

# Phoenix Assurance Limited

(A member of the Resolution Life Group)

**Annual FSA Insurance Returns for the year ended  
31st December 2004**



(Appendices 9.1, 9.2, 9.3, 9.4, 9.6)

**Statement of solvency - general insurance business**Name of insurer **Phoenix Assurance Limited**

Global business

Financial year ended **31st December 2004**

Group solvency calculation

R1	Company registration number 71805	GL/UK/CM GL	Period ended			Units £000
			day	month	year	
			31	12	2004	
			As at end of this financial year		As at end of the previous year	
			1		2	

**Capital resources**

Capital resources arising outside the long-term insurance fund	11	62499	
Capital resources allocated toward long-term insurance business arising outside the long-term insurance fund	12	59299	
Capital resources available to cover general business capital resources requirement (11-12)	13	3200	

**Guarantee Fund**

Guarantee Fund requirement	21	2087	
Excess (deficiency) of available capital resources to cover guarantee Fund requirement	22	1113	

**Minimum capital requirement (MCR)**

General insurance capital requirement	31	2853	
Base capital resources requirement	33	2087	
Minimum capital requirement	34	2853	
Excess (deficiency) of available capital resources to cover 50% of MCR	35	1774	
Excess (deficiency) of available capital resources to cover 75% of MCR	36	1061	

**Capital resources requirement (CRR)**

Capital resources requirement	41	2853	
Excess (deficiency) of available capital resources to cover general insurance business CRR (13-41)	42	347	

**Contingent liabilities**

Quantifiable contingent liabilities in respect of other than long-term insurance business as shown in a supplementary note to Form 15	51		
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**Covering sheet to Form 1**

Name of insurer **Phoenix Assurance Limited**

Global business

Financial year ended **31st December 2004**

..... **R CRAINE** **DIRECTOR**

..... **R E K GREENFIELD** **DIRECTOR**

..... **M R KIPLING** **DIRECTOR**

**23 MARCH 2005**

**Statement of solvency - long-term insurance business**Name of insurer **Phoenix Assurance Limited**

Global business

Financial year ended **31st December 2004**

Group solvency calculation

	Company registration number	GL/UK/CM	Period ended			Units
			day	month	year	
<b>R2</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>
			As at end of this financial year		As at end of the previous year	
			<b>1</b>		<b>2</b>	

**Capital resources**

Capital resources arising within the long-term insurance fund	<b>11</b>	351112	
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	<b>12</b>	59299	
Capital resources available to cover long-term insurance business capital resources requirement (11+12)	<b>13</b>	410411	

**Guarantee Fund**

Guarantee Fund requirement	<b>21</b>	52067	
Excess (deficiency) of available capital resources to cover guarantee Fund requirement	<b>22</b>	358344	

**Minimum capital requirement (MCR)**

Long-term insurance capital requirement	<b>31</b>		
Resilience capital requirement	<b>32</b>		
Base capital resources requirement	<b>33</b>		
Minimum capital requirement	<b>34</b>	115834	
Excess (deficiency) of available capital resources to cover 50% of MCR	<b>35</b>	352494	
Excess (deficiency) of available capital resources to cover 75% of MCR	<b>36</b>	323536	

**Enhanced capital requirement**

With-profits insurance capital component	<b>37</b>		
Enhanced capital requirement	<b>38</b>	115834	

**Capital resources requirement (CRR)**

Capital resources requirement (greater of 34 and 38)	<b>41</b>	115834	
Excess (deficiency) of available capital resources to cover long-term insurance business CRR (13-41)	<b>42</b>	294577	

**Contingent liabilities**

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

Name of insurer **Phoenix Assurance Limited**

Global business

Financial year ended **31st December 2004**

	Company registration number	GL/UK/CM	Period ended			Units
			day	month	year	
<b>R3</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>
	General insurance business <b>1</b>	Long-term insurance business <b>2</b>	Total as at the end of this financial year <b>3</b>			As at the end of the previous year <b>4</b>

**Core tier one capital**

Permanent share capital	<b>11</b>		15865	15865	
Profit and loss account and other reserves	<b>12</b>	3200	461725	464925	
Share premium account	<b>13</b>		46501	46501	
Positive valuation differences	<b>14</b>				
Fund for future appropriations	<b>15</b>		187552	187552	
Core tier one in related undertakings	<b>16</b>				
Core tier one capital (sum of 11 to 16)	<b>19</b>	3200	711643	714843	

**Tier one waivers**

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

**Other tier one**

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

<b>Total tier one capital before deductions (19+24+25+26+27+28)</b>	<b>31</b>	3200	711643	714843	
Investments in own shares	<b>32</b>				
Intangible assets	<b>33</b>				
Amounts deducted from technical provisions for discounting	<b>34</b>				
Other negative valuation differences	<b>35</b>		63501	63501	
Deductions in related undertakings	<b>36</b>		7214	7214	
Deductions from tier one (32 to 36)	<b>37</b>		70715	70715	
<b>Total tier one capital after deductions (31-37)</b>	<b>39</b>	3200	640928	644128	

**Components of capital resources**

Name of insurer **Phoenix Assurance Limited**

Global business

Financial year ended **31st December 2004**

	Company registration number	GL/UK/CM	Period ended			Units	
			day	month	year		
	<b>R3</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>
	General insurance business <b>1</b>	Long-term insurance business <b>2</b>	Total as at the end of this financial year <b>3</b>			As at the end of the previous year <b>4</b>	

**Tier two capital**

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

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

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

**Components of capital resources**

Name of insurer **Phoenix Assurance Limited**

Global business

Financial year ended **31st December 2004**

	Company registration number	GL/UK/CM	Period ended			Units	
			day	month	year		
	<b>R3</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>
	General insurance Business <b>1</b>	Long-Term insurance Business <b>2</b>	Total as at the end of this financial year <b>3</b>			As at the end of the previous year <b>4</b>	

**Total capital resources**

Positive adjustments for regulated non-insurance related undertakings	<b>71</b>					
<b>Total capital resources before deductions</b> (39+69+71)	<b>72</b>	3200	640928	644128		
Inadmissible assets other than intangibles and own shares	<b>73</b>		3349	3349		
Assets in excess of market risk and counterparty limits	<b>74</b>		227168	227168		
Deductions for related ancillary services undertakings	<b>75</b>					
Deductions for regulated non-insurance related undertakings	<b>76</b>					
Total deductions of ineligible surplus	<b>77</b>					
<b>Total capital resources after deductions</b> (72-73-74-76-77)	<b>79</b>	3200	410411	413611		

**Available capital resources for PRU tests**

Available capital resources for guarantee fund requirement	<b>81</b>	3200	410411	413611		
Available capital resources for 50% MCR requirement	<b>82</b>	3200	410411	413611		
Available capital resources for 75% MCR requirement	<b>83</b>	3200	410411	413611		

**Financial engineering adjustments**

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

**Calculation of general insurance capital requirement - premiums amount and brought forward amount**
Name of insurer **Phoenix Assurance Limited**

Global business

Financial year ended **31st December 2004**

General insurance business

	Company registration number	GL/UK/CM	Period ended			Units
			day	month	year	
R11	71805	GL	31	12	2004	£000
			This financial year 1		Previous year 2	
Gross premiums receivable	11		4665		2350	
Premium taxes and levies (included in line 11)	12					
Premiums receivable net of taxes and levies (11-12)	13		4665		2350	
Premiums for classes 11, 12 or 13 (included in line 13)	14					
Premiums for "actuarial health insurance" (included in line 13)	15					
<b>Sub-total A</b> (13 + 1/2 14 - 2/3 15)	16		4665		2350	
Gross premiums earned	21		5109		2990	
Premium taxes and levies (included in line 21)	22					
Premiums earned net of taxes and levies (21-22)	23		5109		2990	
Premiums for classes 11, 12 or 13 (included in line 23)	24					
Premiums for "actuarial health insurance" (included in line 23)	25					
<b>Sub-total H</b> (23 + 1/2 24 - 2/3 25)	26		5109		2990	
<b>Sub-total I</b> (higher of sub-total A and sub-total H)	30		5109		2990	
<b>Adjusted Sub-total I</b> 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	920		538	
		Excess (if any) over 50M EURO x 0.02	33			
<b>Sub-total J</b> (32-33)	34		920		538	
Claims paid in period of 3 financial years	41		11136		20430	
Claims outstanding carried forward at the end of the 3 year period		For insurance business accounted for on an underwriting year basis	42		78794	
		For insurance business accounted for on an accident year basis	43		862	
Claims outstanding brought forward at the beginning of the 3 year period		For insurance business accounted for on an underwriting year basis	44		25274	
		For insurance business accounted for on an accident year basis	45			
<b>Sub-total C</b> (41+42+43-44-45)	46		65518		24377	
Amounts recoverable from reinsurers in respect of claims included in Sub-total C	47		65518		24377	
<b>Sub-total D</b> (46-47)	48					
<b>Reinsurance ratio</b> (Sub-total D / sub-total C or, if more, 50% or, if less, 100%)	49		50.00		50.00	
<b>Premiums amount</b> Sub-total J x reinsurance ratio	50		460		269	
Provisions for claims outstanding (before discounting and net of reinsurance)	51					
<b>Brought forward amount</b> (12.43.2 x 51.1 / 51.2 or, if less, 12.43.2)	52					
Greater of lines 50 and 52	53		460		269	



**Calculation of general insurance capital requirement - premiums amount and brought forward amount**
Name of insurer **Phoenix Assurance Limited**

Global business

Financial year ended **31st December 2004**

Long-term insurance business

	Company registration number	GL/UK/CM	Period ended			Units
			day	month	year	
R11	71805	GL	31	12	2004	£000
			This financial year 1		Previous year 2	
Gross premiums receivable	11		17680		19399	
Premium taxes and levies (included in line 11)	12					
Premiums receivable net of taxes and levies (11-12)	13		17680		19399	
Premiums for classes 11, 12 or 13 (included in line 13)	14					
Premiums for "actuarial health insurance" (included in line 13)	15					
<b>Sub-total A</b> (13 + 1/2 14 - 2/3 15)	16		17680		19399	
Gross premiums earned	21		17680		19399	
Premium taxes and levies (included in line 21)	22					
Premiums earned net of taxes and levies (21-22)	23		17680		19399	
Premiums for classes 11, 12 or 13 (included in line 23)	24					
Premiums for "actuarial health insurance" (included in line 23)	25					
<b>Sub-total H</b> (23 + 1/2 24 - 2/3 25)	26		17680		19399	
<b>Sub-total I</b> (higher of sub-total A and sub-total H)	30		17680		19399	
<b>Adjusted Sub-total I</b> 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	3182		3492	
		Excess (if any) over 50M EURO x 0.02	33			
<b>Sub-total J</b> (32-33)	34		3182		3492	
Claims paid in period of 3 financial years	41		41423		40120	
Claims outstanding carried forward at the end of the 3 year period		For insurance business accounted for on an underwriting year basis	42		51652	
		For insurance business accounted for on an accident year basis	43			
Claims outstanding brought forward at the beginning of the 3 year period		For insurance business accounted for on an underwriting year basis	44		39151	
		For insurance business accounted for on an accident year basis	45			
<b>Sub-total C</b> (41+42+43-44-45)	46		50866		52621	
Amounts recoverable from reinsurers in respect of claims included in Sub-total C	47		2286		2216	
<b>Sub-total D</b> (46-47)	48		48580		50405	
<b>Reinsurance ratio</b> (Sub-total D / sub-total C or, if more, 50% or, if less, 100%)	49		95.51		95.79	
<b>Premiums amount</b> Sub-total J x reinsurance ratio	50		3039		3345	
Provisions for claims outstanding (before discounting and net of reinsurance)	51		52278		51234	
<b>Brought forward amount</b> (12.43.2 x 51.1 / 51.2 or, if less, 12.43.2)	52		4368			
Greater of lines 50 and 52	53		4368		3345	

**General insurance business : Calculation of general insurance capital requirement - claims amount and result**Name of insurer **Phoenix Assurance Limited**

Global business

Financial year ended **31st December 2004**

General insurance business

		Company registration number	GL/UK/CM	Period ended			Units	
		R12	71805	GL	31	12	2004	£000
					day	month	year	
					This financial year 1		Previous year 2	
Reference period (No. of months) See PRU7.2.63R		11				36		36
Claims paid in reference period		21				11136		20430
Claims outstanding carried forward at the end of the reference period	For insurance business accounted for on an underwriting year basis	22				78794		38278
	For insurance business accounted for on an accident year basis	23				862		
Claims outstanding brought forward at the beginning of the reference period	For insurance business accounted for on an underwriting year basis	24				25274		34331
	For insurance business accounted for on an accident year basis	25						
Claims incurred in reference period (21+22+23-24-25)		26				65518		24377
Claims incurred for classes 11, 12 or 13 (included in 26)		27				607		
Claims incurred for "actuarial health insurance" (included in 26)		28						
<b>Sub-total E</b> (26 + 1/2 27 - 2/3 28)		29				65822		24377
<b>Sub-total F</b> - Conversion of Sub-total E to annual figure (Multiply by 12 and divide by number of months in reference period)		31				21941		8126
Division of sub-total F (gross adjusted claims amount)	X 0.26	32				5705		2113
	Excess (if any) over 35M EURO x 0.03	33						
<b>Sub-total G</b> (32 - 33)		39				5705		2113
<b>Claims amount</b> Sub-total G x <b>reinsurance ratio</b> (11.49)		41				2853		1057
Higher of <b>premiums amount</b> and <b>brought forward amount</b> (11.53)		42				460		269
<b>General insurance capital requirement</b> (higher of lines 41 and 42)		43				2853		1057

**General insurance business : Calculation of general insurance capital requirement - claims amount and result**Name of insurer **Phoenix Assurance Limited**

Global business

Financial year ended **31st December 2004**

Long-term insurance business

	Company registration number	GL/UK/CM	Period ended			Units	
			day	month	year		
	<b>R12</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>
				This financial year <b>1</b>		Previous year <b>2</b>	
Reference period (No. of months) See PRU7.2.63R		<b>11</b>		36		36	
Claims paid in reference period		<b>21</b>		41423		40120	
Claims outstanding carried forward at the end of the reference period	For insurance business accounted for on an underwriting year basis	<b>22</b>		52684		51652	
	For insurance business accounted for on an accident year basis	<b>23</b>					
Claims outstanding brought forward at the beginning of the reference period	For insurance business accounted for on an underwriting year basis	<b>24</b>		43241		39151	
	For insurance business accounted for on an accident year basis	<b>25</b>					
Claims incurred in reference period (21+22+23-24-25)		<b>26</b>		50866		52621	
Claims incurred for classes 11, 12 or 13 (included in 26)		<b>27</b>					
Claims incurred for "actuarial health insurance" (included in 26)		<b>28</b>					
<b>Sub-total E</b> (26 + 1/2 27 - 2/3 28)		<b>29</b>		50866		52621	
<b>Sub-total F</b> - Conversion of Sub-total E to annual figure (Multiply by 12 and divide by number of months in reference period)		<b>31</b>		16955		17540	
Division of sub-total F (gross adjusted claims amount)	X 0.26	<b>32</b>		4408		4560	
	Excess (if any) over 35M EURO x 0.03	<b>33</b>					
<b>Sub-total G</b> (32 - 33)		<b>39</b>		4408		4560	
<b>Claims amount</b> Sub-total G x <b>reinsurance ratio</b> (11.49)		<b>41</b>		4210		4368	
Higher of <b>premiums amount</b> and <b>brought forward amount</b> (11.53)		<b>42</b>		4368		3345	
<b>General insurance capital requirement</b> (higher of lines 41 and 42)		<b>43</b>		4368		4368	

**Analysis of admissible assets**

Name of insurer **Phoenix Assurance Limited**

Global business

Financial year ended **31st December 2004**

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

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R13	71805	GL	31	12	2004	£000	1
				day	month	year	As at the end of this financial year	As at the end of the previous year	
							1	2	
<b>Investments</b>									
Land and buildings				11					
Investments in group undertakings and participating interests	UK insurance business dependants	Shares	21			15505			
		Debt securities issued by, and loans to, dependants	22						
	Other insurance dependants	Shares	23						
		Debt securities issued by, and loans to, dependants	24						
	Non-insurance dependants	Shares	25			4000		4265	
		Debt securities issued by, and loans to, dependants	26						
	Other group undertakings and participating interests	Shares	27						
		Debt securities issued by, and loans to, group undertakings	28						
		Participating interests	29						
		Debt securities issued by, and loans to, undertakings in which the insurer has a participating interest	30						
Total sheet 1 (11 to 30)				39			19505		4265

**Analysis of admissible assets**

Name of insurer **Phoenix Assurance Limited**

Global business

Financial year ended **31st December 2004**

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

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R13	71805	GL	31	12	2004	£000	1
					As at the end of this financial year		As at the end of the previous year		
					1		2		
<b>Investments (continued)</b>									
<b>Deposits with ceding undertakings</b>									
<b>Assets held to cover linked liabilities</b>									
Other financial investments	Equity shares		41	66		71			
	Other shares and other variable yield securities		42						
	Holdings in collective investment schemes		43	3671		35399			
	Rights under derivative contracts		44						
	Debt securities and other fixed income securities	Fixed interest	Approved securities	45	3155		32941		
			Other	46	50001		90025		
		Variable interest	Approved securities	47					
			Other	48					
	Participation in investment pools		49						
	Loans secured by mortgages		50						
	Other loans	Loans to public or local authorities and nationalised industries or undertakings		51					
		Loans secured by policies of insurance issued by the company		52					
		Other		53	13000				
	Deposits with approved credit institutions and approved financial institutions	Withdrawal subject to a time restriction of one month or less		54					
		Withdrawal subject to a time restriction of more than one month		55					
	Other		56						
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	3676					
	Claims outstanding		61	79656					
	Provision for unexpired risks		62						
	Other		63						
Total sheet 2 (41 to 63)		69	153225		158436				

## Analysis of admissible assets

Name of insurer **Phoenix Assurance Limited**

Global business

Financial year ended **31st December 2004**Category of assets **Total other than long term insurance business assets**

	Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			day	month	year			
	<b>R13</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>1</b>
<b>Debtors</b>							As at the end of this financial year	As at the end of the previous year
<b>Other assets</b>							<b>1</b>	<b>2</b>
Debtors arising out of direct insurance operations	Policyholders			<b>71</b>				
	Intermediaries			<b>72</b>				
Salvage and subrogation recoveries				<b>73</b>				
Debtors arising out of reinsurance operations	Due from ceding insurers and intermediaries under reinsurance business accepted			<b>74</b>				
	Due from reinsurers and intermediaries under reinsurance contracts ceded			<b>75</b>		63		
Other debtors	Due from dependants	Due in 12 months or less after the end of the financial year		<b>76</b>				
		Due more than 12 months after the end of the financial year		<b>77</b>				
	Other	Due in 12 months or less after the end of the financial year		<b>78</b>		747		18275
		Due more than 12 months after the end of the financial year		<b>79</b>				
Tangible assets				<b>80</b>				
Cash at bank and in hand	Deposits not subject to time restriction on withdrawal, with approved credit institutions and approved financial institutions and local authorities			<b>81</b>		3248		30038
	Cash in hand			<b>82</b>				
Other assets (particulars to be specified by way of supplementary note)				<b>83</b>				
Prepayments and accrued income	Accrued interest and rent			<b>84</b>		26		1029
	Deferred acquisition costs			<b>85</b>				
	Other prepayments and accrued income			<b>86</b>				
Deductions from the aggregate value of assets				<b>87</b>				
Total sheet 3 (71 to 86 less 87)				<b>88</b>		4084		49342
Grand total of admissible assets after deduction of market risk and counterparty limits (39+69+88)				<b>89</b>		176814		212043
<b>Reconciliation to asset values determined in accordance with the insurance accounts rules</b>								
Total admissible assets after deduction of market risk and counterparty limits (as per line 89 above)				<b>91</b>		176814		212043
Assets in excess of market and counterparty limits				<b>92</b>		227168		
Capital resources requirement deduction for subsidiary undertakings which are insurance undertakings				<b>93</b>		36040		
Other differences in the valuation of assets (other than for assets not valued above)				<b>94</b>				
Other inadmissible assets				<b>95</b>		1693		
Total assets determined in accordance with the <i>insurance accounts rules</i> (91 to 95)				<b>99</b>		441715		212043
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance				<b>100</b>		93		16216

**Analysis of admissible assets**

Name of insurer **Phoenix Assurance Limited**

Global business

Financial year ended **31st December 2004**

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

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets		
		R13	71805	GL	31	12	2004	£000	10	
				day	month	year				
<b>Investments</b>				As at the end of this financial year			1	As at the end of the previous year		2
Land and buildings				11	23150			23923		
Investments in group undertakings and participating interests	UK insurance business dependants	Shares	21				86610			
		Debt securities issued by, and loans to, dependants	22							
	Other insurance dependants	Shares	23							
		Debt securities issued by, and loans to, dependants	24							
	Non-insurance dependants	Shares	25	13161			13153			
		Debt securities issued by, and loans to, dependants	26							
	Other group undertakings and participating interests	Shares	27							
		Debt securities issued by, and loans to, group undertakings	28							
		Participating interests	29							
		Debt securities issued by, and loans to, undertakings in which the insurer has a participating interest	30							
Total sheet 1 (11 to 30)				39	36311			123686		

## Analysis of admissible assets

Name of insurer **Phoenix Assurance Limited**

Global business

Financial year ended **31st December 2004**Category of assets **Total long term insurance business assets**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets		
		R13	71805	GL	31	12	2004	£000	10	
					day	month	year			
<b>Investments (continued)</b>					As at the end of this financial year		As at the end of the previous year			
<b>Deposits with ceding undertakings</b>					1		2			
<b>Assets held to cover linked liabilities</b>										
Other financial investments	Equity shares			41	157183		175872			
	Other shares and other variable yield securities			42						
	Holdings in collective investment schemes			43	54124		78226			
	Rights under derivative contracts			44	5586		236			
	Debt securities and other fixed income securities	Fixed interest	Approved securities		45	623861		723219		
			Other		46	248892		250669		
		Variable interest	Approved securities		47	46975		14517		
			Other		48	1381		1329		
	Participation in investment pools			49						
	Loans secured by mortgages			50	296		298			
	Other loans	Loans to public or local authorities and nationalised industries or undertakings			51					
		Loans secured by policies of insurance issued by the company			52	514		631		
		Other			53					
	Deposits with approved credit institutions and approved financial institutions	Withdrawal subject to a time restriction of one month or less			54					
		Withdrawal subject to a time restriction of more than one month			55					
	Other			56						
Deposits with ceding undertakings			57	4894		8791				
Assets held to match linked liabilities	Index linked			58	73654		69639			
	Property linked			59	18438		18554			
Reinsurers' share of technical provisions	Provision for unearned premiums			60						
	Claims outstanding			61						
	Provision for unexpired risks			62						
	Other			63						
Total sheet 2 (41 to 63)			69	1235798		1341981				



**Analysis of admissible assets**

Name of insurer **Phoenix Assurance Limited**

Global business

Financial year ended **31st December 2004**

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

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R13	71805	GL	31	12	2004	£000	10
					day	month	year		
					As at the end of this financial year			As at the end of the previous year	
					1			2	
<b>Debtors</b>									
<b>Other assets</b>									
Debtors arising out of direct insurance operations	Policyholders				71	1000		1163	
	Intermediaries				72				
Salvage and subrogation recoveries					73				
Debtors arising out of reinsurance operations	Due from ceding insurers and intermediaries under reinsurance business accepted				74	1866			
	Due from reinsurers and intermediaries under reinsurance contracts ceded				75	18247		4603	
Other debtors	Due from dependants	Due in 12 months or less after the end of the financial year		76					
		Due more than 12 months after the end of the financial year		77					
	Other	Due in 12 months or less after the end of the financial year		78	31181		1418		
		Due more than 12 months after the end of the financial year		79					
Tangible assets					80				
Cash at bank and in hand	Deposits not subject to time restriction on withdrawal, with approved credit institutions and approved financial institutions and local authorities				81	11043			
	Cash in hand				82				
Other assets (particulars to be specified by way of supplementary note)					83				
Prepayments and accrued income	Accrued interest and rent				84	11705		12760	
	Deferred acquisition costs				85				
	Other prepayments and accrued income				86				
Deductions from the aggregate value of assets					87				
Total sheet 3 (71 to 86 less 87)					88	75042		19944	
Grand total of admissible assets after deduction of market risk and counterparty limits (39+69+88)					89	1347151		1485611	
<b>Reconciliation to asset values determined in accordance with the insurance accounts rules</b>									
Total admissible assets after deduction of market risk and counterparty limits (as per line 89 above)					91	1347151		1485611	
Assets in excess of market and counterparty limits					92				
Capital resources requirement deduction for subsidiary undertakings which are insurance undertakings					93			4906	
Other differences in the valuation of assets (other than for assets not valued above)					94			946	
Other inadmissible assets					95	344		74457	
Total assets determined in accordance with the <i>insurance accounts rules</i> (91 to 95)					99	1347495		1565920	
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance					100			662	

**Analysis of admissible assets**

Name of insurer **Phoenix Assurance Limited**

Global business

Financial year ended **31st December 2004**

Category of assets **Participation**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R13	71805	GL	31	12	2004	£000	11
				day	month	year			
<b>Investments</b>				As at the end of this financial year			1	As at the end of the previous year	
							2		
Land and buildings				11	23150			20894	
Investments in group undertakings and participating interests	UK insurance business dependants	Shares	21						
		Debt securities issued by, and loans to, dependants	22						
	Other insurance dependants	Shares	23						
		Debt securities issued by, and loans to, dependants	24						
	Non-insurance dependants	Shares	25						
		Debt securities issued by, and loans to, dependants	26						
	Other group undertakings and participating interests	Shares	27						
		Debt securities issued by, and loans to, group undertakings	28						
		Participating interests	29						
		Debt securities issued by, and loans to, undertakings in which the insurer has a participating interest	30						
Total sheet 1 (11 to 30)				39	23150			20894	

**Analysis of admissible assets**

Name of insurer **Phoenix Assurance Limited**

Global business

Financial year ended **31st December 2004**

Category of assets **Participation**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R13	71805	GL	31	12	2004	£000	11
					As at the end of this financial year		As at the end of the previous year		
					1		2		
<b>Investments (continued)</b>									
<b>Deposits with ceding undertakings</b>									
<b>Assets held to cover linked liabilities</b>									
Other financial investments	Equity shares			41	157183		175872		
	Other shares and other variable yield securities			42					
	Holdings in collective investment schemes			43	17560		12604		
	Rights under derivative contracts			44					
	Debt securities and other fixed income securities	Fixed interest	Approved securities	45	84237		81094		
			Other	46	29472		26110		
		Variable interest	Approved securities	47	7919		7428		
			Other	48	145		139		
	Participation in investment pools			49					
	Loans secured by mortgages			50					
	Other loans	Loans to public or local authorities and nationalised industries or undertakings		51					
		Loans secured by policies of insurance issued by the company		52	249				
		Other		53					
	Deposits with approved credit institutions and approved financial institutions	Withdrawal subject to a time restriction of one month or less		54					
		Withdrawal subject to a time restriction of more than one month		55					
	Other			56					
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						
Total sheet 2 (41 to 63)			69	296765		303247			

## Analysis of admissible assets

Name of insurer **Phoenix Assurance Limited**

Global business

Financial year ended **31st December 2004**Category of assets **Participation**

	Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			day	month	year			
	<b>R13</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>11</b>
<b>Debtors</b>							As at the end of this financial year	As at the end of the previous year
<b>Other assets</b>							<b>1</b>	<b>2</b>
Debtors arising out of direct insurance operations	Policyholders			<b>71</b>	177			
	Intermediaries			<b>72</b>				
Salvage and subrogation recoveries				<b>73</b>				
Debtors arising out of reinsurance operations	Due from ceding insurers and intermediaries under reinsurance business accepted			<b>74</b>				
	Due from reinsurers and intermediaries under reinsurance contracts ceded			<b>75</b>	518			518
Other debtors	Due from dependants	Due in 12 months or less after the end of the financial year		<b>76</b>				
		Due more than 12 months after the end of the financial year		<b>77</b>				
	Other	Due in 12 months or less after the end of the financial year		<b>78</b>	1639			446
		Due more than 12 months after the end of the financial year		<b>79</b>				
Tangible assets				<b>80</b>				
Cash at bank and in hand	Deposits not subject to time restriction on withdrawal, with approved credit institutions and approved financial institutions and local authorities			<b>81</b>	1637			
	Cash in hand			<b>82</b>				
Other assets (particulars to be specified by way of supplementary note)				<b>83</b>				
Prepayments and accrued income	Accrued interest and rent			<b>84</b>	1426			1315
	Deferred acquisition costs			<b>85</b>				
	Other prepayments and accrued income			<b>86</b>				
Deductions from the aggregate value of assets				<b>87</b>				
Total sheet 3 (71 to 86 less 87)				<b>88</b>	5397			2279
Grand total of admissible assets after deduction of market risk and counterparty limits (39+69+88)				<b>89</b>	325312			326420
<b>Reconciliation to asset values determined in accordance with the insurance accounts rules</b>								
Total admissible assets after deduction of market risk and counterparty limits (as per line 89 above)				<b>91</b>	325312			326420
Assets in excess of market and counterparty limits				<b>92</b>				
Capital resources requirement deduction for subsidiary undertakings which are insurance undertakings				<b>93</b>				
Other differences in the valuation of assets (other than for assets not valued above)				<b>94</b>				591
Other inadmissible assets				<b>95</b>				
Total assets determined in accordance with the <i>insurance accounts rules</i> (91 to 95)				<b>99</b>	325312			327011
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance				<b>100</b>				

**Analysis of admissible assets**

Name of insurer **Phoenix Assurance Limited**

Global business

Financial year ended **31st December 2004**

Category of assets **Non-participation**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R13	71805	GL	31	12	2004	£000	12
					day	month	year		
<b>Investments</b>					As at the end of this financial year		As at the end of the previous year		
					1	2			
Land and buildings					11			3029	
Investments in group undertakings and participating interests	UK insurance business dependants	Shares			21			86610	
		Debt securities issued by, and loans to, dependants			22				
	Other insurance dependants	Shares			23				
		Debt securities issued by, and loans to, dependants			24				
	Non-insurance dependants	Shares			25		13161	13153	
		Debt securities issued by, and loans to, dependants			26				
	Other group undertakings and participating interests	Shares			27				
		Debt securities issued by, and loans to, group undertakings			28				
		Participating interests			29				
		Debt securities issued by, and loans to, undertakings in which the insurer has a participating interest			30				
Total sheet 1 (11 to 30)					39		13161	102792	

