

# Phoenix Life Limited

(formerly Royal & Sun Alliance Linked Insurances Limited)  
(a member of the Resolution plc group)

Registered Office: Edward Pavilion, Albert Dock, Liverpool, Merseyside, L3 4SL

## Annual FSA Insurance Returns for the year ended 31st December 2005



(Appendices 9.1 , 9.3 , 9.4 , 9.6 )

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

Global business

Financial year ended **31st December 2005**

Solo solvency calculation

	Company registration number	GL/UK/CM	Period ended			Units	
			day	month	year		
	<b>R2</b>	<b>1016269</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</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>	354732	5939
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	<b>12</b>	287749	45606
Capital resources available to cover long-term insurance business capital resources requirement (11+12)	<b>13</b>	642481	51545

**Guarantee Fund**

Guarantee Fund requirement	<b>21</b>	54886	8815
Excess (deficiency) of available capital resources to cover guarantee fund requirement	<b>22</b>	587595	42730

**Minimum capital requirement (MCR)**

Long-term insurance capital requirement	<b>31</b>	164659	26445
Resilience capital requirement	<b>32</b>	4401	9595
Base capital resources requirement	<b>33</b>	2030	2087
Individual minimum capital requirement	<b>34</b>	169060	36040
Capital requirements of regulated related undertakings	<b>35</b>		
Minimum capital requirement (34 + 35)	<b>36</b>	169060	36040
Excess (deficiency) of available capital resources to cover 50% of MCR	<b>37</b>	557951	33525
Excess (deficiency) of available capital resources to cover 75% of MCR	<b>38</b>	515686	24515

**Enhanced capital requirement**

With-profits insurance capital component	<b>39</b>		
Enhanced capital requirement	<b>40</b>	169060	36040

**Capital resources requirement (CRR)**

Capital resources requirement (greater of 36 and 40)	<b>41</b>	169060	36040
Excess (deficiency) of available capital resources to cover long-term insurance business CRR (13-41)	<b>42</b>	473421	15505

**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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**Covering sheet to Form 2**

Name of insurer      **Phoenix Life Limited**

Global business

Financial year ended      **31st December 2005**

.....      **G L SINGLETON      DIRECTOR**

.....      **R CRAINE      DIRECTOR**

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

**29 March 2006**

**Components of capital resources**

Name of insurer **Phoenix Life Limited**

Global business

Financial year ended **31st December 2005**

	Company registration number	GL/UK/CM	Period ended			Units	
			day	month	year		
	<b>R3</b>	<b>1016269</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</b>	<b>£000</b>
	General insurance business <b>1</b>	Long-term insurance business <b>2</b>	Total as at the end of this financial year <b>3</b>		Total as at the end of the previous year <b>4</b>		

**Core tier one capital**

Permanent share capital	<b>11</b>		69088	69088	69088
Profit and loss account and other reserves	<b>12</b>		517461	517461	34854
Share premium account	<b>13</b>		546	546	546
Positive valuation differences	<b>14</b>				
Fund for future appropriations	<b>15</b>		284617	284617	
Core tier one capital in related undertakings	<b>16</b>				
Core tier one capital (sum of 11 to 16)	<b>19</b>		871712	871712	104488

**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 capital**

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>		871712	871712	104488
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>		88139	88139	2763
Deductions in related undertakings	<b>36</b>				
Deductions from tier one (32 to 36)	<b>37</b>		88139	88139	2763
<b>Total tier one capital after deductions (31-37)</b>	<b>39</b>		783573	783573	101725

**Components of capital resources**

Name of insurer **Phoenix Life Limited**

Global business

Financial year ended **31st December 2005**

R3	Company registration number 1016269	GL/UK/CM GL	Period ended			Units £000
			day	month	year	
			31	12	2005	
	General insurance business 1	Long-term insurance business 2	Total as at the end of this financial year 3			Total as at the end of the previous year 4

**Tier two capital**

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

Fixed term preference shares	51				
Other tier two instruments	52				
Lower tier two capital in related undertakings	53				
<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	62				
Further excess lower tier two capital	63				
<b>Total tier two capital after restrictions, before deductions (61-62-63)</b>	<b>69</b>				

**Components of capital resources**

Name of insurer **Phoenix Life Limited**

Global business

Financial year ended **31st December 2005**

	Company registration number	GL/UK/CM	Period ended			Units	
			day	month	year		
	<b>R3</b>	<b>1016269</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</b>	<b>£000</b>
	General insurance Business <b>1</b>	Long-Term insurance Business <b>2</b>	Total as at the end of this financial year <b>3</b>		Total as at the end of the previous year <b>4</b>		

**Total capital resources**

Positive adjustments for regulated non-insurance related undertakings	<b>71</b>					
<b>Total capital resources before deductions (39+69+71)</b>	<b>72</b>		783573	783573		101725
Inadmissible assets other than intangibles and own shares	<b>73</b>		57320	57320		4456
Assets in excess of market risk and counterparty limits	<b>74</b>		73005	73005		45724
Deductions for related ancillary services undertakings	<b>75</b>		10767	10767		
Deductions for regulated non-insurance related undertakings	<b>76</b>					
Deductions of ineligible surplus capital	<b>77</b>					
<b>Total capital resources after deductions (72-73-74-75-76-77)</b>	<b>79</b>		642481	642481		51545

**Available capital resources for PRU tests**

Available capital resources for guarantee fund requirement	<b>81</b>		642481	642481		51545
Available capital resources for 50% MCR requirement	<b>82</b>		642481	642481		51545
Available capital resources for 75% MCR requirement	<b>83</b>		642481	642481		51545

**Financial engineering adjustments**

Implicit items	<b>91</b>					
Financial reinsurance - ceded	<b>92</b>					48203
Financial reinsurance - accepted	<b>93</b>					
Outstanding contingent loans	<b>94</b>					
Any other charges on future profits	<b>95</b>					
<b>Sum of financial engineering adjustments (91+92-93+94+95)</b>	<b>96</b>					48203

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

Name of insurer **Phoenix Life Limited**

Global business

Financial year ended **31st December 2005**

Long-term insurance business

	Company registration number	GL/UK/CM	Period ended			Units
			day	month	year	
R11	1016269	GL	31	12	2005	£000
			This financial year 1		Previous year 2	
Gross premiums written	11		65072		104924	
Premium taxes and levies (included in line 11)	12					
Premiums receivable net of taxes and levies (11-12)	13		65072		104924	
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		65072		104924	
Gross premiums earned	21		71376		110764	
Premium taxes and levies (included in line 21)	22					
Premiums earned net of taxes and levies (21-22)	23		71376		110764	
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		71376		110764	
<b>Sub-total I</b> (higher of sub-total A and sub-total H)	30		71376		110764	
<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	32	12848		19938
		Excess (if any) over 50M EURO x 0.02	33	751		1520
<b>Sub-total J</b> (32-33)	34		12097		18418	
Claims paid in period of 3 financial years	41		208066		193725	
Claims outstanding carried forward at the end of the 3 year period		For insurance business accounted for on an underwriting year basis	42	47703		52684
		For insurance business accounted for on an accident year basis	43	250924		274207
Claims outstanding brought forward at the beginning of the 3 year period		For insurance business accounted for on an underwriting year basis	44	51046		43241
		For insurance business accounted for on an accident year basis	45	306267		238539
<b>Sub-total C</b> (41+42+43-44-45)	46		149380		238836	
Amounts recoverable from reinsurers in respect of claims included in Sub-total C	47		217831		238252	
<b>Sub-total D</b> (46-47)	48		(68451)		584	
<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 <b>reinsurance ratio</b>	50		6049		9209	
Provisions for claims outstanding (before discounting and net of reinsurance)	51		72710		83452	
<b>Brought forward amount</b> (12.43.2 x 51.1 / 51.2 or, if less, 12.43.2)	52		8295			
Greater of lines 50 and 52	53		8295		9209	

## Calculation of general insurance capital requirement - claims amount and result

Name of insurer **Phoenix Life Limited**

Global business

Financial year ended **31st December 2005**

Long-term insurance business

	Company registration number	GL/UK/CM	Period ended			Units	
			day	month	year		
	<b>R12</b>	<b>1016269</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</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>		208066		193725	
Claims outstanding carried forward at the end of the reference period	For insurance business accounted for on an underwriting year basis	<b>22</b>		47703		52684	
	For insurance business accounted for on an accident year basis	<b>23</b>		250924		274207	
Claims outstanding brought forward at the beginning of the reference period	For insurance business accounted for on an underwriting year basis	<b>24</b>		51046		43241	
	For insurance business accounted for on an accident year basis	<b>25</b>		306267		238539	
Claims incurred in reference period (21+22+23-24-25)		<b>26</b>		149380		238836	
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>		149380		238836	
<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>		49793		79612	
Division of sub-total F (gross adjusted claims amount)	X 0.26	<b>32</b>		12946		20699	
	Excess (if any) over 35M EURO x 0.03	<b>33</b>		783		1658	
<b>Sub-total G</b> (32 - 33)		<b>39</b>		12163		19041	
<b>Claims amount</b> Sub-total G x reinsurance ratio (11.49)		<b>41</b>		6082		9521	
Higher of <b>premiums amount</b> and <b>brought forward amount</b> (11.53)		<b>42</b>		8295		9209	
<b>General insurance capital requirement</b> (higher of lines 41 and 42)		<b>43</b>		8295		9521	



**Analysis of admissible assets**

Name of insurer **Phoenix Life Limited**

Global business

Financial year ended **31st December 2005**

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>1016269</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</b>	<b>£000</b>	<b>1</b>
<b>Investments</b>						As at the end of this financial year <b>1</b>		As at the end of the previous year <b>2</b>
Land and buildings				<b>11</b>				
<b>Investments in group undertakings and participating interests</b>								
UK insurance dependants	shares			<b>21</b>				
	debts and loans			<b>22</b>				
Other insurance dependants	shares			<b>23</b>				
	debts and loans			<b>24</b>				
Non-insurance dependants	shares			<b>25</b>		5000		10105
	debts and loans			<b>26</b>				
Other group undertakings	shares			<b>27</b>				
	debts and loans			<b>28</b>				
Participating interests	shares			<b>29</b>				
	debts and loans			<b>30</b>				
<b>Other financial investments</b>								
Equity shares				<b>41</b>				
Other shares and other variable yield participations				<b>42</b>				
Holdings in collective investment schemes				<b>43</b>		132550		20451
Rights under derivative contracts				<b>44</b>				
Fixed interest securities	Approved			<b>45</b>				
	Other			<b>46</b>		58051		15000
Variable interest securities	Approved securities			<b>47</b>				
	Other			<b>48</b>				
Participation in investment pools				<b>49</b>				
Loans secured by mortgages				<b>50</b>				
Loans to public or local authorities and nationalised industries or undertakings				<b>51</b>				
Loans secured by policies of insurance issued by the company				<b>52</b>				
Other loans				<b>53</b>				
Bank and approved credit & financial institution deposits	One month or less withdrawal			<b>54</b>				
	More than one month withdrawal			<b>55</b>		102352		10000
Other financial investments				<b>56</b>				

**Analysis of admissible assets**

Name of insurer **Phoenix Life Limited**

Global business

Financial year ended **31st December 2005**

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>1016269</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</b>	<b>£000</b>	<b>1</b>
							As at the end of this financial year 1	As at the end of the previous year 2
Deposits with ceding undertakings				<b>57</b>				
Assets held to match linked liabilities		Index linked		<b>58</b>				
		Property linked		<b>59</b>				
<b>Reinsurers' share of technical provisions</b>								
Provision for unearned premiums				<b>60</b>				
Claims outstanding				<b>61</b>				
Provision for unexpired risks				<b>62</b>				
Other				<b>63</b>				
<b>Debtors and salvage</b>								
Direct insurance business		Policyholders		<b>71</b>				
		Intermediaries		<b>72</b>				
Salvage and subrogation recoveries				<b>73</b>				
Reinsurance		Accepted		<b>74</b>				
		Ceded		<b>75</b>				
Dependants		Due in 12 months or less		<b>76</b>		1230		
		Due in more than 12 months		<b>77</b>				
Other		Due in 12 months or less		<b>78</b>				
		Due in more than 12 months		<b>79</b>				
<b>Other assets</b>								
Tangible assets				<b>80</b>				
Deposits not subject to time restriction on withdrawal with approved institutions				<b>81</b>		242		25004
Cash in hand				<b>82</b>				
Other assets (particulars to be specified by way of supplementary note)				<b>83</b>				
Accrued interest and rent				<b>84</b>		2052		531
Deferred acquisition costs (general business only)				<b>85</b>				
Other prepayments and accrued income				<b>86</b>				
Deductions from the aggregate value of assets				<b>87</b>				
Grand total of admissible assets after deduction of market risk and counterparty limits (11 to 86 less 87)				<b>89</b>		301477		81091

**Analysis of admissible assets**

Name of insurer **Phoenix Life Limited**

Global business

Financial year ended **31st December 2005**

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

R13	Company registration number	GL/UK/CM	Period ended			Units	Category of assets
			day	month	year		
	1016269	GL	31	12	2005	£000	1

	As at the end of this financial year <b>1</b>	As at the end of the previous year <b>2</b>
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**Reconciliation to asset values determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting**

