		9878

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		9878
Total (48+49)	59		9878

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 capital requirement
Form 60

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

Global business

 Financial year ended **31st December 2009**

 Units **£000**

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

Insurance death risk capital component

Life protection reinsurance	11	0.0%				
Classes I (other), II and IX	12	0.1%				313
Classes I (other), II and IX	13	0.15%				184
Classes I (other), II and IX	14	0.3%				569
Classes III, VII and VIII	15	0.3%				4
Total	16					1070

Insurance health risk and life protection reinsurance capital component

Class IV, supplementary classes 1 and 2 and life protection reinsurance	21					1887
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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%				155
Classes III, VII and VIII (investment risk)	33	1%				3
Classes III, VII and VIII (expenses fixed 5 yrs +)	34	1%				
Classes III, VII and VIII (other)	35	25%				49
Class IV (other)	36	1%				59
Class V	37	1%				
Class VI	38	1%				
Total	39					266

Insurance market risk capital component

Life protection and permanent health reinsurance	41	0%				
Classes I (other), II and IX	42	3%				466
Classes III, VII and VIII (investment risk)	43	3%				10
Classes III, VII and VIII (expenses fixed 5 yrs +)	44	0%				
Classes III, VII and VIII (other)	45	0%				
Class IV (other)	46	3%				177
Class V	47	0%				
Class VI	48	3%				
Total	49					653

Long term insurance capital requirement	51					3876
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Supplementary notesName of insurer **Hamilton Life Assurance Company Limited**

Global business

Financial year ended **31st December 2009****Code****0000 Basis of preparation**

The entire long term insurance business of the Company was transferred to another insurer on 31 December 2009. No long term insurance business has been carried out by the Company since that date and there is no intention to carry on further such business. The Company is not carrying on general insurance business.

0301 Reconciliation of net admissible assets to total capital resources after deductions

	2009	2008
	£'000	£'000
Net admissible assets		
Form 13 Line 89 (Long term business)	-	75,306
Form 13 Line 89 (Other than long term business)	7,987	15,186
Form 14 Lines 11, 12, and 49	-	(65,428)
Form 15 Line 69	-	(1,741)
Form 3, Line 79	<u>7,987</u>	<u>23,323</u>

0313 Reconciliation of profit and loss account and other reserves

	2009	2008
	£'000	£'000
Profit and loss account and other reserves at the end of the previous financial year (Form 3 Line 12 Column 4)	11,747	10,077
Profit retained for the financial year (Form 16 Line 59)	213	463
Loss arising in long-term insurance funds that has not been transferred to the shareholder fund	(367)	1,207
Transfer to another insurer	(10,835)	-
Profit and loss account and other reserves at the end of this financial year (Form 3 Line 12 Column 3)	<u>758</u>	<u>11,747</u>

1304 Statement of amounts set off**1310**

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

1305 Counterparty limits during the year**1319**

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

Deposits

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

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

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

Global business

Financial year ended **31st December 2009****Code****Equities**

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

Fixed

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

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

No exposure to any one counterparty over the limits set for counterparty exposure.

1318 Other asset adjustments

	2009	2008
	£'000	£'000
Gross up of policyholder tax debtor	-	(476)
Other asset adjustments included in Form 13 line 101	-	(476)

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

No provision for reasonably foreseeable adverse variations is required as no assets are held which would give rise to a future liability, which would not be covered by appropriate assets. No investments, derivatives or quasi-derivatives falling under GENPRU 1.3.41R were held at 31 December 2009, so valuation adjustments or reserves under GENPRU 1.3.30R to 1.3.33R do not arise.

1402 Contingent liabilities, etc**1502**

There are no charges over any assets of the Company.

There are no potential capital gains tax liabilities.

There are no contingent liabilities.

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

There are no other fundamental uncertainties.

1405 Other adjustment to Liabilities

	2009	2008
	£'000	£'000
Gross up of policyholder tax debtor	-	(476)
Other adjustments to liabilities included in Form 14 line 74	-	(476)

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 2009. 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

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

Global business

Financial year ended **31st December 2009****Code**

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

4002 Other income and expenditure

Line 15 has been used to recognise charges received from the unit linked policyholders and compensation received from HSBC in respect of a breach of contract.

4004 Business transfer out

On 31 December 2009, the long term fund was transferred to Aviva Life & Pensions (UK) Limited, (a fellow subsidiary) in accordance with the terms under Part VII of the Financial Services and Markets Act 2000 approved by the High Court on 10 December 2009 (2008: Nil).

4008 Provision of management services

Under a management agreement Aviva Services UK Limited supplies and makes a charge for the provision of management services to the Company.

Under a management agreement Aviva Insurance UK Limited supplies and makes a charge for the administration of the Creditor business within the Company.

Investment management services have been provided to the Company by Aviva Investors Global Services Ltd.