**Analysis of admissible assets**

Name of insurer **Phoenix Assurance Limited**

Global business

Financial year ended **31st December 2004**

Category of assets **Non-participation**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets		
		R13	71805	GL	31	12	2004	£000	12	
					As at the end of this financial year		As at the end of the previous year			
					1		2			
<b>Investments (continued)</b>										
<b>Deposits with ceding undertakings</b>										
<b>Assets held to cover linked liabilities</b>										
Other financial investments	Equity shares				41					
	Other shares and other variable yield securities				42					
	Holdings in collective investment schemes				43	36564		65622		
	Rights under derivative contracts				44	5586		236		
	Debt securities and other fixed income securities	Fixed interest	Approved securities		45	539624		642125		
			Other		46	219420		224559		
		Variable interest	Approved securities		47	39056		7089		
			Other		48	1236		1190		
	Participation in investment pools				49					
	Loans secured by mortgages				50	296		298		
	Other loans	Loans to public or local authorities and nationalised industries or undertakings				51				
		Loans secured by policies of insurance issued by the company				52	265		631	
		Other				53				
	Deposits with approved credit institutions and approved financial institutions	Withdrawal subject to a time restriction of one month or less				54				
		Withdrawal subject to a time restriction of more than one month				55				
	Other				56					
Deposits with ceding undertakings					57	4894		8791		
Assets held to match linked liabilities	Index linked				58	73654		69639		
	Property linked				59	18438		18554		
Reinsurers' share of technical provisions	Provision for unearned premiums				60					
	Claims outstanding				61					
	Provision for unexpired risks				62					
	Other				63					
Total sheet 2 (41 to 63)					69	939033		1038734		

## Analysis of admissible assets

Name of insurer **Phoenix Assurance Limited**

Global business

Financial year ended **31st December 2004**Category of assets **Non-participation**

	Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			day	month	year			
	<b>R13</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>12</b>
<b>Debtors</b>						As at the end of this financial year		As at the end of the previous year
<b>Other assets</b>						<b>1</b>		<b>2</b>
Debtors arising out of direct insurance operations	Policyholders			<b>71</b>		823		1163
	Intermediaries			<b>72</b>				
Salvage and subrogation recoveries				<b>73</b>				
Debtors arising out of reinsurance operations	Due from ceding insurers and intermediaries under reinsurance business accepted			<b>74</b>		1866		
	Due from reinsurers and intermediaries under reinsurance contracts ceded			<b>75</b>		17729		4085
Other debtors	Due from dependants	Due in 12 months or less after the end of the financial year		<b>76</b>				
		Due more than 12 months after the end of the financial year		<b>77</b>				
	Other	Due in 12 months or less after the end of the financial year		<b>78</b>		29542		972
		Due more than 12 months after the end of the financial year		<b>79</b>				
Tangible assets				<b>80</b>				
Cash at bank and in hand	Deposits not subject to time restriction on withdrawal, with approved credit institutions and approved financial institutions and local authorities			<b>81</b>		9406		
	Cash in hand			<b>82</b>				
Other assets (particulars to be specified by way of supplementary note)				<b>83</b>				
Prepayments and accrued income	Accrued interest and rent			<b>84</b>		10279		11445
	Deferred acquisition costs			<b>85</b>				
	Other prepayments and accrued income			<b>86</b>				
Deductions from the aggregate value of assets				<b>87</b>				
Total sheet 3 (71 to 86 less 87)				<b>88</b>		69645		17665
Grand total of admissible assets after deduction of market risk and counterparty limits (39+69+88)				<b>89</b>		1021839		1159191
<b>Reconciliation to asset values determined in accordance with the insurance accounts rules</b>								
Total admissible assets after deduction of market risk and counterparty limits (as per line 89 above)				<b>91</b>		1021839		1159191
Assets in excess of market and counterparty limits				<b>92</b>				
Capital resources requirement deduction for subsidiary undertakings which are insurance undertakings				<b>93</b>				4906
Other differences in the valuation of assets (other than for assets not valued above)				<b>94</b>				355
Other inadmissible assets				<b>95</b>		344		74457
Total assets determined in accordance with the <i>insurance accounts rules</i> (91 to 95)				<b>99</b>		1022183		1238909
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance				<b>100</b>				662

**Long term insurance business liabilities and margins**Name of insurer **Phoenix Assurance Limited**

Global business

Financial year ended **31st December 2004**Category of assets **Total long term insurance business assets**

	Company registration number	GL/UK/CM	Period ended			Units	Category of assets
			day	month	year		
R14	71805	GL	31	12	2004	£000	10
		As at the end of this financial year 1		As at the end of the previous year 2			Source
Mathematical reserves, after distribution of surplus	11	939368		942851			See Instruction 2
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12						See Instruction 3
Balance of surplus/(valuation deficit)	13	1000		1000			See Instruction 4
Long term insurance business fund carried forward (11 to 13)	14	940368		943851			See Instruction 5
Claims outstanding which had fallen due for payment before the end of the financial year	Gross amount	15	8345	8858			
	Reinsurers' share	16					
	Net (15-16)	17	8345	8858			
Provisions for other risks and charges	Taxation	21	4447	5825			
	Other	22	534	4983			
Deposits received from reinsurers	23						
Creditors and other liabilities	Arising out of insurance operations	Direct insurance business	31		1150		
		Reinsurance accepted	32	618	1845		
		Reinsurance ceded	33	4007	2843		
	Debenture loans	Secured	34				
		Unsecured	35				
	Amounts owed to credit institutions	36					
	Other creditors	Taxation	37	2348	7698		
		Other	38	35940	36596		
Accruals and deferred income	39	432	383				
Provision for "reasonably foreseeable adverse variations"	41						
Total other insurance and non-insurance liabilities (17 to 41)	49	56671	70181				
Excess of the value of net admissible assets	51	350112	471579			See Instruction 6	
Total liabilities and margins	59	1347151	1485611				
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	13027	11033				
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62	20680	21289				
Amount of any additional mathematical reserves included in line 51 which have been taken into account in the appointed actuary's certificate	63		9121			See Instruction 7	



## Long term insurance business liabilities and margins

Name of insurer **Phoenix Assurance Limited**

Global business

Financial year ended **31st December 2004**Category of assets **Participation**

	Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			day	month	year			
	<b>R14</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>11</b>
			As at the end of this financial year 1	As at the end of the previous year 2	Source			
Mathematical reserves, after distribution of surplus	<b>11</b>		128486	134291	See Instruction 2			
Cash bonuses which had not been paid to policyholders prior to end of the financial year	<b>12</b>				See Instruction 3			
Balance of surplus/(valuation deficit)	<b>13</b>		500	500	See Instruction 4			
Long term insurance business fund carried forward (11 to 13)	<b>14</b>		128986	134791	See Instruction 5			
Claims outstanding which had fallen due for payment before the end of the financial year	Gross amount	<b>15</b>	1824	1998				
	Reinsurers' share	<b>16</b>						
	Net (15-16)	<b>17</b>	1824	1998				
Provisions for other risks and charges	Taxation	<b>21</b>	3253	2608				
	Other	<b>22</b>		845				
Deposits received from reinsurers	<b>23</b>							
Creditors and other liabilities	Arising out of insurance operations	Direct insurance business	<b>31</b>		1150			
		Reinsurance accepted	<b>32</b>	531				
		Reinsurance ceded	<b>33</b>	1286				
	Debenture loans	Secured	<b>34</b>					
		Unsecured	<b>35</b>					
	Amounts owed to credit institutions	<b>36</b>						
	Other creditors	Taxation	<b>37</b>	1922	661			
		Other	<b>38</b>	225	2071			
Accruals and deferred income	<b>39</b>		379	372				
Provision for "reasonably foreseeable adverse variations"	<b>41</b>							
Total other insurance and non-insurance liabilities (17 to 41)	<b>49</b>		9420	9705				
Excess of the value of net admissible assets	<b>51</b>		186906	181924	See Instruction 6			
Total liabilities and margins	<b>59</b>		325312	326420				
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	<b>61</b>		9	6				
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	<b>62</b>							
Amount of any additional mathematical reserves included in line 51 which have been taken into account in the appointed actuary's certificate	<b>63</b>			1121	See Instruction 7			

## Long term insurance business liabilities and margins

Name of insurer **Phoenix Assurance Limited**

Global business

Financial year ended **31st December 2004**Category of assets **Non-participation**

	Company registration number	GL/UK/CM	Period ended			Units	Category of assets
			day	month	year		
<b>R14</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>12</b>
		As at the end of this financial year 1	As at the end of the previous year 2	Source			
Mathematical reserves, after distribution of surplus	<b>11</b>	810882	808560	See Instruction 2			
Cash bonuses which had not been paid to policyholders prior to end of the financial year	<b>12</b>			See Instruction 3			
Balance of surplus/(valuation deficit)	<b>13</b>	500	500	See Instruction 4			
Long term insurance business fund carried forward (11 to 13)	<b>14</b>	811382	809060	See Instruction 5			
Claims outstanding which had fallen due for payment before the end of the financial year	Gross amount	<b>15</b>	6521	6860			
	Reinsurers' share	<b>16</b>					
	Net (15-16)	<b>17</b>	6521	6860			
Provisions for other risks and charges	Taxation	<b>21</b>	1194	3217			
	Other	<b>22</b>	534	4138			
Deposits received from reinsurers	<b>23</b>						
Creditors and other liabilities	Arising out of insurance operations	Direct insurance business	<b>31</b>				
		Reinsurance accepted	<b>32</b>	87	1845		
		Reinsurance ceded	<b>33</b>	2721	2843		
	Debenture loans	Secured	<b>34</b>				
		Unsecured	<b>35</b>				
	Amounts owed to credit institutions	<b>36</b>					
	Other creditors	Taxation	<b>37</b>	426	7037		
		Other	<b>38</b>	35715	34525		
Accruals and deferred income	<b>39</b>	53	11				
Provision for "reasonably foreseeable adverse variations"	<b>41</b>						
Total other insurance and non-insurance liabilities (17 to 41)	<b>49</b>	47251	60476				
Excess of the value of net admissible assets	<b>51</b>	163206	289655	See Instruction 6			
Total liabilities and margins	<b>59</b>	1021839	1159191				
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	<b>61</b>	13018	11027				
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	<b>62</b>	20680	21289				
Amount of any additional mathematical reserves included in line 51 which have been taken into account in the appointed actuary's certificate	<b>63</b>		8000	See Instruction 7			

**Liabilities (other than long term insurance business)**Name of insurer **Phoenix Assurance Limited**

Global business

Financial year ended **31st December 2004**

		Company registration number	GL/UK/CM	Period ended			Units		
		R15	71805	GL	31	12	2004	£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	3676					
	Claims outstanding		12	79656					
	Provision for unexpired risks		13						
	Equalisation provisions	Credit business		14					
		Other than credit business		15					
	Other		16						
Total (11 to 16)		19	83332						
Provisions for other risks and charges	Taxation		21						
	Other		22						
Deposits received from reinsurers		31							
Creditors	Arising out of insurance operations	Direct insurance business	41						
		Reinsurance accepted	42						
		Reinsurance ceded	43						
	Debenture loans	Secured	44						
		Unsecured	45						
	Amounts owed to credit institutions		46						
	Other creditors	Taxation	47	2551			3196		
		Recommended dividend	48	59500					
		Other	49	4972			9439		
Accruals and deferred income		51							
Total (19 to 51)		59	150355			12635			
Provision for "reasonably foreseeable adverse variations"		61							
Cumulative preference share capital		62							
Subordinated loan capital		63							
Total (59 to 63)		69	150355			12635			
Amounts included in line 69 attributable to liabilities to related insurers, other than those under contracts of insurance or reinsurance		71	4000			8335			

**Profit and loss account (non-technical account)**Name of insurer **Phoenix Assurance Limited**

Global business

Financial year ended **31st December 2004**

		Company registration number	GL/UK/CM	Period ended			Units	
		R16	71805	GL	31	12	2004	£000
		This financial year		Previous year		Source		
		1		2		<	>	?
Transfer (to)/from the general insurance business technical account	From Form 20	11				20 . 59		
	Equalisation provisions	12						
Transfer from the long term insurance business revenue account		13	31005	30000	40 . 26			
Investment income	Income	14	10175	7025				
	Value re-adjustments on investments	15		39				
	Gains on the realisation of investments	16		576				
Investment charges	Investment management charges, including interest	17						
	Value re-adjustments on investments	18	381	1899				
	Loss on the realisation of investments	19	1810					
Allocated investment return transferred to the general insurance business technical account		20			20 . 51			
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	38989	35741				
Tax on profit or loss on ordinary activities		31	2551	(3000)				
Profit or loss on ordinary activities after tax (29-31)		39	36438	38741				
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	36438	38741				
Dividends (paid and proposed)		51	148442					
Profit or loss retained for the financial year (49-51)		59	(112004)	38741				

**Analysis of derivative contracts**Name of insurer **Phoenix Assurance Limited**

Global business

Insurance Business **Long term**Financial year ended **31st December 2004**Category of assets **Total long term insurance business assets**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R17	71805	GL	31	12	2004	£000	10
		As at the end of this financial year				As at the end of the previous year			
		Assets 1		Liabilities 2		Assets 3		Liabilities 4	
<b>Derivative contracts</b>	Fixed-interest securities	11							
	Equity shares	12							
	Land	13							
	Currencies	14					236		388
	Other	15							
Futures contracts	Fixed-interest securities	21							
	Equity shares	22							
	Land	23							
	Currencies	24							
	Other	25							
Options	Fixed-interest securities	31							
	Equity shares	32							
	Land	33							
	Currencies	34							
	Other	35		5586	4975				
Contracts for differences	Fixed-interest securities	41							
	Equity shares	42							
	Land	43							
	Currencies	44							
	Other	45		5586	4975				
Adjustments for variation margin	46								
Total (11 to 41)	47		5586	4975			236		388

**Analysis of derivative contracts**Name of insurer **Phoenix Assurance Limited**

Global business

Insurance Business **Long term**Financial year ended **31st December 2004**Category of assets **Participation**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R17	71805	GL	31	12	2004	£000	11
		As at the end of this financial year			As at the end of the previous year				
		Assets 1	Liabilities 2	Assets 3	Liabilities 4				
<b>Derivative contracts</b>									
Futures contracts	Fixed-interest securities	11							
	Equity shares	12							
	Land	13							
	Currencies	14							1
	Other	15							
Options	Fixed-interest securities	21							
	Equity shares	22							
	Land	23							
	Currencies	24							
	Other	25							
Contracts for differences	Fixed-interest securities	31							
	Equity shares	32							
	Land	33							
	Currencies	34							
	Other	35							
Adjustments for variation margin		41							
Total (11 to 41)		49							1

**Analysis of derivative contracts**Name of insurer **Phoenix Assurance Limited**

Global business

Insurance Business **Long term**Financial year ended **31st December 2004**Category of assets **Non-participation**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R17	71805	GL	31	12	2004	£000	12
		As at the end of this financial year			As at the end of the previous year				
		Assets 1	Liabilities 2	Assets 3	Liabilities 4				
<b>Derivative contracts</b>									
Futures contracts	Fixed-interest securities	11							
	Equity shares	12							
	Land	13							
	Currencies	14				236		387	
	Other	15							
Options	Fixed-interest securities	21							
	Equity shares	22							
	Land	23							
	Currencies	24							
	Other	25							
Contracts for differences	Fixed-interest securities	31							
	Equity shares	32							
	Land	33							
	Currencies	34							
	Other	35	5586	4975					
Adjustments for variation margin		41							
Total (11 to 41)		49	5586	4975		236		387	

**Long term insurance business : Revenue account**Name of insurer **Phoenix Assurance Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2004**Name and number of fund/Summary **Summary**

	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund		
			day	month	year						
	<b>R40</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>OB</b>	<b>99</b>	<b>0</b>	
<b>Items to be shown net of reinsurance ceded</b>							The financial year	Previous year			
							<b>1</b>	<b>2</b>			
Earned premiums							<b>11</b>	72571	78992		
Investment income receivable before deduction of tax							<b>12</b>	90670	64119		
Increase (decrease) in the value of non-linked assets brought into account							<b>13</b>	(20605)	(45147)		
Increase (decrease) in the value of linked assets							<b>14</b>	2088	3843		
Other income							<b>15</b>				
Total income (11 to 15)							<b>19</b>	144724	101807		
Claims incurred							<b>21</b>	96158	124823		
Expenses payable							<b>22</b>	15442	19996		
Interest payable before deduction of tax							<b>23</b>	2165	1019		
Taxation							<b>24</b>	3168	15575		
Other expenditure							<b>25</b>	269	1899		
Transfer to (from) non technical account							<b>26</b>	31005	30000		
Total expenditure (21 to 26)							<b>29</b>	148207	193312		
Increase (decrease) in fund in financial year (19-29)							<b>39</b>	(3483)	(91505)		
Fund brought forward							<b>49</b>	943851	1035356		
Fund carried forward (39+49)							<b>59</b>	940368	943851		



**Long term insurance business : Revenue account**Name of insurer **Phoenix Assurance Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2004**Name and number of fund/Summary **Participation 1**

	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund		
			day	month	year						
	<b>R40</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>OB</b>	<b>1</b>	<b>1</b>	
<b>Items to be shown net of reinsurance ceded</b>							The financial year	Previous year			
							<b>1</b>	<b>2</b>			
Earned premiums							<b>11</b>	3753	4020		
Investment income receivable before deduction of tax							<b>12</b>	13175	14105		
Increase (decrease) in the value of non-linked assets brought into account							<b>13</b>	14645	6840		
Increase (decrease) in the value of linked assets							<b>14</b>				
Other income							<b>15</b>				
Total income (11 to 15)							<b>19</b>	31573	24965		
Claims incurred							<b>21</b>	34434	53118		
Expenses payable							<b>22</b>	1003	1694		
Interest payable before deduction of tax							<b>23</b>	651	20		
Taxation							<b>24</b>	1290	1024		
Other expenditure							<b>25</b>				
Transfer to (from) non technical account							<b>26</b>				
Total expenditure (21 to 26)							<b>29</b>	37378	55856		
Increase (decrease) in fund in financial year (19-29)							<b>39</b>	(5805)	(30891)		
Fund brought forward							<b>49</b>	134791	165682		
Fund carried forward (39+49)							<b>59</b>	128986	134791		

**Long term insurance business : Revenue account**Name of insurer **Phoenix Assurance Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2004**Name and number of fund/Summary **Non-participation 1**

	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund		
			day	month	year						
	<b>R40</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>OB</b>	<b>1</b>	<b>2</b>	
<b>Items to be shown net of reinsurance ceded</b>							The financial year	Previous year			
							<b>1</b>	<b>2</b>			
Earned premiums							<b>11</b>	68818	74972		
Investment income receivable before deduction of tax							<b>12</b>	77495	50014		
Increase (decrease) in the value of non-linked assets brought into account							<b>13</b>	(35250)	(51987)		
Increase (decrease) in the value of linked assets							<b>14</b>	2088	3843		
Other income							<b>15</b>				
Total income (11 to 15)							<b>19</b>	113151	76842		
Claims incurred							<b>21</b>	61724	71705		
Expenses payable							<b>22</b>	14439	18302		
Interest payable before deduction of tax							<b>23</b>	1514	999		
Taxation							<b>24</b>	1878	14551		
Other expenditure							<b>25</b>	269	1899		
Transfer to (from) non technical account							<b>26</b>	31005	30000		
Total expenditure (21 to 26)							<b>29</b>	110829	137456		
Increase (decrease) in fund in financial year (19-29)							<b>39</b>	2322	(60614)		
Fund brought forward							<b>49</b>	809060	869674		
Fund carried forward (39+49)							<b>59</b>	811382	809060		

## Long term insurance business : Analysis of premiums and expenses

Name of insurer **Phoenix Assurance Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2004**Name and number of fund/Summary **Summary**

		Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund	
				day	month	year					
		R41	71805	GL	31	12	2004	£000	OB	99	0
					Gross		Payable to or recoverable from reinsurers	Net of reinsurance (1-2)			
					1			2	3		
Earned premiums in the financial year	Life assurance and general annuity contracts	Single premium		11	(10)			(10)			
		Regular premium		12	46758		4935	41823			
	Pension business contracts	Single premium		13	2773			2773			
		Regular premium		14	10785		82	10703			
	Permanent health contracts	Single premium		15							
		Regular premium		16	17680		398	17282			
	Other contracts	Single premium		17							
		Regular premium		18							
	Total premiums	Single premium		19	2763			2763			
		Regular premium		29	75223		5415	69808			
Total premiums at lines 19 and 29 attributable to	UK contracts		31	77651		5415	72236				
	Overseas contracts		32	335			335				
Expenses payable in the financial year	Commission payable in connection with acquisition of business			41	334		26	308			
	Other commission payable			42	2751		(507)	3258			
	Management expenses in connection with acquisition of business			43	(75)			(75)			
	Management expenses in connection with maintenance of business			44	7345			7345			
	Other management expenses			45	4606			4606			
	Total expenses (41 to 45)			49	14961		(481)	15442			
	Total expenses at line 49 attributable to	UK contracts		51	14955		(481)	15436			
Overseas contracts		52	6			6					

## Long term insurance business : Analysis of premiums and expenses

Name of insurer **Phoenix Assurance Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2004**Name and number of fund/Summary **Participation 1**

		Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund	
		R41	71805	GL	31	12	2004	£000	OB	1	1
					Gross		Payable to or recoverable from reinsurers	Net of reinsurance (1-2)			
					1		2	3			
Earned premiums in the financial year	Life assurance and general annuity contracts	Single premium	11								
		Regular premium	12		1114		23		1091		
	Pension business contracts	Single premium	13								
		Regular premium	14		2662				2662		
	Permanent health contracts	Single premium	15								
		Regular premium	16								
	Other contracts	Single premium	17								
		Regular premium	18								
	Total premiums	Single premium	19								
		Regular premium	29		3776		23		3753		
Total premiums at lines 19 and 29 attributable to	UK contracts	31		3776		23		3753			
	Overseas contracts	32									
Expenses payable in the financial year	Commission payable in connection with acquisition of business		41		18		1		17		
	Other commission payable		42		2		(757)		759		
	Management expenses in connection with acquisition of business		43								
	Management expenses in connection with maintenance of business		44		227				227		
	Other management expenses		45								
	Total expenses (41 to 45)		49		247		(756)		1003		
	Total expenses at line 49 attributable to	UK contracts	51		247		(756)		1003		
Overseas contracts		52									

## Long term insurance business : Analysis of premiums and expenses

Name of insurer **Phoenix Assurance Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2004**Name and number of fund/Summary **Non-participation 1**

		Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund	
				day	month	year					
		R41	71805	GL	31	12	2004	£000	OB	1	2
					Gross		Payable to or recoverable from reinsurers	Net of reinsurance (1-2)			
					1		2	3			
Earned premiums in the financial year	Life assurance and general annuity contracts	Single premium	11	(10)					(10)		
		Regular premium	12	45644		4912		40732			
	Pension business contracts	Single premium	13	2773				2773			
		Regular premium	14	8123		82		8041			
	Permanent health contracts	Single premium	15								
		Regular premium	16	17680		398		17282			
	Other contracts	Single premium	17								
		Regular premium	18								
	Total premiums	Single premium	19	2763				2763			
		Regular premium	29	71447		5392		66055			
Total premiums at lines 19 and 29 attributable to	UK contracts	31	73875		5392		68483				
	Overseas contracts	32	335				335				
Expenses payable in the financial year	Commission payable in connection with acquisition of business		41	316		25		291			
	Other commission payable		42	2749		250		2499			
	Management expenses in connection with acquisition of business		43	(75)				(75)			
	Management expenses in connection with maintenance of business		44	7118				7118			
	Other management expenses		45	4606				4606			
	Total expenses (41 to 45)		49	14714		275		14439			
	Total expenses at line 49 attributable to	UK contracts	51	14708		275		14433			
Overseas contracts		52	6				6				

## Long term insurance business : Analysis of claims

Name of insurer **Phoenix Assurance Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2004**Name and number of fund/Summary **Summary**

	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/Summary	No of part of Fund	
			day	month	year					
	<b>R42</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>OB</b>	<b>99</b>	<b>0</b>
<b>Claims incurred in the financial year</b>				Gross		Recoverable from reinsurers	Net of reinsurance (1-2)			
				<b>1</b>		<b>2</b>	<b>3</b>			
Life assurance and annuity contracts	On death			<b>11</b>	23651		3122	20529		
	By way of lump sums on maturity			<b>12</b>	12396		2094	10302		
	By way of annuity payments			<b>13</b>	145			145		
	By way of payments arising from other insured events			<b>14</b>						
	On surrender or partial surrender			<b>15</b>	8433		4440	3993		
	Total life assurance and annuity claims (11 to 15)			<b>19</b>	44625		9656	34969		
Pension business contracts	On death			<b>21</b>	2441		100	2341		
	By way of lump sums on vesting			<b>22</b>	18420			18420		
	By way of vested annuity payments			<b>23</b>	22895			22895		
	On surrender or partial surrender			<b>24</b>	5109			5109		
	Total pension business claims (21 to 24)			<b>29</b>	48865		100	48765		
Permanent health contracts	By way of lump sums			<b>31</b>						
	By way of periodical payments			<b>32</b>	13109		685	12424		
	Total permanent health claims (31+32)			<b>39</b>	13109		685	12424		
Other contracts	By way of lump sums			<b>41</b>						
	By way of periodical payments			<b>42</b>						
	Total claims (41+42)			<b>49</b>						
Total claims (19+29+39+49)				<b>59</b>	106599		10441	96158		
Total claims at line 59 attributable to	UK contracts			<b>61</b>	102256		10441	91815		
	Overseas contracts			<b>62</b>	4343			4343		

## Long term insurance business : Analysis of claims

Name of insurer **Phoenix Assurance Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2004**Name and number of fund/Summary **Participation 1**

	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/Summary	No of part of Fund	
			day	month	year					
	<b>R42</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>OB</b>	<b>1</b>	<b>1</b>
<b>Claims incurred in the financial year</b>				Gross		Recoverable from reinsurers	Net of reinsurance (1-2)			
				<b>1</b>		<b>2</b>	<b>3</b>			
Life assurance and annuity contracts	On death			<b>11</b>	2005		50	1955		
	By way of lump sums on maturity			<b>12</b>	9720			9720		
	By way of annuity payments			<b>13</b>						
	By way of payments arising from other insured events			<b>14</b>						
	On surrender or partial surrender			<b>15</b>	3899			3899		
	Total life assurance and annuity claims (11 to 15)			<b>19</b>	15624		50	15574		
Pension business contracts	On death			<b>21</b>						
	By way of lump sums on vesting			<b>22</b>	16532			16532		
	By way of vested annuity payments			<b>23</b>						
	On surrender or partial surrender			<b>24</b>	2328			2328		
	Total pension business claims (21 to 24)			<b>29</b>	18860			18860		
Permanent health contracts	By way of lump sums			<b>31</b>						
	By way of periodical payments			<b>32</b>						
	Total permanent health claims (31+32)			<b>39</b>						
Other contracts	By way of lump sums			<b>41</b>						
	By way of periodical payments			<b>42</b>						
	Total claims (41+42)			<b>49</b>						
Total claims (19+29+39+49)				<b>59</b>	34484		50	34434		
Total claims at line 59 attributable to	UK contracts			<b>61</b>	34484		50	34434		
	Overseas contracts			<b>62</b>						

## Long term insurance business : Analysis of claims

Name of insurer **Phoenix Assurance Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2004**Name and number of fund/Summary **Non-participation 1**

	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/Summary	No of part of Fund	
			day	month	year					
	<b>R42</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>OB</b>	<b>1</b>	<b>2</b>
<b>Claims incurred in the financial year</b>				Gross		Recoverable from reinsurers	Net of reinsurance (1-2)			
				<b>1</b>		<b>2</b>	<b>3</b>			
Life assurance and annuity contracts	On death			<b>11</b>	21646		3072	18574		
	By way of lump sums on maturity			<b>12</b>	2676		2094	582		
	By way of annuity payments			<b>13</b>	145			145		
	By way of payments arising from other insured events			<b>14</b>						
	On surrender or partial surrender			<b>15</b>	4534		4440	94		
	Total life assurance and annuity claims (11 to 15)			<b>19</b>	29001		9606	19395		
Pension business contracts	On death			<b>21</b>	2441		100	2341		
	By way of lump sums on vesting			<b>22</b>	1888			1888		
	By way of vested annuity payments			<b>23</b>	22895			22895		
	On surrender or partial surrender			<b>24</b>	2781			2781		
	Total pension business claims (21 to 24)			<b>29</b>	30005		100	29905		
Permanent health contracts	By way of lump sums			<b>31</b>						
	By way of periodical payments			<b>32</b>	13109		685	12424		
	Total permanent health claims (31+32)			<b>39</b>	13109		685	12424		
Other contracts	By way of lump sums			<b>41</b>						
	By way of periodical payments			<b>42</b>						
	Total claims (41+42)			<b>49</b>						
Total claims (19+29+39+49)				<b>59</b>	72115		10391	61724		
Total claims at line 59 attributable to	UK contracts			<b>61</b>	67772		10391	57381		
	Overseas contracts			<b>62</b>	4343			4343		



**Long term insurance business : Summarised balance sheet for internal linked funds**

Name of insurer **Phoenix Assurance Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2004**

Name and number of fund/Summary **Ordinary long term summary 1**

Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund	
		day	month	year					
<b>R43</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>OB</b>	<b>1</b>	<b>99</b>

Name of fund <b>1</b>	Directly held assets <b>2</b>	Investment in other internal linked funds of the insurer <b>3</b>	Total assets (2+3) <b>4</b>	Provision for tax on unrealised capital gains <b>5</b>	Secured and unsecured loans <b>6</b>	Other liabilities <b>7</b>	Net asset value (4-5-6-7) <b>8</b>
Ebor Equity Endowment	78		78				78
<b>Total</b>	<b>78</b>		<b>78</b>				<b>78</b>

46

**Long term insurance business : Aggregate revenue account for internal linked funds**Name of insurer **Phoenix Assurance Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2004**Name and number of fund/Summary **Ordinary long term summary 1**

	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund	
			day	month	year					
	<b>R44</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>OB</b>	<b>1</b>	<b>99</b>
Value of total creation of units						<b>11</b>				
Investment income attributable to the funds before deduction of tax						<b>12</b>				<b>3</b>
Increase (decrease) in the value of investments in the financial year						<b>13</b>				<b>20</b>
Other income						<b>14</b>				
Total income (11 to 14)						<b>19</b>				<b>23</b>
Value of total cancellation of units						<b>21</b>				<b>26</b>
Charges for management						<b>22</b>				<b>2</b>
Charges in respect of tax on investment income						<b>23</b>				
Taxation on realised capital gains						<b>24</b>				
Increase (decrease) in amount set aside for tax on capital gains not yet realised						<b>25</b>				
Other expenditure						<b>26</b>				
Total expenditure (21 to 26)						<b>29</b>				<b>28</b>
Increase (decrease) in funds in financial year (19-29)						<b>39</b>				<b>(5)</b>
Internal linked funds brought forward						<b>49</b>				<b>83</b>
Internal linked funds carried forward (39+49)						<b>59</b>				<b>78</b>



## PHOENIX ASSURANCE LIMITED

### APPENDIX 9.4

#### Valuation Report on the Long Term Insurance Business of the Phoenix Assurance Limited

#### 1

The date of the valuation was 31st December 2004.