Total admissible assets after deduction of market risk and counterparty limits (as per line 89 above)	<b>91</b>	301477	81091
Assets in excess of market and counterparty limits	<b>92</b>		45724
Capital resources requirement deduction of regulated related undertakings	<b>93</b>		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	<b>94</b>		
Inadmissible assets of regulated related insurance undertakings	<b>95</b>		
Book value of related ancillary services undertakings	<b>96</b>		
Other differences in the valuation of assets (other than for assets not valued above)	<b>97</b>		
Deferred acquisition costs excluded from line 89	<b>98</b>		
Reinsurers' share of technical provisions excluded from line 89	<b>99</b>		
Other asset adjustments (may be negative)	<b>100</b>	423	
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 100)	<b>101</b>	301900	

Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	<b>102</b>		
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**Analysis of admissible assets**

Name of insurer **Phoenix Life Limited**  
 Global business  
 Financial year ended **31st December 2005**  
 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>R13</b>	<b>1016269</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</b>	<b>£000</b>	<b>10</b>
<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		30085		
<b>Investments in group undertakings and participating interests</b>								
UK insurance dependants	shares			21				
	debts and loans			22				
Other insurance dependants	shares			23				
	debts and loans			24				
Non-insurance dependants	shares			25		21710		
	debts and loans			26				
Other group undertakings	shares			27				
	debts and loans			28				
Participating interests	shares			29				
	debts and loans			30				
<b>Other financial investments</b>								
Equity shares				41		260581		21319
Other shares and other variable yield participations				42				
Holdings in collective investment schemes				43		103721		221
Rights under derivative contracts				44		92601		
Fixed interest securities	Approved			45		1003720		220036
	Other			46		628551		44329
Variable interest securities	Approved securities			47		48362		960
	Other			48		6648		
Participation in investment pools				49				
Loans secured by mortgages				50		228		
Loans to public or local authorities and nationalised industries or undertakings				51		110		
Loans secured by policies of insurance issued by the company				52		721		161
Other loans				53				
Bank and approved credit & financial institution deposits	One month or less withdrawal			54		35117		10001
	More than one month withdrawal			55				
Other financial investments				56				

**Analysis of admissible assets**

Name of insurer **Phoenix Life Limited**  
 Global business  
 Financial year ended **31st December 2005**  
 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>R13</b>	<b>1016269</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</b>	<b>£000</b>	<b>10</b>
						As at the end of this financial year 1		As at the end of the previous year 2
Deposits with ceding undertakings				<b>57</b>		2323		
Assets held to match linked liabilities				<b>58</b>		336483		1386
				<b>59</b>		4484637		3844958

**Reinsurers' share of technical provisions**

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

**Debtors and salvage**

Direct insurance business	Policyholders	<b>71</b>		4612		824
	Intermediaries	<b>72</b>		750		
Salvage and subrogation recoveries		<b>73</b>				
Reinsurance	Accepted	<b>74</b>		4836		
	Ceded	<b>75</b>		17242		
Dependants	Due in 12 months or less	<b>76</b>				
	Due in more than 12 months	<b>77</b>				
Other	Due in 12 months or less	<b>78</b>		27739		4518
	Due in more than 12 months	<b>79</b>		10768		

**Other assets**

Tangible assets		<b>80</b>				
Deposits not subject to time restriction on withdrawal with approved institutions		<b>81</b>		17094		
Cash in hand		<b>82</b>				
Other assets (particulars to be specified by way of supplementary note)		<b>83</b>				
Accrued interest and rent		<b>84</b>		24426		4296
Deferred acquisition costs (general business only)		<b>85</b>				
Other prepayments and accrued income		<b>86</b>		7160		
Deductions from the aggregate value of assets		<b>87</b>				
Grand total of admissible assets after deduction of market risk and counterparty limits (11 to 86 less 87)		<b>89</b>		7170225		4153009

**Analysis of admissible assets**

Name of insurer **Phoenix Life Limited**  
 Global business  
 Financial year ended **31st December 2005**  
 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>R13</b>	<b>1016269</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</b>	<b>£000</b>	<b>10</b>
						As at the end of this financial year	As at the end of the previous year	
						<b>1</b>	<b>2</b>	

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

Total admissible assets after deduction of market risk and counterparty limits (as per line 89 above)	<b>91</b>	7170225	4153009
Assets in excess of market and counterparty limits	<b>92</b>	73005	
Capital resources requirement deduction of regulated related undertakings	<b>93</b>		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	<b>94</b>		
Inadmissible assets of regulated related insurance undertakings	<b>95</b>		
Book value of related ancillary services undertakings	<b>96</b>	10767	
Other differences in the valuation of assets (other than for assets not valued above)	<b>97</b>		
Deferred acquisition costs excluded from line 89	<b>98</b>	35729	
Reinsurers' share of technical provisions excluded from line 89	<b>99</b>	442596	
Other asset adjustments (may be negative)	<b>100</b>	(33890)	
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 100)	<b>101</b>	7698432	
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	<b>102</b>		

**Analysis of admissible assets**

Name of insurer **Phoenix Life Limited**  
 Global business  
 Financial year ended **31st December 2005**  
 Category of assets **100% Fund**

	Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			day	month	year			
	<b>R13</b>	<b>1016269</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</b>	<b>£000</b>	<b>11</b>
<b>Investments</b>						As at the end of this financial year 1		As at the end of the previous year 2
Land and buildings				<b>11</b>		30085		
<b>Investments in group undertakings and participating interests</b>								
UK insurance dependants	shares			<b>21</b>				
	debts and loans			<b>22</b>				
Other insurance dependants	shares			<b>23</b>				
	debts and loans			<b>24</b>				
Non-insurance dependants	shares			<b>25</b>				
	debts and loans			<b>26</b>				
Other group undertakings	shares			<b>27</b>				
	debts and loans			<b>28</b>				
Participating interests	shares			<b>29</b>				
	debts and loans			<b>30</b>				
<b>Other financial investments</b>								
Equity shares				<b>41</b>		172910		
Other shares and other variable yield participations				<b>42</b>				
Holdings in collective investment schemes				<b>43</b>		27914		
Rights under derivative contracts				<b>44</b>				
Fixed interest securities	Approved			<b>45</b>		97044		
	Other			<b>46</b>		53652		
Variable interest securities	Approved securities			<b>47</b>		8451		
	Other			<b>48</b>		154		
Participation in investment pools				<b>49</b>				
Loans secured by mortgages				<b>50</b>				
Loans to public or local authorities and nationalised industries or undertakings				<b>51</b>				
Loans secured by policies of insurance issued by the company				<b>52</b>		234		
Other loans				<b>53</b>				
Bank and approved credit & financial institution deposits	One month or less withdrawal			<b>54</b>		3474		
	More than one month withdrawal			<b>55</b>				
Other financial investments				<b>56</b>				

**Analysis of admissible assets**

Name of insurer **Phoenix Life Limited**  
 Global business  
 Financial year ended **31st December 2005**  
 Category of assets **100% Fund**

	Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			day	month	year			
	<b>R13</b>	<b>1016269</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</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
Deposits with ceding undertakings				<b>57</b>				
Assets held to match linked liabilities			Index linked	<b>58</b>				
			Property linked	<b>59</b>				
<b>Reinsurers' share of technical provisions</b>								
Provision for unearned premiums				<b>60</b>				
Claims outstanding				<b>61</b>				
Provision for unexpired risks				<b>62</b>				
Other				<b>63</b>				
<b>Debtors and salvage</b>								
Direct insurance business			Policyholders	<b>71</b>		18		
			Intermediaries	<b>72</b>		47		
Salvage and subrogation recoveries				<b>73</b>				
Reinsurance			Accepted	<b>74</b>		(279)		
			Ceded	<b>75</b>		(7474)		
Dependants			Due in 12 months or less	<b>76</b>				
			Due in more than 12 months	<b>77</b>				
Other			Due in 12 months or less	<b>78</b>		398		
			Due in more than 12 months	<b>79</b>				
<b>Other assets</b>								
Tangible assets				<b>80</b>				
Deposits not subject to time restriction on withdrawal with approved institutions				<b>81</b>		1931		
Cash in hand				<b>82</b>				
Other assets (particulars to be specified by way of supplementary note)				<b>83</b>				
Accrued interest and rent				<b>84</b>		1641		
Deferred acquisition costs (general business only)				<b>85</b>				
Other prepayments and accrued income				<b>86</b>				
Deductions from the aggregate value of assets				<b>87</b>				
Grand total of admissible assets after deduction of market risk and counterparty limits (11 to 86 less 87)				<b>89</b>		390200		



**Analysis of admissible assets**

Name of insurer **Phoenix Life Limited**  
 Global business  
 Financial year ended **31st December 2005**  
 Category of assets **100% Fund**

R13	Company registration number	GL/UK/CM	Period ended			Units	Category of assets
			day	month	year		
	1016269	GL	31	12	2005	£000	11

	As at the end of this financial year <b>1</b>	As at the end of the previous year <b>2</b>
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**Reconciliation to asset values determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting**

Total admissible assets after deduction of market risk and counterparty limits (as per line 89 above)	<b>91</b>	390200	
Assets in excess of market and counterparty limits	<b>92</b>		
Capital resources requirement deduction of regulated related undertakings	<b>93</b>		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	<b>94</b>		
Inadmissible assets of regulated related insurance undertakings	<b>95</b>		
Book value of related ancillary services undertakings	<b>96</b>		
Other differences in the valuation of assets (other than for assets not valued above)	<b>97</b>		
Deferred acquisition costs excluded from line 89	<b>98</b>		
Reinsurers' share of technical provisions excluded from line 89	<b>99</b>	2372	
Other asset adjustments (may be negative)	<b>100</b>	(559)	
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 100)	<b>101</b>	392013	

Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	<b>102</b>		
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**Analysis of admissible assets**

Name of insurer **Phoenix Life Limited**  
 Global business  
 Financial year ended **31st December 2005**  
 Category of assets **Non - Profit Fund**

	Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			day	month	year			
	<b>R13</b>	<b>1016269</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</b>	<b>£000</b>	<b>12</b>
<b>Investments</b>						As at the end of this financial year 1		As at the end of the previous year 2
Land and buildings				<b>11</b>				
<b>Investments in group undertakings and participating interests</b>								
UK insurance dependants	shares			<b>21</b>				
	debts and loans			<b>22</b>				
Other insurance dependants	shares			<b>23</b>				
	debts and loans			<b>24</b>				
Non-insurance dependants	shares			<b>25</b>		13021		
	debts and loans			<b>26</b>				
Other group undertakings	shares			<b>27</b>				
	debts and loans			<b>28</b>				
Participating interests	shares			<b>29</b>				
	debts and loans			<b>30</b>				
<b>Other financial investments</b>								
Equity shares				<b>41</b>		38582		21319
Other shares and other variable yield participations				<b>42</b>				
Holdings in collective investment schemes				<b>43</b>		74428		221
Rights under derivative contracts				<b>44</b>		92601		
Fixed interest securities	Approved			<b>45</b>		881593		220036
	Other			<b>46</b>		512342		44329
Variable interest securities	Approved securities			<b>47</b>		39911		960
	Other			<b>48</b>		6494		
Participation in investment pools				<b>49</b>				
Loans secured by mortgages				<b>50</b>		228		
Loans to public or local authorities and nationalised industries or undertakings				<b>51</b>		76		
Loans secured by policies of insurance issued by the company				<b>52</b>		7		161
Other loans				<b>53</b>				
Bank and approved credit & financial institution deposits	One month or less withdrawal			<b>54</b>		21858		10001
	More than one month withdrawal			<b>55</b>				
Other financial investments				<b>56</b>				

**Analysis of admissible assets**

Name of insurer **Phoenix Life Limited**  
 Global business  
 Financial year ended **31st December 2005**  
 Category of assets **Non - Profit Fund**

	Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			day	month	year			
	<b>R13</b>	<b>1016269</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</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
Deposits with ceding undertakings				<b>57</b>		2323		
Assets held to match linked liabilities		Index linked		<b>58</b>		336483		1386
		Property linked		<b>59</b>		4484637		3844958

**Reinsurers' share of technical provisions**

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

**Debtors and salvage**

Direct insurance business	Policyholders	<b>71</b>		4516		824
	Intermediaries	<b>72</b>		683		
Salvage and subrogation recoveries		<b>73</b>				
Reinsurance	Accepted	<b>74</b>		5115		
	Ceded	<b>75</b>		24716		
Dependants	Due in 12 months or less	<b>76</b>				
	Due in more than 12 months	<b>77</b>				
Other	Due in 12 months or less	<b>78</b>		27229		4518
	Due in more than 12 months	<b>79</b>		10768		

**Other assets**

Tangible assets		<b>80</b>				
Deposits not subject to time restriction on withdrawal with approved institutions		<b>81</b>		10021		
Cash in hand		<b>82</b>				
Other assets (particulars to be specified by way of supplementary note)		<b>83</b>				
Accrued interest and rent		<b>84</b>		20240		4296
Deferred acquisition costs (general business only)		<b>85</b>				
Other prepayments and accrued income		<b>86</b>		7118		
Deductions from the aggregate value of assets		<b>87</b>				
Grand total of admissible assets after deduction of market risk and counterparty limits (11 to 86 less 87)		<b>89</b>		6614990		4153009

**Analysis of admissible assets**

Name of insurer **Phoenix Life Limited**  
 Global business  
 Financial year ended **31st December 2005**  
 Category of assets **Non - Profit Fund**

R13	Company registration number	GL/UK/CM	Period ended			Units	Category of assets
			day	month	year		
	1016269	GL	31	12	2005	£000	12

						As at the end of this financial year 1	As at the end of the previous year 2
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**Reconciliation to asset values determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting**