Administration services have been provided by Direct Group Limited, Vertex Administration Limited and Paymentsshield Limited

4009 Related party transactions

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

1)	Connected Party	Aviva Life & Pensions UK Limited
	Nature of relationship	Fellow group undertaking
	Nature of transactions during the period	Reinsurance ceded £'000
	Value of transactions during the period	Premiums 1,044
		Claims 603
		Commission 7,861
		Expenses 178
	Amounts unpaid at the end of the period	£nil owed to Aviva Life & Pensions UK Limited
	Amounts written off in the period	£nil

The business transfer out disclosed in supplementary note 4004 also constitutes a material connected party transaction.

4502 Other income and expenditure

Other Income comprises the following balances:

	2009
	£'000
Management Fee Rebates	<u>322</u>

4701 The number of new group schemes for which there is no record of benefits at member level are shown in the table below

Business Type	Product Code	Scheme Count
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Supplementary notes

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

Global business

Financial year ended **31st December 2009**

Code

UKL	325	15
UKL	435	14
OS	435	2

4702 Apportionment between product codes

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

4900 Form Omitted

Form 49 has not been prepared as non-linked fixed interest securities (which are not approved securities) in the long term insurance fund do not exceed £100m.

Valuation report – IPRU (INS) Appendix 9.4

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

Global business

Financial year ended **31 December 2009**

1. Introduction

- (1) The **valuation date** is 31 December 2009. No business was in-force at the valuation date, following a Part VII transfer to Aviva UK Life and Pensions Ltd, effective at 31 December 2009.
- (2) The previous valuation was completed with an effective date of 31 December 2008.
- (3) There have been no interim valuations (for the purposes of rule 9.4) carried out since the previous valuation date.

2. Product Range

There were no significant product changes during the financial year. No business was in-force at the valuation date.

3. Discretionary charges and benefits

Not applicable. No business was in-force at the valuation date.

4. Valuation basis (other than for special reserves)

Not applicable. No business was in-force at the valuation date.

5. Options and Guarantees

Not applicable. No business was in-force at the valuation date.

6. Expense reserves

Not applicable. No business was in-force at the valuation date.

7. Mismatching Reserves

Not applicable. No business was in-force at the valuation date.

8. Other special reserves

Not applicable. No business was in-force at the valuation date.

9. Reinsurance

Not applicable. No business was in-force at the valuation date.

10. Reversionary (or annual bonus)

Not applicable. No business was in-force at the valuation date.

Returns under the accounts and Statements Rules

Statement on derivatives required by IPRU (INS) 9.29

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

Global business

Financial year ended **31st December 2009**

Derivatives

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

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

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

In practice the Company made no use of derivative contracts at any point during the financial year and as such no further information has been provided with respect to IPRU (INS) 9.29.

Returns under the Accounts and Statements Rules

Statement on controllers required by IPRU (INS) 9.30

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

Global business

Financial year ended **31st December 2009**

100% of the issued Share Capital of the Company is held by Aviva Life Holdings UK Limited (formerly known as Norwich Union Holdings Limited).

100% of the issued Share Capital of Aviva Life Holdings UK Limited (formerly known as Norwich Union 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.

All shares are voting shares.

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

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

Global business

Financial year ended **31st December 2009**

We certify that:

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

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

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

..... **T E STRAUSS**
Director

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

24 March 2010

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

Name of insurer **Hamilton Life Assurance Company Limited**
Global Business
Financial year ended **31st December 2009**

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.

- Forms 2, 3, 11 to 16, 40 to 45, 58 and 60 (including the supplementary notes) ("the Forms");
- the statement required by IPRU(INS) rule 9.29 ("the statement"); and
- the report required by IPRU(INS) rule 9.31(a) ("the valuation report").

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

- a) Forms 46, 47, 50, and 55 (including the supplementary notes);
- b) the statement required by IPRU(INS) rule 9.30; and
- c) the certificate signed in accordance with IPRU(INS) 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 report) under the provisions of the Rules. Under IPRU(INS) rule 9.11 the Forms, the statement and the valuation report are required to be prepared in the manner specified by the Rules and to state fairly the information provided on the basis required by the Rules. The methods and assumptions determined by the insurer and used to perform the actuarial investigation as set out in the valuation report prepared in accordance with IPRU(INS) rule 9.31(a) are required to reflect appropriately the requirements of INSPRU 1.2.

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

Basis of opinion

We conducted our work in accordance with Practice Note 20 "The audit of insurers in the United Kingdom (revised)" issued by the Auditing Practices Board. Our work included examination, on a test basis, of evidence relevant to the amounts and disclosures in the Forms, the statement and the valuation report. The evidence included that previously obtained by us relating to the audit of the financial statements of the insurer for the financial year on which we reported on 25 March 2010. It also included an assessment of the significant estimates and judgements made by the insurer in the preparation of the Forms, the statement and the valuation report.

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

Returns under the Accounts and Statements Rules

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

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

Global Business

Financial year ended **31st December 2009**

Opinion

In our opinion:

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

Ernst & Young LLP
Registered Auditor
London
25 March 2010