#### 2

The date of the previous valuation was 31st December 2003.

#### 3

The valuation is in conformity with PRU 7.3.10R.

#### 4

1(a)(i) The Unitised With Profits Fund is part of the ordinary long term business fund which is invested in a wide spread of fixed interest stocks, shares and property assets. Only one policy type is invested in this fund. This is the **UWP Group Pensions** contract which is reinsurance accepted from Sun Alliance and London Assurance Company Limited (SALAC). This is only available for group pension schemes which were previously invested in Retirement Funds issued by SALAC and Growth Funds issued by the Company.

Both regular and single premiums may be payable. 100% of the premium is used to purchase units in the Unitised With Profits Fund at the current price at the time the investment is received. There is no bid / offer spread.

Administration charges vary by scheme and are met by cancellation of units. Units are cancelled to meet the cost of claims on a first in first out basis.

There is a deduction for discontinuance within the first 5 years of transfer from a Retirement Fund or Growth Fund of 10% initially, reducing to zero.

There are no management charges on the units. The profits are distributed by a regular increase in the unit price.

Additionally a Terminal Bonus may be added to reflect profits and investment returns received above that provided for by the annual bonus. Over some periods of investment the underlying assets may not achieve a rate of return reflected in the bonus already added. This might be because of a sustained period of lower than expected investment returns or because of a fall in the value of investments generally. In such circumstances the Company may make a deduction (known as a Market Value Reduction) to ensure that policyholders who cash in their investment do not gain an unfair advantage over those whose investments remain. Terminal Bonus and Market Value Reductions are determined using asset-share methods as described in more detail in section 14.

No Market Value Reduction will be applied on normal claims arising under UWP Group Pension policies. However the Company reserves the right to apply a Market Value reduction in the case of full or partial discontinuances or special benefit enhancements.

The Company carries out periodic calculations, normally quarterly, to establish the rates of Terminal Bonus and/or Market Value Reductions to be applied. It is the Company's policy to apply Market Value Reductions when these calculations show that such reductions would be required to ensure continuing policyholders are protected when other policyholders choose to surrender their policies.

- (ii) A Market Value Reduction of up to 16% was in force during 2004 in respect of full or partial discontinuances or special benefit enhancements.
- (iii) There are no guaranteed investment returns or guaranteed bonus rates.
- (iv) There are no guaranteed surrender values; other than that no Market Value Reduction will be applied in certain circumstances as described in paragraph 4.1.(a)(i) above.
- (v) The contract has no material options, except that on the transfer to this contract from a Retirement Fund or Growth Fund, a scheme may elect to retain the option to effect a purchase of annuities on the same guaranteed rates as existed under the original contract. As at the valuation date one scheme that had made the transfer and is still in force, had made this election.

(b) **Pension and Annuity Contracts**

**1. Growth Fund**

This contract is closed to new business. All existing Growth Funds are in the process of discontinuing.

Premiums paid under Growth Fund group pension policies are credited to an Annuity Account. Allowance for capital gains on equities and for interest is made through Growth Factors and Accumulation Factors respectively calculated by the Company. These are related to the performance of the stock market indices referred to in the policies. The Growth Factor reflects the gains in equities only to the extent that they are considered by the Company to be permanent in view of the guarantees set down below. Service charges and the cost of benefits are debited from the Annuity Accounts as they arise.

- (i) The surrender value is determined by the Company having regard to the notional assets underlying the annuity account and to the level of the indices and the prices of fixed interest stock related to such assets at the relevant time.
- (ii) The following guarantees are given in respect of the Growth Fund Policy:-
  - Accumulation Factor not less than 4½% per annum during a ten year period from commencement.
  - Growth Factor can never be negative.
- (iii) Since all schemes are now in the process of discontinuing, no Accumulation Factor was applied during 2004.
- (iv) Annuity rates are guaranteed in respect of all retirements during a ten year period. Specimen guaranteed annuity rates for single life non escalating annuities payable monthly in advance with a five year guarantee period are as follows:

**Cash Equivalent to a £10  
p.a. annuity**

Age	Male	Female
60	110	120
65	90	110

- (v) There are no other material options.

## **2. PPSE, EPP and VPP**

Pension Plans are of three types. The Pension Plan for the Self Employed (PPSE) is a deferred annuity contract approved under section 226 of the Income and Corporation Taxes Act 1970. The Executive Pension Plan (EPP) is designed for treatment as an exempt approved scheme as defined in the Finance Act 1970. The Voluntary Pension Plan (VPP) provides additional benefits at retirement for members of approved company pension schemes through voluntary contributions of the member.

Under these contracts premiums for retirement benefits are paid into a Pension Account, interest being declared monthly in advance and compounded annually.

On death during the deferred period RNI contracts return all the premiums paid into the Pension Account without interest and RWI contracts return the whole of the Pension Account. There is no return on death under the NR contract.

Details of the charging structure for Pension Plans are:-

### **Regular Premiums**

- PPSE contracts. All interest rates applicable to the investment of the first two years' premiums are reduced by 5 percentage points for RWI contracts or 3 percentage points for RNI contracts except that where premiums commence after age 55 the charge is 5% of all premiums for RWI contracts or 2% of all premiums for RNI contracts. Similar provisions apply to increases in premiums.
- EPP and VPP contracts. Where the term (or outstanding term in the case of an increase in premium) is less than 10 years the amount of premium withheld from investment is ½% for each year (or part year) that the term at outset (or outstanding term in the case of an increase) is less than 10 years. All interest rates applicable to the investment of the premiums paid in the first two years are reduced by 4%, 3% and 2% for RWI, RNI and NR contracts respectively and similar reductions apply for any increase in premiums.

### **Single Premiums**

- PPSE contracts. A charge of 5% of premium for RWI contracts and 2% for RNI contracts but in the latter case the reduction only applies after age 55.
  - EPP contracts. For RWI contracts a charge of 7.5% of premium and for others a charge ranging uniformly from 5% to 7.5% for RNI contracts and from 2% to 7% for NR contracts accordingly as the outstanding term is in the range from ten or more years to less than one year.
- (i) The surrender value is determined as the full value of that part of the pension fund accumulated at the full declared rate of interest and a proportion of that part of the fund arising from contributions earning the lower rate of interest.
- (ii) The declared rate of interest under the Pension Plan is guaranteed to be at least equivalent to the Building Societies Association Recommended Mortgage Rate or, if this rate is not available, to a comparable rate determined by the Company. Currently the Halifax Plc Mortgage Rate is used.

(iii) The interest rates applied during 2004 were as follows:

Month	Interest Rate
January	4.70%
February	4.69%
March	4.68%
April	4.80%
May	4.71%
June	4.73%
July	4.85%
August	4.97%
September	4.98%
October	5.13%
November	5.29%
December	5.30%

(iv) The nature of the Pension Plans is such that the amount of the annuity per annum is not determined until the date of vesting. No annuity per annum is shown for these contracts.

(v) There are no other material options.

(c) The following details relate to non-linked contracts not fully described by the entry in column 1 of Form 51:-

#### **A. Permanent Assurances**

1. Capital Investment Plan is a combination of two contracts:

(a) A single premium Pure Endowment to age 100 (without return on death) for an amount equal to the single premium with a guaranteed bonus of 1% of the single premium allocated each quarter. The bonus can be surrendered for its face value.

(b) A single premium Term Assurance for an amount equal to 95% of the single premium for the Pure Endowment in (a) above payable on death prior to age 100. The premium payable was 1% of the single premium for the Pure Endowment in (a) above.

2. Trustees Protected Portfolio is a combination of a single premium unit trust investment and a single premium whole life assurance where the sum assured is the excess of the total single premium over the current value of the unit trust investment. Only the whole life assurance is written in Phoenix. Trustlink is a similar policy but regular premiums are payable for the whole of life assurance

#### **B. Temporary Assurances**

1. Convertible Term Assurances give the right of conversion at any time during the term into a Whole Life or Endowment Assurance, with or without profits, or a Temporary Assurance expiring at age not greater than 65, for the same or any smaller sum assured (subject to a certain minimum amount), without further evidence of health, at the rate of premium for the age when conversion is made. For policies applied for after 1988 there is no right of conversion to Temporary Assurance.

2. Renewable Convertible Term Assurances are five year convertible term assurance policies with the option at the end of the five years if then under age 60 (and at the end of each succeeding five year period if still under age 60) to renew the policy for a further five years. On each such renewal the sum assured then in force may be increased by up to 50% without evidence of health. The option described above for Convertible Term

Assurance also applies to Renewable Convertible Term Assurances and may be exercised at any time. If this option is exercised on an annual renewal date and the five year period expires before age 60 the sum assured may be increased by up to 10% for each year since the beginning of the current five year period. This contract was closed to new business from April 1988.

3. The Increasing Protection Plan is a ten year convertible term assurance where the sum assured and premium increase by 10% simple each year. At the end of ten years the policy can be renewed at premium rates then in force without further evidence of health and for twice the initial sum assured under the previous policy. The policy can continue to be extended in this way while the life assured is under age 55. Once past age 55, the policy can be extended to the next policy anniversary following the life assured's 65th birthday. At any time part or all of the sum assured may be converted without evidence of health to Whole Life or Endowment, or Term Assurance expiring not later than age 65. This contract was closed to new business from April 1988.
4. Personal Pension Scheme Term Assurance provides level cover for a term of three years, with the option to renew the policy at the end of each three year period without further evidence of health. Renewal is on terms and conditions applying at that date.
5. Flexible Business Protection Plan is a five year renewable, convertible level term assurance with the option at the end of each five year period, if under age 60, to renew the policy for a further five years without further evidence of health. The policy can be converted at any time during the term into a unit linked or with profits Whole Life Assurance or a with profits Endowment Assurance.
6. Some sponsored Group Life assurance schemes give an employee the option, within one month of leaving the service of the employer, to effect a Whole Life or Endowment Assurance, or a Level Term Assurance expiring at the scheme risk ceasing age, for a sum assured up to the amount for which the employee was assured under the Group Life policy. This option applies only to a few schemes where it has been specially negotiated.
7. The Company guarantees the rate of premium for all premiums paid in respect of a certain period (usually two or three years) for Group Life assurance schemes, but with the right to revise the rates for all premiums payable thereafter.
8. Progressive Protection Plan is a flexible term assurance written to the plan anniversary preceding the life assured's 70th birthday in which the premiums and cover will be reviewed annually. The life assured must be aged between 18 and 60 at the date of issue. The death benefit will be accelerated if a terminal illness is diagnosed. This plan can be used for personal purposes to provide financial security for a partner or dependant or for business purposes to safeguard against the financial consequences of the loss of a key individual, director or shareholder.

There is a Special Events Option which allows the planholder to increase the sum assured without further underwriting on certain events. When this plan is used for personal purposes, these events are buying or improving the main place of residence, the marriage of the life assured, the birth of each of the life assured's children, the legal adoption of children by the life assured, or an increase in Inheritance Tax liability as a result of changes in tax rates or bands.

When this plan is used for business purposes, these events are the increase in a working partner's, director's or shareholder's interest in the business, or the increase in the value of a keyperson. These options are only available after the first year and before the life assured's 55th birthday. But for Inheritance Tax purposes, it is available up to the life assured's 65th birthday.

In addition, the following options are available:



- (i) Accelerated Living benefit: Under this option, the sum assured becomes payable immediately on diagnosis of a critical illness or total disability. No further payment would be made on subsequent death or terminal illness.
- (ii) Additional Living Benefit: Under this option an additional sum becomes payable immediately on diagnosis of a critical illness or total disability. The sum assured will also be payable on subsequent death or terminal illness. Furthermore, when the plan is being used for personal purposes, a Children's Living Benefit, which is an additional sum of £15,000 per child, would become payable if a child of the life assured were to suffer a critical illness or total disability between their 3rd and 18th birthdays.
- (iii) Cost of Living Increase: This automatically increases the sum assured each year and is available on either or both of the sum assured and the living benefit amount if option (ii) was chosen.
- (iv) Instalment Option: The sum assured can be paid either as a lump sum or in three equal instalments.

The first 2 options are available on any plan anniversary up to the life assured's 65th birthday and will be subject to further underwriting. The last 2 are only available at the start of the plan.

9. Flexible Mortgage Plan is a flexible term assurance written to the plan anniversary preceding the life assured's 70th birthday in which the premiums and cover will be reviewed annually. The life assured must be aged between 18 and 65 at the date of issue (or between 18 and 60 for the Monthly Repayment Protection option). The death benefit will be accelerated if a terminal illness is diagnosed. This plan can be used to provide cover in association with a repayment mortgage.

There is a Special Events Option which allows the planholder to increase the sum assured within certain limits without further underwriting if further cover is required in respect of a house move or an improvement to an existing property.

There is a maximum sum assured of £150,000 and in addition, the following options are available:

- (i) Advanced Critical Illness: Under this option, the sum assured becomes payable immediately on diagnosis of a critical illness or total disability. No further payment would be made on subsequent death or terminal illness.
- (ii) Critical Illness Plus: Under this option an additional sum becomes payable immediately on diagnosis of a critical illness or total disability. The sum assured will also be payable on subsequent death or terminal illness.
- (iii) Monthly Repayment Protection: This option provides an income upon illness or incapacity of up to 125% of the monthly mortgage payment amount (subject to a maximum of £1000 per month). It is payable monthly in arrears following the completion of the 52 week deferred period and is paid until the earlier of recovery, return to work, critical illness benefit paid (if included), age 65, death or payment of terminal illness benefit or the end of the mortgage.

These options can be added or deleted at any policy anniversary subject to normal underwriting requirements. Critical Illness Plus is available as a stand alone benefit. Monthly Repayment Protection is not available as a stand alone benefit.

## **C. Permanent Health Insurance**

1. Certain individual contracts are written for an initial ten year period with the option on payment of an additional premium during the currency of the contract to extend the contract without evidence of health or occupation for further ten year periods or for the period up to the terminating age selected at the outset.

2. Individual policies providing level benefits for employed persons may contain the following options on payment of additional premiums
  - (i) To increase the benefits at each annual renewal date without evidence of health until the total of such increases reaches the lesser of 50% of the initial benefit or £10,000 per annum benefit. For policies applied for after April 1988 such increases are permitted only within five years of submitting medical evidence.
  - (ii) To increase the benefit when a claim is in course of payment by up to 5% per annum. At the end of the claim period the benefit reverts to the original level.
  - (iii) To extend the term of the policy for a further five years without evidence of health.

#### **D. Reassured Contracts**

1. The Company accepts reinsurance, on original terms, of Individual Term Assurance and Permanent Health Insurance policies issued by the Sun Alliance and London Assurance Company Limited. The policies concerned are of the same types as those described in sections B and C above except for Life Plus which includes a Terminal Illness Benefit which allows the Sum Assured to become payable immediately if a terminal illness is diagnosed before the start of the last policy year. Hence all subsequent references to the contracts and descriptions of the valuation methods and bases apply equally to policies written directly by the Company or by way of reinsurance from Sun Alliance and London Assurance Company Limited. For policies effected after June 1987 all options to convert to Whole Life or Endowment Assurances remain with Sun Alliance and London Assurance Company Limited.
2. The Company accepts reinsurances, on original terms, of Progressive Protection Plan contracts. These policies are as described in 4.1(c).B.8 above and were issued by Sun Alliance and London Assurance Company Limited prior to 15 August 2000 (following this date any such new contracts were written directly by the Company).
3. In the past the Company has accepted reinsurances, on a facultative basis, of ordinary with profits Endowment Assurances and Immediate Annuities issued by the Sun Alliance and London Assurance Company Limited.
4. The Company accepts reinsurances under treaties, on a risk premium basis, of the following benefits on unit-linked and unitised with profits contracts written by Sun Alliance and London Assurance Company Limited:
  - (a) the life cover in excess of the value of the units (subject to a maximum reinsurable sum on each life) on all contracts in force which are of the following types:
 

Life:	Universal Protection Plan Mortgage Savings Plan Regular Savings Plan
Pensions:	Individual Personal Pension Plan Group Personal Pension Plan Personal Additional Pension Plan Executive Pension Plan Company Pension Scheme Company Additional Pension Scheme
  - (b) additionally, in the case of Universal Protection Plan, all benefits in force under the Living Benefit and Medical Expenses sections of the contracts. These benefits are reassured into the PHI Fund. The former provides benefits in the

event of certain critical illnesses or total permanent disability;  
the latter provides benefits in the event of specified types of major surgery.

The business referred to above is described further in the Returns of Sun Alliance and London Assurance Company Limited.

5. The Company also accepts reinsurance under treaties, on a risk premium basis, of part of the life cover relating to certain linked contracts written in Royal & Sun Alliance Linked Insurances Limited.

#### **E. New Business**

Apart from Group Life, Group Permanent Health Insurance and Group Critical Illness all non-linked contracts that were still open to new business up to 2002 were closed to new business during 2002, apart from options, increments and new members to group policies. Group Life, Group Permanent Health Insurance and Group Critical Illness were closed to new business in 2003.

## **5**

- (1) The following details relate to linked contracts:-

#### **RPI Linked Annuities**

- (a) RPI Linked Annuities.
- (b) Type of contract:
  - United Kingdom business
  - Life Assurance and General Annuity business and Pension business
  - Direct written business and reassurances accepted
  - Non-profit policies
  - Annuity in payment/reversionary annuity
  - Index linked
- (c) Single premium only.
- (d) The amount of annuity payable is linked to the Retail Price Index. Increases are made annually on the policy anniversary, starting one year after the issue date, for both immediate and reversionary annuities. On some policies the increase is limited to a maximum percentage (e.g. 5%).
- (e) There are no guaranteed investment returns.
- (f) Appropriate allowance for the costs of establishing and administering the contracts was included in the premium rates on which the policies were issued.
- (g & h) Not applicable.
- (i) The benefits are determined with reference to the Retail Price Index. The annuity is increased by the annual rate of increase of the Index.
- (j) All features material to the basis and method of valuation have been disclosed.
- (k) The contract is closed to new business apart from annuities resulting from the vesting of existing policies held with the Company.
- (l) Not applicable.

## Wealth Assured Contracts

- (a) Wealth Assured Endowment  
Wealth Assured (Ten + Ten) Endowment  
Wealth Assured Bond (Whole Life)
- (b) United Kingdom, Life, direct, non profit property linked business.
- (c) Wealth Assured Endowment contracts and Ten + Ten contracts are regular premium.  
Wealth Assured Bonds are single premium only.
- (d) Wealth Assured Endowment contracts

Wealth Assured Endowment contracts are Endowment assurances payable at age 65 or on earlier death. 90% of each monthly premium (excluding the policy fee) is invested in units of the Wealth Assured Fund, and the sum payable at maturity or on earlier death is the value of the units allocated to the policy, at the last bid price. At maturity there is an option to continue paying premiums in lieu of taking the cash value. At the end of ten years from the inception of the contract, or any time thereafter, the contract may be terminated and the policy-holder receive a cash sum equal to the value, at the last published bid price, of all units allocated to the contract.

For contracts issued before April 1979 there is a guarantee that at the end of ten years and throughout the eleventh year the sum payable will not be less than 100% of the total premiums paid (excluding the policy fee). This proportion will increase by 1% at each policy anniversary until final maturity.

For later contracts the minimum sum assured payable at the end of ten years for each £10 per month premium (excluding policy fee) is £1000 and this amount increases by £125 for males and £140 for females at the end of each complete year thereafter until final maturity.

### Wealth Assured Ten + Ten contracts

Ten + Ten contracts are ten year endowment contracts with option at the end of the ten years to continue the contract for further periods of ten years.

The sum payable at maturity or on earlier death is the cash value of units allocated to the policy at the last published bid price. There is a minimum payment on death of seven and one half times the annual premium.

At the inception of the contract, there is an option of adding a maturity guarantee under which in return for a reduction of 1% in the percentage of each premium invested, the contract guarantees that the minimum sum payable at the end of ten years is the total of the premiums paid.

### Wealth Assured Bonds

Wealth Assured Bonds are single premium Whole Life assurances under which an amount equal to the whole of the premium is invested in units of the Wealth Assured Fund.

The amount payable on death is expressed in terms of the cash value of the bond, but is always higher than the cash value. For age attained at death up to and including 31, the guaranteed minimum sum payable on death is three times the cash value. For higher attained ages at death, the guaranteed sum payable is a lower multiple of the cash value, for example at age 70 the multiple is 1.03.

- (e) There are certain guaranteed benefits on maturity and surrender as described in (d) and (h).
- (f) The company recovers its costs from the policies as follows:

### Unallocated Premiums

100% of the premium is invested in the case of the Wealth Assured Bond and 90% of each premium (excluding the policy fee) in the case of the Wealth Assured Endowment Policy. Under the Ten + Ten contract a fixed proportion of each premium is invested in units of the Wealth Assured Fund. The proportion varies with the age at inception and examples are given below:-

<u>Age next birthday at inception</u>	<u>Proportion invested</u>	<u>Age next birthday at inception</u>	<u>Proportion invested</u>
20	99%	50	98%
30	99%	60	95%
40	99%	70	84%

If the contract is continued for a further period of ten years, 105% of each premium is then invested regardless of age.

### Management Charges

Under the policy terms the Wealth Assured Fund makes the following provisions for charges and pricing.

All expenses of managing, maintaining, repairing, developing and valuing the assets of the Unit Fund, all mortgages or charges on the assets of the Unit Fund, all loans and all expenses in connection therewith, all interest payable in respect of mortgages or loans on the assets of the Unit fund, such amounts as the Company may from time to time consider to be appropriate for any liabilities of the company in respect of the Unit Fund including but not limited to tax on capital gains or any other tax considered to be relevant by the Company, and an amount not exceeding 1/32% per month calculated on the total value of the Unit Fund as used to determine the offer price may be deducted from the Fund.

### Bid/Offer Spread

The offer price is the value of the Wealth Assured Fund, plus an appropriate addition for the costs of acquiring assets for the Wealth Assured Fund, divided by the number of units in the Wealth Assured Fund, multiplied by 100/95, and rounded up to the next higher 1p (such rounding-up adjustment to accrue to the Company), or such lower amount as the Company may determine. The value of securities quoted on recognised Stock Exchanges is calculated on the basis of the respective lowest market dealing offered prices, and the value of securities not so quoted is calculated on a consistent basis.

The bid price is the value of the Wealth Assured Fund, divided by the number of units in the Wealth Assured Fund, and rounded-down to the next lower 1p (such rounding-down adjustment to accrue to the Company), or such higher amount as the Company may determine. The value of securities quoted on recognised Stock Exchanges is calculated on the basis of the respective highest market dealing bid prices, and the value of securities not so quoted is calculated on a consistent basis.

### Policy Fee

A policy fee applies to the Endowment contract. For policies issued in 1983 this fee was £8 per year or £0.80 per month.

(g) The charges are not subject to variation.

(h) Wealth Assured Endowment contracts

After one year the policy may be surrendered for cash at any time up to the end of the 10th year. After 10 years the early maturity options become available. The surrender

value is based on the bid price of units allocated to the policy. There is a surrender charge equal at the beginning of the second year to 1 1/4% of the guaranteed sum assured plus £15. This charge reduces by level amounts on payment of each premium to nil at the end of the sixth year.

#### Wealth Assured Ten + Ten contracts

The surrender value is based on the bid price of units allocated to the policy. Surrender values taken between one and five years are subject to a charge of 30% of the first year's premium. This charge then reduces by half a percent per month over subsequent years.

#### Wealth Assured Bonds

On surrender the cash value of the bond is the value of the units allocated at the last published bid price, subject to a provision that if the bond had been in force for ten years and no part of it had been cashed or withdrawn, the cash value is guaranteed to be not less than 125% of the original single premium; this guarantee increases to 200% after 20 years and 300% after 30 years. Reduced guarantees apply if part of the bond has been cashed.

- (i) Notionally invested in units of the Wealth Assured Fund. The Wealth Assured Fund is a mixed fund of equities, property and fixed interest securities and is a separately identified account maintained by the Company as part of its Life Assurance Fund. With effect from 14th May 1986 the assets of this Fund were transferred to the Managed Fund of Sun Alliance Linked Life Assurance Limited (SALLI) (now part of Royal & Sun Alliance Linked Insurances Limited) under a reinsurance agreement. The value of each Wealth Assured unit is determined by reference to the assets of the Royal & Sun Alliance Linked Insurances Limited (SALLI) Managed Fund after levying the rate of charge applicable to the Wealth Assured Fund as described in (f).
- (j) All features material to the basis and method of valuation have been disclosed.
- (k) The Wealth Assured contracts are not open to new business.
- (l) There have been no increases in charges during the year to the valuation date.

#### **Contracts Reassured from Save and Prosper Insurance Limited**

- (a) Group Reinsurance (Save and Prosper).
- (b) United Kingdom, Life, Reassurance accepted, non profit property linked business
- (c) Regular premium.
- (d) The Company accepts reassurances, on original terms, of policies issued by Save and Prosper Insurance Limited, where sums assured are related to the value of shares in various open ended investment companies of JP Morgan Fleming.

Under the Save and Prosper Insurance Limited contracts the policyholder pays premiums of which a proportion is notionally applied to purchase relevant shares. The net cash distributions of the notional fund are applied to purchase further shares and the purchase of shares takes place on a fixed day of each month.

The benefit payable at maturity for endowment assurances is an amount equal to the value of the shares credited to the policy, less a deduction in respect of tax on capital gains, together with any amount required to make up the guaranteed minimum maturity benefit where there is such guarantee. On previous death, the benefit is an amount equal to the value of the shares credited to the policy, less a deduction in respect of tax on capital gains, together with an amount equal to the total of all future premiums which would have been payable had the contract continued to maturity and any amount required to make up the guaranteed minimum death benefit where there is such guarantee.

The benefit payable on death for whole life assurances is equal to the value of the shares credited to the policy less a deduction for the tax on capital gains, plus a sum equal to two hundred times the monthly premium, less the premium paid to the date of death, plus such amount (if any) as is required to bring the total to two hundred times the monthly premium.

- (e) The endowment contract guarantees that on death or maturity the total sum payable will be at least equal to a certain percentage of the total premiums that would have been payable over the whole term of the policy. For endowment assurances effected before May 1970, the percentage is 75% and is applicable to the sum payable on death, but for endowment assurances effected on or after May 1970, the percentage varies from 75% to 100% depending on the term of the policy and the open ended investment company, and is applicable to the sum payable on death or at maturity.
- (f) The Company recovers its costs from the policies as follows:

Unallocated Premiums

On average 95% of premiums is invested in respect of contracts reassured from Save and Prosper Group Limited.

Share Price

The Company retains the discount obtained on the purchase of shares as described in paragraph 5(6) below.

Any regular management charge is retained by Save and Prosper.

- (g) Charges levied by the Company are fixed.
- (h) On surrender a cash sum is payable, equal to the value of the shares in the open ended investment company on the date on which the Company receives notice of surrender, less the Tax Deduction and less a deduction at the Company's discretion not exceeding one monthly contribution.
- (i) The benefits under reassurances from Save and Prosper Insurance Limited are linked to the following open ended investment companies of the JP Morgan Fleming:

JPMF Global Financials	JPMF Japan Fund
JPMF Investment Trust	JPMF Asia Fund
JPMF Global Fund	JPMF Premier Equity Growth Fund
JPMF Premier Equity Income	JPMF UK Smaller Companies Fund
JPMF U.S. Fund	JPMF Europe Fund
JPMF Natural Resources	

- (j) All features material to the basis and method of valuation have been disclosed.
- (k) The contracts are not open to new business.
- (l) There have been no increases in the Company's charges during the year to the valuation date.

**Contracts Reassured from Royal & Sun Alliance Linked Insurances Limited**

- (a) Group Reinsurance (Royal & Sun Alliance Linked Insurances Limited - RSALI).
- (b) United Kingdom, life, reassurance accepted, non profit property linked contracts as follows:

Haven Plan (Whole Life)	Endowment Assurance Plan
Acorn Plan (Endowment)	Whole Life Policy
Equity Endowment Assurance Plan	Life Bond (Whole Life)
Single Premium Bond (Whole Life)	

- (c) Haven Plan - Regular premium  
Acorn Plan - Regular premium  
Equity Endowment Assurance Plan - Regular premium  
Endowment Assurance Plan - Regular premium  
Whole Life Policy - Regular premium  
Life Bond - Single premium  
Single Premium Bond - Single Premium

- (d) The Company accepts reassurances, on original terms, of Whole Life and Endowment Assurances written by RSALI where sums assured are related to the value of shares in various open ended investment companies of JP Morgan Fleming. Under these contracts the policyholder pays premiums of which a proportion is notionally applied to purchase relevant shares. The net cash distributions of the notional fund are applied to purchase further shares. The Plan Value referred to below is the value of the shares credited to the policyholder's account less a deduction in respect of tax on capital gains.

The Equity Endowment is for terms from ten to forty-five years with a maximum maturity age of 70 for males or 73 for females. On maturity the sum payable is equal to the Plan Value. On death the sum payable is equal to the Plan Value plus a sum equal to the premiums which would have become due between death and maturity. For any policy issued after 19th March 1968 there is a guarantee that the sum payable on death will not be less than 75% of the total premiums which would have been paid over the whole term of the policy. There is an option to extend the term of the policy beyond the maturity date but in this event the policy becomes paid-up on the maturity date and no further premiums are payable.

The Life Bond and the Single Premium Bond are whole life policies under which the sum payable on death is equal to the greater of a given multiple of the single premium and the Plan Value.

The term for an Endowment Policy may be from ten to fifty years provided the maturity age does not exceed 70. On death the sum payable is equal to the Plan Value plus a sum equal to the amount which would have been notionally invested in the shares out of the premiums due between death and maturity.

For the Whole Life Policy an option date is selected at least ten years after entry and normally at age 70. The premiums which cease on the option date are the same as for the Endowment Policy. The sum payable on the option date or on death is calculated in the same way as for the Endowment Policy on maturity or death.

For the Endowment Policy and the Whole Life Policy there is a guarantee that the sum payable on death or maturity shall not be less than the total amount to be invested in shares over the whole term of the policy.

The Acorn Plan is an endowment plan for a term of ten years or more expiring on or before age 70. On maturity the sum payable is equal to the Plan Value. This sum is guaranteed to be not less than the total amount of premiums paid. There is an option to continue paying premiums for a further term in lieu of taking the cash value. On death the sum payable is equal to the total premiums which would have been paid during the whole term of the policy plus a sum equal to the amount by which the Plan Value exceeds the amount of the premiums paid before death.

The Haven Plan is a whole life plan with limited premiums. Premiums may cease at age 75, 80 or 85. On death the sum payable is equal to the guaranteed minimum sum selected by the policyholder plus a sum equal to the amount, if any, by which the Plan Value exceeds the total premiums paid up to the date of death.