Total admissible assets after deduction of market risk and counterparty limits (as per line 89 above)	91	6614990	4153009
Assets in excess of market and counterparty limits	92	73005	
Capital resources requirement deduction of regulated related undertakings	93		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	94		
Inadmissible assets of regulated related insurance undertakings	95		
Book value of related ancillary services undertakings	96	10767	
Other differences in the valuation of assets (other than for assets not valued above)	97		
Deferred acquisition costs excluded from line 89	98	34898	
Reinsurers' share of technical provisions excluded from line 89	99	440067	
Other asset adjustments (may be negative)	100	(16163)	
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 100)	101	7157564	

Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	102		
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**Analysis of admissible assets**

Name of insurer **Phoenix Life Limited**  
 Global business  
 Financial year ended **31st December 2005**  
 Category of assets **90% Fund**

	Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			day	month	year			
	<b>R13</b>	<b>1016269</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</b>	<b>£000</b>	<b>13</b>
<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				
<b>Investments in group undertakings and participating interests</b>								
UK insurance dependants	shares			21				
	debts and loans			22				
Other insurance dependants	shares			23				
	debts and loans			24				
Non-insurance dependants	shares			25		8689		
	debts and loans			26				
Other group undertakings	shares			27				
	debts and loans			28				
Participating interests	shares			29				
	debts and loans			30				
<b>Other financial investments</b>								
Equity shares				41		49089		
Other shares and other variable yield participations				42				
Holdings in collective investment schemes				43		1379		
Rights under derivative contracts				44				
Fixed interest securities	Approved			45		25083		
	Other			46		62557		
Variable interest securities	Approved securities			47				
	Other			48				
Participation in investment pools				49				
Loans secured by mortgages				50				
Loans to public or local authorities and nationalised industries or undertakings				51		34		
Loans secured by policies of insurance issued by the company				52		480		
Other loans				53				
Bank and approved credit & financial institution deposits	One month or less withdrawal			54		9785		
	More than one month withdrawal			55				
Other financial investments				56				

**Analysis of admissible assets**

Name of insurer **Phoenix Life Limited**  
 Global business  
 Financial year ended **31st December 2005**  
 Category of assets **90% Fund**

	Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			day	month	year			
	<b>R13</b>	<b>1016269</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</b>	<b>£000</b>	<b>13</b>
						As at the end of this financial year 1		As at the end of the previous year 2
Deposits with ceding undertakings				<b>57</b>				
Assets held to match linked liabilities		Index linked		<b>58</b>				
		Property linked		<b>59</b>				
<b>Reinsurers' share of technical provisions</b>								
Provision for unearned premiums				<b>60</b>				
Claims outstanding				<b>61</b>				
Provision for unexpired risks				<b>62</b>				
Other				<b>63</b>				
<b>Debtors and salvage</b>								
Direct insurance business		Policyholders		<b>71</b>		<b>78</b>		
		Intermediaries		<b>72</b>		<b>20</b>		
Salvage and subrogation recoveries				<b>73</b>				
Reinsurance		Accepted		<b>74</b>				
		Ceded		<b>75</b>				
Dependants		Due in 12 months or less		<b>76</b>				
		Due in more than 12 months		<b>77</b>				
Other		Due in 12 months or less		<b>78</b>		<b>112</b>		
		Due in more than 12 months		<b>79</b>				
<b>Other assets</b>								
Tangible assets				<b>80</b>				
Deposits not subject to time restriction on withdrawal with approved institutions				<b>81</b>		<b>5142</b>		
Cash in hand				<b>82</b>				
Other assets (particulars to be specified by way of supplementary note)				<b>83</b>				
Accrued interest and rent				<b>84</b>		<b>2545</b>		
Deferred acquisition costs (general business only)				<b>85</b>				
Other prepayments and accrued income				<b>86</b>		<b>42</b>		
Deductions from the aggregate value of assets				<b>87</b>				
Grand total of admissible assets after deduction of market risk and counterparty limits (11 to 86 less 87)				<b>89</b>		<b>165035</b>		

**Analysis of admissible assets**

Name of insurer **Phoenix Life Limited**  
 Global business  
 Financial year ended **31st December 2005**  
 Category of assets **90% Fund**

R13	Company registration number 1016269	GL/UK/CM GL	Period ended			Units £000	Category of assets 13
			day	month	year		
			31	12	2005		

						As at the end of this financial year 1	As at the end of the previous year 2
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**Reconciliation to asset values determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting**

Total admissible assets after deduction of market risk and counterparty limits (as per line 89 above)	91	165035	
Assets in excess of market and counterparty limits	92		
Capital resources requirement deduction of regulated related undertakings	93		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	94		
Inadmissible assets of regulated related insurance undertakings	95		
Book value of related ancillary services undertakings	96		
Other differences in the valuation of assets (other than for assets not valued above)	97		
Deferred acquisition costs excluded from line 89	98	831	
Reinsurers' share of technical provisions excluded from line 89	99	157	
Other asset adjustments (may be negative)	100	(17168)	
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 100)	101	148855	

Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	102		
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**Long term insurance business liabilities and margins**Name of insurer **Phoenix Life Limited**

Global business

Financial year ended **31st December 2005**Fund **Ordinary Long Term**Units **£000**

		As at the end of this financial year 1	As at the end of the previous year 2
Mathematical reserves, after distribution of surplus	<b>11</b>	6579246	4107321
Cash bonuses which had not been paid to policyholders prior to end of the financial year	<b>12</b>		
Balance of surplus/(valuation deficit)	<b>13</b>	1800	5939
Long term insurance business fund carried forward (11 to 13)	<b>14</b>	6581046	4113260
Claims outstanding	Gross amount	<b>15</b>	36973
	Reinsurers' share	<b>16</b>	6051
	Net (15-16)	<b>17</b>	30922
Provisions	Taxation	<b>21</b>	3035
	Other	<b>22</b>	2970
Deposits received from reinsurers	<b>23</b>		
Creditors	Direct insurance business	<b>31</b>	7681
	Reinsurance accepted	<b>32</b>	24853
	Reinsurance ceded	<b>33</b>	31216
Debenture loans	Secured	<b>34</b>	
	Unsecured	<b>35</b>	
Amounts owed to credit institutions	<b>36</b>		
Creditors	Taxation	<b>37</b>	19329
	Other	<b>38</b>	115711
Accruals and deferred income	<b>39</b>	518	
Provision for "reasonably foreseeable adverse variations"	<b>41</b>		
Total other insurance and non-insurance liabilities (17 to 41)	<b>49</b>	236235	39749
Excess of the value of net admissible assets	<b>51</b>	352944	
Total liabilities and margins	<b>59</b>	7170225	4153009
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	<b>61</b>	13910	800
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	<b>62</b>	4484634	400829
Total liabilities (11+12+49)	<b>71</b>	6815481	4147070
Increase to liabilities - DAC related	<b>72</b>		
Reinsurers' share of technical provisions	<b>73</b>	442596	
Other adjustments to liabilities (may be negative)	<b>74</b>	85611	
Capital and reserves and fund for future appropriations	<b>75</b>	354744	
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (71 to 75)	<b>76</b>	7698432	



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

Global business

Financial year ended **31st December 2005**Fund **100% Fund**Units **£000**

		As at the end of this financial year 1	As at the end of the previous year 2
Mathematical reserves, after distribution of surplus		11	152638
Cash bonuses which had not been paid to policyholders prior to end of the financial year		12	
Balance of surplus/(valuation deficit)		13	850
Long term insurance business fund carried forward (11 to 13)		14	153488
Claims outstanding	Gross amount	15	3708
	Reinsurers' share	16	
	Net (15-16)	17	3708
Provisions	Taxation	21	3628
	Other	22	
Deposits received from reinsurers		23	
Creditors	Direct insurance business	31	
	Reinsurance accepted	32	
	Reinsurance ceded	33	
Debenture loans	Secured	34	
	Unsecured	35	
Amounts owed to credit institutions		36	
Creditors	Taxation	37	6224
	Other	38	141
Accruals and deferred income		39	518
Provision for "reasonably foreseeable adverse variations"		41	
Total other insurance and non-insurance liabilities (17 to 41)		49	14219
Excess of the value of net admissible assets		51	222493
Total liabilities and margins		59	390200
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance		61	
Amounts included in line 59 attributable to liabilities in respect of property linked benefits		62	
Total liabilities (11+12+49)		71	166857
Increase to liabilities - DAC related		72	
Reinsurers' share of technical provisions		73	2372
Other adjustments to liabilities (may be negative)		74	(559)
Capital and reserves and fund for future appropriations		75	223343
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (71 to 75)		76	392013

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

Global business

Financial year ended **31st December 2005**Fund **Non - Profit Fund**Units **£000**

		As at the end of this financial year 1	As at the end of the previous year 2
Mathematical reserves, after distribution of surplus	<b>11</b>	6342598	4107321
Cash bonuses which had not been paid to policyholders prior to end of the financial year	<b>12</b>		
Balance of surplus/(valuation deficit)	<b>13</b>	500	5939
Long term insurance business fund carried forward (11 to 13)	<b>14</b>	6343098	4113260
Claims outstanding	Gross amount	<b>15</b>	31482
	Reinsurers' share	<b>16</b>	6051
	Net (15-16)	<b>17</b>	25431
Provisions	Taxation	<b>21</b>	(593)
	Other	<b>22</b>	2970
Deposits received from reinsurers	<b>23</b>		
Creditors	Direct insurance business	<b>31</b>	7681
	Reinsurance accepted	<b>32</b>	24853
	Reinsurance ceded	<b>33</b>	31216
Debenture loans	Secured	<b>34</b>	
	Unsecured	<b>35</b>	
Amounts owed to credit institutions	<b>36</b>		
Creditors	Taxation	<b>37</b>	13105
	Other	<b>38</b>	96572
Accruals and deferred income	<b>39</b>		
Provision for "reasonably foreseeable adverse variations"	<b>41</b>		
Total other insurance and non-insurance liabilities (17 to 41)	<b>49</b>	201235	39749
Excess of the value of net admissible assets	<b>51</b>	70657	
Total liabilities and margins	<b>59</b>	6614990	4153009
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	<b>61</b>	13910	800
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	<b>62</b>	4484634	4004829
Total liabilities (11+12+49)	<b>71</b>	6543833	4147070
Increase to liabilities - DAC related	<b>72</b>		
Reinsurers' share of technical provisions	<b>73</b>	440067	
Other adjustments to liabilities (may be negative)	<b>74</b>	102507	
Capital and reserves and fund for future appropriations	<b>75</b>	71157	
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (71 to 75)	<b>76</b>	7157564	

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

Global business

Financial year ended **31st December 2005**Fund **90% Fund**Units **£000**

		As at the end of this financial year 1	As at the end of the previous year 2
Mathematical reserves, after distribution of surplus		11	84010
Cash bonuses which had not been paid to policyholders prior to end of the financial year		12	
Balance of surplus/(valuation deficit)		13	450
Long term insurance business fund carried forward (11 to 13)		14	84460
Claims outstanding	Gross amount	15	1783
	Reinsurers' share	16	
	Net (15-16)	17	1783
Provisions	Taxation	21	
	Other	22	
Deposits received from reinsurers		23	
Creditors	Direct insurance business	31	
	Reinsurance accepted	32	
	Reinsurance ceded	33	
Debenture loans	Secured	34	
	Unsecured	35	
Amounts owed to credit institutions		36	
Creditors	Taxation	37	
	Other	38	18998
Accruals and deferred income		39	
Provision for "reasonably foreseeable adverse variations"		41	
Total other insurance and non-insurance liabilities (17 to 41)		49	20781
Excess of the value of net admissible assets		51	59794
Total liabilities and margins		59	165035

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

Total liabilities (11+12+49)	71	104791	
Increase to liabilities - DAC related	72		
Reinsurers' share of technical provisions	73	157	
Other adjustments to liabilities (may be negative)	74	(16337)	
Capital and reserves and fund for future appropriations	75	60244	
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (71 to 75)	76	148855	

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

Global business

Financial year ended **31st December 2005**

	Company registration number	GL/UK/CM	Period ended			Units	
			day	month	year		
	<b>R15</b>	<b>1016269</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</b>	<b>£000</b>
				As at the end of this financial year		As at the end of the previous year	
				<b>1</b>		<b>2</b>	

**Technical provisions (gross amount)**

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

**Provisions and creditors**

Provisions	Taxation	<b>21</b>		
	Other risks and charges	<b>22</b>		
Deposits received from reinsurers		<b>31</b>		
Creditors	Direct insurance business	<b>41</b>		
	Reinsurance accepted	<b>42</b>		
	Reinsurance ceded	<b>43</b>		
Debenture loans	Secured	<b>44</b>		
	Unsecured	<b>45</b>		
Amounts owed to credit institutions		<b>46</b>		
Creditors	Taxation	<b>47</b>	6336	1602
	Recommended dividend	<b>48</b>		28000
	Other	<b>49</b>	7392	5884
Accruals and deferred income		<b>51</b>		
Total (19 to 51)		<b>59</b>	13728	35486
Provision for "reasonably foreseeable adverse variations"		<b>61</b>		
Cumulative preference share capital		<b>62</b>		
Subordinated loan capital		<b>63</b>		
Total (59 to 63)		<b>69</b>	13728	35486
Amounts included in line 69 attributable to liabilities to related insurers, other than those under contracts of insurance or reinsurance		<b>71</b>		

Reinsurers' share of DAC		<b>81</b>		
Amounts deducted from technical provisions for discounting		<b>82</b>		
Other adjustments (may be negative)		<b>83</b>	422	
Capital and reserves		<b>84</b>	287750	
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (69+81-82+83+84)		<b>85</b>	301900	

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

Global business

Financial year ended **31st December 2005**

		Company registration number	GL/UK/CM	Period ended			Units	
		R16	1016269	GL	31	12	2005	£000
		This financial year			Previous year			
		1			2			
Transfer (to)/from the general insurance business technical account	From Form 20	11						
	Equalisation provisions	12						
Transfer from the long term insurance business revenue account		13	55555				25000	
Investment income	Income	14	2101				3310	
	Value re-adjustments on investments	15					467	
	Gains on the realisation of investments	16						
Investment charges	Investment management charges, including interest	17						
	Value re-adjustments on investments	18						
	Loss on the realisation of investments	19	3247					
Allocated investment return transferred to the general insurance business technical account		20						
Other income and charges (particulars to be specified by way of supplementary note)		21	153741					
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)		29	208150				28777	
Tax on profit or loss on ordinary activities		31	631				964	
Profit or loss on ordinary activities after tax (29-31)		39	207519				27813	
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	207519				27813	
Dividends (paid and proposed)		51	11100				28000	
Profit or loss retained for the financial year (49-51)		59	196419				(187)	

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

Global business

Financial year ended **31st December 2005**Category of assets **Total long term insurance business assets**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R17	1016269	GL	31	12	2005	£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>									
Futures contracts	Fixed-interest securities	11							
	Equity shares	12							
	Land	13							
	Currencies	14							
	Other	15							
Options	Fixed-interest securities	21							
	Equity shares	22							
	Land	23							
	Currencies	24							
	Other	25							
Contracts for differences	Fixed-interest securities	31	68846	68760					
	Equity shares	32							
	Land	33							
	Currencies	34							
	Other	35	23755	19980					
Adjustments for variation margin		41							
Total (11 to 41)		49	92601	88740					

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

Global business

Financial year ended **31st December 2005**Category of assets **Non - Profit Fund**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R17	1016269	GL	31	12	2005	£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							
	Other	15							
Options	Fixed-interest securities	21							
	Equity shares	22							
	Land	23							
	Currencies	24							
	Other	25							
Contracts for differences	Fixed-interest securities	31	68846	68760					
	Equity shares	32							
	Land	33							
	Currencies	34							
	Other	35	23755	19980					
Adjustments for variation margin		41							
Total (11 to 41)		49	92601	88740					

**Long-term insurance business : Revenue account**Name of insurer **Phoenix Life Limited**Name and number of fund/Summary **Ordinary Long Term**Financial year ended **31st December 2005**Units **£000**

		Financial year	Previous year
		1	2
<b>Income</b>			
Earned premiums	11	114417	153322
Investment income receivable before deduction of tax	12	148385	147953
Increase (decrease) in the value of non-linked assets brought into account	13	(1384)	2293
Increase (decrease) in the value of linked assets	14	574814	266913
Other income	15		
<b>Total income</b>	<b>19</b>	<b>836232</b>	<b>570481</b>
<b>Expenditure</b>			
Claims incurred	21	482572	442855
Expenses payable	22	30921	38408
Interest payable before deduction of tax	23		
Taxation	24	(3657)	8027
Other expenditure	25	(542)	473
Transfer to (from) non technical account	26	55555	25000
<b>Total expenditure</b>	<b>29</b>	<b>564849</b>	<b>514763</b>
Business transfers-in	31	2196403	
Business transfers-out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	2467786	55718
Fund brought forward	49	4113260	4057542
Fund carried forward (39+49)	59	6581046	4113260



**Long-term insurance business : Revenue account**Name of insurer **Phoenix Life Limited**Name and number of fund/Summary **100% Fund**Financial year ended **31st December 2005**Units **£000**

		Financial year	Previous year
		1	2
<b>Income</b>			
Earned premiums	11		
Investment income receivable before deduction of tax	12		
Increase (decrease) in the value of non-linked assets brought into account	13		
Increase (decrease) in the value of linked assets	14		
Other income	15		
<b>Total income</b>	<b>19</b>		
<b>Expenditure</b>			
Claims incurred	21		
Expenses payable	22		
Interest payable before deduction of tax	23		
Taxation	24		
Other expenditure	25		
Transfer to (from) non technical account	26		
<b>Total expenditure</b>	<b>29</b>		
Business transfers-in	31	153488	
Business transfers-out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	153488	
Fund brought forward	49		
Fund carried forward (39+49)	59	153488	

**Long-term insurance business : Revenue account**Name of insurer **Phoenix Life Limited**Name and number of fund/Summary **Non - Profit Fund**Financial year ended **31st December 2005**Units **£000**

		Financial year	Previous year
		1	2
<b>Income</b>			
Earned premiums	11	114417	153322
Investment income receivable before deduction of tax	12	148385	147953
Increase (decrease) in the value of non-linked assets brought into account	13	(1384)	2293
Increase (decrease) in the value of linked assets	14	574814	266913
Other income	15		
<b>Total income</b>	<b>19</b>	<b>836232</b>	<b>570481</b>
<b>Expenditure</b>			
Claims incurred	21	482572	442855
Expenses payable	22	30921	38408
Interest payable before deduction of tax	23		
Taxation	24	(3657)	8027
Other expenditure	25	(542)	473
Transfer to (from) non technical account	26	55555	25000
<b>Total expenditure</b>	<b>29</b>	<b>564849</b>	<b>514763</b>
Business transfers-in	31	1958455	
Business transfers-out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	2229838	55718
Fund brought forward	49	4113260	4057542
Fund carried forward (39+49)	59	6343098	4113260

**Long-term insurance business : Revenue account**Name of insurer **Phoenix Life Limited**Name and number of fund/Summary **90% Fund**Financial year ended **31st December 2005**Units **£000**

		Financial year	Previous year
		1	2
<b>Income</b>			
Earned premiums	11		
Investment income receivable before deduction of tax	12		
Increase (decrease) in the value of non-linked assets brought into account	13		
Increase (decrease) in the value of linked assets	14		
Other income	15		
<b>Total income</b>	<b>19</b>		
<b>Expenditure</b>			
Claims incurred	21		
Expenses payable	22		
Interest payable before deduction of tax	23		
Taxation	24		
Other expenditure	25		
Transfer to (from) non technical account	26		
<b>Total expenditure</b>	<b>29</b>		
Business transfers-in	31	84460	
Business transfers-out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	84460	
Fund brought forward	49		
Fund carried forward (39+49)	59	84460	

**Long term insurance business : Analysis of premiums**Name of insurer **Phoenix Life Limited**Total business/subfund **Ordinary Long Term**Financial year ended **31st December 2005**Units **£000**

		UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
		1	2	3	4	5
<b>Gross</b>						
Regular premiums	11	40150	44170	47	84367	101054
Single premiums	12	674	46585		47259	71762
<b>Reinsurance - external</b>						
Regular premiums	13	1594	103	4	1701	2045
Single premiums	14					
<b>Reinsurance - intra-group</b>						
Regular premiums	15	10508	5000		15508	17449
Single premiums	16					
<b>Net of reinsurance</b>						
Regular premiums	17	28048	39067	43	67158	81560
Single premiums	18	674	46585		47259	71762
<b>Total</b>						
Gross	19	40824	90755	47	131626	172816
Reinsurance	20	12102	5103	4	17209	19494
Net	21	28722	85652	43	114417	153322

**Long term insurance business : Analysis of claims**Name of insurer **Phoenix Life Limited**Total business/subfund **Ordinary Long Term**Financial year ended **31st December 2005**Units **£000**

		UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
		1	2	3	4	5
<b>Gross</b>						
Death or disability lump sums	11	26933	5636	33	32602	32754
Disability periodic payments	12	16			16	29
Surrender or partial surrender	13	135706	256343	72	392121	366366
Annuity payments	14		6612		6612	6420
Lump sums on maturity	15	13482	43580		57062	44155
<b>Total</b>	<b>16</b>	<b>176137</b>	<b>312171</b>	<b>105</b>	<b>488413</b>	<b>449724</b>
<b>Reinsurance - external</b>						
Death or disability lump sums	21	1106	7		1113	814
Disability periodic payments	22					
Surrender or partial surrender	23	490			490	429
Annuity payments	24					
Lump sums on maturity	25					
<b>Total</b>	<b>26</b>	<b>1596</b>	<b>7</b>		<b>1603</b>	<b>1243</b>
<b>Reinsurance - intra-group</b>						
Death or disability lump sums	31	3401			3401	4533
Disability periodic payments	32					
Surrender or partial surrender	33	289			289	476
Annuity payments	34		312		312	351
Lump sums on maturity	35	236			236	271
<b>Total</b>	<b>36</b>	<b>3926</b>	<b>312</b>		<b>4238</b>	<b>5631</b>
<b>Net of reinsurance</b>						
Death or disability lump sums	41	22426	5629	33	28088	27407
Disability periodic payments	42	16			16	29
Surrender or partial surrender	43	134927	256343	72	391342	365461
Annuity payments	44		6300		6300	6069
Lump sums on maturity	45	13246	43580		56826	43884
<b>Total</b>	<b>46</b>	<b>170615</b>	<b>311852</b>	<b>105</b>	<b>482572</b>	<b>442850</b>

**Long term insurance business : Analysis of expenses**Name of insurer **Phoenix Life Limited**Total business/subfund **Ordinary Long Term**Financial year ended **31st December 2005**Units **£000**

		UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
		1	2	3	4	5
<b>Gross</b>						
Commission - acquisition	11	413	573		986	
Commission - other	12	1919	466		2385	
Management - acquisition	13	1278	588		1866	
Management - maintenance	14	8780	14490		23270	
Management - other	15	798	2009		2807	
<b>Total</b>	16	13188	18126		31314	
<b>Reinsurance - external</b>						
Commission - acquisition	21					
Commission - other	22	5			5	
Management - acquisition	23					
Management - maintenance	24	114			114	
Management - other	25					
<b>Total</b>	26	119			119	
<b>Reinsurance - intra-group</b>						
Commission - acquisition	31					
Commission - other	32	274			274	
Management - acquisition	33					
Management - maintenance	34					
Management - other	35					
<b>Total</b>	36	274			274	
<b>Net of reinsurance</b>						
Commission - acquisition	41	413	573		986	
Commission - other	42	1640	466		2106	
Management - acquisition	43	1278	588		1866	
Management - maintenance	44	8666	14490		23156	
Management - other	45	798	2009		2807	
<b>Total</b>	46	12795	18126		30921	

## Long term insurance business : Linked funds balance sheet

Name of insurer **Phoenix Life Limited**

Total business

Financial year ended **31st December 2005**Units **£000**

		Financial year	Previous year
		<b>1</b>	<b>2</b>
<b>Internal linked funds (excluding cross investment)</b>			
Directly held assets (excluding collective investment schemes)	11	3508424	3070834
Directly held assets in collective investment schemes of connected companies	12	28893	
Directly held assets in other collective investment schemes	13	1014399	834349
<b>Total assets (excluding cross investment) (11+12+13)</b>	<b>14</b>	<b>4551716</b>	<b>3905183</b>
Provision for tax on unrealised capital gains	15	31103	12213
Secured and unsecured loans	16		
Other liabilities	17	32207	32162
<b>Total net assets (14-15-16-17)</b>	<b>18</b>	<b>4488406</b>	<b>3860808</b>
<b>Directly held linked assets</b>			
Value of directly held linked assets	21	35308	25928
<b>Total</b>			
Value of directly held linked assets and units held (18+21)	31	4523714	3886736
Surplus units	32	39077	
Deficit units	33		
<b>Net unit liability (31-32+33)</b>	<b>34</b>	<b>4484637</b>	<b>3886736</b>

## Long term insurance business : Revenue account for internal linked funds

Name of insurer **Phoenix Life Limited**

Total business

Financial year ended **31st December 2005**Units **£000**

		Financial year	Previous year
		<b>1</b>	<b>2</b>
<b>Income</b>			
Value of total creation of units	11	135183	152605
Investment income attributable to the funds before deduction of tax	12	129831	129365
Increase (decrease) in the value of investments in the financial year	13	592665	270853
Other income	14	327042	
<b>Total income</b>	<b>19</b>	<b>1184721</b>	<b>552823</b>
<b>Expenditure</b>			
Value of total cancellation units	21	488638	428257
Charges for management	22	35301	33431
Charges in respect of tax on investment income	23	6414	5812
Taxation on realised capital gains	24	6088	2893
Increase (decrease) in amount set aside for tax on capital gains not yet realised	25	18884	4496
Other expenditure	26	1798	1847
<b>Total expenditure</b>	<b>29</b>	<b>557123</b>	<b>476736</b>
Increase (decrease) in funds in financial year (19-29)	39	627598	76087
Internal linked fund brought forward	49	3860808	3784721
Internal linked funds carried forward (39 + 49)	59	4488406	3860808



**APPENDIX 9.4**  
**PHOENIX LIFE LIMITED**  
**Abstract of Valuation Report**

## **1. Introduction**

- (1) The valuation relates to 31st December 2005.
- (2) The latest previous valuation, under Rule 9.4, related to 31st December 2004. That valuation related to Royal & Sun Alliance Linked Insurances Limited ("RSALI") which has been re-named Phoenix Life Limited.