- (e) Certain amounts of benefits are guaranteed on death as described in (d) above.
- (f) The Company recovers its costs from the policies as follows:



### Unallocated Premiums

For years after the first year of the contract, specimen percentages of premiums invested in shares in respect of contracts reassured from RSALI are:-

ACORN PLAN				ENDOWMENT AND WHOLE LIFE			
Age at Entry	TERM			TERM OR PREMIUM TERM			
	10 years	20 years	30 years	10 years	20 years	30 years	
30	95%	94%	92%	93%	95%	93%	
40	94%	92%	85%	93%	93%	86%	
50	92%	85%		91%	86%		
60	85%			84%			

  

EQUITY ENDOWMENT				HAVEN PLAN		
Age at Entry	TERM			AGE WHEN PREMIUMS CEASE		
	10 years	20 years	30 years	75 years	80 years	85 years
30	98%	98%	98%	84%	80%	75%
40	98%	98%	92%	81%	76%	68%
50	98%	92%		79%	69%	60%
60	92%			78%	68%	63%

For the first year of the contract the amount of the premiums invested in shares is 25% less than the amount of the premiums invested in subsequent years in the case of the Acorn Plan, Endowment and Whole Life; is respectively 7½%, 5% or 2½% less for the Equity Endowment according as the sum assured is in the range up to £4,999, from £5,000 to £9,999, or £10,000 and above; and is less by 1% of the sum assured for the Haven Plan.

### Share Price

The Company retains the discount obtained on the purchase of units as described in Paragraph 5(6) below. Any regular management charge is retained by Save and Prosper.

- (g) Charges levied by the Company are fixed.
- (h) The surrender value is calculated as the value of units surrendered less any deduction that the Company shall be entitled to take in respect of tax.
- (i) The benefits under reassurances from RSALI (except for the Equity Endowment) are linked to the following open ended investment companies of JP Morgan Fleming:

JPMF Global Financials	JPMF Global Fund
JPMF Premier Equity Income	JPMF Natural Resources

The Equity Endowment is linked to the Ebor Equity Endowment Fund which is an internal linked fund.

- (j) All features material to the basis and method of valuation have been disclosed.
- (k) The contracts are not open to new business.
- (l) There have been no increases to the Company's charges during the year to the valuation date.

- (2) None of the linked contracts contains a with profit option.
- (3) The policies referred to as 'miscellaneous' in Form 53 - UK Business are endowment policies under which the following benefits are payable: on maturity, the value of the units; on earlier death, the greater of the sum assured or the value of units.

On average 94% of premiums is invested.

There are no internal funds.

The benefits are linked to the following unit trusts:

JP Morgan Fleming American Equity	Lloyds TSB sterling Bond
Invesco G T Continental European	Barclays Pacific Equity
Invesco G T Bond	Barclays International Equity
Invesco G T Investment	Barclays U.K. Equity
Invesco GT US Equity	Investec SF £ Money Fund
Jardine Fleming Pacific Securities	Fidelity Funds UK
Investec SF USD Money Fund	

- (4) The Ebor Equity Endowment Fund is an internal linked fund consisting of a mixed fund of open ended investment companies of JP Morgan Fleming and cash on deposit.

Unit prices are calculated monthly. Offer prices are calculated having reference to the prices of the underlying open ended investment companies. Bid prices are calculated by reference to the prices of the underlying open ended investment companies. Allowance is also made for the interest received on cash on deposits and any appropriate deductions permitted by the policy condition. The values of the fund so determined are divided by the number of units in issue to obtain the offer and bid prices.

- (5) No provision for tax on realised or unrealised capital gains were made within the internal linked fund during the report period.
- (6) The following discounts are received by the Company on the purchase of shares from open ended investment companies in respect of reassurances:

Save and Prosper Reassurances	All funds	5%
RSALI	All funds	5%

A discount of approximately 5% is received by the Company on the purchase of units in respect of the miscellaneous contracts described in (3) above.

Policyholders do not benefit from these discounts.

## 6

- (a) The company holds a number of swap contracts.

The swap contracts (both assets and liabilities) are incorporated within the fixed interest portfolio for the purposes of determining a valuation rate of interest. Specifically we:

- (i) Calculate the cashflows that the swaps will produce if future interest rates are in accordance with the LIBOR forward yield curve at the valuation date.
- (ii) Calculate the cashflows arising from the fixed interest portfolio if held to redemption.

- (iii) Find the overall yield on the fixed interest portfolio by equating the cashflows in (ii) to the market value of the fixed interest assets.
  - (iv) Find the overall yield on the combined fixed interest and swap portfolio by equating the cashflows in (i) and (ii) to the market value of the swaps plus the fixed interest assets.
  - (v) The difference between the yields in (iii) and (iv) shows the impact on yield of folding the swaps in with the fixed interest portfolio.
- (b) It is considered that the margins in the valuation basis are sufficient to allow for the Company's duty to treat customers fairly and are consistent with the custom and practice of the Company in the manner and timing of the distribution of surplus.
- (c) **Individual Policies**

The gross premium method was used to value without profit Whole Life and Endowment Assurances, and Level Term, Convertible Term and Decreasing Term Assurances. Gross premiums were reduced by the greater of the amount of renewal commission and 2.5%. In addition there is an annual loading of £25.57 per policy for all contracts. The reserves thus calculated were then increased to provide for:

- (i) Term Assurances issued on below average lives and other special risks - the additional reserve being not less than one year's additional premium
- (ii) inflation at approximately 6.4 % per annum of the per policy expense amount of £25.57 .

With-profit Endowment and Whole Life contracts were valued using the net premium method. In addition there is an annual loading of £25.57 p.a. per policy. The allowance for expenses provides for the escalation of per policy expenses at approximately 6.4% per annum.

Endowment and Whole Life Policies on below-average lives subject to a debt on the sum assured were valued as normal risks for the full sum assured. Where an increased premium is payable on account of health or other special risks, the normal reserve was increased by at least one year's extra premium.

For Permanent Health Insurance the gross premium method was used in the valuation of individual policies. Gross premiums were reduced by the greater of the amount of renewal commission and 2.5%. In addition there is an annual loading of £25.57 per contract. Any waiver of premium benefits are brought into the calculation of the reserves as an addition to the sum assured.

The reserves thus calculated were then increased to provide, inter alia, for

- (i) extra premium payable on account of health or occupation. Policies carrying an extra premium have an additional reserve of 9.75 years' extra premium;
- (ii) an additional reserve making full provision for claims in payment on the valuation date;
- (iii) the inclusion of additional reserves for claims incurred but not yet reported and claims notified but not yet accepted; and
- (iv) inflation at approximately 6.4% per annum of the annual per policy expense allowance of £25.57 per contract.

Two rates of interest are shown for Permanent Health Insurance contracts in Form 51. The first is the interest rate used in calculating the reserve for claims in payment, and the second is the rate used in calculating the reserve for policies which are not claims in payment at the valuation date.

The liability in respect of benefits on contracts reassured from Sun Alliance and London Assurance Company Limited (SALAC), as described in paragraph 4(c). D.4, is taken as three months' risk premiums in respect of these benefits, as charged to policyholders by SALAC. (SALAC pays Phoenix 87.5% of these risk premiums in respect of life cover reassurances, and 91% of these risk premiums in respect of reassurances of the Living Benefit and Medical Expenses Benefit on Universal Protection Plan).

The liability in respect of Progressive Protection contracts is taken as one year's office premium in respect of life cover, and one and a half years premium in respect of critical illness cover.

The liability for Flexible Mortgage Protection contracts is taken as three and a half years' office premium in respect of life cover, and four years premium in respect of critical illness cover.

The liability for Pension Plans was:

- (i) the total Pension Accounts; plus
- (ii) an allowance (included in Group Term Assurances) for any death in service benefits provided under the Executive Pension Plan; plus
- (iii) an allowance to provide for investment guarantees; plus
- (iv) an annual per policy expense of £25.57 for the Pension Plan for the Self Employed, the Executive Pension Plan and the Voluntary Pension Plan, inflating at 6.4% p.a..

Annuities in payment have been valued by using a discounted cashflow method. The gross premium method was used in the valuation of reversionary annuities. The liability for these classes of annuities was obtained by deducting from the present value of annuities the present value of future office premiums, with an allowance for future expenses. Allowance was made where annuity payments are guaranteed for a minimum number of years.

The gross premium method was used to value without profit deferred annuities. In addition there is an annual loading of £12.02 per contract inflating at 6.4% per annum for annuities in payment and deferred annuities.

The gross premium method was used to value the whole life assurance element of Trustees Protected Portfolio, with the sum assured fixed at the level given by an immediate 25% fall in the value of the associated unit trust investment.

For risk premium reassurances, an additional reserve has been established to cover the cost of reimbursing policyholders where premiums for risk benefits have been overpaid.

For Permanent Health Insurances, an additional reserve has been established in respect of claims notified but not yet accepted.

The Company participates in a retrocession pool whereby certain risks are automatically accepted by the Company. An additional reserve has been established to cover this liability.

### **Group Policies**

The gross premium method was used to value without profit deferred annuity policies issued under standard group pension schemes. In addition there is an annual loading of £12.02 per contract inflating at 6.4% per annum.

For Group Life contracts where recurring single premiums are payable the reserve is not less than that part of the premium representing the unexpired risk together with a premium deficiency reserve, a reserve for unreported claims and an additional reserve of £0.15 per mille sum assured.

The liability for Growth Funds (all of which are discontinuing schemes) was equal to the total of the surrender value at the discontinuance date accumulated to the valuation date less any claims paid between the discontinuance date and the valuation date.

For UWP Group Pensions the reserves have been calculated as the greater of:

- (i) the discounted value of the guaranteed benefits and, to the extent that their addition increases guaranteed benefits, future annual bonus rates consistent with policyholders reasonable expectations as to level and rate of change in the context of the valuation assumptions
- (ii) the lower of:
  - (aa) the amount that would reasonably be expected to be paid if the policyholder exercised his option to take a cash sum on the valuation date having regard to the representation of the Company, and;
  - (bb) the amount in (aa) disregarding all discretionary adjustments.

An additional reserve equal to three months administration charges is also held.

### **Reassured Contracts**

Business is written under reinsurance treaties with subsidiary and associated companies overseas under which the Company receives a share of the whole business. The liabilities have been calculated on the valuation basis adopted by each ceding company. The liabilities are the amounts which have been deposited with each ceding company as security for the Company's obligation; each reinsurance treaty contains a clause that the mathematical reserve must be deposited with the ceding company.

### **Additional Reserves**

Additional reserves have been included as follows:

- A data contingency reserve of £5.000m.
- Counterparty risk reserves in respect of the Company's policy administration and investment management outsourcing arrangements, totalling £0.956m.
- A non-specific compensation reserve of £4.342m

### **Risk Margin on Reassurances Ceded**

Additional reserves are also held in respect of the counterparty risk associated with reassurances ceded. No reserve is held in respect of internal reassurances with other companies in the Royal and Sun Alliance Group. For external reassurances a risk margin is taken depending on the credit rating of the reinsurer using similar adjustments to those described in paragraph 21(2) in respect of non approved fixed interest securities and taking account of the outstanding term of the business covered by the reinsurance.

- (d) Negative reserves have been eliminated.
- (e) An additional bonus reserve of £12.880m has been set up in respect of with profit life policies. This amount when taken with the implicit margins in the valuation basis is

considered sufficient to provide for policyholders reasonable expectations for reversionary bonus rates. As described above for accumulating with profits policies the reserves are calculated to be sufficient to provide for future reversionary bonuses at rates which would be consistent with reasonable expectations of policyholders were the experience to follow the valuation assumptions.

(f) Provision has been made within Line 21 Form 14 of Appendix 1 for the prospective liability for deferred taxation, including tax on unrealised capital gains, calculated in accordance with Financial Reporting Standard 19 "Deferred Tax". It was not considered necessary to make any further provision for deferred tax in the long-term insurance business liabilities.

(g) The total reserve for maturity and surrender guarantees on the whole portfolio of unit linked business is £0.993m. This is calculated using the Barrie & Hibbert stochastic investment model to assess the market value of the guarantees.

There is a loan agreement with Royal & Sun Alliance Linked Insurances Limited under which the Company pays interest based on building society mortgage rates. An additional provision of £2.473m has been made within the long-term insurance business liabilities in respect of this arrangement. This is calculated as 15% of the outstanding amount of the loan.

The reserve for investment guarantees on Pension Plans in 4(1)(b)2 is £6.232m. This is calculated as 15% of the reserves for these contracts.

(h) Where there are options to convert or extend Term Assurances an additional reserve is calculated as the larger of 10% of the normal term assurance reserve and 20% of the office premium except for Renewable Convertible Term Assurance. For Renewable Convertible Term Assurance this reserve is the larger of 20% of the normal reserve and 30% of the office premium

Allowance for the cost of the guaranteed annuity option on Growth funds and the one UWP Group Pension scheme which have retained it has been made on an approximate basis due to the small amounts involved.

## 7

(1) Where applicable, the rates of interest and tables of mortality and morbidity assumed in the valuation are shown in Forms 51, 53 and 54. Where the AM80/AF80 select table has been used the mortality has been assumed to be the following proportions of the tabular rate:

Life Assurances	60% (males)
	79% (females)

Where the TM92/TF92 select table has been used the mortality has been assumed to be the following proportions of the tabular rate:

Term Assurances	84% (males)
	142% (male smoker)
	68% (male non-smoker)
	89% (females)
	142% (female smoker)
	74% (female non-smoker)

Mortality for Deferred Annuities (prior to vesting) is assumed to be 37% AM80 ultimate for males and 49% AF80 ultimate for females.

Mortality for deferred annuities (after vesting) is assumed to be 67% of PMA80 (c=2010) for males and 82% of PFA80 (c=2010) for females.

Where the IM80/IF80 (c=2010) tables have been used for life annuities in payment the mortality has been assumed to be 84.5% of the tabular rate.

For pensions annuities in payment, varying proportions of the tabular rates of mortality from PMA92 for males and PFA92 for females (both ult c = 2020) have been used. The proportions are as follows:

Males	Females
55.75% up to age 70	49.49% up to age 70
55.75% at age 75	56.67% at age 75
74.58% at age 80	82.86% at age 80
79.40% at age 85	82.86% at age 85
85.93% at age 90	88.76% at age 90
85.93% at age 95 and above	88.76% at age 95 and above

Where reversionary annuity benefits are payable to any spouse that may exist at the date of death of the annuitant, it is assumed that 90% are married with the female 3 years younger than the male life.

For individual Permanent Health Insurance the assumed claim inception rates vary by age in the following ranges:

4 week deferred period	between 57.5% and 97.75% of CMIR12 depending on age
13 week deferred period	97.75% of CMIR12 at all ages
26 week deferred period	between 115% and 248.4% of CMIR12 depending on age
52 week deferred period	between 184% and 287.5% of CMIR12 depending on age

These inception rates are for males. For females the rates are increased by 50% for 4 week deferred period, by 75% for 13 week deferred period, by 130% for 26 week deferred period, and by 70% for 52 week deferred period.

Assumed claim recovery rates for Individual Permanent Health Insurance for both males and females vary between 27.75% and 55.5% of CMIR12 depending upon deferred period.

Mortality for Individual Permanent Health Insurance is assumed to be 76.2% TM92 for males and 81.0% TF92 for females.

- (2) All mortality tables shown in Column 3 of Forms 51, 53 and 54 have been published.
- (3) It is considered that the degree of variation of mortality between States does not give rise to a material effect in the valuation and no adjustments have been made to the tables shown in Forms 51, 53 and 54.
- (4) Where the PMA92/PFA92 (c = 2020) tables have been used for pensions annuities currently in payment the tables themselves, plus the proportions of the tables used, have been chosen to allow implicitly for future mortality improvements. Therefore no additional explicit allowance for future improvements in mortality is considered necessary.

Where the IM80/IF80 (c=2010) tables have been used for Life annuities in payment, allowance has been made for future improvements of 1.75% p.a. for males and 1.5% p.a. for females.

Where the PMA80/PFA80 or IM80/IF80 tables have been used for deferred annuities, allowance has been made for future improvements at 2.0% per annum for males and 1.75% per annum for females in deferment and at 1.75% per annum for males and 1.50% per annum for females in possession.

(5) No explicit allowance is made for any possible detrimental impact of significant changes in the incidence of disease or developments in medical science on the mortality and morbidity experience of the Company.

(6) In calculating the resilience capital requirement, the following scenario was the most onerous for assets invested in the United Kingdom:

A combination of:

(i) Equities

The FSA prescribed fall in market value, namely 10%.

Earnings are assumed to fall by 10% and dividends are unchanged.

(ii) Fixed Interest and variable yield securities (other than index-linked securities).

A rise in the yield for all fixed interest securities of 20% of the long-term gilt yield, i.e. a rise of 0.91% in the yield.

(iii) Property

A fall in market value of 20%, together with a fall in rents of 10%.

(iv) Index Linked securities

A 20% rise in real yields.

(7) There are no significant territories outside the United Kingdom.

(8)

(a) The amount of the resilience capital requirement is £2.928m in the Participation Fund and £ Nil in the Non Participation Fund.

(b) The reduction in the aggregate amount of the long term liabilities in the scenario described in (6) and (7) is £9.885m in the Participation Fund and £82.327m in the Non Participation Fund.

(c) The aggregate amount by which the assets allocated to meet such liabilities in the scenario reduces is £12.485m in the Participation Fund and £80.314m, in the Non Participation Fund from the amount of these assets shown in Form 13.

(9) The non linked liabilities denominated in currencies other than sterling are very small compared to the total liabilities and it was not considered necessary to make different interest rate assumptions for these liabilities.

## 8

(a) The proportions of the office premiums reserved for expenses for with profit assurances valued using the net premium method are shown in Column 8 of Form 51. Where an additional allowance for expenses and profits has been made, this allowance has been excluded from the calculation of the proportion.



For non-linked policies valued using a gross premium method allowance has been made for renewal commission and expenses as described in 6(c) above.

(b) The administration of the Company's policies (apart from remaining Group Life policies) has been outsourced to Unisys Insurance Services Limited (UISL). The fees payable to UISL consist of:

- (i) regular payments that are linked to the RPIX and vary directly in proportion to the number of policies in force
- (ii) certain fixed amounts payable in 2003 to 2006.

The assumed per policy costs used in the valuation are as set out in 6(c) and are applied to those policies, increments and benefits which attract a fee under the arrangement with UISL and take account of the costs in (i) above and the costs of the non outsourced activities. The policy counts used for the purposes of the outsourcing agreement are not precisely aligned with the policy counts used to calculate the expense reserves within the valuation system. Hence, the inputs to the valuation system may differ between contract classes even though the fees under the outsourcing agreement may be the same. The valuation calculations are designed to ensure that all anticipated expenses are covered.

An additional reserve to cover the costs in (ii) above together with certain remaining reorganisation costs associated with the closure to new business and the outsourcing has been established. This is described as additional expense reserve.

Provision for the payment of expenses after premiums cease is in accordance with the allowance set out in 6(c).

The charges for Pension Plan contracts referred to in paragraph 4 are considered adequate in each case.

(c) In the case of Progressive Protection Plan and Flexible Mortgage Plan, no explicit reserve is made for future expenses as future premiums are not anticipated in the valuation and it is considered that, based on recent experience and examining projected cashflows, future expenses will be covered by future premium margins. Furthermore, the Company is able to review and amend the policy fee for existing contracts within certain limits.

(d) Future premiums brought into account are in accordance with PRU 7.3.38R.

## 9

(a) The liabilities for unit-linked contracts were taken as the current bid value of the units deemed to have been allotted together with further reserves.

The sterling reserve for Wealth Assured contracts was calculated by projecting the cash flows for future years policy by policy. The projection produces the net cash flow in each year after allowing for the cost of mortality, expenses and the amount invested in units. The outflows are met by -

- (i) The basic premium received.
- (ii) The Bid/Offer spread
- (iii) Management charges on internal funds retained by the Company.

Any excess of outgo over income was discounted to the valuation date and a reserve established so that the net outgo can be met each year without recourse to future finance.

The parameters used in these projections were as follows:

Mortality	:	68% AM80/89% AF80
Fund Growth	:	4.35%
Rate of Interest	:	3.1%
Inflation	:	6.4%
Per policy expenses		
Regular premium policies -		
Ten + Ten Endowments	:	£25.57
Other	:	£25.57
Single premium policies		
and policies where premiums		
have ceased	:	£25.57
Investment expenses	:	0.114%

The sterling reserve for the reinsurance business accepted from Royal & Sun Alliance Linked Insurances Limited was calculated using an approximate method based on the average reserve per policy for the corresponding Wealth Assured policy.

The sterling reserve for the reinsurance accepted from Save and Prosper was calculated using the same basis and methodology as that used by Save and Prosper.

Annuities linked to movements in the general index of retail prices have been valued using the interest and mortality assumptions shown in Columns 2 and 3 of Form 54. The provision for expenses and the allowance for mortality are the same as for other annuity contracts as set out in 7(1) and 8(b) above.

- (b) Explicit provision has been made for meeting future expenses on existing contracts for all main classes of linked business.

## 10

- (1) The explicit per policy or per claim expenses allowed for in the valuation as described in paragraphs 6, 8 and 9 above are assumed to increase at 6.4% p.a. to allow for future inflation
- (2) The aggregate amount of contribution arising during the 12 months following the valuation date from implicit and explicit margins made in the valuation basis is considered to be £6.245m, split as follows:

Per policy expenses	£3.960m
Investment management expenses	£1.293m
Reorganisation / outsourcing initial expenses	£0.992m

This amount is available to cover expenses, profit and other fluctuations and arises from:

- the annual per policy and per claim expenses allowed for in the valuation basis.
- the difference between the office and the net premium on premium paying policies where a net premium valuation method has been used.

- That part of the margin between the risk adjusted yield on the assets and the valuation rate of interest which is considered to be available as an implicit margin for future investment management expense.
- That part of the additional expense reserves in respect of outsourcing that relate to 2005.

The above margins and amounts exclude policies with reviewable premium rates (Group Life, Progressive Protection Plan and Flexible Mortgage Plan). On these contracts future expenses are not explicitly valued as it is considered future premium margins will be sufficient to cover future expenses.

- (3)&(4) The fund was closed to new business during 2002 apart from certain increments, options and new members to group policies. As a result it is not anticipated that any material future new business costs will be incurred and all expected costs associated with the closure in 2002 have already been provided for. Therefore, it is not considered necessary to hold an additional reserve in respect of future closure costs.

## 11

The mathematical reserves (other than liabilities for property linked benefits) after distribution of surplus are made up as follows:

	<b>Liabilities</b>	<b>Assets</b>
	<b>£m</b>	<b>£m</b>
Sterling	916.000	916.000
Other currencies	4.930	

The proportion of the net liabilities (other than liabilities for property linked benefits) reported in the 'other currencies' heading matched by assets in the same currency is over 99%.

## 12

- (1) For reinsurance ceded on a facultative basis no premiums were payable to reinsurers not permitted to carry on business in the United Kingdom during the period since the previous investigation.
- (2) The table below details answers for each reinsurance treaty where the Company was the ceding insurer and under which business is in-force at 31st December 2004.
- (a) The name of the reinsurer.
- (b) Whether the reinsurer is authorised to carry on insurance business in the UK.
- (c) Whether the Company and the reinsurer are connected.
- (d) Nature and extent of the cover under the treaty.
- (e) Premiums payable by the Company in the treaty during 2004.

<u>Reinsurer</u>	(a)	(b)	(c)	(d)	(e)	
			<u>Type of Business</u>	<u>Type of Reinsurance</u>	<u>Extent of Cover</u>	<u>£ Premiums</u>
Royal & Sun Alliance Linked Insurances Ltd	Yes	Yes	Wealth Assured	All unit liabilities plus portion of death risk	No maximum	590,378

Sun Alliance & London Assurance Co Ltd	Yes	Yes	Progressive Protection Plan (reassurance accepted)	Risk Premium Life and Critical Illness	First surplus up to £400,000 (life) and £250,000 (critical illness)	1,141,202
			Universal Protection Plan	Risk Premium Life Cover	First surplus up to £400,000	
			Mortgage & Regular Savings Plan	Risk Premium Life Cover	First surplus up to £400,000	
			Pension contracts in 4(1)(c)D4(a)	Risk Premium Life Cover	First surplus up to £400,000	
Royal & Sun Alliance Life & Pensions Ltd	Yes	Yes	Progressive Protection Plan (direct written)	Risk Premium Life and Critical Illness	First surplus up to £400,000 (life) and £250,000 (critical illness)	568,469
Munich Reinsurance	Yes	No	Progressive Protection Plan (direct written and reassurance accepted)	Original Terms Life Cover Only	A 20% share of second surplus up to £375,000	533,240
GE Frankona	Yes	No	Progressive Protection Plan (direct written and reassurance accepted)	Original Terms Life and Critical Illness	An 80% share of second surplus up to £1,875,000 (life) and 100% second surplus up to £500,000 (critical illness)	1,173,604
Swiss Reinsurance	Yes	No	Individual Permanent Health Insurance	Original Terms	First surplus up to £400 per week (higher for Executive and Keyman)	209,312
			Term Assurances (various treaties)	Original Terms	First surplus up to a maximum of £400,000.	

(f) There are no amounts deposited back at the valuation date under any of the treaties.

(g) No provision has been made under any of the treaties for any liability of the company to refund any amount of reinsurance commission in the event of the lapse or surrender of

the contracts. Where such a liability exists, then the refund of commission will be more than offset by the return of the premium from the reinsurer.

- (h) Following the closure of the Company to new business all of the treaties are closed to new business apart from that arising from new members, increments and options on existing policies.
  
- (3) The Company has no undischarged obligations under financing arrangements and no provision was considered necessary in the valuation.

## 13

- (1)(a) A separate Form 40 for the Participation Fund is provided within these returns. There are no linked assets in the Participation Fund.
  
- (b) A separate Form 14 for the Participation Fund is provided within these returns.

## 14

- (1) The constitution of the Company provides that the holders of Participation policies are entitled to receive the whole of the divisible profits arising from the Participation Fund, and that the divisible profits arising from the Non-Participation Fund belong to the shareholders.

Statements regarding the principles for the distribution of surplus made in policies and advertisements issued by the Company have been consistent with the above.

The Company does not issue With Profits Guides in accordance with the rules of the Financial Services Authority as it does not currently write new direct with profits business.

The Company published its Principles and Practices of Financial Management in 2004, in accordance with FSA regulations. These describe in detail the management of the with-profits business issued by the Company, and how the amounts payable under such policies are determined.

- (2)(a) The Participation Fund is defined as that part of the long term fund which is deemed to be held in respect of policies which, according to the Company's records are written in the Participation Fund. Up until 31 December 2002 this partition was on the basis of a notional segregation of the assets of the long term fund. From this date onwards separate assets have been appropriated for the Participation Fund

The amount of the Participation Fund is determined each time an actuarial investigation is carried out under Rule 9.4. The amount of the fund is reported on a separate Form 14.

Prior to 31 December 2002, immediately following each actuarial investigation the underlying notional asset mix for the Participation Fund was rebalanced to bring it into line with the target asset mix. The target asset mix was set having regard to the guarantees provided by the fund, the amount of free assets within the fund and the representations made to policyholders.

The investment income and appreciation attributed to the Participation Fund was then determined by reference to the notional asset mix for the Participation Fund and the

investment returns achieved upon each asset category within the long term fund as a whole.

From 1 January 2003 the investment income and appreciation attributed to the Participation Fund is determined by reference to the actual assets appropriated to the Fund.

The expenses allocated to the Participation Fund are that part of the expenses of the long term fund as a whole which are deemed to have been incurred in respect of policies written in the Participation Fund. These expenses are determined by an analysis of the costs associated with the departments within the Company which handle the business written by the Participation Fund, and the costs under a third party administration agreement in respect of the business written by the Participation Fund.

The commissions allocated to the Participation Fund are the actual commissions payable in respect of policies and reassurances written by the Participation Fund.

The premiums allocated to the Participation Fund are the actual premiums in respect of policies and reassurances written by the Participation Fund.

The claim amounts paid by the Participation Fund are the actual claim amounts incurred under the policies or reinsurance agreements written by the Participation Fund.

The amount of tax attributed to the Participation Fund is based upon a calculation of the amount of tax that would be payable were the fund to be a separate entity for tax purposes.

- (b) There is a small amount of non-profit business within the Participation Fund. The volume and nature of this business can be seen on Form 51 as separate Forms 51 and 52 are shown for Participation Fund business (there being no business in the Participation Fund to be reported on Forms 53 and 54). Any profits or losses arising from this non-profit business form part of the Participation Fund.
- (c) The assets of the Participation Fund are shown on separate Forms 13, 48 and 49 in these returns
- (d) There is no specified minimum or maximum levels of free reserves to be maintained by the Participation Fund.
- (e)(i) Discretionary benefits are allocated to policyholders by reference to asset share techniques. Items taken into account in the asset share calculations include appropriate allowance for:
  - (a) The actual investment returns achieved on the investments backing the with profits policies (taking account of both income and increases or decreases in the value of the investments). The asset shares are currently deemed to be invested according to the following asset mix:

	<u>Life Policies</u>	<u>UWP Group Pensions</u>
Fixed Interest	32%	35%
UK Equities	46%	42%
Overseas equities	15%	12%
Property	7%	11%

- (b) The levels of new business and maintenance expenses incurred (but in certain instances expense overruns are ignored).

- (c) The scales of commission which have applied (including reinsurance commission).
- (d) The rates of taxation of investment returns including taxation of capital gains.
- (e) The rates of tax relief on expenses.
- (f) The cost of life cover and other risk benefits.
- (g) The cost of providing options and guaranteed benefits.
- (h) Miscellaneous surplus including that arising from the small amount of non-profit business in the Participation Fund.

For maturing with profits policies the broad aim has been that benefits allocated to policyholders should be such that payouts are about equal on average to the target percentage of asset share but with adjustments for smoothing to avoid undue fluctuations in payouts from year to year.

In recent years the target percentage of asset share for life policies (both direct written and reassurances accepted) has been significantly higher than 100% due to the strength of the fund and reflecting that payouts have generally not been cut as a result of recent poor market performance. The target percentage for life policies is 450% with effect from 1 January 2005.

The target percentage of asset share for the pensions reassurances accepted is currently 100%.

- (e)(ii) The normal smoothing rules which are applied within the fund are that bonus rates will be reviewed at least annually but normally more frequently with a maximum change in payout of 5% at any one review and subject to a maximum change of 15% over any 12 month period.

Smoothing is normally carried out by looking forwards to the expected trend in future payouts as well as looking backwards at changes in payouts over the last 12 months.

During 2004 the normal smoothing rules have not been applied in respect of the life policies (both direct written and reassurances accepted). Payouts have been increased by more than 15% reflecting the strong financial position of the fund and the good equity market performance.