On 31<sup>st</sup> December 2005, the whole of the business within the long term funds of Phoenix Assurance Limited, Swiss Life (UK) Plc and Bradford Insurance Company Limited was transferred under Part VII of the Financial Services and Markets Act 2000 to Phoenix Life Limited.

- (3) No interim valuations (for the purposes of rule 9.4) have been carried out since 31<sup>st</sup> December 2004.

## **2. Product Range**

The product range increased on 31<sup>st</sup> December 2005 due to the transfer of business into the Company described in paragraph 1 (2).

In the remainder of this Appendix, the products are identified by their originating company as follows:

"PAL"	Phoenix Assurance Limited
"SLUK"	Swiss Life (UK) Plc
"Bradford"	Bradford Insurance Company Limited

## **3. Discretionary charges and benefits**

- (1) **UWP Group Pensions contract (PAL)**

The contract is reinsurance accepted from Phoenix & London Assurance Limited, and has the option to apply a Market Value Reduction.

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 discontinuities or special benefit enhancements.

Market Value Reductions applied between 1<sup>st</sup> January 2005 and 30<sup>th</sup> September 2005 to policies commencing between 1<sup>st</sup> April 1998 and 31<sup>st</sup> March 2001 as follows:-

Date of Commencement in quarter starting	from 01/01/2005 to 31/03/2005	From 01/04/2005 to 30/06/2005	from 01/07/2005 to 30/09/2005
01/04/1998	-2%	None	None
01/07/1998	None	None	None
25/09/1998	None	None	None
01/01/1999	-1%	None	None
01/04/1999	-3%	-2%	None
01/07/1999	-4%	-2%	None
01/10/1999	None	None	None
01/01/2000	-8%	-7%	-3%
01/04/2000	-7%	-6%	-1%
01/07/2000	-6%	-5%	None
01/10/2000	-6%	-5%	None
01/01/2001	-5%	-4%	None

### **Pensions With-Profits Fund (SLUK)**

No MVAs have been applied during the period.

- (2) There were no changes to premiums on reviewable protection policies since the previous valuation date.

For Progressive Protection Plan and Flexible Mortgage Plan the Company may increase premium rates at a policy anniversary but did not do so during the report period.

- (3) **Non-profit deposit administration contracts (PAL):**

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.

The interest rates applied during 2005 were as follows:

Month	Interest Rate
January	5.46%
February	5.46%
March	5.46%
April	5.50%
May	5.48%
June	5.48%
July	5.46%
August	5.45%
September	5.45%
October	5.49%
November	5.47%
December	5.47%

### Non-profit deposit administration contracts (SLUK)

The rates of interest credited to accounts at 31st December 2005 are given in the table below:-

Account year	Deposit Administration – Standard	Deposit Administration – Dollar Policies	
	Interest per £1,000	Interest per £1,000 Series 1	Interest per £1,000 Series 2
1982	128.50	-	-
1983	121.50	-	-
1984	120.50	-	-
1985	121.00	-	-
1986	118.00	90.00	80.00
1987	113.50	90.00	80.00
1988	113.50	90.00	80.00
1989	114.00	90.00	80.00
1990	110.00	90.00	80.00
1991	110.00	90.00	80.00
1992	100.00	90.00	80.00
1993	70.00	90.00	80.00
1994	75.00	56.30	80.00
1995	70.00	52.50	80.00
1996	70.00	46.00	46.00
1997	65.00	46.00	46.00
1998	50.00	36.00	36.00
1999	45.00	38.00	38.00
2000	45.00	38.00	38.00
2001	45.00	36.00	36.00
2002	45.00	36.00	36.00
2003	40.00	32.00	32.00
2004	43.00	34.40	34.40
2005	38.00	30.40	30.40

(4) The following products changed their service charges:

For Plusplan , as from 1 April 2005, the monthly service charge increased by 2.7% from £18.50 to £19.00 for schemes which commenced before 1 July 1988, and the monthly service charge increased by 3.3% from £45.00 to £46.50 for schemes which commenced after 30 June 1988.

For Living Pensions Personal Pensions, as from 1 January 2005, the monthly policy charge increased by 5.6% from £2.51 to £2.65 for regular contribution policies.

For Universal Protection Plan, as from 1 January 2005, the monthly policy charge increased by 5.4% from £2.80 to £2.95.

For Individual Personal Pension Plan, Group Personal Pension Plan, Company Pension Scheme, and Company Additional Pension Scheme, the monthly policy charges changed as follows:

Contribution Type	Existing Policy Charge	New Policy Charge from 1 January 2005	Percentage Increase
Regular premium and increments	£0.00	£0.00	n/a
Paid-up policies and policies on premium holidays (other than for Group Personal Pension Plan)	£1.62	£1.70	4.9%
Paid-up policies and policies on premium holidays for Group Personal Pension Plan	£0.00	£0.00	n/a
Single premium stand alone contracts issued before 16 <sup>th</sup> October 1995	£4.50	£4.70	4.4%
Single premium stand alone contracts issued between 16 <sup>th</sup> October 1995 and 20 <sup>th</sup> September 1998	£1.78	£1.86	4.5%
Single premium stand alone contracts issued between 21 <sup>st</sup> September 1998 and 9 <sup>th</sup> April 2000	£3.25	£3.40	4.6%
Single premium stand alone contracts issued after 9 <sup>th</sup> April 2000	£2.87	£3.00	4.5%

For Personal Additional Pension Plan, the monthly policy charges changed as follows:

Contribution Type	Existing Policy Charge	New Policy Charge from 1 January 2005	Percentage Increase
Regular premium policies issued before 29 <sup>th</sup> January 1996	£4.50	£4.70	4.4%
Regular premium policies issued between 29 <sup>th</sup> January 1996 and 9 <sup>th</sup> April 2000	£4.30	£4.50	4.7%
Regular premium policies issued after 9 <sup>th</sup> April 2000	£2.88	£3.00	4.2%
Regular premium increments	£0.00	£0.00	n/a
Paid-up policies and policies on premium holidays	£1.62	£1.70	4.9%
Single premium stand alone contracts issued before 16 <sup>th</sup> October 1995	£4.50	£4.70	4.4%
Single premium stand alone contracts issued between 16 <sup>th</sup> October 1995 and 20 <sup>th</sup> September 1998	£1.78	£1.86	4.5%

Single premium stand alone contracts issued between 21 <sup>st</sup> September 1998 and 9 <sup>th</sup> April 2000	£3.25	£3.40	4.6%
Single premium stand alone contracts issued after 9 <sup>th</sup> April 2000	£2.87	£3.00	4.5%
Transfer Values	£0.00	£0.00	n/a

For Executive Pension Plan, the monthly policy charges changed as follows:

Contribution Type	Existing Policy Charge	New Policy Charge from 1 January 2005	Percentage Increase
Regular premium policies issued before 29 <sup>th</sup> January 1996	£4.50	£4.70	4.4%
Regular premium policies issued after 29 <sup>th</sup> January 1996	£4.30	£4.50	4.7%
Regular premium increments	£0.00	£0.00	n/a
Paid-up policies and policies on premium holidays	£1.62	£1.70	4.9%
Single premium stand alone contracts issued before 16 <sup>th</sup> October 1995	£4.50	£4.70	4.4%
Single premium stand alone contracts issued between 16 <sup>th</sup> October 1995 and 20 <sup>th</sup> September 1998	£1.78	£1.86	4.5%
Single premium stand alone contracts issued after 20 <sup>th</sup> September 1998	£3.25	£3.40	4.6%
Transfer Values	£0.00	£0.00	n/a

The following contracts have a monthly policy fee that depends upon the 1974 based RPI. These charges have been increased in the year to the valuation date in accordance with increases in RPI. No other increases in charges have occurred.

Product	Monthly Policy Charge
Lifestyle Plan	£(1/12 x 3.333 x RPI)
Personal Capital Builder (Series I)	0.67p x RPI for annual premium policies 1.00p x RPI for monthly premium policies 0.125p x RPI for paid-up or single premium policies
Personal Capital Builder (Series III)	0.50p x RPI for annual premium policies 0.75p x RPI for monthly premium policies 0.125p x RPI for paid-up or single premium policies
Executive Capital Builder (Series I and III)	2.50p x RPI for annual premium policies 4.17p x RPI for monthly premium policies 0.33p x RPI for paid-up or single premium policies
Additional Capital Builder (Series I)	2.00p x RPI for annual premium policies 3.00p x RPI for monthly premium policies

	0.50p x RPI for paid-up or single premium policies
Additional Capital Builder (Series II)	3.50p x RPI for annual premium policies 4.50p x RPI for monthly premium policies 2.00p x RPI for paid-up or single premium policies
Multiple Investment Plan (Version I)	0.05 x RPI (0.05 x RPI / 12) charge on annual (monthly) premiums below £2000 (£200).

The following contracts have a monthly policy fee that depends upon the 1987 based RPI. These charges have been increased in the year to the valuation date in accordance with increases in RPI. No other increases in charges have occurred.

Product	Monthly Policy Charge
Executive Capital Builder (Series IV)	5.00p x RPI for annual premium policies 6.00p x RPI for monthly premium policies 1.00p x RPI for paid-up policies 0.80p x RPI for single premium policies
Trustee Capital Builder (Series I and III)	1.45p x RPI
Personal Pension Builder	2.00p x RPI for annual premium policies 2.00p x RPI for monthly premium policies 1.00p x RPI for paid-up policies 0.50p x RPI for single premium policies
Multiple Investment Plan (Version II, III and IV) issued before April 1989	0.05 x RPI (0.05 x RPI / 12) charge on annual (monthly) premiums below £2000 (£200).
Multiple Investment Plan (Version II, III and IV) issued after April 1989	0.20 x RPI (0.20 x RPI / 12) charge on annual (monthly) premiums below £2000 (£200).

- (5) There were no changes to benefit charges on linked policies.
- (6) There were no changes to charges applied to accumulating with profits policies.
- (7) Unit pricing of internal linked funds**
- (a) Method used for cancellation and creation of units (excluding SLUK funds)

All units are allocated to policies at the offer price calculated at the first valuation subsequent to the decision to allocate units. For non-Group units the fund is credited with an amount equal to the number of units allocated multiplied by the creation price or cancellation price (depending on whether the assets of the fund are being valued on a creation basis or cancellation basis respectively).

For Group units the fund is credited with an amount equal to the number of units allocated multiplied by the offer price.

All units are de-allocated from policies at the bid price calculated at the first valuation subsequent to the decision to de-allocate units. For non-Group units the fund is debited with an amount equal to the number of units so de-allocated multiplied by the creation price or cancellation price (depending on whether the assets of the fund are being valued on a creation basis or cancellation basis respectively). For Group units the fund is debited with an amount equal to the number of units de-allocated multiplied by the bid price.

Method used to determine prices of non-Group units in internal linked funds (except units in the Old Building Society Fund)

Prices of non-Group units in internal linked funds are calculated periodically thus:

- (I) The assets of the fund are valued at 8 a.m. on the valuation day using, where applicable, the latest available prices supplied by a recognised supplier. Income from the assets of the fund less any appropriate tax charge is credited to the fund. Allowance is made for accrued income less deductions for any tax charges, both actual and prospective and any other appropriate deductions permitted by policy conditions which includes investment management expenses for certain products.

The assets of the fund are valued on a cancellation basis (i.e. the price at which assets would be sold) or a creation basis (i.e. the price at which the assets would be purchased) depending on the current and recent trend and magnitude of unit transactions in the fund.

- (II) The value determined in (I) is adjusted by an allowance for dealing costs representing dealing costs incurred in purchasing an identical portfolio if valued on a creation basis or dealing costs incurred in realising the portfolio if valued on a cancellation basis.
- (III) Except for the Lifestyle Bond fund series and the Pensions Solutions fund series (for the range of pension products launched on 6 April 2001), a fund management charge is deducted from the fund at the applicable rate. The fund value for charging purposes may or may not include dealing costs adjustments and certain tax adjustments depending on policy conditions.
- (IV) The value of the fund thus determined divided by the number of units in issue represents the creation prices (if assets are valued on a creation basis) or cancellation price (if assets are valued on a cancellation basis).
- (V) The offer price is calculated as the creation price or cancellation price, if the assets of the fund are valued on a creation basis and cancellation basis respectively, multiplied by A/B and rounded. The bid price is calculated as B% of the offer price and rounded, where:

A = 101 for all ULA and ULPF fund series except Money and Shield fund series  
= 100 for other fund series

B = varies between 94 and 100. 100 less B represents the bid/offer spread

- (VI) Prices in the Deposit and Money funds are guaranteed not to fall.

Method used to determine prices in the Old Building Society fund

The unit price of accumulation units on any occasion on which it is determined exceeds the previously determined unit price by at least such percentage as would, if applied successively to the unit price at time intervals equal to the time interval between the two aforementioned determinations, equate over a period of twelve months to the lowest rate of interest used on such occasions or most recently used by the Abbey PLC for new repayment mortgages granted on owner-occupied private domestic premises. In the event that no such rate or more than one rate is used the Company may use a rate that is in the opinion of the Actuary fair and reasonable. In the case of capital units only, this rate is reduced by three and one-half percentage points (or such other number of percentage points as shall equate to the annual rate of management charge for the time being applicable).

#### Method used to determine prices of Group units in internal linked funds

Prices of Group units in internal linked funds are calculated periodically thus:

- (I) The assets of the fund are valued monthly at 8 a.m. using, where applicable, the latest available prices supplied by a recognised supplier. Income from the assets of the fund is credited to the fund. Allowance is made for accrued income, both actual and prospective and any other appropriate deductions permitted by policy conditions. Certain costs incurred are met by the fund e.g. custodian's fees, stamp duty and other dealing costs. Investment management expenses are met by the Company.