At 31 December 2004 payouts on life policies were in a range around 363% of asset share depending upon the term. Terminal bonus rates were increased at all terms from 1 January 2005 with an increased target of 450% of asset share.

- (e)(iii) Normal smoothing rules were applied in respect of pensions reassurances. On life policies a significant proportion of the total payout on maturity is represented by terminal bonus. It is currently intended that this practice will continue. Changes to annual bonus rates would normally take account of any material change in yields on approved fixed interest securities of appropriate duration.

Annual bonus rates on Unitised With Profits Group Pensions policies are set such that, on the basis of reasonable best estimates of future investment returns and expenses, a target amount of terminal bonus will emerge over the longer term. For this purpose we use the risk free yield on approved fixed interest securities as a guide, with additions to this yield being made in respect of the proportion of the assets held in other types of assets where a long term yield in excess of the risk free rate is anticipated. Currently we use a long term target terminal bonus of 2% for each year of investment but, in the short term, terminal bonus rates can be very different to reflect the actual experience.

When a policy is surrendered, allowance for the basic benefit and existing bonuses attaching to the policy is made when calculating the surrender value. Some allowance for terminal bonus may also be included in the surrender value, depending on the

duration in force at the date of surrender. Surrender values on life policies reflect that target maturity payouts are currently significantly in excess of asset share. On Unithised With Profits Group Pensions policies a Market Value Reduction may be applied in the case of full or partial discontinuances or special benefit enhancements if the asset share is less than the face value of the units.

Surrender values are usually expected to provide a lower rate of return to policyholders than corresponding maturity values.

The Company's surrender value policy is not subject to frequent change but is kept under review and may be amended, particularly in the light of changes in financial conditions.

For claims arising by death the guaranteed sum assured and attaching annual bonuses is paid together with a terminal bonus consistent with that applying to a comparable maturing in-force policy.

- (e)(iv) Terminal bonus varies according to the year of commencement as a with profits contract to ensure appropriate and equitable treatment between different groups of policies.

A higher target percentage of asset share is used for calculating payouts on life policies compared to pensions policies. This reflects past practice and is considered equitable given that the life business has been longer established in the fund than the more recent pensions business.

None of the divisible profits arising in the Participation Fund are attributed to the Non Participation Fund or to the shareholder funds of the Company.

The Company believes that it is fair that the Participation Fund bears its share of any overheads and expense overruns to the extent that these can reasonably be attributed to the business written in the fund.

- (e)(v) Where the Participation Fund has written business as with profits reassurances accepted, it treats such business in a similar manner to direct written business for the purposes of determining the discretionary benefits to be allocated.

- (3) The Company carries out periodic calculations, at least annually but normally more frequently, of the asset shares for typical specimen maturing life policies. The target payouts on these policies is then compared with the actual payouts based on actual terminal bonus rates. Projected asset shares are also calculated for typical specimen policies expected to mature over the next 5 years. This information is then used as a basis for deciding whether bonus rates should be changed in accordance with the aims described in (2) above.

Asset share calculations for UWP Group Pensions are carried out quarterly and terminal bonus rates and/or market value reductions would normally be changed every three months.

- (4) None.

## 15

The rate of reversionary bonus declared on life policies at 31<sup>st</sup> December 2004 was 3% of the sum assured plus 6% of existing bonuses.

The rate of annual bonus on unithised with profits Group Pensions reassured from SALAC remained unchanged throughout the year at 1.0%.

No conditions attach to the allocation of bonus concerning the number of years premiums to be paid before a bonus vests.



## 16

Terminal Bonuses are paid on maturities, death claims and surrender claims for Life contracts entitled to reversionary bonuses. The cost of these bonuses is met as it arises each year and no specific provision for future payments has been made in the valuation. Rates of Terminal Bonus depend upon the year of entry as a participating assurance and are altered from time to time in the light of current financial conditions. The following scale was in force on 1st January 2005 for maturities and death claims.

<u>Year of commencement as a with-profits contract</u>	<u>Terminal Bonus per £1,000 basic sum assured</u>	<u>Year of commencement as a with-profits contract</u>	<u>Terminal Bonus per £1,000 basic sum assured</u>
	£		£
1960 and earlier	47,090	1985	7,310
1965	42,010	1990	6,010
1970	31,330	1995	4,290
1975	18,550	2000	2,200
1980	11,870	2001 and later	0

Interim bonus under those policies entitled to such a bonus will be payable until further notice at the rate shown in 15 and Terminal Bonuses will be payable at the rates in force at the time.

Terminal bonus rates on UWP Group Pensions vary depend on the quarter in which units were purchased. The rates in force at 1 January 2005 are as follows:

<u>Quarter Commencing</u>	<u>Terminal Bonus Rate</u>	<u>Quarter Commencing</u>	<u>Terminal Bonus Rate</u>
1st July 1998 or earlier	0%	1st Oct 2002	23%
1 <sup>st</sup> Oct 1998	8%	1st Jan 2003	20%
1st Jan 1999 to 1st Jan 2001 (inc)	0%	1st April 2003	25%
1st April 2001	2%	1st July 2003	16%
1st July 2001	3%	1st Oct 2003	14%
1st Oct 2001	12%	1st Jan 2004	8%
1st Jan 2002	5%	1st April 2004	7%
1st April 2002	5%	1st July 2004	6%
1st July 2002	12%	1st Oct 2004	4%

## 17

See Form 46.

## 18

See Form 47.

## 19

See Forms 48 and 49 and the information in the notes to these returns provided under Rule 9.29.

## 20

- (1) See Forms 51, 53 and 54.
- (2) There are no deposit back arrangements for unit liabilities.
- (3) Where the unit liabilities for Wealth Assured policies shown are wholly reassured to Royal & Sun Alliance Linked Insurances Limited the provisions of PRU 4.2.57R have been complied with in accordance with published guidance in relation to the liabilities so reinsured.

## 21

21. (1) See Form 57.
- (2) The yield on assets other than equity shares and land was reduced in accordance with PRU 4.2.41R by a percentage of that yield as follows:

### Fixed Interest

Approved Securities  
Other Securities

Nil  
A deduction from the yield dependent on the credit rating of the security per the table below:

Rating	Deduction (d)
Sovereign	0.00%
Aaa	0.08%
Aa	0.12%
A	0.24%
BBB	0.65%
BB	2.53%
B	7.22%
CCC	No value

i.e. amended yield is  $y - d$  where  $y$  is the unadjusted yield

### Variable Yield

Approved Securities

Nil

All other assets producing income

Reduction of 0.5% (r) of the yield

i.e. amended yield is  $y \times (1 - r)$  where  $y$  is the unadjusted yield

- (2) The yield on equity shares and land was reduced by 2.5% of that yield in accordance with PRU 4.2.33R.

## 22

See Form 58.

## 23

See Form 60.

There is no Supplementary Accident and Sickness Insurance business and hence Form 61 has not been prepared.

## Long term insurance business : Summary of changes in ordinary long term business

Name of insurer **Phoenix Assurance Limited**

Global business

United Kingdom business

Non-linked

Financial year ended **31st December 2004**

		Company registration number		GL/UK/CM	Period ended			Units	UK/OS	NL/LN	
		R46	71805		GL	day	month				year
						31	12				2004
		£000	UK	NL							
		Life assurance and general annuity		Pensions business		Permanent health		Other business			
		No of contracts	Annual premiums	No of contracts	Annual premiums	No of contracts	Annual premiums	No of contracts	Annual premiums		
		1	2	3	4	5	6	7	8		
In force at beginning of year	<b>11</b>	91538	36868	13960	2755	48456	22944				
New business and increases	<b>12</b>	44	1609	393	2	4	458				
Net transfers and other alterations 'on'	<b>13</b>	277	488	154	11	68	226				
Total 'on' (12+13)	<b>19</b>	321	2097	547	13	72	684				
Deaths	<b>21</b>	431	85	143	6	2	4				
Other insured events	<b>22</b>	9	11			1	22				
Maturities	<b>23</b>	249	15	69	4						
Surrenders	<b>24</b>	206	59	198	14						
Forfeitures	<b>25</b>	5837	2832	207	55	5443	1574				
Conversions to paid-up policies for reduced benefits	<b>26</b>		338		68		14				
Net transfers, expiries and other alterations 'off'	<b>27</b>	6065	1819	1110	962	548	738				
Total 'off' (21 to 27)	<b>29</b>	12797	5159	1727	1109	5994	2352				
In force at end of year (11+19-29)	<b>39</b>	79062	33806	12780	1659	42534	21276				

## Long term insurance business : Summary of changes in ordinary long term business

Name of insurer **Phoenix Assurance Limited**

Global business

United Kingdom business

Linked

Financial year ended **31st December 2004**

		Company registration number		GL/UK/CM	Period ended			Units	UK/OS	NL/LN	
		R46	71805		GL	day	month				year
						31	12				2004
		£000	UK	LN							
		Life assurance and general annuity		Pensions business		Permanent health		Other business			
		No of contracts	Annual premiums	No of contracts	Annual premiums	No of contracts	Annual premiums	No of contracts	Annual premiums		
		1	2	3	4	5	6	7	8		
In force at beginning of year	<b>11</b>	5483	992	4							
New business and increases	<b>12</b>										
Net transfers and other alterations 'on'	<b>13</b>	61	3								
Total 'on' (12+13)	<b>19</b>	61	3								
Deaths	<b>21</b>	46	7								
Other insured events	<b>22</b>										
Maturities	<b>23</b>	183	20								
Surrenders	<b>24</b>	195	54								
Forfeitures	<b>25</b>										
Conversions to paid-up policies for reduced benefits	<b>26</b>		5								
Net transfers, expiries and other alterations 'off'	<b>27</b>	281	46								
Total 'off' (21 to 27)	<b>29</b>	705	132								
In force at end of year (11+19-29)	<b>39</b>	4839	863	4							

## Long term insurance business : Summary of changes in ordinary long term business

Name of insurer **Phoenix Assurance Limited**

Global business

Overseas business

Non-linked

Financial year ended **31st December 2004**

		Company registration number		GL/UK/CM	Period ended			Units	UK/OS	NL/LN	
		R46	71805		GL	day	month				year
						31	12				2004
		£000	OS	NL							
		Life assurance and general annuity		Pensions business		Permanent health		Other business			
		No of contracts	Annual premiums	No of contracts	Annual premiums	No of contracts	Annual premiums	No of contracts	Annual premiums		
		1	2	3	4	5	6	7	8		
In force at beginning of year	<b>11</b>	988	390			24	6				
New business and increases	<b>12</b>										
Net transfers and other alterations 'on'	<b>13</b>	4	1								
Total 'on' (12+13)	<b>19</b>	4	1								
Deaths	<b>21</b>	1	1								
Other insured events	<b>22</b>										
Maturities	<b>23</b>	3									
Surrenders	<b>24</b>										
Forfeitures	<b>25</b>	103	42								
Conversions to paid-up policies for reduced benefits	<b>26</b>		7								
Net transfers, expiries and other alterations 'off'	<b>27</b>	55	13								
Total 'off' (21 to 27)	<b>29</b>	162	63								
In force at end of year (11+19-29)	<b>39</b>	830	328			24	6				

## Long term insurance business : Summary of changes in ordinary long term business

Name of insurer **Phoenix Assurance Limited**

Global business

Overseas business

Linked

Financial year ended **31st December 2004**

		Company registration number		GL/UK/CM		Period ended			Units	UK/OS	NL/LN
		R46	71805	GL	day month year			£000	OS	LN	
					31	12	2004				
		Life assurance and general annuity		Pensions business		Permanent health		Other business			
		No of contracts	Annual premiums	No of contracts	Annual premiums	No of contracts	Annual premiums	No of contracts	Annual premiums		
		1	2	3	4	5	6	7	8		
In force at beginning of year	<b>11</b>	28	5								
New business and increases	<b>12</b>										
Net transfers and other alterations 'on'	<b>13</b>										
Total 'on' (12+13)	<b>19</b>										
Deaths	<b>21</b>										
Other insured events	<b>22</b>										
Maturities	<b>23</b>										
Surrenders	<b>24</b>	1									
Forfeitures	<b>25</b>										
Conversions to paid-up policies for reduced benefits	<b>26</b>										
Net transfers, expiries and other alterations 'off'	<b>27</b>										
Total 'off' (21 to 27)	<b>29</b>	1									
In force at end of year (11+19-29)	<b>39</b>	27	5								

Long term insurance business : Analysis of new ordinary long term business

Name of insurer **Phoenix Assurance Limited**

Global business

Financial year ended **31st December 2004**

Company registration number	GL/UK/CM	Period ended			Units	
		day	month	year		
<b>R47</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>

Type of insurance  <b>1</b>	Single premium contracts			Regular premium contracts		
	No of contracts  <b>2</b>	Premiums  <b>3</b>	Sums assured, annuities per annum or other measures of benefit  <b>4</b>	No of contracts  <b>5</b>	Annual premiums  <b>6</b>	Sums assured, annuities per annum or other measures of benefit  <b>7</b>
<b>UK DIRECT WRITTEN INSURANCE BUSINESS</b>						
<b>Life Assurance &amp; General Annuity Insurance Business</b>						
<b>Non-Linked Non-Profit Policies</b>						
Term assurance				44	413	2403
<b>Sub total: Non-Linked Non-Profit Policies</b>				<b>44</b>	<b>413</b>	<b>2403</b>
<b>Total: Life Assurance &amp; General Annuity Insurance Business</b>				<b>44</b>	<b>413</b>	<b>2403</b>

Long term insurance business : Analysis of new ordinary long term business

Name of insurer **Phoenix Assurance Limited**

Global business

Financial year ended **31st December 2004**

Company registration number	GL/UK/CM	Period ended			Units	
		day	month	year		
<b>R47</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>

Type of insurance  <b>1</b>	Single premium contracts			Regular premium contracts		
	No of contracts  <b>2</b>	Premiums  <b>3</b>	Sums assured, annuities per annum or other measures of benefit  <b>4</b>	No of contracts  <b>5</b>	Annual premiums  <b>6</b>	Sums assured, annuities per annum or other measures of benefit  <b>7</b>
<b>Pension Insurance Business</b>						
<b>Non-Linked Non-Profit Policies</b>						
Deferred annuity	84	20	26 pa			
Annuity in payment	309	2411	256 pa			
Term Assurance					2	169
<b>Sub total: Non-Linked Non-Profit Policies</b>	<b>393</b>	<b>2431</b>	<b>282 pa</b>		<b>2</b>	<b>169</b>
<b>Other Linked Contracts</b>						
Deferred annuity						50 pa
<b>Sub total: Other Linked Contracts</b>						<b>50 pa</b>
<b>Total: Pension Insurance Business</b>	<b>393</b>	<b>2431</b>	<b>282 pa</b>		<b>2</b>	<b>169</b> <b>50 pa</b>



Long term insurance business : Analysis of new ordinary long term business

Name of insurer **Phoenix Assurance Limited**

Global business

Financial year ended **31st December 2004**

Company registration number	GL/UK/CM	Period ended			Units	
		day	month	year		
<b>R47</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>

Type of insurance  <b>1</b>	Single premium contracts			Regular premium contracts		
	No of contracts  <b>2</b>	Premiums  <b>3</b>	Sums assured, annuities per annum or other measures of benefit  <b>4</b>	No of contracts  <b>5</b>	Annual premiums  <b>6</b>	Sums assured, annuities per annum or other measures of benefit  <b>7</b>
<b>Permanent Health Insurance Business Non-Linked Non-Profit Policies</b>						
Critical Illness benefit					297	
<b>Sub total: Non-Linked Non-Profit Policies</b>					<b>297</b>	
<b>Total: Permanent Health Insurance Business</b>					<b>297</b>	
<b>Total: UK Direct Written Insurance Business</b>	<b>393</b>	<b>2431</b>	<b>282 pa</b>	<b>44</b>	<b>712</b>	<b>2572 50 pa</b>

Long term insurance business : Analysis of new ordinary long term business

Name of insurer **Phoenix Assurance Limited**

Global business

Financial year ended **31st December 2004**

Company registration number	GL/UK/CM	Period ended			Units	
		day	month	year		
<b>R47</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>

Type of insurance  <b>1</b>	Single premium contracts			Regular premium contracts		
	No of contracts  <b>2</b>	Premiums  <b>3</b>	Sums assured, annuities per annum or other measures of benefit  <b>4</b>	No of contracts  <b>5</b>	Annual premiums  <b>6</b>	Sums assured, annuities per annum or other measures of benefit  <b>7</b>
<b>UK REINSURANCE ACCEPTED</b>						
<b>Life Assurance &amp; General Annuity Insurance Business</b>						
<b>Non-Linked Non-Profit Policies</b>						
Term assurance					1196	999
<b>Sub total: Non-Linked Non-Profit Policies</b>					<b>1196</b>	<b>999</b>
<b>Total: Life Assurance &amp; General Annuity Insurance Business</b>					<b>1196</b>	<b>999</b>

Long term insurance business : Analysis of new ordinary long term business

Name of insurer **Phoenix Assurance Limited**

Global business

Financial year ended **31st December 2004**

Company registration number	GL/UK/CM	Period ended			Units	
		day	month	year		
<b>R47</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>

Type of insurance  <b>1</b>	Single premium contracts			Regular premium contracts		
	No of contracts  <b>2</b>	Premiums  <b>3</b>	Sums assured, annuities per annum or other measures of benefit  <b>4</b>	No of contracts  <b>5</b>	Annual premiums  <b>6</b>	Sums assured, annuities per annum or other measures of benefit  <b>7</b>
<b>Permanent Health Insurance Business Non-Linked Non-Profit Policies</b>						
Critical Illness Benefit				4	161	405
<b>Sub total: Non-Linked Non-Profit Policies</b>				<b>4</b>	<b>161</b>	<b>405</b>
<b>Total: Permanent Health Insurance Business</b>				<b>4</b>	<b>161</b>	<b>405</b>
<b>Total: UK Reinsurance Accepted</b>				<b>4</b>	<b>1357</b>	<b>1404</b>

**Long term insurance business : Expected income from admissible assets not held to match liabilities in respect of linked benefits**Name of insurer **Phoenix Assurance Limited**

Global business

Financial year ended **31st December 2004**Category of assets **Total long term insurance business assets**

	Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			day	month	year			
	<b>R48</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>10</b>
Type of asset			Value of admissible assets as shown on Form 13 <b>1</b>	Expected income from admissible assets <b>2</b>	Yield % <b>3</b>			
Land and buildings	<b>11</b>	23150	1604	6.93				
Fixed interest securities	Approved securities	<b>12</b>	629669	28901	4.50			
	Other	<b>13</b>	253717	14188	5.42			
Variable interest and variable yield securities (excluding items shown at line 16)	Approved securities	<b>14</b>	47890	1099	1.86			
	Other	<b>15</b>	1411	76	5.08			
Equity shares and holdings in collective investment schemes	<b>16</b>	211307	7388	3.49				
Loans secured by mortgages	<b>17</b>	296	27	9.29				
All other assets	Producing income	<b>18</b>	24813	1117	4.50			
	Not producing income	<b>19</b>	62806					
Total (11 to 19)	<b>29</b>	1255059	54400	4.24				

**Long term insurance business : Expected income from admissible assets not held to match liabilities in respect of linked benefits**Name of insurer **Phoenix Assurance Limited**

Global business

Financial year ended **31st December 2004**Category of assets **Participation**

	Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			day	month	year			
	<b>R48</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>11</b>
Type of asset			Value of admissible assets as shown on Form 13 <b>1</b>	Expected income from admissible assets <b>2</b>	Yield % <b>3</b>			
Land and buildings	<b>11</b>	23150	1604	6.93				
Fixed interest securities	Approved securities	<b>12</b>	85071	4133	4.60			
	Other	<b>13</b>	29966	1567	5.25			
Variable interest and variable yield securities (excluding items shown at line 16)	Approved securities	<b>14</b>	7979	180	1.83			
	Other	<b>15</b>	148	8	5.08			
Equity shares and holdings in collective investment schemes	<b>16</b>	174743	5931	3.39				
Loans secured by mortgages	<b>17</b>							
All other assets	Producing income	<b>18</b>	1889	85	4.50			
	Not producing income	<b>19</b>	2366					
Total (11 to 19)	<b>29</b>	325312	13508	4.07				

**Long term insurance business : Expected income from admissible assets not held to match liabilities in respect of linked benefits**Name of insurer **Phoenix Assurance Limited**

Global business

Financial year ended **31st December 2004**Category of assets **Non-participation**

Type of asset	Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			day	month	year			
	<b>R48</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>12</b>
			Value of admissible assets as shown on Form 13 <b>1</b>		Expected income from admissible assets <b>2</b>		Yield % <b>3</b>	
Land and buildings		<b>11</b>						
Fixed interest securities	Approved securities	<b>12</b>	544598		24768		4.49	
	Other	<b>13</b>	223751		12621		5.44	
Variable interest and variable yield securities (excluding items shown at line 16)	Approved securities	<b>14</b>	39911		919		1.87	
	Other	<b>15</b>	1263		68		5.08	
Equity shares and holdings in collective investment schemes		<b>16</b>	36564		1457		3.98	
Loans secured by mortgages		<b>17</b>	296		27		9.29	
All other assets	Producing income	<b>18</b>	22924		1032		4.50	
	Not producing income	<b>19</b>	60440					
Total (11 to 19)		<b>29</b>	929747		40892		4.30	

**Long term insurance business : Analysis of admissible fixed interest and variable interest and variable yield securities not held to match liabilities in respect of linked benefits**

Name of insurer **Phoenix Assurance Limited**

Global business

Financial year ended **31st December 2004**

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

Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		day	month	year			
<b>R49</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>10</b>

Redemption period in years			Value of admissible assets as shown on Form 13 <b>1</b>	Gross redemption yield % <b>2</b>	Value of admissible higher yielding assets <b>3</b>		Value of admissible assets as shown on Form 13 <b>4</b>	Gross redemption yield % <b>5</b>	Value of admissible higher yielding assets <b>6</b>
One year or less	<b>11</b>	Fixed interest approved securities				Variable interest and variable yield approved securities excluding equities			
More than one year but not more than five years	<b>12</b>		3779	4.98	238		6920	2.33	
More than five years but not more than ten years	<b>13</b>		4511	4.78			9478	1.95	
More than ten years but not more than fifteen years	<b>14</b>		317	5.77			4548	1.89	
More than fifteen years but not more than twenty years	<b>15</b>		27990	4.75			18103	1.77	
More than twenty years but not more than twenty five years	<b>16</b>		285150	4.56					
More than twenty five years	<b>17</b>		307922	4.41			8841	1.57	
Irredeemable	<b>18</b>								
Total (11 to 18)	<b>19</b>		629669	4.50	238		47890	1.86	
One year or less	<b>21</b>	Other fixed interest securities				Other variable interest and variable yield securities excluding equities			
More than one year but not more than five years	<b>22</b>		61291	5.03	904				
More than five years but not more than ten years	<b>23</b>		41427	5.28	1818				
More than ten years but not more than fifteen years	<b>24</b>		9453	5.33	366				
More than fifteen years but not more than twenty years	<b>25</b>		24694	5.72	4978				
More than twenty years but not more than twenty five years	<b>26</b>		40379	5.41	8250				
More than twenty five years	<b>27</b>		72598	5.57	13775		1411	5.08	
Irredeemable	<b>28</b>		3875	8.60	3653				
Total (21 to 28)	<b>29</b>		253717	5.42	33744		1411	5.08	

**Long term insurance business : Analysis of admissible fixed interest and variable interest and variable yield securities not held to match liabilities in respect of linked benefits**

Name of insurer **Phoenix Assurance Limited**

Global business

Financial year ended **31st December 2004**

Category of assets **Participation**

Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		day	month	year			
<b>R49</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>11</b>

Redemption period in years		Value of admissible assets as shown on Form 13 <b>1</b>	Gross redemption yield % <b>2</b>	Value of admissible higher yielding assets <b>3</b>		Value of admissible assets as shown on Form 13 <b>4</b>	Gross redemption yield % <b>5</b>	Value of admissible higher yielding assets <b>6</b>
One year or less	<b>11</b>				Variable interest and variable yield approved securities excluding equities			
More than one year but not more than five years	<b>12</b>							
More than five years but not more than ten years	<b>13</b>	1379	4.59			2579	1.95	
More than ten years but not more than fifteen years	<b>14</b>							
More than fifteen years but not more than twenty years	<b>15</b>	18396	4.64			5400	1.77	
More than twenty years but not more than twenty five years	<b>16</b>	39025	4.61					
More than twenty five years	<b>17</b>	26271	4.55					
Irredeemable	<b>18</b>							
Total (11 to 18)	<b>19</b>	85071	4.60			7979	1.83	
One year or less	<b>21</b>				Other fixed interest securities			
More than one year but not more than five years	<b>22</b>							
More than five years but not more than ten years	<b>23</b>							
More than ten years but not more than fifteen years	<b>24</b>	340	5.15					
More than fifteen years but not more than twenty years	<b>25</b>	1528	5.75	362				
More than twenty years but not more than twenty five years	<b>26</b>	12560	5.27	16				
More than twenty five years	<b>27</b>	15316	5.18	139			148	5.08
Irredeemable	<b>28</b>	222	5.56					
Total (21 to 28)	<b>29</b>	29966	5.25	517		148	5.08	



**Long term insurance business : Analysis of admissible fixed interest and variable interest and variable yield securities not held to match liabilities in respect of linked benefits**

Name of insurer **Phoenix Assurance Limited**

Global business

Financial year ended **31st December 2004**

Category of assets **Non-participation**

Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		day	month	year			
<b>R49</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>12</b>

Redemption period in years			Value of admissible assets as shown on Form 13 <b>1</b>	Gross redemption yield % <b>2</b>	Value of admissible higher yielding assets <b>3</b>		Value of admissible assets as shown on Form 13 <b>4</b>	Gross redemption yield % <b>5</b>	Value of admissible higher yielding assets <b>6</b>
One year or less	<b>11</b>	Fixed interest approved securities				Variable interest and variable yield approved securities excluding equities			
More than one year but not more than five years	<b>12</b>		3779	4.98	238		6920	2.33	
More than five years but not more than ten years	<b>13</b>		3132	4.87			6899	1.95	
More than ten years but not more than fifteen years	<b>14</b>		317	5.77			4548	1.89	
More than fifteen years but not more than twenty years	<b>15</b>		9594	4.96			12703	1.77	
More than twenty years but not more than twenty five years	<b>16</b>		246125	4.55					
More than twenty five years	<b>17</b>		281651	4.40			8841	1.57	
Irredeemable	<b>18</b>								
Total (11 to 18)	<b>19</b>		544598	4.49	238		39911	1.87	
One year or less	<b>21</b>	Other fixed interest securities				Other variable interest and variable yield securities excluding equities			
More than one year but not more than five years	<b>22</b>		61291	5.03	904				
More than five years but not more than ten years	<b>23</b>		41427	5.28	1818				
More than ten years but not more than fifteen years	<b>24</b>		9113	5.34	366				
More than fifteen years but not more than twenty years	<b>25</b>		23166	5.72	4616				
More than twenty years but not more than twenty five years	<b>26</b>		27819	5.48	8234				
More than twenty five years	<b>27</b>		57282	5.67	13636		1263	5.08	
Irredeemable	<b>28</b>		3653	8.78	3653				
Total (21 to 28)	<b>29</b>		223751	5.44	33227		1263	5.08	

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

Name of insurer **Phoenix Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2004**

Type of business **Life Assurance & General Annuity Insurance Business**

Company registration number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of business

Category of surplus

Category of surplus **Participation**

<b>R51</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>UK</b>	<b>L&amp;GA</b>	<b>11</b>
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Type of insurance or name of contract <b>1</b>	Valuation basis		No of contracts <b>4</b>	Amount of sums assured or annuities per annum, including vested reversionary bonuses <b>5</b>	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits <b>8</b>	Value of sums assured or annuities per annum, including vested reversionary bonuses <b>9</b>	Value of annual premiums		Amount of mathematical reserves <b>12</b>
	Rate of interest <b>2</b>	Mortality or morbidity table <b>3</b>			Office premiums <b>6</b>	Net premiums <b>7</b>			Office premiums <b>10</b>	Net premiums <b>11</b>	
<b>DIRECT WRITTEN INSURANCE BUSINESS</b>											
<b>With-Profits Policies</b>											
Individual business (compound bonus)											
Whole life	1.00	AM80/AF80	604	9938	76	47	0.388	9252	909	565	8687
Endowment	1.00	AM80/AF80	1249	17590	160	124	0.222	17070	523	404	16666
Endowment plus pure endowment	1.00	AM80/AF80	5	11	1	1	0.179	11	2	1	10
Additional Bonus Reserve								9850			9850
Extra Premiums					1			1			1
<b>Sub total: With-Profits Policies</b>			<b>1858</b>	<b>27539</b>	<b>238</b>	<b>172</b>		<b>36184</b>	<b>1434</b>	<b>970</b>	<b>35214</b>
<b>Non-Profit Policies</b>											
Individual business											
Whole life	3.10	AM80/AF80	34	414				331			331
Endowment	3.10	AM80/AF80	29	66				66			66
Term (aggregate)	3.10	TM92/TM92	31	196	4			6	3	3	3
Additional Expense Reserve								25			25
IBNR Reserve								75			75
Additional Reserve								17			17
<b>Sub total: Non-Profit Policies</b>			<b>94</b>	<b>676</b>	<b>4</b>			<b>520</b>	<b>3</b>	<b>3</b>	<b>517</b>

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

Name of insurer **Phoenix Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2004**

Type of business **Life Assurance & General Annuity Insurance Business**

Company registration number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of business

Category of surplus

Category of surplus **Participation**

<b>R51</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>UK</b>	<b>L&amp;GA</b>	<b>11</b>
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Type of insurance or name of contract  <b>1</b>	Valuation basis		No of contracts  <b>4</b>	Amount of sums assured or annuities per annum, including vested reversionary bonuses  <b>5</b>	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits  <b>8</b>	Value of sums assured or annuities per annum, including vested reversionary bonuses  <b>9</b>	Value of annual premiums		Amount of mathematical reserves  <b>12</b>
	Rate of interest  <b>2</b>	Mortality or morbidity table  <b>3</b>			Office premiums  <b>6</b>	Net premiums  <b>7</b>			Office premiums  <b>10</b>	Net premiums  <b>11</b>	
<b>Sub total: Direct Written Insurance Business</b>			<b>1952</b>	<b>28215</b>	<b>242</b>	<b>172</b>		<b>36704</b>	<b>1437</b>	<b>973</b>	<b>35731</b>
<b>REASSURANCE ACCEPTED</b>											
<b>With-Profits Policies</b>											
Individual business (compound bonus)											
Whole life	1.00	AM80/AF80	8	108			0.296	98	2	1	97
Endowment	1.00	AM80/AF80	1190	15802	507	408	0.195	14852	4412	3536	11316
Endowment plus pure endowment	1.00	AM80/AF80	203	2014	176	139	0.210	1943	336	265	1678
Additional Bonus Reserve								3293			3293
Extra Premiums											
<b>Sub total: With-Profits Policies</b>			<b>1401</b>	<b>17924</b>	<b>683</b>	<b>547</b>		<b>20186</b>	<b>4750</b>	<b>3802</b>	<b>16384</b>
<b>Non-Profit Policies</b>											
Individual business											
Whole life	3.10	AM80/AF80	48	368	3			271	33	5	266
Term (aggregate)	3.10	TM92/TF92	29	1388	9			43	42	35	8
Term (smoker)	3.10	TM92/TF92	3	290	1			4	3	2	2
Term (non-smoker)	3.10	TM92/TF92	33	3286	6			40	29	23	17
Extra Premiums											

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

Name of insurer **Phoenix Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2004**

Type of business **Life Assurance & General Annuity Insurance Business**

Company registration number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of business

Category of surplus

Category of surplus **Participation**

<b>R51</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>UK</b>	<b>L&amp;GA</b>	<b>11</b>
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Type of insurance or name of contract <b>1</b>	Valuation basis		No of contracts <b>4</b>	Amount of sums assured or annuities per annum, including vested reversionary bonuses <b>5</b>	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits <b>8</b>	Value of sums assured or annuities per annum, including vested reversionary bonuses <b>9</b>	Value of annual premiums		Amount of mathematical reserves <b>12</b>
	Rate of interest <b>2</b>	Mortality or morbidity table <b>3</b>			Office premiums <b>6</b>	Net premiums <b>7</b>			Office premiums <b>10</b>	Net premiums <b>11</b>	
<b>Sub total: Non-Profit Policies</b>			<b>113</b>	<b>5332</b>	<b>19</b>			<b>358</b>	<b>107</b>	<b>65</b>	<b>293</b>
<b>Sub total: Reassurance Accepted</b>			<b>1514</b>	<b>23256</b>	<b>702</b>	<b>547</b>		<b>20544</b>	<b>4857</b>	<b>3867</b>	<b>16677</b>
<b>REASSURANCE CEDED</b>											
<b>With-Profits Policies</b>											
Individual business (compound bonus)											
Whole life	1.00	AM80/AF80		450	7	5	0.318	409	81	54	355
Endowment	1.00	AM80/AF80		1253	24	18	0.226	1236	26	20	1216
Additional Bonus Reserve								264			264
Extra Premiums											
<b>Sub total: With-Profits Policies</b>				<b>1703</b>	<b>31</b>	<b>23</b>		<b>1909</b>	<b>107</b>	<b>74</b>	<b>1835</b>
<b>Non-Profit Policies</b>											
Individual business											
Whole life	3.10	AM80/AF80		100				154			154
Term (aggregate)	3.10	TM92/TF92									
<b>Sub total: Non-Profit Policies</b>				<b>100</b>				<b>154</b>			<b>154</b>
<b>Sub total: Reassurance Ceded</b>				<b>1803</b>	<b>31</b>	<b>23</b>		<b>2063</b>	<b>107</b>	<b>74</b>	<b>1989</b>

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

Name of insurer **Phoenix Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2004**

Type of business **Life Assurance & General Annuity Insurance Business**

Company registration number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of business

Category of surplus

Category of surplus **Participation**

<b>R51</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>UK</b>	<b>L&amp;GA</b>	<b>11</b>
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Type of insurance or name of contract  <b>1</b>	Valuation basis		No of contracts  <b>4</b>	Amount of sums assured or annuities per annum, including vested reversionary bonuses  <b>5</b>	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits  <b>8</b>	Value of sums assured or annuities per annum, including vested reversionary bonuses  <b>9</b>	Value of annual premiums		Amount of mathematical reserves  <b>12</b>
	Rate of interest  <b>2</b>	Mortality or morbidity table  <b>3</b>			Office premiums  <b>6</b>	Net premiums  <b>7</b>			Office premiums  <b>10</b>	Net premiums  <b>11</b>	
<b>Net total: Life Assurance &amp; General Annuity Insurance Business</b>			<b>3466</b>	<b>49668</b>	<b>913</b>	<b>696</b>		<b>55185</b>	<b>6187</b>	<b>4766</b>	<b>50419</b>
<b>Net total: United Kingdom Insurance Business</b>			<b>3466</b>	<b>49668</b>	<b>913</b>	<b>696</b>		<b>55185</b>	<b>6187</b>	<b>4766</b>	<b>50419</b>

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

Name of insurer **Phoenix Assurance Limited**

Global business

Overseas business

Financial year ended **31st December 2004**

Type of business **Life Assurance & General Annuity Insurance Business**

Company registration number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of business

Category of surplus

Category of surplus **Participation**

<b>R51</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>OS</b>	<b>L&amp;GA</b>	<b>11</b>
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Type of insurance or name of contract  <b>1</b>	Valuation basis		No of contracts  <b>4</b>	Amount of sums assured or annuities per annum, including vested reversionary bonuses  <b>5</b>	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits  <b>8</b>	Value of sums assured or annuities per annum, including vested reversionary bonuses  <b>9</b>	Value of annual premiums		Amount of mathematical reserves  <b>12</b>
	Rate of interest  <b>2</b>	Mortality or morbidity table  <b>3</b>			Office premiums  <b>6</b>	Net premiums  <b>7</b>			Office premiums  <b>10</b>	Net premiums  <b>11</b>	
<b>DIRECT WRITTEN INSURANCE BUSINESS</b>											
<b>With-Profits Policies</b>											
Individual business (compound bonus)											
Endowment	1.00	AM80\AF80	1	3			0.368	3			3
<b>Sub total: With-Profits Policies</b>			<b>1</b>	<b>3</b>				<b>3</b>			<b>3</b>
<b>Non-Profit Policies</b>											
Individual business											
Term (aggregate)	3.10	TM92\TF92									
<b>Sub total: Non-Profit Policies</b>											
<b>Sub total: Direct Written Insurance Business</b>			<b>1</b>	<b>3</b>				<b>3</b>			<b>3</b>
<b>REASSURANCE ACCEPTED</b>											
<b>Non-Profit Policies</b>											
Individual business											
Term (non-smoker)	3.10	TM92\TF92	1	150							
Extra Premiums											

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

Name of insurer **Phoenix Assurance Limited**

Global business

Overseas business

Financial year ended **31st December 2004**

Type of business **Life Assurance & General Annuity Insurance Business**

Company registration number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of business

Category of surplus

Category of surplus **Participation**

<b>R51</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>OS</b>	<b>L&amp;GA</b>	<b>11</b>
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Type of insurance or name of contract <b>1</b>	Valuation basis		No of contracts <b>4</b>	Amount of sums assured or annuities per annum, including vested reversionary bonuses <b>5</b>	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits <b>8</b>	Value of sums assured or annuities per annum, including vested reversionary bonuses <b>9</b>	Value of annual premiums		Amount of mathematical reserves <b>12</b>
	Rate of interest <b>2</b>	Mortality or morbidity table <b>3</b>			Office premiums <b>6</b>	Net premiums <b>7</b>			Office premiums <b>10</b>	Net premiums <b>11</b>	
<b>Sub total: Non-Profit Policies</b>			<b>1</b>	<b>150</b>							
<b>Sub total: Reassurance Accepted</b>			<b>1</b>	<b>150</b>							
<b>Net total: Life Assurance &amp; General Annuity Insurance Business</b>			<b>2</b>	<b>153</b>				<b>3</b>			<b>3</b>
<b>Net total: Overseas Insurance Business</b>			<b>2</b>	<b>153</b>				<b>3</b>			<b>3</b>

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

Name of insurer **Phoenix Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2004**

Type of business **Life Assurance & General Annuity Insurance Business**

Company registration number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of business

Category of surplus

Category of surplus **Non-participation**

<b>R51</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>UK</b>	<b>L&amp;GA</b>	<b>12</b>
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Type of insurance or name of contract <b>1</b>	Valuation basis		No of contracts <b>4</b>	Amount of sums assured or annuities per annum, including vested reversionary bonuses <b>5</b>	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits <b>8</b>	Value of sums assured or annuities per annum, including vested reversionary bonuses <b>9</b>	Value of annual premiums		Amount of mathematical reserves <b>12</b>
	Rate of interest <b>2</b>	Mortality or morbidity table <b>3</b>			Office premiums <b>6</b>	Net premiums <b>7</b>			Office premiums <b>10</b>	Net premiums <b>11</b>	
<b>DIRECT WRITTEN INSURANCE BUSINESS</b>											
<b>Non-Profit Policies</b>											
Individual business											
Whole life	3.10	AM80/AF80	3804	16965	268			10818	2609	(541)	11359
Endowment	3.10	AM80/AF80	311	838	36			758	66	28	730
Endowment plus pure endowment	3.10	AM80/AF80	1								
Term (aggregate)	3.10	TM92/TF92	5611	96572	370			1370	1059	442	928
Term (smoker)	3.10	TM92/TF92	2355	71887	322			1419	1078	693	726
Term (non-smoker)	3.10	TM92/TF92	15911	610008	2334			7452	6904	4324	3128
Progressive Protection			10464	2334152	4180			4215			4215
Flexible Mortgage Plan			3559	198063	500			1751			1751
Extra Premiums					375			375			375
Miscellaneous											
Additional Premiums					14			49			49
Other			55	2522							
Annuities written before 1st January 1992											
Deferred annuities	3.90	IM80/IF80	36	6 4 pa	1			49	13	(11)	60
Annuities in payment	4.40	IM80/IF80	530	220 pa				1327			1327
Reversionary annuities	4.40	IM80/IF80	8	13 pa				124	3	(1)	125



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

Name of insurer **Phoenix Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2004**

Type of business **Life Assurance & General Annuity Insurance Business**

Company registration number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of business

Category of surplus

Category of surplus **Non-participation**

<b>R51</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>UK</b>	<b>L&amp;GA</b>	<b>12</b>
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Type of insurance or name of contract <b>1</b>	Valuation basis		No of contracts <b>4</b>	Amount of sums assured or annuities per annum, including vested reversionary bonuses <b>5</b>	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits <b>8</b>	Value of sums assured or annuities per annum, including vested reversionary bonuses <b>9</b>	Value of annual premiums		Amount of mathematical reserves <b>12</b>
	Rate of interest <b>2</b>	Mortality or morbidity table <b>3</b>			Office premiums <b>6</b>	Net premiums <b>7</b>			Office premiums <b>10</b>	Net premiums <b>11</b>	
Group business											
Whole life	3.10	AM80/AF80	20	144				120			120
Endowment	3.10	AM80/AF80	14	13				12			12
Endowment plus pure endowment	3.10	AM80/AF80	2	1				1			1
Group life			5	18429	94			38			38
Group whole life	3.10	AM80/AF80	1	1527				1129			1129
Group term			8	36362				846			846
Miscellaneous											
Annuities written before 1st January 1992											
Deferred annuities	3.90	IM80/IF80	1214	79				1492			1492
				69 pa							
Annuities in payment	4.40	IM80/IF80	400	49 pa				551			551
Miscellaneous											
Additional Expense Reserve								855			855
IBNR Reserve								799			799
Additional Reserve								6061			6061
<b>Sub total: Non-Profit Policies</b>			<b>44309</b>	<b>3387568</b> <b>355 pa</b>	<b>8494</b>			<b>41611</b>	<b>11732</b>	<b>4934</b>	<b>36677</b>
<b>Sub total: Direct Written Insurance Business</b>			<b>44309</b>	<b>3387568</b> <b>355 pa</b>	<b>8494</b>			<b>41611</b>	<b>11732</b>	<b>4934</b>	<b>36677</b>

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

Name of insurer **Phoenix Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2004**

Type of business **Life Assurance & General Annuity Insurance Business**

Company registration number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of business

Category of surplus

Category of surplus **Non-participation**

<b>R51</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>UK</b>	<b>L&amp;GA</b>	<b>12</b>
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Type of insurance or name of contract <b>1</b>	Valuation basis		No of contracts <b>4</b>	Amount of sums assured or annuities per annum, including vested reversionary bonuses <b>5</b>	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits <b>8</b>	Value of sums assured or annuities per annum, including vested reversionary bonuses <b>9</b>	Value of annual premiums		Amount of mathematical reserves <b>12</b>
	Rate of interest <b>2</b>	Mortality or morbidity table <b>3</b>			Office premiums <b>6</b>	Net premiums <b>7</b>			Office premiums <b>10</b>	Net premiums <b>11</b>	
<b>REASSURANCE ACCEPTED</b>											
<b>Non-Profit Policies</b>											
Individual business											
Term (aggregate)	3.10	TM92/TF92	171	20845	118			272	252	227	45
Term (smoker)	3.10	TM92/TF92	5666	198009	1165			7752	7435	5608	2144
Term (non-smoker)	3.10	TM92/TF92	26944	1321517	5762			32305	35471	26741	5564
Progressive Protection			2	6920833	14620			14632			14632
Extra Premiums					1233			1233			1233
Miscellaneous											
UPP - risk premium reassurances			1	572949	1374			393			393
MSP/ESP - risk premium reassurances			2	67699	154			44			44
Term	3.10	TM92/TF92	84	14406	29			193	171	148	45
Additional Reserve								101			101
Swiss Re. Retrocession			81	2220	6			12			12
Group business											
Whole life	3.10	AM80/AF80	1	14061				335			335
<b>Sub total: Non-Profit Policies</b>			<b>32952</b>	<b>9132539</b>	<b>24461</b>			<b>57272</b>	<b>43329</b>	<b>32724</b>	<b>24548</b>
<b>Sub total: Reassurance Accepted</b>			<b>32952</b>	<b>9132539</b>	<b>24461</b>			<b>57272</b>	<b>43329</b>	<b>32724</b>	<b>24548</b>

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

Name of insurer **Phoenix Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2004**

Type of business **Life Assurance & General Annuity Insurance Business**

Company registration number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of business

Category of surplus

Category of surplus **Non-participation**

<b>R51</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>UK</b>	<b>L&amp;GA</b>	<b>12</b>
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Type of insurance or name of contract <b>1</b>	Valuation basis		No of contracts <b>4</b>	Amount of sums assured or annuities per annum, including vested reversionary bonuses <b>5</b>	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits <b>8</b>	Value of sums assured or annuities per annum, including vested reversionary bonuses <b>9</b>	Value of annual premiums		Amount of mathematical reserves <b>12</b>
	Rate of interest <b>2</b>	Mortality or morbidity table <b>3</b>			Office premiums <b>6</b>	Net premiums <b>7</b>			Office premiums <b>10</b>	Net premiums <b>11</b>	
<b>REASSURANCE CEDED</b>											
<b>Non-Profit Policies</b>											
Individual business											
Whole life	3.10	AM80/AF80		1581	22			995	223	124	871
Endowment	3.10	AM80/AF80		2				2			2
Term (aggregate)	3.10	TM92/TF92		4420	15			57	37	25	32
Term (smoker)	3.10	TM92/TF92		4515	17			102	68	54	48
Term (non-smoker)	3.10	TM92/TF92		23391	88			360	264	198	162
Progressive Protection				1757674	2809			2809			2809
Extra Premiums					599			599			599
Miscellaneous											
Other				55							
Annuities written before 1st January 1992											
Annuities in payment	4.40	IM80/IF80						3			3
Group business											
Whole life	3.10	AM80/AF80		34				29			29
<b>Sub total: Non-Profit Policies</b>				<b>1791672</b>	<b>3550</b>			<b>4956</b>	<b>592</b>	<b>401</b>	<b>4555</b>
<b>Sub total: Reassurance Ceded</b>				<b>1791672</b>	<b>3550</b>			<b>4956</b>	<b>592</b>	<b>401</b>	<b>4555</b>

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

Name of insurer **Phoenix Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2004**

Type of business **Life Assurance & General Annuity Insurance Business**

Company registration number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of business

Category of surplus

Category of surplus **Non-participation**

<b>R51</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>UK</b>	<b>L&amp;GA</b>	<b>12</b>
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Type of insurance or name of contract  <b>1</b>	Valuation basis		No of contracts  <b>4</b>	Amount of sums assured or annuities per annum, including vested reversionary bonuses  <b>5</b>	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits  <b>8</b>	Value of sums assured or annuities per annum, including vested reversionary bonuses  <b>9</b>	Value of annual premiums		Amount of mathematical reserves  <b>12</b>
	Rate of interest  <b>2</b>	Mortality or morbidity table  <b>3</b>			Office premiums  <b>6</b>	Net premiums  <b>7</b>			Office premiums  <b>10</b>	Net premiums  <b>11</b>	
<b>Net total: Life Assurance &amp; General Annuity Insurance Business</b>			<b>77261</b>	<b>10728435 355 pa</b>	<b>29405</b>			<b>93927</b>	<b>54469</b>	<b>37257</b>	<b>56670</b>

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

Name of insurer **Phoenix Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2004**

Type of business **Pension Insurance Business**

Category of surplus **Non-participation**

Company registration number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of business

Category of surplus

<b>R51</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>UK</b>	<b>Pens</b>	<b>12</b>
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Type of insurance or name of contract <b>1</b>	Valuation basis		No of contracts <b>4</b>	Amount of sums assured or annuities per annum, including vested reversionary bonuses <b>5</b>	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits <b>8</b>	Value of sums assured or annuities per annum, including vested reversionary bonuses <b>9</b>	Value of annual premiums		Amount of mathematical reserves <b>12</b>
	Rate of interest <b>2</b>	Mortality or morbidity table <b>3</b>			Office premiums <b>6</b>	Net premiums <b>7</b>			Office premiums <b>10</b>	Net premiums <b>11</b>	
<b>DIRECT WRITTEN INSURANCE BUSINESS</b>											
<b>Non-Profit Policies</b>											
Individual business											
Term (aggregate)	3.90	TM92/TF92	2159	111312	307			2667	1323	953	1714
Term (smoker)	3.90	TM92/TF92	421	20636	101			776	407	301	475
Term (non-smoker)	3.90	TM92/TF92	3168	190897	643			3954	2909	2116	1838
Deferred annuities	3.90	AM(F)80/PM(F)80	43	14 pa				121			121
Miscellaneous Term			6	521	3			6			6
Annuities in payment	4.40	PMA/PFA92	2349	2138 pa				20792			20792
Reversionary annuities	4.40	PMA/PFA92		92 pa				366			366
PPSE			3161		183			39516			39516
Extra Premiums					19			19			19
Group business											
Term (aggregate)	3.90	TM92/TF92	16	48							
Term (smoker)	3.90	TM92/TF92	56	3870	13			167	71	55	112
Term (non-smoker)	3.90	TM92/TF92	445	38442	115			883	630	481	402
Deferred annuities	3.90	AM(F)80:PM(F)80	534	696				28058			28058
				2568 pa							
Annuities in payment	4.40	PMA/PFA92	8590	17123 pa				301300			301300
Reversionary annuities	4.40	PMA/PFA92	12	4321 pa				27350			27350

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

Name of insurer **Phoenix Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2004**

Type of business **Pension Insurance Business**

Category of surplus **Non-participation**

Company registration number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of business

Category of surplus

<b>R51</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>UK</b>	<b>Pens</b>	<b>12</b>
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Type of insurance or name of contract <b>1</b>	Valuation basis		No of contracts <b>4</b>	Amount of sums assured or annuities per annum, including vested reversionary bonuses <b>5</b>	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits <b>8</b>	Value of sums assured or annuities per annum, including vested reversionary bonuses <b>9</b>	Value of annual premiums		Amount of mathematical reserves <b>12</b>
	Rate of interest <b>2</b>	Mortality or morbidity table <b>3</b>			Office premiums <b>6</b>	Net premiums <b>7</b>			Office premiums <b>10</b>	Net premiums <b>11</b>	
Growth Fund			4					1172			1172
EPP			272		29			7208			7208
VPP			252		64			2774			2774
Group life			4	34199	33			68			68
Extra Premiums					2073			2073			2073
Miscellaneous											
Term			1	127				2			2
Additional Expense Reserve								34			34
IBNR Reserve								97			97
RSALI Building Society Loan								2473			2473
Additional Reserve								1166			1166
<b>Sub total: Non-Profit Policies</b>			<b>21493</b>	<b>400748 26256 pa</b>	<b>3583</b>			<b>443042</b>	<b>5340</b>	<b>3906</b>	<b>439136</b>
<b>Sub total: Direct Written Insurance Business</b>			<b>21493</b>	<b>400748 26256 pa</b>	<b>3583</b>			<b>443042</b>	<b>5340</b>	<b>3906</b>	<b>439136</b>
<b>REASSURANCE ACCEPTED</b>											

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

Name of insurer **Phoenix Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2004**

Type of business **Pension Insurance Business**

Category of surplus **Non-participation**

Company registration number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of business

Category of surplus

<b>R51</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>UK</b>	<b>Pens</b>	<b>12</b>
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Type of insurance or name of contract <b>1</b>	Valuation basis		No of contracts <b>4</b>	Amount of sums assured or annuities per annum, including vested reversionary bonuses <b>5</b>	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits <b>8</b>	Value of sums assured or annuities per annum, including vested reversionary bonuses <b>9</b>	Value of annual premiums		Amount of mathematical reserves <b>12</b>
	Rate of interest <b>2</b>	Mortality or morbidity table <b>3</b>			Office premiums <b>6</b>	Net premiums <b>7</b>			Office premiums <b>10</b>	Net premiums <b>11</b>	
<b>Non-Profit Policies</b>											
Individual business											
Term (aggregate)	3.90	TM92/TF92	5	156	1			8	4	3	5
Term (smoker)	3.90	TM92/TF92	195	9477	44			514	280	208	306
Term (non-smoker)	3.90	TM92/TF92	1228	86865	287			2171	1540	1128	1043
Annuities in payment	4.40	PMA/PFA92	43	148 pa				1529			1529
Reversionary annuities	4.40	PMA/PFA92		22 pa				105			105
Extra Premiums					6			6			6
Miscellaneous											
Risk premium reassurances			2	43275	65			17			17
Group business											
Term (aggregate)	3.90	TM92/TF92	2	150				3	3	2	1
Term (smoker)	3.90	TM92/TF92	70	6246	37			374	347	296	78
Term (non-smoker)	3.90	TM92/TF92	329	36426	166			1082	1095	938	144
Deferred annuities	3.90	AM(F)80:PM(F)80		2 pa				66			66
Annuities in payment	4.40	PMA/PFA92	105	464 pa				4655			4655
Reversionary annuities	4.40	PMA/PFA92		154 pa				894			894
Extra Premiums					8			8			8
Miscellaneous											
Risk premium reassurances			3	9339	13			4			4

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

Name of insurer **Phoenix Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2004**

Type of business **Pension Insurance Business**

Category of surplus **Non-participation**

Company registration number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of business

Category of surplus

<b>R51</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>UK</b>	<b>Pens</b>	<b>12</b>
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Type of insurance or name of contract <b>1</b>	Valuation basis		No of contracts <b>4</b>	Amount of sums assured or annuities per annum, including vested reversionary bonuses <b>5</b>	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits <b>8</b>	Value of sums assured or annuities per annum, including vested reversionary bonuses <b>9</b>	Value of annual premiums		Amount of mathematical reserves <b>12</b>
	Rate of interest <b>2</b>	Mortality or morbidity table <b>3</b>			Office premiums <b>6</b>	Net premiums <b>7</b>			Office premiums <b>10</b>	Net premiums <b>11</b>	
<b>Sub total: Non-Profit Policies</b>			<b>1982</b>	<b>191934 790 pa</b>	<b>627</b>			<b>11436</b>	<b>3269</b>	<b>2575</b>	<b>8861</b>
<b>Sub total: Reassurance Accepted</b>			<b>1982</b>	<b>191934 790 pa</b>	<b>627</b>			<b>11436</b>	<b>3269</b>	<b>2575</b>	<b>8861</b>
<b>REASSURANCE CEDED</b>											
<b>Non-Profit Policies</b>											
Individual business											
Term (aggregate)	3.90	TM92/TF92		8052	18			245	118	107	138
Term (smoker)	3.90	TM92/TF92		1080	5			53	22	17	36
Term (non-smoker)	3.90	TM92/TF92		8915	30			182	125	98	84
Miscellaneous Term				50							
Annuities in payment	4.40	PMA/PFA92						2			2
Extra Premiums					9			9			9
Group business											
Term (smoker)	3.90	TM92/TF92		387	2			19	9	8	11
Term (non-smoker)	3.90	TM92/TF92		6071	19			139	93	87	52
Extra Premiums					1			1			1



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

Name of insurer **Phoenix Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2004**

Type of business **Pension Insurance Business**

Category of surplus **Non-participation**

Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of  
business

Category  
of surplus

<b>R51</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>UK</b>	<b>Pens</b>	<b>12</b>
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Type of insurance or name of contract <b>1</b>	Valuation basis		No of contracts <b>4</b>	Amount of sums assured or annuities per annum, including vested reversionary bonuses <b>5</b>	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits <b>8</b>	Value of sums assured or annuities per annum, including vested reversionary bonuses <b>9</b>	Value of annual premiums		Amount of mathematical reserves <b>12</b>
	Rate of interest <b>2</b>	Mortality or morbidity table <b>3</b>			Office premiums <b>6</b>	Net premiums <b>7</b>			Office premiums <b>10</b>	Net premiums <b>11</b>	
<b>Sub total: Non-Profit Policies</b>				<b>24555</b>	<b>84</b>			<b>650</b>	<b>367</b>	<b>317</b>	<b>333</b>
<b>Sub total: Reassurance Ceded</b>				<b>24555</b>	<b>84</b>			<b>650</b>	<b>367</b>	<b>317</b>	<b>333</b>
<b>Net total: Pension Insurance Business</b>			<b>23475</b>	<b>568127 27046 pa</b>	<b>4126</b>			<b>453828</b>	<b>8242</b>	<b>6164</b>	<b>447664</b>

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

Name of insurer **Phoenix Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2004**

Type of business **Permanent Health Insurance Business**

Category of surplus **Non-participation**

Company registration number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of business

Category of surplus

<b>R51</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>UK</b>	<b>PHI</b>	<b>12</b>
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Type of insurance or name of contract <b>1</b>	Valuation basis		No of contracts <b>4</b>	Amount of sums assured or annuities per annum, including vested reversionary bonuses <b>5</b>	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits <b>8</b>	Value of sums assured or annuities per annum, including vested reversionary bonuses <b>9</b>	Value of annual premiums		Amount of mathematical reserves <b>12</b>
	Rate of interest <b>2</b>	Mortality or morbidity table <b>3</b>			Office premiums <b>6</b>	Net premiums <b>7</b>			Office premiums <b>10</b>	Net premiums <b>11</b>	
<b>DIRECT WRITTEN INSURANCE BUSINESS</b>											
<b>Non-Profit Policies</b>											
Individual business											
Permanent Health Insurance	4.40/3.90	See 7(1)	3355	43665 pa	590			17079	3711	2802	14277
Progressive Protection Plan - CIC Benefit			2181	761793	1961			2975			2975
Flexible Mortgage Protection - CIC Benefit			1398	226378	518			2100			2100
				6757 pa							
Extra premiums					288			1000			1000
Group business											
Current cost			1	843 pa				15			15
Additional Expense Reserve								372			372
Additional Reserve								3020			3020
<b>Sub total: Non-Profit Policies</b>			<b>6935</b>	<b>988171</b> <b>51265 pa</b>	<b>3357</b>			<b>26561</b>	<b>3711</b>	<b>2802</b>	<b>23759</b>
<b>Sub total: Direct Written Insurance Business</b>			<b>6935</b>	<b>988171</b> <b>51265 pa</b>	<b>3357</b>			<b>26561</b>	<b>3711</b>	<b>2802</b>	<b>23759</b>
<b>REASSURANCE ACCEPTED</b>											

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

Name of insurer **Phoenix Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2004**

Type of business **Permanent Health Insurance Business**

Category of surplus **Non-participation**

Company registration number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of business

Category of surplus

<b>R51</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>UK</b>	<b>PHI</b>	<b>12</b>
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Type of insurance or name of contract <b>1</b>	Valuation basis		No of contracts <b>4</b>	Amount of sums assured or annuities per annum, including vested reversionary bonuses <b>5</b>	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits <b>8</b>	Value of sums assured or annuities per annum, including vested reversionary bonuses <b>9</b>	Value of annual premiums		Amount of mathematical reserves <b>12</b>
	Rate of interest <b>2</b>	Mortality or morbidity table <b>3</b>			Office premiums <b>6</b>	Net premiums <b>7</b>			Office premiums <b>10</b>	Net premiums <b>11</b>	
<b>Non-Profit Policies</b>											
Individual business											
Permanent Health Insurance	4.40/3.90	See 7(1)	35565	437325 pa	9879			272113	140164	113858	158255
Extra premiums					2119			18034			18034
Miscellaneous											
UPP - Living Benefit				350279	674			185			185
UPP - Medical Expenses Benefit				3620	16			4			4
Prog've Prot'n - CIC Benefit			1	1750821	5230			7858			7858
Swiss Re. Retrocession			34		1			1			1
<b>Sub total: Non-Profit Policies</b>			<b>35600</b>	<b>2104720</b> <b>437325 pa</b>	<b>17919</b>			<b>298195</b>	<b>140164</b>	<b>113858</b>	<b>184337</b>
<b>Sub total: Reassurance Accepted</b>			<b>35600</b>	<b>2104720</b> <b>437325 pa</b>	<b>17919</b>			<b>298195</b>	<b>140164</b>	<b>113858</b>	<b>184337</b>
<b>REASSURANCE CEDED</b>											
<b>Non-Profit Policies</b>											
Individual business											
Permanent Health Insurance	4.40/3.90	See 7(1)		2552 pa	31			475	139	85	390
Extra premiums					123			156			156

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

Name of insurer **Phoenix Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2004**

Type of business **Permanent Health Insurance Business**

Category of surplus **Non-participation**

Company registration number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of business

Category of surplus

<b>R51</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>UK</b>	<b>PHI</b>	<b>12</b>
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Type of insurance or name of contract <b>1</b>	Valuation basis		No of contracts <b>4</b>	Amount of sums assured or annuities per annum, including vested reversionary bonuses <b>5</b>	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits <b>8</b>	Value of sums assured or annuities per annum, including vested reversionary bonuses <b>9</b>	Value of annual premiums		Amount of mathematical reserves <b>12</b>
	Rate of interest <b>2</b>	Mortality or morbidity table <b>3</b>			Office premiums <b>6</b>	Net premiums <b>7</b>			Office premiums <b>10</b>	Net premiums <b>11</b>	
Miscellaneous											
UPP - Living Benefit				175140	337			93			93
UPP - Medical Expenses Benefit				1810	8			2			2
Prog've Prot'n - CIC Benefit				314824	732			1072			1072
<b>Sub total: Non-Profit Policies</b>				<b>491774</b> <b>2552 pa</b>	<b>1231</b>			<b>1798</b>	<b>139</b>	<b>85</b>	<b>1713</b>
<b>Sub total: Reassurance Ceded</b>				<b>491774</b> <b>2552 pa</b>	<b>1231</b>			<b>1798</b>	<b>139</b>	<b>85</b>	<b>1713</b>
<b>Net total: Permanent Health Insurance Business</b>			<b>42535</b>	<b>2601117</b> <b>486038 pa</b>	<b>20045</b>			<b>322958</b>	<b>143736</b>	<b>116575</b>	<b>206383</b>
<b>Net total: United Kingdom Insurance Business</b>			<b>143271</b>	<b>13897679</b> <b>513439 pa</b>	<b>53576</b>			<b>870713</b>	<b>206447</b>	<b>159996</b>	<b>710717</b>