The assets of the fund are valued on a cancellation basis (i.e. the price at which assets would be sold) or a creation basis (i.e. the price at which the assets would be purchased) depending on whether there is a net cancellation or creation of units at the valuation date.

- (II) The value determined in (I) is adjusted by an allowance for dealing costs representing dealing costs incurred in purchasing an identical portfolio if valued on a creation basis or dealing costs incurred in realising the portfolio if valued on a cancellation basis.
- (III) A fund management charge is deducted from the fund at the applicable rate.
- (IV) The value of the fund thus determined divided by the number of units in issue represents the creation price (if assets are valued on a creation basis) or cancellation price (if assets are valued on a cancellation basis).

There is no bid/offer spread. If the fund is valued on a cancellation basis the bid and offer prices are calculated as the rounded cancellation price. If the fund is valued on a creation basis the bid and offer prices are calculated as the rounded creation price.

#### Method used to determine prices of units in internal linked funds (SLUK. OB Fund)

In pricing units in internal linked funds, investments are valued at the lowest available offer price or the highest available bid price, with appropriate allowance for the expenses of purchase or sale. The decision to value on a bid or offer basis is based on whether the trend of the size of the fund is downwards or upwards. For Managed Fund units, the valuation is divided by the number of units to determine the offer price, and the bid price is determined by deducting the bid/offer spread; units are created at the offer price and cancelled at the bid price. For Personal Pension units, the valuation is divided by the number of units to determine the bare offer price, the bid price being determined by rounding up the bare offer price by 1% and the offer price by adding the bid/offer spread to the bid price; units are created and cancelled at the bare offer price. In each case units are allocated to policies at the offer price and redeemed at the bid price determined on the basis of a valuation at the previous midnight. The decision to carry out a transaction is taken before the time of the valuation.

#### Method used to determine prices of units in internal linked funds (SLUK. First Annuity Fund)

In pricing units in internal linked funds, investments are valued at the lowest available offer price or the highest available bid price with appropriate allowance for the expenses of purchase or sale. The decision to value on a bid or offer basis is based on whether the trend of the size of the fund is downwards or upwards. The valuation is used to determine the bid price, the offer price being determined by adding the bid/offer spread to the bid price. Units are created and cancelled at the bid price; they are allocated to policies at the offer price and redeemed at the bid price. The prices used are those in effect on the day following a decision to carry out a transaction, or on the day a transaction is effected. Pricing is normally carried out daily for those funds which are invested in equities. For other funds, pricing is normally carried out weekly, the prices applying to the following seven days.



- (b) Other than the differences mentioned in (a), different pricing bases do not apply to different policies.
- (c) Funds buy units in the following Open Ended Investment Companies managed by Foreign & Colonial Asset Management at the creation price.

Equity Income  
FTSE 100 Tracker  
European  
Equity  
FTSE All Share  
International Growth  
Worldwide Bond  
North America  
Far East  
UK Smaller Companies and  
Emerging Markets  
Extra Income Bond  
High Income Bond  
Maximum Income Bond

In addition, for fund series formerly in ULA and ULPF, Series 8, 9 and 10 units for funds formerly in SAPL and the Lifestyle Bond and Pensions Solutions fund series, any remaining unit trust or Open Ended Investment Company fund management charge net of any rebate is reimbursed by the Company to the internal linked fund.

- (8) Tax deductions from internal linked funds
- (a) Tax on Realised Capital Gains

Applicable to life funds only.

The provision for tax on realised capital gains on chargeable assets within internal funds is calculated at each valuation by applying a tax rate to the realised capital gain calculated as the excess of the proceeds on disposal of the asset less the book cost of the asset with appropriate allowance for indexation relief.

Any brought forward realised capital losses are applied to offset any realised capital gains within the same fund.

The tax rate applied to realised capital gains does not exceed that which would apply if the fund comprised the whole of the Company's life assurance fund with no allowance being made for expenses. For chargeable assets excluding gilts and bonds, the rate of tax applied during the report period has been 20%. Throughout the report period the rate of tax for gilts and bonds, where a tax rate has applied, was 20%. The provision for tax on realised capital gains is periodically deducted from the fund.

For realised capital gains arising from Sections 212 to 214a of the Taxation of Chargeable Gains Act 1992, one seventh of the gain is provided for as above. The balance of the instalments is taxed at an appropriate rate (18%) and the provision is held within the fund. When the capital gains tax charge on a subsequent instalment falls due, the instalment is removed from this provision and treated as other realised tax charges described above.

Where policy benefits are linked to directly held assets, namely authorised unit trusts or other collective investment schemes, a deduction is made from the policy benefits when units are de-allocated representing tax on the realised capital gains as permitted by policy conditions. During the report period the rate of tax applied has been 20% throughout.

(b) Tax on Unrealised Capital Gains

Applicable to life funds only.

The provision for tax on unrealised capital gains on chargeable assets within internal funds is calculated at each valuation by applying a tax rate to the unrealised capital gain calculated on the excess of the market value of the asset less the book cost of the asset with appropriate allowance for indexation relief.

Any brought forward realised capital losses remaining after offsetting against the provision for realised capital gains are applied to offset any unrealised capital gains within the same fund.

During the report period the rates of tax applied have been:

Equities and other company securities	17% - 20%
Unit trusts etc. *	17% - 20%
Property	17% - 20%
Gilts and bonds	20%

\* i.e. assets within the scope of the deemed disposal provisions.

(9) Tax provisions for internal linked funds

For assets of internal linked funds, provision for tax on unrealised capital gains has been implicitly included in the unit liability, the latter being equal to the value of the corresponding linked funds which has been adjusted to allow for future tax on capital gains.

Allowance has been made in the valuation for taxation which whilst currently being shown as tax recoverable by the non-linked funds, will actually be used for the benefit of the unitholders in the linked funds.

Due to a mismatch between the capital gains position of individual life linked funds and the overall position of the company, an additional reserve is held.

This method applies to all types of units.

(10) Unit Trust Life and Unit Trust Pension

The internal linked funds purchase units in collective investment funds managed by certain companies with no connection with the Company where discounts are received on the Initial Charges. These are detailed below:

<b>Investment Management Company</b>	<b>Initial Charge Discount</b>	<b>Fund buys at:</b>
Framlington	4.0%	-
Henderson	-	Creation price + 0.5%
Barings	4.5%	-
Gartmore	4.5%	-
Invesco	3.0%	-
Perpetual	4.5%	-

Personal Bond Funds, Broker Bond Funds, Executive Pension Plans, Broker Funds and Broker Direct Investment

Funds buy units in unit trusts and other collective investment schemes managed by Foreign & Colonial Asset Management at the creation price.

All the benefits are passed on to the internal linked fund and therefore reflected in the unit price.

#### Direct holdings of assets

The Company holds authorised unit trusts and investments in other collective investment schemes which are direct holdings of assets matching liabilities in respect of property linked benefits.

The Company receives a discount of 5% on the Initial Charge when buying units in respect of unit trusts managed by the JP Morgan Fleming. The benefit of this discount is retained by the Company.

The Company receives a discount of 4.5% on the Initial Charge when buying units in respect of unit trusts managed by Gartmore Fund Managers. The benefit of this discount is retained by the Company.

#### External Fund links for the Lifestyle Bond

Certain funds available to the Lifestyle Bond buy or sell units in funds operated by external companies with no connection with the Company at the creation or liquidation price.

The company receives a rebate of management charge in respect of holdings in such External funds as set out in the following table:

<b>External Fund Link</b>	<b>Rebate p.a.</b>
Framlington Health	0.55%
Framlington Absolute Growth	0.75%
Framlington UK Growth	0.65%
Gartmore American	0.75%
Gartmore Euro Select	0.75%
Gartmore UK & Irish Companies	0.75%
Aberdeen Technology	0.75%
Aberdeen Ethical	0.95%
Newton Life Managed	1.00%
Newton Life Balanced	1.00%
Newton Life Continental	1.00%

The rebates received are reimbursed (net of tax at 20%) by the Company to the internal linked fund.

#### External Fund links for Pensions Solutions Products

Certain funds available to Pensions Solutions products buy or sell units in funds operated by external companies with no connection with the Company at the creation or liquidation price.

The company receives a rebate of management charge in respect of holdings in such funds External funds as set out in the following table:

<b>External Fund Link</b>	<b>Rebate p.a.</b>
Baile Gifford Managed	0.00%
Framlington Health	0.55%
Framlington Absolute Growth	0.75%
Framlington UK Growth	0.65%
Gartmore American	0.75%

Gartmore Euro Select	0.75%
Gartmore UK & Irish Companies	0.75%
Aberdeen Technology	0.75%
Aberdeen Ethical	0.95%
Newton Life Managed	1.00%
Newton Life Balanced	1.00%
Newton Life Continental	1.00%

The rebates received are reimbursed by the Company to the internal linked fund.

## 4. Valuation Basis (other than for special reserves)

### (1) Valuation methods

#### Gross Premium Valuation

For non-linked policies in the Non-Profit Fund, other than those described below, a gross premium method has been used.

#### Net Premium Valuation

For conventional with-profits and non-profits policies in the 90% Fund and in the 100% Fund, a net premium method has been used. In addition, a small number of ex-SLUK non-profit policies in the Non-Profit Fund have been valued using this method.

#### Annuities in Payment

In respect of fixed immediate, reversionary, and index linked annuities the liability has been taken as the present value of all future annuity payments, valued according to the contractual mode of payment, together with the relevant expenses. Allowance has been made where annuity payments are guaranteed for a minimum number of years.

#### PHI policies

For guaranteed rate individual PHI policies the gross premium method was used in the valuation. Gross premiums were reduced by the greater of the amount of renewal commission and 2.5%. In addition there is an annual per policy loading for all contracts. 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 (PAL only);
- (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.

### Group Risk

For group risk contracts the reserve is made up as follows:-

- (i) a reserve in respect of the risk exposure relating to the period from the valuation date to the next premium due date,
- (ii) 10% of premiums in force on the valuation date,
- (iii) the discounted value of PHI claims in course of payment, and
- (iv) a reserve in respect of claims which have not yet been reported, whether as a result of the deferred period (for PHI claims) or for other reasons.

### Multiple of premium

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.

In respect of policies issued on sub-standard lives, where an extra premium was imposed, a reserve of not less than 100% of one year's extra premium was established.

### Deposit administration contracts (PAL)

The liability for Pension Plans was calculated as:

- (i) the total Pension Accounts; plus
- (ii) an allowance 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.

### Deposit administration contracts (SLUK)

For Deposit Administration contracts and Deferred Annuities by Cash Accumulation, the reserve is the discounted value of expected future transfers from the accounts, including bonuses at the current rate. The discounted value of the payments due on surrender of the contract has been used where this produces a higher reserve.

### Linked Contracts

In respect of all other unit linked contracts the liability is determined on the following basis:-

Unit liability - for all contracts, the unit liabilities were taken as the number of units deemed allocated in accordance with the funding plan where applicable and allowing for future cancellation of cancellable units multiplied by the unit price in the relevant fund or unit trust/OEIC at the valuation date. For this purpose unit prices in the internal linked funds have been calculated using the mid-market value at the valuation date of the assets of the relevant fund.

Non-unit liability - for all contracts, except those listed below, the liability is calculated using cash flow projection methods. Allowance is made within the cash flow projection for mortality and expenses.

The total liability is the sum of the unit and non-unit liabilities.

For Protection Plan, a proportion of each premium, less a charge for life cover, is invested in units and placed in the "Reserve Account". On each policy anniversary the value of the units in the "Reserve Account" is compared with a guaranteed value (calculated using a net premium formula with interest at 2.5% and mortality assuming A49/52) and the number of units is reduced so that the value of units in the "Reserve Account" is equal to the guaranteed value. The balance of units (if any) is transferred to the "Bonus Account".

The claim value is the sum assured plus the value of units in the "Bonus Account" and the surrender value, after two year's premiums have been paid, is the guaranteed value at each policy anniversary plus the value of units in the "Bonus Account".

The total liability is the sum of the unit and non-unit liabilities (including the value of units in the "Bonus Account"), subject to a minimum of the surrender value.

The approach adopted to calculate the non-unit liability for policies not valued using a discounted cash flow basis is set out below.

Isle of Man Substitute Plans (Series I and II)	5% of annual premium
Group Pension Scheme	1% of unit liability plus one month's premium
International Mortgage Plan	5% of annual premium
Flexibonds	5% of unit liability
Isle of Man Substitute Plans (Series III)	5% of unit liability
Universal Protection Plan	3 months servicing expense charges
Vested Pensions Policy	Value of future expenses
Annuity in Payment	Value of future expenses

For Partners Pension Plan, Pension Fund Investment Policy, Pension Fund Trustee Investment Policy, Private Companies Pension Fund Investment Policy, Retirement Annuity Policy, Group Schemes, Shield, Lloyds Bank, Individual Bonds (inc. CTT Plan), no cash flow projections were made. This is because such ongoing expenses are currently less than the ongoing monthly management charge on the units and anticipated to be so in the future.

An additional bonus reserve of £12.999m 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.

The liability in respect of benefits on contracts reassured from Phoenix and London Assurance Limited (PALAL) on a risk premium basis is taken as three months' risk premiums in respect of these benefits, as charged to policyholders by PALAL. (PALAL pays Phoenix Life Limited 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).