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

Name of insurer **Phoenix Assurance Limited**

Global business

Overseas business

Financial year ended **31st December 2004**

Type of business **Life Assurance & General Annuity Insurance Business**

Company registration number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of business

Category of surplus

Category of surplus **Non-participation**

<b>R51</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>OS</b>	<b>L&amp;GA</b>	<b>12</b>
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Type of insurance or name of contract <b>1</b>	Valuation basis		No of contracts <b>4</b>	Amount of sums assured or annuities per annum, including vested reversionary bonuses <b>5</b>	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits <b>8</b>	Value of sums assured or annuities per annum, including vested reversionary bonuses <b>9</b>	Value of annual premiums		Amount of mathematical reserves <b>12</b>
	Rate of interest <b>2</b>	Mortality or morbidity table <b>3</b>			Office premiums <b>6</b>	Net premiums <b>7</b>			Office premiums <b>10</b>	Net premiums <b>11</b>	
<b>DIRECT WRITTEN INSURANCE BUSINESS</b>											
<b>Non-Profit Policies</b>											
Individual business											
Whole Life	3.10	AM80/AF80	9	128	2			80	18	11	69
Term (aggregate)	3.10	TM92/TF92	53	1655	5			39	23	14	25
Term (smoker)	3.10	TM92/TF92	18	1139	7			57	52	48	9
Term (non-smoker)	3.10	TM92/TF92	172	14927	46			167	134	107	60
Extra premiums											
Group business											
Annuities in payment	4.40	IM80/IF80	5	25 pa				574			574
Deferred Annuities	3.90	IM80/IF80						7			7
Reversionary Annuities	3.90	IM80/IF80		1 pa				5			5
<b>Sub total: Non-Profit Policies</b>			<b>257</b>	<b>17849</b> <b>26 pa</b>	<b>60</b>			<b>929</b>	<b>227</b>	<b>180</b>	<b>749</b>
<b>Sub total: Direct Written Insurance Business</b>			<b>257</b>	<b>17849</b> <b>26 pa</b>	<b>60</b>			<b>929</b>	<b>227</b>	<b>180</b>	<b>749</b>

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

Name of insurer **Phoenix Assurance Limited**

Global business

Overseas business

Financial year ended **31st December 2004**

Type of business **Life Assurance & General Annuity Insurance Business**

Company registration number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of business

Category of surplus

Category of surplus **Non-participation**

<b>R51</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>OS</b>	<b>L&amp;GA</b>	<b>12</b>
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Type of insurance or name of contract <b>1</b>	Valuation basis		No of contracts <b>4</b>	Amount of sums assured or annuities per annum, including vested reversionary bonuses <b>5</b>	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits <b>8</b>	Value of sums assured or annuities per annum, including vested reversionary bonuses <b>9</b>	Value of annual premiums		Amount of mathematical reserves <b>12</b>
	Rate of interest <b>2</b>	Mortality or morbidity table <b>3</b>			Office premiums <b>6</b>	Net premiums <b>7</b>			Office premiums <b>10</b>	Net premiums <b>11</b>	
<b>REASSURANCE ACCEPTED</b>											
<b>Non-Profit Policies</b>											
Individual business											
Term (aggregate)	3.10	TM92/TF92	2	100				1	1	1	
Term (smoker)	3.10	TM92/TF92	73	7463	41			225	222	196	29
Term (non-smoker)	3.10	TM92/TF92	501	52885	214			1147	1281	1110	37
Extra premiums					11			11			11
Group business											
Treaty with guaranteed reserve			2	5707				4894			4894
<b>Sub total: Non-Profit Policies</b>			<b>578</b>	<b>66155</b>	<b>266</b>			<b>6278</b>	<b>1504</b>	<b>1307</b>	<b>4971</b>
<b>Sub total: Reassurance Accepted</b>			<b>578</b>	<b>66155</b>	<b>266</b>			<b>6278</b>	<b>1504</b>	<b>1307</b>	<b>4971</b>
<b>REASSURANCE CEDED</b>											
<b>Non-Profit Policies</b>											
Individual business											
Term (aggregate)	3.10	TM92/TF92		150				2	1	1	1
Term (smoker)	3.10	TM92/TF92		45				4	3	2	2
Term (non-smoker)	3.10	TM92/TF92		1790	3			18	10	9	9
Extra premiums											

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

Name of insurer **Phoenix Assurance Limited**

Global business

Overseas business

Financial year ended **31st December 2004**

Type of business **Life Assurance & General Annuity Insurance Business**

Company registration number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of business

Category of surplus

Category of surplus **Non-participation**

<b>R51</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>OS</b>	<b>L&amp;GA</b>	<b>12</b>
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Type of insurance or name of contract <b>1</b>	Valuation basis		No of contracts <b>4</b>	Amount of sums assured or annuities per annum, including vested reversionary bonuses <b>5</b>	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits <b>8</b>	Value of sums assured or annuities per annum, including vested reversionary bonuses <b>9</b>	Value of annual premiums		Amount of mathematical reserves <b>12</b>
	Rate of interest <b>2</b>	Mortality or morbidity table <b>3</b>			Office premiums <b>6</b>	Net premiums <b>7</b>			Office premiums <b>10</b>	Net premiums <b>11</b>	
<b>Sub total: Non-Profit Policies</b>				<b>1985</b>	<b>3</b>			<b>24</b>	<b>14</b>	<b>12</b>	<b>12</b>
<b>Sub total: Reassurance Ceded</b>				<b>1985</b>	<b>3</b>			<b>24</b>	<b>14</b>	<b>12</b>	<b>12</b>
<b>Net total: Life Assurance &amp; General Annuity Insurance Business</b>			<b>835</b>	<b>82019 26 pa</b>	<b>323</b>			<b>7183</b>	<b>1717</b>	<b>1475</b>	<b>5708</b>

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

Name of insurer **Phoenix Assurance Limited**

Global business

Overseas business

Financial year ended **31st December 2004**

Type of business **Permanent Health Insurance Business**

Category of surplus **Non-participation**

Company registration number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of business

Category of surplus

<b>R51</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>OS</b>	<b>PHI</b>	<b>12</b>
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Type of insurance or name of contract  <b>1</b>	Valuation basis		No of contracts  <b>4</b>	Amount of sums assured or annuities per annum, including vested reversionary bonuses  <b>5</b>	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits  <b>8</b>	Value of sums assured or annuities per annum, including vested reversionary bonuses  <b>9</b>	Value of annual premiums		Amount of mathematical reserves  <b>12</b>
	Rate of interest  <b>2</b>	Mortality or morbidity table  <b>3</b>			Office premiums  <b>6</b>	Net premiums  <b>7</b>			Office premiums  <b>10</b>	Net premiums  <b>11</b>	
<b>DIRECT WRITTEN INSURANCE BUSINESS</b>											
<b>Non-Profit Policies</b>											
Individual business											
Permanent Health Insurance	4.40/3.90	See 7(1)	21	394 pa	5			121	34	27	94
Extra Premium								1			1
<b>Sub total: Non-Profit Policies</b>			<b>21</b>	<b>394 pa</b>	<b>5</b>			<b>122</b>	<b>34</b>	<b>27</b>	<b>95</b>
<b>Sub total: Direct Written Insurance Business</b>			<b>21</b>	<b>394 pa</b>	<b>5</b>			<b>122</b>	<b>34</b>	<b>27</b>	<b>95</b>
<b>REASSURANCE ACCEPTED</b>											
<b>Non-Profit Policies</b>											
Individual business											
Permanent Health Insurance	4.40/3.90	See 7(1)	3	152 pa	2			48	10	9	39
<b>Sub total: Non-Profit Policies</b>			<b>3</b>	<b>152 pa</b>	<b>2</b>			<b>48</b>	<b>10</b>	<b>9</b>	<b>39</b>
<b>Sub total: Reassurance Accepted</b>			<b>3</b>	<b>152 pa</b>	<b>2</b>			<b>48</b>	<b>10</b>	<b>9</b>	<b>39</b>
<b>REASSURANCE CEDED</b>											



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

Name of insurer **Phoenix Assurance Limited**

Global business

Overseas business

Financial year ended **31st December 2004**

Type of business **Permanent Health Insurance Business**

Category of surplus **Non-participation**

Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of  
business

Category  
of surplus

<b>R51</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>OS</b>	<b>PHI</b>	<b>12</b>
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Type of insurance or name of contract  <b>1</b>	Valuation basis		No of contracts  <b>4</b>	Amount of sums assured or annuities per annum, including vested reversionary bonuses  <b>5</b>	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits  <b>8</b>	Value of sums assured or annuities per annum, including vested reversionary bonuses  <b>9</b>	Value of annual premiums		Amount of mathematical reserves  <b>12</b>
	Rate of interest  <b>2</b>	Mortality or morbidity table  <b>3</b>			Office premiums  <b>6</b>	Net premiums  <b>7</b>			Office premiums  <b>10</b>	Net premiums  <b>11</b>	
<b>Non-Profit Policies</b>											
Individual business											
Permanent Health Insurance	4.40/3.90	See 7(1)		48 pa				12	2	2	10
<b>Sub total: Non-Profit Policies</b>				<b>48 pa</b>				<b>12</b>	<b>2</b>	<b>2</b>	<b>10</b>
<b>Sub total: Reassurance Ceded</b>				<b>48 pa</b>				<b>12</b>	<b>2</b>	<b>2</b>	<b>10</b>
<b>Net total: Permanent Health Insurance Business</b>			<b>24</b>	<b>498 pa</b>	<b>7</b>			<b>158</b>	<b>42</b>	<b>34</b>	<b>124</b>
<b>Net total: Overseas Insurance Business</b>			<b>859</b>	<b>82019 524 pa</b>	<b>330</b>			<b>7341</b>	<b>1759</b>	<b>1509</b>	<b>5832</b>

Long term insurance business : Valuation summary of accumulating with-profit policies

Name of insurer **Phoenix Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2004**

Type of business **Pension Insurance Business**

Category of surplus **Participation**

Company registration number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of business

Category of surplus

<b>R52</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>UK</b>	<b>Pens</b>	<b>11</b>
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Type of insurance or name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Liability in respect of current benefits including vested bonuses		Other liabilities		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
<b>REASSURANCE ACCEPTED</b> Unitised With Profits Group Business														
UWP Group Pensions	3.90		42				2638			71472	54473	4459	17205	76138
Additional Bonus Reserve										(731)				(731)
Additional Expense Reserve												1		1
<b>Sub total: Reassurance Accepted</b>			<b>42</b>				<b>2638</b>			<b>70741</b>	<b>54473</b>	<b>4460</b>	<b>17205</b>	<b>75408</b>
<b>Net total: Pension Insurance Business</b>			<b>42</b>				<b>2638</b>			<b>70741</b>	<b>54473</b>	<b>4460</b>	<b>17205</b>	<b>75408</b>
<b>Net total: United Kingdom Insurance Business</b>			<b>42</b>				<b>2638</b>			<b>70741</b>	<b>54473</b>	<b>4460</b>	<b>17205</b>	<b>75408</b>

Long term insurance business : Valuation summary of property linked contracts

Name of insurer **Phoenix Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2004**

Type of business **Life Assurance & General Annuity Insurance Business**  
 Category of surplus **Non-participation**

Company registration number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of business

Category of surplus

<b>R53</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>UK</b>	<b>L&amp;GA</b>	<b>12</b>
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Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Category of unit link	Unit liability		Other liabilities		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death/current payable per annum	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
<b>DIRECT WRITTEN INSURANCE BUSINESS Non-Profit Policies</b>														
Individual business														
Wealth Assured Contracts														
Bonds			422	7585	7585				Internal Fund	7086	7086	155		7241
Endowment			4200	22420	38172	22420	594		Internal Fund	36232	36232	858		37091
Ten + Ten Endowment			98	41	332		5		Internal Fund	321	321	63		385
Miscellaneous			119	3335	5588		264		AUT	3769	3769	3		3772
Maturity & Surrender Guarantee													993	993
Additional Expense Reserve												35		35
<b>Sub total: Non-Profit Policies</b>			<b>4839</b>	<b>33381</b>	<b>51677</b>	<b>22420</b>	<b>863</b>			<b>47408</b>	<b>47408</b>	<b>1114</b>	<b>993</b>	<b>49517</b>
<b>Sub total: Direct Written Insurance Business</b>			<b>4839</b>	<b>33381</b>	<b>51677</b>	<b>22420</b>	<b>863</b>			<b>47408</b>	<b>47408</b>	<b>1114</b>	<b>993</b>	<b>49517</b>
<b>REASSURANCE ACCEPTED Non-Profit Policies</b>														
Group business														

Long term insurance business : Valuation summary of property linked contracts

Name of insurer **Phoenix Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2004**

Type of business **Life Assurance & General Annuity Insurance Business**  
 Category of surplus **Non-participation**

Company registration number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of business

Category of surplus

<b>R53</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>UK</b>	<b>L&amp;GA</b>	<b>12</b>
------------	--------------	-----------	-----------	-----------	-------------	-------------	-----------	-----------------	-----------

Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Category of unit link	Unit liability		Other liabilities		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death/current payable per annum	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Save and Prosper			1											
Whole Life Assurance				446	6396		27		AUT	6396	6396			6395
Endowment				299	2198	46	8		AUT	2162	2162			2163
Miscellaneous				19	224	18	1		AUT	257	257	2		259
Royal & Sun Alliance Linked														
Insurances Limited			1											
Whole Life Assurance														
Life Bond				64	726				AUT	726	726	21		747
Single Premium Policy				213	765				AUT	765	765	18		783
Haven				1108	2968		24		AUT	2968	2968	77		3045
Whole Life Policy				9	52	9			AUT	52	52	1		53
Endowment														
Acorn				160	742	160	5		AUT	742	742	17		759
Endowment Policy				82	523	82	2		AUT	523	523	7		530
Equity Endowment				2	78				Internal Fund	78	78			78
<b>Sub total: Non-Profit Policies</b>			<b>2</b>	<b>2402</b>	<b>14672</b>	<b>315</b>	<b>67</b>			<b>14669</b>	<b>14669</b>	<b>143</b>		<b>14812</b>

Long term insurance business : Valuation summary of property linked contracts

Name of insurer **Phoenix Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2004**

Type of business **Life Assurance & General Annuity Insurance Business**  
 Category of surplus **Non-participation**

Company registration number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of business

Category of surplus

<b>R53</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>UK</b>	<b>L&amp;GA</b>	<b>12</b>
------------	--------------	-----------	-----------	-----------	-------------	-------------	-----------	-----------------	-----------

Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Category of unit link	Unit liability		Other liabilities		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death/current payable per annum	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Sub total: Reassurance Accepted			2	2402	14672	315	67			14669	14669	143		14812
<b>REASSURANCE CEDED</b>														
<b>Non-Profit Policies</b>														
Individual business														
Wealth Assured Contracts														
Bonds					7151				Internal Fund	7086	7086	11		7098
Endowment					36326		594		Internal Fund	36232	36232			36233
Ten + Ten Endowment					332		5		Internal Fund	321	321			321
Sub total: Non-Profit Policies					43809		599			43639	43639	11		43652
Sub total: Reassurance Ceded					43809		599			43639	43639	11		43652
<b>Net total: Life Assurance &amp; General Annuity Insurance Business</b>			<b>4841</b>	<b>35783</b>	<b>22540</b>	<b>22735</b>	<b>331</b>			<b>18438</b>	<b>18438</b>	<b>1246</b>	<b>993</b>	<b>20677</b>

Long term insurance business : Valuation summary of property linked contracts

Name of insurer **Phoenix Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2004**

Type of business **Life Assurance & General Annuity Insurance Business**

Category of surplus **Non-participation**

Company registration number

GL/UK/CM

Period ended

Units

UK/OS

Type of business

Category of surplus

<b>R53</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>UK</b>	<b>L&amp;GA</b>	<b>12</b>
------------	--------------	-----------	-----------	-----------	-------------	-------------	-----------	-----------------	-----------

Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Category of unit link	Unit liability		Other liabilities		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death/current payable per annum	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Net total: United Kingdom Insurance Business			4841	35783	22540	22735	331			18438	18438	1246	993	20677

Long term insurance business : Valuation summary of property linked contracts

Name of insurer **Phoenix Assurance Limited**

Global business

Overseas business

Financial year ended **31st December 2004**

Type of business **Life Assurance & General Annuity Insurance Business**

Category of surplus **Non-participation**

Company registration number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of business

Category of surplus

<b>R53</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>OS</b>	<b>L&amp;GA</b>	<b>12</b>
------------	--------------	-----------	-----------	-----------	-------------	-------------	-----------	-----------------	-----------

Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Category of unit link	Unit liability		Other liabilities		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death/current payable per annum	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
<b>DIRECT WRITTEN INSURANCE BUSINESS Non-Profit Policies</b>														
Individual business														
Wealth Assured Contracts														
Bonds			3	87	87				Internal Fund	85	85	2		87
Endowment			24	105	276	105	5		Internal Fund	275	275	1		275
<b>Sub total: Non-Profit Policies</b>			<b>27</b>	<b>192</b>	<b>363</b>	<b>105</b>	<b>5</b>			<b>360</b>	<b>360</b>	<b>3</b>		<b>362</b>
<b>Sub total: Direct Written Insurance Business</b>			<b>27</b>	<b>192</b>	<b>363</b>	<b>105</b>	<b>5</b>			<b>360</b>	<b>360</b>	<b>3</b>		<b>362</b>
<b>REASSURANCE CEDED Non-Profit Policies</b>														
Individual business														
Wealth Assured Contracts														
Bonds					86				Internal Fund	85	85			85
Endowment					275		5		Internal Fund	275	275			275
<b>Sub total: Non-Profit Policies</b>					<b>361</b>		<b>5</b>			<b>360</b>	<b>360</b>			<b>360</b>

Long term insurance business : Valuation summary of property linked contracts

Name of insurer **Phoenix Assurance Limited**

Global business

Overseas business

Financial year ended **31st December 2004**

Type of business **Life Assurance & General Annuity Insurance Business**

Category of surplus **Non-participation**

Company registration number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of business

Category of surplus

<b>R53</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>OS</b>	<b>L&amp;GA</b>	<b>12</b>
------------	--------------	-----------	-----------	-----------	-------------	-------------	-----------	-----------------	-----------

Name of contract <b>1</b>	Valuation basis		No of contracts <b>4</b>	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Category of unit link <b>10</b>	Unit liability		Other liabilities		Amount of mathematical reserves <b>15</b>
	Rate of interest <b>2</b>	Mortality or morbidity table <b>3</b>		Guaranteed on death <b>5</b>	Current on death/current payable per annum <b>6</b>	Guaranteed on maturity <b>7</b>	Office premiums <b>8</b>	Net premiums <b>9</b>		Current benefit value <b>11</b>	Discounted value <b>12</b>	Mortality and expenses <b>13</b>	Options and guarantees other than investment performance guarantees <b>14</b>	
Sub total: Reassurance Ceded					361		5			360	360			360
Net total: Life Assurance & General Annuity Insurance Business			27	192	2	105						3		2
Net total: Overseas Insurance Business			27	192	2	105						3		2



Long term insurance business : Valuation summary of index linked contracts

Name of insurer **Phoenix Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2004**

Type of business **Life Assurance & General Annuity Insurance Business**

Category of surplus **Non-participation**

Company registration number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of business

Category of surplus

<b>R54</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>UK</b>	<b>L&amp;GA</b>	<b>12</b>
------------	--------------	-----------	-----------	-----------	-------------	-------------	-----------	-----------------	-----------

Name of contract <b>1</b>	Valuation basis		No of contracts <b>4</b>	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Name of index link <b>10</b>	Investment liability		Other liabilities		Amount of mathematical reserves <b>15</b>
	Rate of interest <b>2</b>	Mortality or morbidity table <b>3</b>		Guaranteed on death <b>5</b>	Current on death/current payable per annum <b>6</b>	Guaranteed on maturity <b>7</b>	Office premiums <b>8</b>	Net premiums <b>9</b>		Current benefit value <b>11</b>	Discounted value <b>12</b>	Mortality and expenses <b>13</b>	Options and guarantees other than investment performance guarantees <b>14</b>	
<b>DIRECT WRITTEN INSURANCE BUSINESS Non-Profit Policies</b>														
Group business														
Annuities in payment	1.40	IM80/IF80	2		7 pa				RPI		202			202
<b>Sub total: Non-Profit Policies</b>			<b>2</b>		<b>7 pa</b>						<b>202</b>			<b>202</b>
<b>Sub total: Direct Written Insurance Business</b>			<b>2</b>		<b>7 pa</b>						<b>202</b>			<b>202</b>
<b>Net total: Life Assurance &amp; General Annuity Insurance Business</b>			<b>2</b>		<b>7 pa</b>						<b>202</b>			<b>202</b>

Long term insurance business : Valuation summary of index linked contracts

Name of insurer **Phoenix Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2004**

Type of business **Pension Insurance Business**

Category of surplus **Non-participation**

Company registration number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of business

Category of surplus

<b>R54</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>UK</b>	<b>Pens</b>	<b>12</b>
------------	--------------	-----------	-----------	-----------	-------------	-------------	-----------	-------------	-----------

Name of contract <b>1</b>	Valuation basis		No of contracts <b>4</b>	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Name of index link <b>10</b>	Investment liability		Other liabilities		Amount of mathematical reserves <b>15</b>
	Rate of interest <b>2</b>	Mortality or morbidity table <b>3</b>		Guaranteed on death <b>5</b>	Current on death/current payable per annum <b>6</b>	Guaranteed on maturity <b>7</b>	Office premiums <b>8</b>	Net premiums <b>9</b>		Current benefit value <b>11</b>	Discounted value <b>12</b>	Mortality and expenses <b>13</b>	Options and guarantees other than investment performance guarantees <b>14</b>	
<b>DIRECT WRITTEN INSURANCE BUSINESS Non-Profit Policies</b>														
Individual business														
Annuities in Payment	1.40	PMA/PFA92	2		10 pa				RPI		323			323
Group business														
Annuities in payment	1.40	PMA/PFA92	490		2336 pa				RPI		58640			58640
Reversionary annuities	1.40	PMA/PFA92			111 pa				RPI		671			671
<b>Sub total: Non-Profit Policies</b>			<b>492</b>		<b>2457 pa</b>						<b>59634</b>			<b>59634</b>
<b>Sub total: Direct Written Insurance Business</b>			<b>492</b>		<b>2457 pa</b>						<b>59634</b>			<b>59634</b>
<b>REASSURANCE ACCEPTED Non-Profit Policies</b>														
Individual business														
Annuities in payment	1.40	PMA/PFA92	2		19 pa				RPI		247			247
Reversionary annuities	1.40	PMA/PFA92			4 pa				RPI		24			24
Group business														
Annuities in payment	1.40	PMA/PFA92	32		850 pa				RPI		11505			11505
Reversionary annuities	1.40	PMA/PFA92			397 pa				RPI		2042			2042

Long term insurance business : Valuation summary of index linked contracts

Name of insurer **Phoenix Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2004**

Type of business **Pension Insurance Business**

Category of surplus **Non-participation**

Company registration number	GL/UK/CM	Period ended			Units	UK/OS	Type of business	Category of surplus	
		day	month	year					
<b>R54</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>UK</b>	<b>Pens</b>	<b>12</b>

Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Name of index link	Investment liability		Other liabilities		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death/current payable per annum	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Sub total: Non-Profit Policies			34		1270 pa						13818			13818
Sub total: Reassurance Accepted			34		1270 pa						13818			13818
Net total: Pension Insurance Business			526		3727 pa						73452			73452
Net total: United Kingdom Insurance Business			528		3734 pa						73654			73654

Long term insurance business : Analysis of units in internal linked funds and direct holdings of assets matching liabilities in respect of property linked benefits

Name of insurer **Phoenix Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2004**

Category of surplus **Non-participation**

Internal linked fund

Company registration number	GL/UK/CM	Period ended			Units	UK/OS	Category of surplus	IL/DH	
		day	month	year					
<b>R55</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>UK</b>	<b>12</b>	<b>ILH</b>

Name of fund link or directly held asset <b>1</b>	Name of unit type <b>2</b>	Valuation price per unit or asset <b>3</b>	Total actual number of units in force or directly held assets <b>4</b>	Value of total actual units in force or directly held assets <b>5</b>	Value of actual units held by other internal linked funds <b>6</b>	Value of directly held assets and actual units in force excluding those held by other internal linked funds (5-6) <b>7</b>	Value of units or directly held assets deemed allocated to contracts		Value of surplus units or directly held assets (7-8+9) <b>10</b>
							Gross <b>8</b>	Reinsurance ceded <b>9</b>	
Wholly reinsured							43639	43639	
<b>Sub total: Wholly reinsured</b>							<b>43639</b>	<b>43639</b>	
Equity Endowment	accumulation	14.972900	5216	78		78	78		
<b>Sub total: Equity Endowment</b>				<b>78</b>		<b>78</b>	<b>78</b>		
<b>Total: Non-participation</b>				<b>78</b>		<b>78</b>	<b>43717</b>	<b>43639</b>	

Long term insurance business : Analysis of units in internal linked funds and direct holdings of assets matching liabilities in respect of property linked benefits

(Sheet 2)

Name of insurer **Phoenix Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2004**

Category of surplus **Non-participation**

Directly held assets

Name of fund link or directly held asset	Name of unit type	Valuation price per unit or asset	Total actual number of units in force or directly held assets	Value of total actual units in force or directly held assets	Value of actual units held by other internal linked funds	Value of directly held assets and actual units in force excluding those held by other internal linked funds (5-6)	Value of units or directly held assets deemed allocated to contracts		Value of surplus units or directly held assets (7-8+9)						
							GL/UK/CM	Period ended			Units	UK/OS	Category of surplus	IL/DH	
							R55	71805		GL	31	12	2004	£000	UK
1	2	3	4	5	6	7	8	9	10						
Units issued by Save & Prosper Group in connection with Royal & Sun Alliance Linked Life Ins Ltd															
JPMF Global Financials	auth unit trust	6.108000	178675	1091		1091	541		550						
JPMF Premier Equity Income	auth unit trust	4.416000	1174836	5188		5188	2979		2209						
JPMF Natural Resources	auth unit trust	3.150000	296746	935		935	539		396						
JPMF Global	auth unit trust	5.116000	533712	2730		2730	1717		1013						
Units issued by Save & Prosper Group in connection with Save & Prosper Reassurance															
JPMF Global Financials	auth unit trust	6.108000	277617	1696		1696	1525		171						
JPMF Investment Trust	auth unit trust	3.627000	1182959	4291		4291	3826		465						
JPMF Natural Resources	auth unit trust	3.150000	318231	1002		1002	882		120						
JPMF Global	auth unit trust	5.116000	175608	898		898	792		106						
JPMF US	auth unit trust	2.812000	41807	118		118	107		11						
JPMF Premier Equity Income	auth unit trust	4.918000	179186	881		881	786		95						
JPMF Japan	auth unit trust	1.969000	281560	554		554	514		40						
JPMF Asia	auth unit trust	0.423800	26497	11		11	11								
JPMF Premier Equity Growth	auth unit trust	2.636000	2126	6		6	6								
JPMF UK Smaller Companies	auth unit trust	1.321000	28566	38		38	36		2						

1  
2  
4

Long term insurance business : Analysis of units in internal linked funds and direct holdings of assets matching liabilities in respect of property linked benefits

(Sheet 3)

Name of insurer **Phoenix Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2004**

Category of surplus **Non-participation**

Directly held assets

Company registration number	GL/UK/CM	Period ended			Units	UK/OS	Category of surplus	IL/DH	
		day	month	year					
<b>R55</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>UK</b>	<b>12</b>	<b>DHA</b>

Name of fund link or directly held asset	Name of unit type	Valuation price per unit or asset	Total actual number of units in force or directly held assets	Value of total actual units in force or directly held assets	Value of actual units held by other internal linked funds	Value of directly held assets and actual units in force excluding those held by other internal linked funds (5-6)	Value of units or directly held assets deemed allocated to contracts		Value of surplus units or directly held assets (7-8+9)
							Gross	Reinsurance ceded	
1	2	3	4	5	6	7	8	9	10
JPMF Europe Miscellaneous	auth unit trust	4.497000	88251	397		397	331		66
JPMF American Equity	auth unit trust	40.458294	4931	199		199	199		
Invesco GT Continental European	auth unit trust	62.590041	9299	582		582	582		
Invesco GT Bond	auth unit trust	13.691408	25488	349		349	349		
Invesco GT Investment	auth unit trust	17.000731	17037	290		290	290		
JF Pacific Securities	auth unit trust	68.874622	2895	199		199	199		
Barclays (LUX) UK Equity	auth unit trust	1.971000	130961	258		258	258		
Barclays (LUX) International Equity	auth unit trust	2.180000	197967	432		432	432		
Gartmore Pacific Opportunities	auth unit trust	1.891500	114474	217		217	217		
Fidelity Funds UK	auth unit trust	1.399000	340653	477		477	477		
Investec GSF £ Money Fund	auth unit trust	10.210000	26217	268		268	268		
Lloyds TSB Sterling Bond	auth unit trust	1.521000	328015	499		499	499		

125

Long term insurance business : Analysis of units in internal linked funds and direct holdings of assets matching liabilities in respect of property linked benefits

Name of insurer **Phoenix Assurance Limited**

Global business

Overseas business

Financial year ended **31st December 2004**

Category of surplus **Non-participation**

Internal linked fund

Company registration number	GL/UK/CM	Period ended			Units	UK/OS	Category of surplus	IL/DH	
		day	month	year					
<b>R55</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>OS</b>	<b>12</b>	<b>ILH</b>

1	2	3	4	5	6	7	8		9	10
							Gross	Reinsurance ceded		
Name of fund link or directly held asset	Name of unit type	Valuation price per unit or asset	Total actual number of units in force or directly held assets	Value of total actual units in force or directly held assets	Value of actual units held by other internal linked funds	Value of directly held assets and actual units in force excluding those held by other internal linked funds (5-6)	Value of units or directly held assets deemed allocated to contracts		Value of surplus units or directly held assets (7-8+9)	
Wholly reinsured								360	360	
<b>Sub total: Wholly reinsured</b>								<b>360</b>	<b>360</b>	
<b>Total: Non-participation</b>								<b>360</b>	<b>360</b>	

**Long term insurance business : Analysis of assets and liabilities matching investment liabilities in respect of index linked benefits**

Name of insurer **Phoenix Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2004**

Category of surplus **Non-participation**

	Company registration number	GL/UK/CM	Period ended			Units	UK/OS	Category of Surplus	
			day	month	year				
	<b>R56</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>UK</b>	<b>12</b>
Type of assets and liabilities			Name of index link			Value of assets or liabilities		Gross derivative value	
			<b>1</b>			<b>2</b>		<b>3</b>	
Life and General Annuity Business Index Linked Gilts			RPI			202			
Pension Business Index Linked Gilts			RPI			73452			
<b>Sub total assets</b>						<b>73654</b>			
<b>Sub total liabilities</b>									
<b>Sub total net assets</b>						<b>73654</b>			
Total assets						<b>73654</b>			
Total liabilities									
Net total assets						<b>73654</b>			



Long-term insurance business - analysis of valuation interest rates

Name of insurer **Phoenix Assurance Limited**

Financial year ended **31st December 2004**

Category of surplus **Participation**

Product group	Company registration number	GL/UK/CM	Period ended			Units	Category of surplus	
			day	month	year			
	<b>R57</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>11</b>
	Net mathematical reserves	Net valuation interest rate	Gross valuation interest rate	Risk adjusted yield on matching assets				
1	2	3	4	5				
UK L&GA WP Form 51 with profit assurances	36887	1.00	1.25	4.20				
UK L&GA WP Form 51 non profit assurances	538	3.10	3.90	4.59				
UK L&GA WP Form 51 Additional Bonus Reserve	12880			4.20				
UK L&GA WP Form 58 Cost of Reversionary Bonus	1925	1.00	1.25	5.11				
UK Pens WP Form 52 UWP Group Pensions	76138		3.90	4.75				
Misc.	118			4.67				
Total: Participation	<b>128486</b>							

Long-term insurance business - analysis of valuation interest rates

Name of insurer **Phoenix Assurance Limited**

Financial year ended **31st December 2004**

Category of surplus **Non-participation**

Product group	Company registration number	GL/UK/CM	Period ended			Units	Category of surplus	
			day	month	year			
1	R57	71805	GL	31	12	2004	£000	12
	Net mathematical reserves		Net valuation interest rate		Gross valuation interest rate		Risk adjusted yield on matching assets	
1	2	3	4	5				
UK L&GA NP Form 51 Individual Term Assurances	12294		3.10		3.90			4.45
OS L&GA NP Form 51 Individual Term Assurances	147		3.10		3.90			4.45
UK L&GA NP Form 51 Other Assurances	12890		3.10		3.90			4.45
OS L&GA NP Form 51 Other Assurances	87		3.10		3.90			4.45
UK L&GA NP Form 51 Interest Insensitive	27135							4.65
OS L&GA NP Form 51 Interest Insensitive	4894							4.45
UK PHI NP Form 51	144246				3.90			4.45
UK PHI NP Form 51	46436				4.40			5.11
OS PHI NP Form 51	124				3.90			4.45
UK PHI NP Form 51 Interest Insensitive	15700							4.45
UK Pens NP Form 51 Term Assurance	5806				3.90			4.45
UK Pens NP Form 51 Annuities in payment	356989				4.40			4.92
UK Pens NP Form 51 Deferred Annuities	28245				3.90			4.45
UK Pens NP Form 51 Interest Insensitive Pensions	53642							2.53
UK Pens NP Form 51 Additional Reserves	1166							4.65
UK Pens NP Form 51 PPSE/EPP/VPP expenses	1719				3.90			4.45
UK L&GA NP Form 53 Mortality and Expenses	1213		3.10		3.90			4.45
UK L&GA NP Form 53 Guarantee & Addl Expense	1029							4.65
Misc.	5028							4.81
Total: Non-participation	<b>718790</b>							

## Long term insurance business : Valuation result and distribution of surplus

Name of insurer **Phoenix Assurance Limited**

Global business

Financial year ended **31st December 2004**Company  
registration  
number

GL/UK/CM

Period ended

day month year

Units

Category  
of surplusCategory of surplus **Participation**

		<b>R58</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>11</b>	
Valuation result	Fund carried forward					<b>11</b>			128986	
	Bonus payments made to policyholders in anticipation of a surplus					<b>12</b>			7469	
	Transfers out of fund/ parts of fund	Transfer to non-technical account				<b>13</b>				
		Transfer to other funds/parts of funds				<b>14</b>				
	Net transfer out of funds/parts of funds (13+14)					<b>15</b>				
	Total (11+12+15)					<b>16</b>			136455	
	Mathematical reserves for accumulating with profit policies					<b>17</b>			75408	
	Mathematical reserves for other non linked contracts					<b>18</b>			50422	
	Mathematical reserves for property linked contracts					<b>19</b>				
	Mathematical reserves for index linked contracts					<b>20</b>				
	Total (17 to 20)					<b>21</b>			125830	
	Surplus including contingency and other reserves held towards the solvency margin (deficiency) (16-21)					<b>29</b>			10625	
Composition of surplus	Balance of surplus brought forward unappropriated from last valuation					<b>31</b>			500	
	Transfers into fund/part of fund	Transfer from non-technical account				<b>32</b>				
		Transfer from other funds/parts of fund				<b>33</b>				
	Net transfer into fund/part of fund (32+33)					<b>34</b>				
	Surplus arising since the last valuation					<b>35</b>			10125	
	Total (31+34+35)					<b>39</b>			10625	
Distribution of surplus	Bonus payments made to policyholders in anticipation of a surplus					<b>41</b>			7469	
	Allocated to policyholders by way of	Cash bonuses				<b>42</b>				
		Reversionary bonuses				<b>43</b>			2656	
		Other bonuses				<b>44</b>				
		Premium reductions				<b>45</b>				
	Total allocated to policyholders (41 to 45)					<b>46</b>			10125	
	Net transfer out of fund/part of fund					<b>47</b>				
	Total distributed surplus (46+47)					<b>48</b>			10125	
	Balance of surplus (including contingency and other reserves held towards the solvency margin) carried forward unappropriated					<b>49</b>			500	
Total (48+49)					<b>59</b>			10625		
Percentage of distributed surplus allocated to policyholders of fund/part of fund					<b>61</b>			100.00		
Corresponding percentage at three immediately previous valuations	Latest	(year of valuation <b>2003</b> )			<b>62</b>			100.00		
	Earlier	(year of valuation <b>2002</b> )			<b>63</b>			100.00		
	Earliest	(year of valuation <b>2001</b> )			<b>64</b>			100.00		

## Long term insurance business : Valuation result and distribution of surplus

Name of insurer **Phoenix Assurance Limited**

Global business

Financial year ended **31st December 2004**Company  
registration  
number

GL/UK/CM

Period ended

day month year

Units

Category  
of surplusCategory of surplus **Non-participation**

		<b>R58</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>12</b>	
Valuation result	Fund carried forward					<b>11</b>			811382	
	Bonus payments made to policyholders in anticipation of a surplus					<b>12</b>				
	Transfers out of fund/ parts of fund	Transfer to non-technical account				<b>13</b>			31005	
		Transfer to other funds/parts of funds				<b>14</b>				
	Net transfer out of funds/parts of funds (13+14)					<b>15</b>			31005	
	Total (11+12+15)					<b>16</b>			842387	
	Mathematical reserves for accumulating with profit policies					<b>17</b>				
	Mathematical reserves for other non linked contracts					<b>18</b>			716549	
	Mathematical reserves for property linked contracts					<b>19</b>			20680	
	Mathematical reserves for index linked contracts					<b>20</b>			73654	
	Total (17 to 20)					<b>21</b>			810882	
	Surplus including contingency and other reserves held towards the solvency margin (deficiency) (16-21)					<b>29</b>			31505	
Composition of surplus	Balance of surplus brought forward unappropriated from last valuation					<b>31</b>			500	
	Transfers into fund/part of fund	Transfer from non-technical account				<b>32</b>				
		Transfer from other funds/parts of fund				<b>33</b>				
	Net transfer into fund/part of fund (32+33)					<b>34</b>				
	Surplus arising since the last valuation					<b>35</b>			31005	
	Total (31+34+35)					<b>39</b>			31505	
Distribution of surplus	Bonus payments made to policyholders in anticipation of a surplus					<b>41</b>				
	Allocated to policyholders by way of	Cash bonuses				<b>42</b>				
		Reversionary bonuses				<b>43</b>				
		Other bonuses				<b>44</b>				
		Premium reductions				<b>45</b>				
	Total allocated to policyholders (41 to 45)					<b>46</b>				
	Net transfer out of fund/part of fund					<b>47</b>			31005	
	Total distributed surplus (46+47)					<b>48</b>			31005	
	Balance of surplus (including contingency and other reserves held towards the solvency margin) carried forward unappropriated					<b>49</b>			500	
Total (48+49)					<b>59</b>			31505		
Percentage of distributed surplus allocated to policyholders of fund/part of fund					<b>61</b>					
Corresponding percentage at three immediately previous valuations	Latest	(year of valuation <b>2003</b> )			<b>62</b>					
	Earlier	(year of valuation <b>2002</b> )			<b>63</b>					
	Earliest	(year of valuation <b>2001</b> )			<b>64</b>					

**Long term insurance capital requirement**Name of insurer **Phoenix Assurance Limited**

Global business

Financial year ended **31st December 2004**Company  
registration  
number

GL/UK/CM

Period ended

day month year

Units

	LTICR factor	Gross reserves / capital at risk	Net reserves / capital at risk	Reinsurance factor	Period ended			Units £000
					GL	31	12	
	1	2	3	4	5	6		

**Insurance death risk capital component**

Classes I, II and IX	11	0.1%	58027	58027	0.86205	50	
Classes I, II and IX	12	0.15%					
Classes I, II and IX	13	0.3%	13092976	11278762		33860	
Classes III, VII and VIII	14	0.3%	3279	3119	0.95149	9	
<b>Total</b>	<b>15</b>		13154281	11339908		33920	

**Insurance health risk capital component**

Class IV and supplementary classes 1 and 2	21					4368	
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**Insurance expense risk capital component**

Classes I, II and IX	31	1%	719071	712181	0.99042	7122	
Classes III, VII and VIII (investment risk)	32	1%	49450	5760	0.85000	420	
Classes III, VII and VIII (expenses fixed 5 yrs +)	33	1%	15240	14919	0.97893	149	
Classes III, VII and VIII (other)	34	25%					
Class IV	35	1%	208229	206507	0.99173	2065	
Class V	36	1%					
Class VI	37	1%			0.00000		
<b>Total</b>	<b>38</b>					9756	

**Insurance market risk capital component**

Classes I, II and IX	41	3%	719071	712181	0.99042	21365	
Classes III, VII and VIII (investment risk)	42	3%	49450	5760	0.85000	1261	
Classes III, VII and VIII (expenses fixed 5 yrs +)	43	0%	15240	14919			
Classes III, VII and VIII (other)	44	0%					
Class IV	45	3%	208229	206507	0.99173	6195	
Class V	46	0%					
Class VI	47	3%			0.00000		
<b>Total</b>	<b>48</b>		991990	939368		28822	

<b>Long term insurance capital requirement</b>	<b>51</b>					76866	80669
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## Returns under the Accounts and Statements Rules

### Supplementary Notes

#### Phoenix Assurance Limited

##### Global business

Financial year ended 31 December 2004

### NOTES TO APPENDIX 9.1

#### **\*0301\* Reconciliation of net admissible assets to capital resources after deductions**

The reconciliation of the net admissible assets to total capital resources after deductions is as follows:

	2004 £000's
Form 13 line 89 Total other than long term business assets	176,814
Form 13 line 89 Total long term business assets	1,347,151
Less the sum of lines 11, 12 and 49 of Form 14	(996,039)
Less Form 15 line 69	(150,355)
Form 13 line 93 Total other than long term business assets, Capital resource requirement of subsidiary undertakings	<u>36,040</u>
Total Capital resources after deductions (Form 3 line 79)	<u>413,611</u>

#### **\*0303\* Allocation of capital items between general and long term insurance business**

The amount of £3,200k shown in form 3 line 11 column 1 represents shareholders' assets which have been allocated to cover general insurance business capital resources requirements. In previous years these assets were allocated within the Royal & SunAlliance Insurance plc's general insurance business annual return.

#### **\*0310\* Details of valuation differences between the return and statutory accounts**

The negative valuation differences can be analysed as follows:

	2004 £000's
Additional Prudence in mathematical reserves calculation	15,298
Recognition of gross financial reinsurance asset	<u>48,203</u>
Net Valuation Differences	<u>63,501</u>

#### **\*1102\* General Insurance capital requirement for long term business**

#### **\*1202\* General Insurance capital requirement for long term business**

The prior year figures shown in column 2 of Forms 11 and 12 for the long term business differ from those sent to FSA under rule 9.6 (1B) as at 31st December 2003. This is because we have now excluded from the calculation of premiums and claims the group risk business which was transferred to Canada Life at 31st March 2003.

#### **\*1301\* OLTB: Aggregate value of certain investments.**

The Company held at 31 December 2004 £50,063k (2003 £90,071k) in unlisted securities.

#### **\*1302\* OLTB: Hybrid securities.**

The aggregate value of hybrid securities held by the Company at 31 December 2004 was £2k (2003 £2k).

## Returns under the Accounts and Statements Rules

### Supplementary Notes

#### Phoenix Assurance Limited

#### Global business

Financial year ended **31 December 2004**

#### **\*1304\* OLTB: Set off**

#### **\*1310\* LTB: Set off**

- a) In accordance with Appendix 9.1, paragraph 8 of the Interim Prudential Sourcebook for Insurers, amounts shown in Forms 13, 14 and 15 have been calculated by netting amounts due to any one person against amounts due from that person.
- b) Interfund balances which exist between the shareholders' funds and life funds have been adjusted by allocating appropriate cash and deposit balances.

#### **\*1305\* OLTB: Counterparty limits**

#### **\*1311\* LTB: Counterparty limits**

The maximum permitted limit to an approved and other than approved counterparty is the limit consistent with the requirement on admissibility of assets unless the Company agrees otherwise.

#### **\*1306\* Counterparty exposure at the end of the financial year**

#### **\*1312\* Counterparty exposure at the end of the financial year**

At 31 December 2004 the Company had an interest bearing loan with its immediate parent company of £194,444k.

#### **\*1308\* LTB: Aggregate value of certain investments**

The Company held at 31 December 2004 £3,267k (2003 £29,509k) in unlisted securities and listed securities not readily realisable, the majority of which were listed securities not readily realisable.

#### **\*1309\* LTB: Hybrid securities**

The aggregate value of hybrid securities held by the Company at 31 December 2004 was £26k (2003 £25k).

#### **\*1401\* Provision for reasonably foreseeable adverse variations**

#### **\*1501\* Provision for reasonably foreseeable adverse variations**

No provision for adverse changes has been made as liabilities are matched to assets.

#### **\*1402\* Details of charges over assets, contingent liabilities etc**

#### **\*1502\* Details of charges over assets, contingent liabilities etc**

Form 14 line 21 includes an amount of £4,447k (2003 £5,825k) in respect of a prospective liability for tax on unrealised capital gains calculated in accordance with Financial Reporting Standard 19, and so no additional mathematical reserve has been included on form 14, line 51.

At 31 December 2004 there were no other contingent liabilities, guarantees, indemnities or contractual commitments effected by the Company other than in the ordinary course of its insurance business.

#### **\*1601\* Basis of conversion of foreign currency**

In accordance with Appendix 9.1 paragraph 5(2) of the Interim Prudential Sourcebook for Insurers, long-term business amounts of income and expenditure in foreign currencies are translated to sterling at prevailing rates at the date of the transactions.

**Returns under the Accounts and Statements Rules**

**Supplementary Notes**

**Phoenix Assurance Limited**

**Global business**

**Financial year ended 31 December 2004**

**\*1700\* Omission of forms**

Form 17 for other than long term has not been prepared as all entries, including comparatives, would be nil.

**\*1701\* Derivative contracts**

There has been no excess variation margin received due to market movements that has subsequently been partly or wholly reversed.

There is no excess variation margin included within Form 13.



## Returns under the Accounts and Statements Rules

### Supplementary Notes

#### Phoenix Assurance Limited

##### Global business

Financial year ended 31 December 2004

### NOTES TO APPENDIX 9.2

#### **\*0101\* Modification of Rules 9.15, 9.17, 9.19, 9.20 and 9.21.**

The FSA, on the application of the firm, made a direction in March 2005 under section 148 of the Financial Services and Markets Act 2000. The effect of the direction is to waive the firm's obligation, under IPRU (INS), to prepare forms 21 to 36.

#### **\*1105\* Differences between brought forward and carried forward amounts**

#### **\*1105\* Differences between brought forward and carried forward amounts**

The brought forward amounts for claims outstanding represent those carried forward at the end of 2001 revalued in the case of foreign currency denominated amounts to 2004 rates of exchange.

#### **\*2000\* Omission of forms**

Form 20 has not been prepared as all entries, including comparatives would be nil.

#### **\*2007\* Material connected party transactions**

A reinsurance agreement between Phoenix Assurance Limited and Royal & SunAlliance Insurance plc was entered into from 1<sup>st</sup> January 2004 under which Royal & SunAlliance Insurance plc reinsured and indemnified Phoenix Assurance Limited in respect of 100% of its general insurance losses, reduced by any amounts recoverable by Phoenix under any third party reinsurance. Phoenix Assurance Limited was a fellow subsidiary of Royal & SunAlliance Insurance plc until its sale at 30 September 2004.

## Returns under the Accounts and Statements Rules

### Supplementary Notes

#### Phoenix Assurance Limited

##### Global business

Financial year ended **31 December 2004**

### NOTES TO APPENDIX 9.3

#### **\*4002\* Other income and expenditure**

Other expenditure shown on Form 40, line 25 relates to costs arising from the decision to close to new business in 2002, together with the out-turn of provisions established prior to 2003 in respect of previous business improvement programmes. These costs arise from fundamental reorganisations of the business.

#### **\*4006\* Basis of apportionment between funds**

Expenses for each long term fund are part specific and part allocated so as to reflect, as far as possible, actual involvement and work done.

#### **\*4008\* Provision of management services to or by the company**

Arrangements were in force during the financial year for the provision of management services to the Company by Royal & Sun Alliance Life Insurance Services Limited, Resolution Life Services Limited, Unisys Limited and F&C Asset Management plc.

#### **\*4009\* Material connected party transactions**

A number of reinsurance contracts are in place between the Company and other group companies. All these contracts are entered into on "arms length" basis details of which are listed in Appendix 9.4 Schedule 12 of the Return.

#### **\*4010\* Expenses payable**

Following the decision to close to new business in 2002 and in order to ensure that a robust and cost effective service continued to be provided to our policyholders, an agreement was entered into with Unisys Limited, effective from 1 May 2003, for the provision of policy administration services and related support functions. The majority of the costs associated with this contract are wholly variable, being determined by in-force policy counts.

#### **\*4103\* Financing reinsurance**

A part repayment of the original £85.0m paid in prior years was received in 2004 from another group company of £10.8m (2003 £12.1m). This has been included in regular premiums and has been split £5.2m (2002 £5.9m) life and £5.6m (2002 £6.2m) pensions, shown in Form 41 Lines 12 & 14 respectively.

#### **\*4301\* Basis of valuation of assets**

Investments and assets held to cover linked liabilities are shown at market value, for which purpose unlisted investments, mortgages and loans are included at directors' valuation and properties at professional valuation. For listed securities the stock exchange values are used. Properties are valued annually at open market value.

#### **\*4501\* Prices per unit**

#### **\*5501\* Prices per unit**

The valuation prices per unit are expressed in pounds sterling.

## Returns under the Accounts and Statements Rules

### Supplementary Notes

#### Phoenix Assurance Limited

#### Global business

Financial year ended 31 December 2004

### NOTES ON APPENDIX 9.4

#### **\*4601\* UK: Non-Linked Group Contracts**

There are 12,403 Group Contracts in-force.

#### **\*4602\* UK: Linked Group Contracts**

There are 526 Group Contracts in-force.

#### **\*4603\* Overseas: Non-Linked Group Contracts**

There are 7 Group Contracts in-force.

#### **\*4604\* Overseas: Linked Group Contracts**

There are no Group Contracts in-force.

#### **\*4702\***

The analysis between various categories of movements is inconsistent in certain instances.

#### **\*4701\***

The number of Progressive Protection Plan policies is shown here, whilst a count of 1 for the reinsurance treaty is shown in Form 51. No count is shown for the reassured business on Form 46 Line 12.

#### **\*4801\* Accrued interest**

The amounts of accrued interest included in each line are as follows:

Line	Total £000's	Non Par £000's	Par £000's
12	5,808	4,974	834
13	4,825	4,331	494
14	915	855	60
15	30	27	3
18	95	92	3

#### **\*6001\* Long term Insurance capital requirement**

The prior year figure shown in line 51 column 6 of Form 60 differs from that in the corresponding Form sent to FSA under rule 9.6 (1B) as at 31st December 2003. This is because we have now excluded from the calculation of the insurance health risk capital component the group risk business which was transferred to Canada Life at 31st March 2003.

Returns under the Accounts and Statements Rules

**Statement of Additional Information on Derivative Contracts required by Rule 9.29**

**Phoenix Assurance Limited**

**Global Business**

**Financial year ended 31 December 2004**

Name and Number of fund/Summary      **Participation**

**Statement pursuant to Rule 9 paragraph 9.29 of the Interim Prudential Sourcebook for Insurers**

- a) The company has investment guidelines which indicate that derivative contracts are used primarily for the purpose of efficient portfolio management or reduction of investment risks which specify the types of derivative contracts which may be used and indicate the processes to be used in selecting and managing derivative contracts. The guidelines also require regular monitoring and reporting of open positions.
- b) The guidelines operated by the Company for the use of derivative contracts do not include any provisions for the use of contracts under which the company has a right or obligation to acquire or dispose of assets which was not, at the time the contract was entered into, reasonably likely to be exercised.
- c) The Company was not a party to any such contracts of the kind described in b) at any time during the financial year.
- d) The derivative assets are valued at market value. There would be no material change in value of any assets on Form 13 if these contracts were closed as at 31 December 2004.
- e) The position under d) would not be different if such options were exercised in such a way as to change the amounts referred to in d) to the maximum extent.
- f) The position under d) would not have been materially different at any other time during the relevant financial year.
- g) The maximum loss which would be incurred by the Company in the event of failure by any one other person to fulfil its obligations under these contracts at the end of the financial year under existing and other foreseeable market conditions was nil.

The maximum loss at any other time during the relevant financial year was £282,705.

- h) All derivative assets held during the relevant financial year are admissible.
- i) The company received £66,632 during the year in return for granting rights under derivative contracts. Summary of contracts in force during the year were as follows:
  - Call Option for 70,000 shares in Shell
  - Put Option for 70,000 shares in Shell
  - Call Option for 20,000 shares in BAT
  - Put Option for 20,000 shares in BAT
  - Call Option for 50,000 shares in Shell
  - Call Option for 45,000 shares in Unilever
  - Put Option for 45,000 shares in Unilever
  - Call Option for 70,000 shares in Marks & Spencer
  - Put Option for 70,000 shares in Marks & Spencer

Returns under the Accounts and Statements Rules

**Statement of Additional Information on Derivative Contracts required by Rule 9.29**

**Phoenix Assurance Limited**

**Global Business**

**Financial year ended 31 December 2004**

Name and Number of fund/Summary **Non Participation**

**Statement pursuant to Rule 9 paragraph 9.29 of the Interim Prudential Sourcebook for Insurers**

- a) The company has investment guidelines which indicate that derivative contracts are used primarily for the purpose of efficient portfolio management or reduction of investment risks which specify the types of derivative contracts which may be used and indicate the processes to be used in selecting and managing derivative contracts. The guidelines also require regular monitoring and reporting of open positions.
- b) The guidelines operated by the Company for the use of derivative contracts do not include any provisions for the use of contracts under which the company has a right or obligation to acquire or dispose of assets which was not, at the time the contract was entered into, reasonably likely to be exercised.
- c) The Company was not a party to any such contracts of the kind described in b) at any time during the financial year.
- d) The derivative assets are valued at market value. There would be no material change in value of any assets on Form 13 if these contracts were closed as at 31 December 2004.
- e) The position under d) would not be different if such options were exercised in such a way as to change the amounts referred to in d) to the maximum extent.
- f) The position under d) would not have been materially different at any other time during the relevant financial year.
- g) The maximum loss which would be incurred by the Company in the event of failure by any one other person to fulfil its obligations under these contracts at the end of the financial year under existing and other foreseeable market conditions was £4,314,000.  
The maximum loss at any other time during the relevant financial year was £4,983,000.
- h) All derivative assets held during the relevant financial year are admissible.
- i) No fixed value consideration was received by the company during the year in return for granting rights under derivative contracts.

Returns under the Accounts and Statements Rules

**Statement of Additional Information on Controllers required by Rule 9.30**

**Phoenix Assurance Limited**

**Global Business**

**Financial year ended 31 December 2004**

**Statement Pursuant to Rule 9 paragraph 9.30 of the Interim Prudential Sourcebook for Insurers**

1. On 30 July 2004 Royal & SunAlliance announced the sale of its UK Life operations, which included the Company, to the Resolution Life Group. Following Royal & SunAlliance shareholder and FSA approval, the sale was completed on 30 September 2004. With effect from 30 September 2004 the following persons have, to the knowledge of Phoenix Assurance Limited (the Company), been shareholder controllers of the Company in descending order of parentage:

Resolution Life Group Limited  
Resolution Life Limited

As at 31 December 2004 the shareholder controllers held 100% of the ordinary shares of its immediate subsidiary company together with the whole of the voting power at any general meeting.

**INFORMATION ON THE ACTUARY APPOINTED TO PERFORM  
THE WITH-PROFITS ACTUARY FUNCTION**

In accordance with Rule 9.36 of the Interim Prudential Sourcebook for Insurers, the Actuary appointed to perform the With-Profits Actuary function of Phoenix Assurance Ltd, has been requested to furnish the particulars required in paragraph 1 of the Rule and has accordingly furnished the following statement. The Company has reviewed the requirements of Rule 9.36 and is not aware of any further information to that provided by the Actuary.

**Particulars of Shareholdings**

The With-Profits Actuary to the Company was interested during the period from 1st January 2004 to 31st December 2004 in the share capital of the ultimate holding company as follows:-

	1st January 2004 Fully paid shares in Royal & SunAlliance Insurance Group Plc	31st December 2004 Fully paid shares in Royal & SunAlliance Insurance Group Plc	31st December 2004 Fully paid shares in Resolution Life Group Limited
i) 27.5p Ordinary Shares			
- In own name	509	509	Nil
- In spouse's name	4,669	4,669	Nil
ii) Options in Ordinary Shares under employee share option schemes	45,226	48,925	Nil

**Particulars of Pecuniary Interests**

There were no contracts of insurance in existence between the With-Profits Actuary and companies in the Royal & Sun Alliance Group Plc or Resolution Life Group Limited during the period 1st January 2004 to 31st December 2004 other than general insurance policies issued on standard terms.

**Particulars of Remuneration, Benefits, Directors Emoluments, Pensions or Compensation**

The aggregate amount receivable by way of remuneration and the value of other benefits under a contract of employment with Royal & Sun Alliance Insurance Plc and Resolution Life Group Limited during 2004 was £204,476.

The With-Profits Actuary is a member of the Royal Insurance Group Staff Pension Scheme on normal staff terms. The figure shown above excludes the relevant contributions.

Note:

The above information relates to Mr A E Burke the With-Profits Actuary from 31st December 2004.

**Certificate required by Rule 9.34**

**Phoenix Assurance Limited**

**Global Business**

**Financial year ended: 31 December 2004**

We certify that:

- (1) the return has been properly prepared in accordance with the requirements in IPRU(INS) and PRU.
- (2) the directors are satisfied that:
  - (i) throughout the financial year, the insurer has complied in all material respects with the requirements in SYSC and PRIN as well as the provisions of IPRU(INS) and PRU; and
  - (ii) it is reasonable to believe that the insurer has continued so to comply subsequently, and will continue so to comply in future.
- (3) in the directors' opinion, premiums for contracts of long-term insurance business 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.
- (4) 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 for the long-term insurance business 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.
- (5) the with-profits fund has been managed in accordance with the Principles and Practices of Financial Management as established, maintained and recorded under COB 6.10.
- (6) the directors have, in preparing the return, taken and paid due regard to:
  - (i) advice in preparing the return 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 4.3.16R.

R E K GREENFIELD  
.....  
Director

R CRAINE  
.....  
Director

M R KIPLING  
.....  
Director

**23 March 2005**



## **Returns under the Accounts and Statements Rules**

### **Independent auditors' report to the directors pursuant to Rule 9.35**

#### **Phoenix Assurance Limited**

##### **Global business**

##### **Financial year ended: 31 December 2004**

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

- Forms 1 to 3, 11 to 17, 40 to 45, 48, 49, 56, 58 and 60 (including the supplementary notes) ("the Forms");
- the statements required by rule 9.29 ("the statements");
- the methods and assumptions determined by the insurer and used to perform the actuarial investigation as set out in the valuation report required by rule 9.31(a) ("the methods and assumptions included in the valuation report");

We are not required to examine and do not express an opinion on the following ("the unaudited items"):

- Forms 46 to 47A, 51 to 55 and 57 (including the supplementary notes);
- the statements required by rules 9.30 and 9.36;
- the certificate signed in accordance with rule 9.34;
- the valuation report required by rule 9.31(a) except as set out above

This report is made solely to the insurer's directors, in accordance with rule 9.35 of the Accounts and Statements Rules. 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 opinion we have formed.

#### **Respective responsibilities of the insurer and its auditors**

The insurer is responsible for the preparation of an annual return (including the unaudited items) under the provisions of the Rules. The requirements of the Rules have been modified by a waiver issued under section 148 of the Act in March 2005. Under rule 9.11 the Forms, the statements and the valuation report are required to be prepared in the manner specified by the Rules and to state fairly the information provided on the basis required by the Rules. The methods and assumptions determined by the insurer and used to perform the actuarial investigation as set out in the valuation report prepared in accordance with rule 9.31 are required to reflect appropriately the requirements of PRU 7.3.

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

## **Basis of opinion**

We conducted our work in accordance with Practice Note 20, 'The audit of insurers in the United Kingdom' and Bulletin 2004/5 "Supplementary guidance for auditors of insurers in the United Kingdom" 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 statements and the methods and assumptions included in 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 23 March 2005. It also included an assessment of the significant estimates and judgements made by the insurer in the preparation of the Forms, the statements and in determining the methods and assumptions included in 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 statements and the methods and assumptions included in the valuation report are free from material misstatement, whether caused by fraud or other irregularity or error, and comply with rule 9.11.

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

## **Opinion**

In our opinion:

- (a) the Forms and the statements 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 report appropriately reflect the requirements of PRU 7.3.

**Ernst & Young LLP**  
**Registered Auditor**  
**London**  
**23 March 2005**