Negative reserves have been eliminated.

### UWP Group Pensions (PAL)

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.

### PAL 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.

## (2) Interest rates

For policies which were *not* transferred into the Company at 31<sup>st</sup> December 2005, the interest rates used for each product group are shown in the following table:

<b>Product Group</b>	<b>Interest rate at the end of the financial year in question</b>	<b>Interest rate at the end of the previous financial year</b>
Linked Life (unrestricted)	3.15%	3.45%
Linked Life (restricted)	2.84%	3.06%
Seniorplan	2.84%	3.06%
Non-linked Whole Life	2.84%	3.06%
Non-linked Life Term Assurance	2.84%	3.06%
Life Annuities in Payment	3.95%	4.30%
Linked Pensions	3.95%	4.30%
Pension Annuities in Payment	3.95%	4.30%
Annuities in Deferment	3.55%	3.83%
Pension Term Assurance	3.55%	3.83%

The interest rates used for business that was originally written in PAL were as follows:

<b>Product Group</b>	<b>Interest rate at the end of the financial year in question</b>	<b>Interest rate at the end of the previous financial year</b>
<b>With Profit (100% Fund)</b>		
With Profit Assurances	1.00%	1.00%
Unitised With Profits	3.60%	3.90%
Additional Bonus Reserve	2.80%	3.10%
<b>Non Profit</b>		
Term Assurances	2.90%	3.10%
Other Without Profits	2.90%	3.10%
Life Annuities In Payment Non Index Linked	4.00%	4.40%
Permanent Health Insurance – Claims In Payment	4.00%	4.40%
Permanent Health Insurance – Other than Claims In Payment	3.60%	3.90%
Pension Term Assurances	3.60%	3.90%
Pension Annuities In Payment Non Index Linked	4.00%	4.40%
Pension Annuities In Payment Index Linked	0.90%	1.40%
Pension Deferred Annuities	3.60%	3.90%

The interest rates used for business that was originally written in SLUK were as follows:

<b>Product Group</b>	<b>Interest rate at the end of the financial year in question</b>	<b>Interest rate at the end of the previous financial year</b>
<b>Non Profit</b>		
Assurances (Life)	3.00%	3.30%
Assurances (Pensions)	3.80%	4.10%
Critical Illness	3.00%	3.30%
Guaranteed Income Bonds	3.20%	3.40%
Life & Pension Annuities In Payment	4.22%	4.56%
Index-linked Annuities in Payment	1.01%	1.51%
Index-linked Assurances (Life)	0.80%	1.20%
Life Deferred Annuities	3.60%	3.80%
Pension Deferred Annuities	4.00%	4.30%
PHI	3.80%	4.10%
PHI Claims in Payment	4.22%	4.56%
<b>With Profit (90% Fund)</b>		
OB Whole Life & Endowment	3.10%	3.30%
IB Whole Life & Endowment	1.50%	1.50%
<b>With Profit (100% Fund)</b>		
Whole Life & Endowment	1.00%	1.00%



**(3) Risk adjusted yield calculation**

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  
All other assets producing income

Nil  
Reduction of 0.5% (r) of the yield  
i.e. amended yield is  $y \times (1 - r)$  where  $y$  is the unadjusted yield

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

**(4) Mortality bases**

**Policies which were not transferred into the Company at 31<sup>st</sup> December 2005**

The mortality tables used for each product group are shown in the following table:

Category of Business	Mortality table at the end of the financial year in question	Mortality table at the end of the previous financial year
Linked Life - aggregate	95.8% AM92 / 110.1% AF92	68.0% AM80 / 89.0% AF80
Linked Life – non-smoker	75.4% AM92 / 86.3% AF92	54.0% AM80 / 70.0% AF80
Linked Life – smoker	154.2% AM92 / 187.9% AF92	109.0% AM80 / 151.0% AF80
Seniorplan	140% AM80 / 140% AF80	140% AM80 / 140% AF80
Non linked Whole Life	77% AM92 / 80% AF92	60% AM80 / 79% AF80
Non linked TA - aggregate	89.3% TM92 / 89% TF92	84.0% TM92 / 89% TF92
Non linked TA non-smoker	78.8% TM92 / 74% TF92	68% TM92 / 74% TF92
Non linked TA smoker	142% TM92 / 142% TF92	142% TM92 / 142% TF92
Life Annuities in Payment	Modified IM80 c=2010 Modified IF80 c=2010	Modified IM80 c=2010 Modified IF80 c=2010
Pension Annuities in Payment	Modified PMA92 c=2020 Modified PFA92 c=2020	Modified PMA92 c=2020 Modified PFA92 c=2020
Linked Pensions	54.3% AM92 / 61.0% AF92	37.0% AM80 / 49.0% AF80
Annuities in Deferment	54.3% AM92 / 61.0% AF92	37.0% AM80 / 49.0% AF80
Pension TA - aggregate	89.3% TM92 / 89% TF92	84.0% TM92 / 89% TF92
Pension TA - non-smoker	78.8% TM92 / 74% TF92	68% TM92 / 74% TF92
Pension TA - smoker	142% TM92 / 142% TF92	142% TM92 / 142% TF92

Allowance for Disease

No allowance has been made for any possible detrimental impact of significant changes in the incidence of disease or developments in medical science on the mortality or morbidity experience of the Company

Life Annuities in payment basis

The mortality basis for the current (previous) year is:

Males 83.3% (85.0%) IM80 c=2010 improving at 1.50% (2.00%) p.a.  
 Females 83.3% (85.0%) IM80 c=2010 improving at 1.25% (2.00%) p.a.

The expectation of life under the current (and previous year) valuation assumptions for sample ages are:

Age	Current Year		Previous Year	
	Males	Females	Males	Females
65	21.11	24.10	21.77	25.38
75	13.16	15.17	13.43	15.78

Pension Annuity basis at 31.12.2005

At the end of the financial year in question, the basis for pension annuities in payment was: Base table: PMA92 (c=2020) for males, PFA92 (c=2020) for females, with the following percentages (for sample ages).

	Male	Female
up to age 55	669.27%	460.18%
at age 60	315.73%	201.18%
at age 65	158.55%	116.64%
at age 70	103.27%	96.64%
at age 75	85.82%	94.09%
at age 80	80.55%	94.91%
at age 85	79.36%	95.82%
at age 90	79.64%	96.91%
at age 95	79.91%	96.91%
at age 100	79.82%	96.91%
at age 105	79.73%	96.91%

Mortality improvement rates for pensions annuities in payment are as follows:

Males	2005	2015	2025	2035	2045	2055
40	1.50%					
50	2.00%	1.50%				
60	3.40%	2.00%	1.50%			
70	4.00%	3.10%	2.00%	1.5%		
80	2.50%	2.70%	2.80%	2.0%	1.5%	
90	1.30%	1.50%	1.80%	2.0%	2.0%	1.5%
100	0.75%	0.75%	0.85%	1.00%	1.25%	1.5%

Females	2005	2015	2025	2035	2045	2055
40	1.30%					
50	1.75%	1.30%				
60	2.70%	1.75%	1.30%			
70	3.25%	2.45%	1.75%	1.30%		
80	1.70%	2.20%	2.20%	1.75%	1.30%	
90	0.75%	1.00%	1.45%	1.60%	1.75%	1.30%
100	0.75%	0.75%	0.75%	0.80%	1.00%	1.30%

Improvement rates for a cohort are read down the diagonal i.e. a 60 year old male will experience an improvement rate of 3.4% in 2005 and 3.1% in 2015, when he would be 70.

#### Pensions deferred annuities - basis at 31.12.2005

At the end of the financial year in question, the basis for deferred annuities when in payment was:

Base table: PMA92 (c=2020) for males, PFA92 (c=2020) for females, with the following percentages (for sample ages).

		Male	Female
Up to age	55	701.14%	482.10%
At age	60	330.76%	210.76%
At age	65	166.10%	122.19%
At age	70	108.19%	101.24%
At age	75	89.90%	98.57%
At age	80	84.38%	99.43%
At age	85	83.14%	100.38%
At age	90	83.43%	101.52%
At age	95	83.71%	101.52%
At age	100	83.62%	101.52%
At age	105	83.52%	101.52%

The improvement rates are the same as those for pension annuities in payment.

For pension annuities in payment, the expectation of life under the current (and previous year) valuation assumptions for sample ages are:

Age	Current Year		Previous Year	
	Males	Females	Males	Females
65	23.97	25.48	22.33	24.97
75	14.62	15.87	13.62	15.96

For pension deferred annuities, the expectation of life at age 65 for current ages 45 and 55 under the current (and previous year) valuation assumptions are:

Age	Current Year		Previous Year	
	Males	Females	Males	Females
45	27.46	28.14	25.87	28.36
55	25.68	26.68	24.18	26.66

## Policies originally written in PAL

The mortality tables used for each product group are shown in the following table:

Category of Business	Mortality table at the end of the financial year in question	Mortality table at the end of the previous financial year
Term Assurances	Aggregate 89.3%TM92/ 89%TF92 Non-Smoker 78.8%TM92/ 74% TF92 Smoker 142% TM92/142% TF92	Aggregate 84%TM92 / 89%TF92 Non-Smoker 68%TM92/ 74%TF92 Smoker 142% TM92/ 142% TF92
Whole Life & Endowment	82% AM92/ 106% AF92	60% AM80/ 79% AF80
Annuities in Payment	83.5% IM80/ 83.7% IF80 plus improvements	85% IM80 /85% IF80 plus improvements
Permanent Health Insurance	81% TM92/ 80.7% TF92	76.2% TM92/ 81% TF92
Term Assurances	Aggregate 89.3%TM92/ 89%TF92 Non-Smoker 78.8%TM92/74% TF92 Smoker 142% TM92/142% TF92	Aggregate 84%TM92 / 89%TF92 Non-Smoker 68%TM92/74%TF92 Smoker 142% TM92/ 142% TF92
Pension Annuities in Payment	Modified PMA92 (c=2020)/ Modified PFA92 (c=2020)	Modified PMA92 (c=2020)/ Modified PFA92 (c=2020)
Pension Deferred Annuities	Modified PMA92 (c=2020)/ Modified PFA92 (c=2020)	67% PMA80(c=2020)/ 82% PFA80(c=2020)
Life Deferred Annuities	54.3% AM92 / 61% AF92 (deferment)	37% AM80 / 49% AF80 (deferment)
Life Annuities in payment	Modified IM80 (c=2010)/ Modified IF80 (c=2010)	Modified IM80 (c=2010)/ Modified IF80 (c=2010)

### Pension Annuity basis

The bases for annuities in payment and for deferred annuities are as for business not transferred to the Company at 31<sup>st</sup> December 2005.

### Life Annuity basis

For life annuities in payment, the mortality basis for the current (previous) year is:

Males 83.5% (85.0%) IM80 c=2010 improving at 1.75% (1.75%) p.a.  
Females 83.7% (85.0%) IM80 c=2010 improving at 1.50% (1.50%) p.a.

For life annuities in payment, the expectation of life under the current (and previous year) valuation assumptions for sample ages are:

Age	Current Year		Previous Year	
	Males	Females	Males	Females
65	21.52	24.55	21.34	24.40
75	13.36	15.41	13.22	15.28

For deferred life annuities, the expectation of life at age 65 for current ages 45 and 55 under the current (and previous year) valuation assumptions are:

Age	Current Year		Previous Year	
	Males	Females	Males	Females
45	25.80	28.59	25.84	28.08
55	23.57	26.49	23.52	26.20

### Policies originally written in SLUK

The mortality tables used for each product group are shown in the following table:

Description	Mortality at 31/12/2005		Mortality at 31/12/2004	
	Male	Female	Male	Female
Group Spouses Annuities	N/A	WA92Umc	N/A	WA92Umc
Life Annuities in payment	IMA92Umc	IFA92Umc	IMA92Umc	IFA92Umc
Pension Annuities in payment	PMA92Umc	PFA92Umc	PMA92Umc	PFA92Umc
Life Deferred Annuities	IMA92Umc	IFA92Umc	IMA92Umc	IFA92Umc
Pension Deferred Annuities	PMA92Umc	PFA92Umc	PMA92Umc	PFA92Umc
Whole Life and Endowment	AM92 ult	AM92 ult -3yrs	AM92 ult <sup>(*)</sup>	AM92 ult -3yrs
RICTA	85% TM92 ult +2yrs	85% TM92 ult -1yr	TM92 ult +2yrs <sup>(*)</sup>	TM92 ult -1yr
Group Term Assurance	TM92 ult	TM92 ult +3yrs	TM92 ult <sup>(*)</sup>	TM92 ult +3yrs
Individual Life & Pension Term Assurance	TM92 ult S:140%, NS:60%, Agg:90%	TF92 ult S:140%, NS:70%, Agg:90%	TM92 ult <sup>(*)</sup> S:140%, NS:70%, Agg:90%	TF92 ult S:140%, NS:80%, Agg:90%
Unit Linked policies	AM92 ult	AM92 ult -3yrs	AM92 ult	AM92 ult -3yrs
Accelerated TPD	See below	See below	See below	See below
TPD	See below	See below	See below	See below
IB Whole Life and Endowment, IB	35% ELT15(M)	35% ELT15(M)	35% ELT15(M)	35% ELT15(M)

(\*\*) Additional loadings are applied for certain sources of business. These rates are increased by 2% p.a. after 5 years from the valuation date.

The mortality/morbidity tables used to value individual policies which include total & permanent disability benefits have not been published. Specimen rates from the tables applicable to non-smokers are given below.

Age	TPD		Term & TPD	
	Males	Females	Males	Females
25	0.0001900	0.0001900	0.0003680	0.0002520
35	0.0002340	0.0002340	0.0004350	0.0003490
45	0.0007200	0.0007200	0.0012570	0.0010050
55	0.0026890	0.0026890	0.0040210	0.0032380

All the above rates are increased by 2% p.a. after 5 years from the valuation date.

Note that for all the above business, no additional mortality has been incorporated within the valuation and no separate reserve has been determined in respect of AIDS.

**Annuitant mortality - Expectation of life**

Age	Male PMA92mc	Female PFA92mc	Male IMA92mc	Female IFA92mc
65	21.3	24.2	21.9	24.6
75	12.7	15.4	13.4	15.1

**(5) Morbidity basis / bases (table)**

For PHI policies which were not transferred to the Company at 31<sup>st</sup> December 2005, the reserve has been calculated as a proportion of the annual premium in force. No morbidity tables are used for this business.

For PHI benefits originally written in PAL, the assumed inception & recovery rates are expressed as varying percentages of CMIR12. Sample inception & recovery rates for occupational class 1 lives, based on a 12 month deferred period, are as follows:

Inception rates (%CMIR12)

Age	At 31.12.2005		At 31.12.2004	
	Male	Female	Male	Female
25	288%	489%	288%	489%
35	288%	489%	288%	489%
45	311%	528%	288%	489%
55	311%	528%	219%	371%

Recovery rates (% CMIR12) at 31.12.2005

Age	2 year duration		5 year duration	
	Male	Female	Male	Female
25	32%	32%	32%	32%
35	32%	32%	32%	32%
45	32%	32%	32%	32%
55	32%	32%	32%	32%

Recovery rates (%CMIR12) at 31.12.2004

Age	2 year duration		5 year duration	
	Male	Female	Male	Female
25	28%	28%	32%	32%
35	28%	28%	32%	32%
45	28%	28%	32%	32%
55	28%	28%	32%	32%

For PHI and critical illness policies originally written in SLUK, the following morbidity assumptions are used (for male non-smoker lives, occupational class 1):

Inception rates:

Type of business	Deferred period (weeks)	Table	Age			
			25	35	45	55
Individual PHI (Direct written)	26	CMIR12	200%	200%	150%	100%
Individual PHI (Reassurance Accepted)	26	CMIR12	210%	210%	160%	105%
Critical Illness	-	CIBT93M	51%	51%	51%	51%
Accelerated Critical Illness	-	CIBT93M	52%	52%	52%	52%

These assumptions are unchanged from those at 31.12.2004

PHI Inception rates are increased by 1% p.a. for the first 5 years from the valuation date. Inception rates for policies with non-reviewable and reviewable premium rates are increased by 3% p.a. thereafter, subject to a maximum overall increase of 60%.

Recovery rates:

Type of business	Table	Duration	
		2 years	5 years
Individual PHI Claims	CMIR12	60%	80%
Group PHI Claims	CMIR12	60%	100%

These assumptions are unchanged from those at 31.12.2004

## (6) Expense bases

The gross renewal expenses (excluding renewal commission) per plan or policy were as shown below. Tax relief at 20% is assumed on these expenses for life business.

<b>Category of Business</b>	<b>Per Policy Expense Loading for 2005</b>	<b>Per Policy Expense Loading for 2004</b>
Annuities in Payment	£14.81	£12.71
Premium paying policies	£31.51	£26.97
Paid-up policies	£31.51	£26.97
Annuities in Payment (PAL)	£14.11	£11.77
Premium paying policies (PAL)	£30.06	£25.57
Paid-up policies (PAL)	£30.06	£25.57
Premium paying policies - NP Fund (SLUK)	£49.26	£20.80 plus 3.95% of premium
Premium paying OB policies - 90% Fund (SLUK)	£43.79	£101.92
Paid-up policies - NP Fund (SLUK)	£49.26	£28.08
Paid-up OB policies - 90% Fund (SLUK)	£21.89	£34.32
IB policies - 90% Fund (SLUK)	£0.33	£0.68

The above per policy loadings include the fees payable under an administration outsourcing contract. The total mathematical reserves include allowance for VAT payable at 17.5% on those fees after the expiry of the current contract.

The inflation rate assumed for future expenses for policies other than for SLUK policies is 6.80% at the current valuation. At the previous valuation the assumption was 6.40%.

The inflation rate assumed for future expenses for SLUK policies is 4.70% at the current valuation. At the previous valuation the assumption was 4.00%.

Where policy charges are linked to inflation, the inflation rate assumed for future policy charges is 3.00% at the current valuation. At the previous valuation the assumption was 2.60%.

The following unit growth assumptions (before management charge and allowing for reinvested income) have been used at the current valuation:

- 4.40% gross, 3.95% net per annum for Life business except Home Ownership Plan
- 2.40% net for Home Ownership Plan
- 4.40% gross for Pensions business
- 4.80% net for Life business (SLUK)
- 6.00% gross for Pensions business (SLUK)

The equivalent assumptions at the previous valuation were:

- 4.85% gross, 4.35% net per annum for Life business except Home Ownership Plan
- 2.40% net for Home Ownership Plan
- 4.85% gross for Pensions business
- 4.80% net for Life business (SLUK)
- 6.00% gross for Pensions business (SLUK)

**(7) With-profits future bonus rates**

For PAL with-profits policies in the 100% Fund, future bonus rates of 3% of sum assured and 6% of existing bonuses are assumed in a gross premium valuation used to calculate an additional reserve to provide for policyholders reasonable expectations for reversionary bonus rates.

For the UWP Group Pensions contract (PAL) the assumed future bonus rate for 2006 is 0.17%; for 2007 and onwards the assumed future bonus rate is 0%.

**(8) Other basis assumptions**

There are no other material basis assumptions.

**(9) Derivative Contracts**

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 for interest rate swaps 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.

## 5. Options and guarantees

### (1) Guaranteed annuity options

#### (a) Methods

This has been calculated by discounting the estimated additional liability at the normal retirement date, assuming that 5% of the maturity value will be taken as cash, using the following basis:

Discount rate: 3.55% per annum (before and after vesting)  
 Unit Growth rate: 4.40% (gross) per annum (before management charge)  
 Mortality: before vesting: 54.3% of AM92 for males  
 61.0% of AF92 for females  
 after vesting: 63.3% of PMA80 for males  
 77.50% of PFA80 for females  
 with allowances for future improvements before and after vesting of 1.50% per annum for males and 1.50% per annum for females

#### (b)

<b>Product Name</b>	Personal Pension Investment Plan contracts issued in 1982 and 1983, Directors' and Executives Pension Plan	Personal Pension Plan and Retirement Annuity Policy
<b>Basic reserve</b>	£21.132m	£6.952m
<b>Spread of outstanding durations</b>	As a percentage of guarantee reserve 62.9% < 5 years 27.3% between 5 and 10 years 5.9% between 10 and 15 years 3.5% between 15 and 20 years 0.4% over 20 years	As a percentage of guarantee reserve 70.5% < 5 years 23.5% between 5 and 10 years 6.0% between 10 and 15 years 0.1% between 15 and 20 years nil over 20 years
<b>Guarantee reserve</b>	£5.173m	£3.134m
<b>Guarantee annuity rate (age 65 male)</b>	£109.30 p.a. for £1000 cash sum for Personal Pension Investment Plan  £111.37 p.a. for £1000 cash sum for Directors' and Executives Pension Plan (PGP&A)	£104.11 p.a. for £1000 cash sum.
<b>Increments</b>	Increments are not allowed	Increments are not allowed
<b>Frequency</b>	Annually in arrears, no guarantee period	Annually in arrears, no guarantee period
<b>Retirement ages</b>	Between 60 and 75	Between 60 and 75

## Guaranteed annuity options (SLUK)

### (a) Methods

An additional reserve is calculated for options on the FT30 index-linked life policies in the Non-Profit Fund. The following basis is used:

Age	Surrender rate
Prior to age 50	0% p.a.
At exact age 50	10%
55	20%
60	40%
65	100%

It is assumed that 80% of policyholders exercise the option to purchase an annuity, valued on the basis of { IMA92mc}, 3.6% pa with 2% expenses.  
{ IFA92mc }

The uncertainty of future interest rates has been allowed for by valuing the annuity using the alternative assumptions that interest rates will be 30% lower or 30% higher than those underlying the central rate. The reserve is taken as the average of the three results.

### (b)

Product Name	Protection Plan	Escalator Plan
<b>Basic reserve</b>	£17.910m	£48.975m
<b>Spread of outstanding durations</b>	0-25 years	0-25 years
<b>Guarantee reserve</b>	£2.635m	£7.204m
<b>Guarantee annuity rate (age 65 male)</b>	£102.88 p.a. for £1000 cash sum for policies commencing before 1979  £79.88 p.a. for £1000 cash sum for policies commencing in 1979 or 1980	£102.88 p.a. for £1000 cash sum for policies commencing before 1979  £79.88 p.a. for £1000 cash sum for policies commencing in 1979 or 1980
<b>Increments</b>	Increments are not allowed	Increments are not allowed
<b>Frequency</b>	Half-yearly in arrears, 5 years guarantee period	Half-yearly in arrears, 5 years guarantee period
<b>Retirement ages</b>	Available on surrender at 50, 55, 60 or 65	Available on surrender at 50, 55, 60 or 65

## (2) Guaranteed surrender and unit-linked maturity values

### a) Methods

#### Surrender Guarantees

Multiple Growth Bonds: Some policies have a special minimum value on surrender (only payable in certain extreme circumstances) of 100% of premiums paid to date. It was not considered necessary to incorporate an additional reserve.

Property Growth Plan and Executive Property Growth Plan: From the fifteenth policy anniversary onwards there is the guarantee that the surrender value is not less than the sum of premiums paid. The current value of units of each policy is such that it is not considered necessary to keep any reserve in respect of this guarantee.

Flexible Savings Plan: From the tenth policy anniversary onwards there is the guarantee that the surrender value is not less than five-sixths of premiums paid. The current value of units of each policy is such that it is not considered necessary to keep any reserve in respect of this guarantee.

Protection Plan: This contract provides a guaranteed surrender value and contains an in-built contingency margin as the value of the units in the reserve account at the previous policy anniversary will usually exceed this surrender value. A further contingency reserve of £10,000 is set up in respect of the guarantee. This reserve has not been included in the table below.

All-Weather Bond: From the fifteenth policy anniversary onwards there is the guarantee of a cash value of at least 150% of the single premium paid. The current value of units of each policy is such that it is not considered necessary to keep any reserve in respect of this guarantee.

For non-linked single premium contracts to which guaranteed surrender values currently apply, the reserve was, if necessary increased so that it is not less than the current guaranteed surrender value.

#### Maturity Guarantees

The reserving bases for investment performance guarantees are summarised below.

Lloyds Bank contracts issued between 1968 and 1973: These have a minimum amount guaranteed on maturity. Some of these contracts have been endorsed at maturity to continue for a further period of ten years but the original guarantee only has been retained and not increased despite the payment of a further ten years' premiums. It is considered that no reserve is necessary to provide against these guarantees because of the current size of the unit liabilities compared with the guarantees given.

Fairshare Endowment Plans (Series I), Endowment Plans (Property and Managed Fund units): A reserve to cover possible liabilities under the maturity guarantee is calculated using the Barrie & Hibbert stochastic investment model to assess the market value of the guarantee.

Endowment Plans (Fixed Interest Fund units): A stochastic investment model was considered unnecessary and a reserve of £10,000 is included for the maturity guarantee reserve on this small group of policies. This reserve has not been included in the table below.

Home Ownership Plan (including Low Start variant): Any projected shortfall at maturity has been allowed for in the cash flow projections and no further reserve is necessary. The deterministic cash flow reserve exceeds the market value of the guarantee as estimated using a Barrie and Hibbert market consistent stochastic asset model.

Acorn Plan, Flexible Savings Plan, Endowment Policy and Whole Life Policy: No reserve is considered necessary.

b)

<b>Product Name</b>	Fairshare Endowment Plans (Series I)	Endowment Plans (Property and Managed Fund units):
<b>Basic reserve</b>	£6.225m	£1.291m
<b>Spread of outstanding durations</b>	As a percentage of unit fund: 20.0% < 5 years 34.0% between 5 and 10 years 26.3% between 10 and 15 years 10.3% between 15 and 20 years	As a percentage of unit fund: 69.3% < 5 years 28.7% between 5 and 10 years 2.0% between 10 and 15 years nil between 15 and 20 years

	9.3% over 20 years	nil over 20 years
<b>Guarantee reserve</b>	£0.246m	£0.005m

<b>Guaranteed amount</b>	Guaranteed sum assured at maturity specified at outset of the policy	Guaranteed sum assured at maturity specified at outset of the policy
<b>MVA free conditions</b>	No MVAs are allowed	No MVAs are allowed
<b>In force premiums</b>	£0.060m	£0.018m
<b>Increments</b>	Increments are not allowed	Increments are not allowed

<b>Product Name</b>	Wealth Assured Endowments
<b>Basic reserve</b>	£39.868m
<b>Spread of outstanding durations</b>	Up to 45 years outstanding duration.
<b>Guarantee reserve</b>	£0.993m (aggregate reserve for all Wealth Assured Contracts)
<b>Guaranteed amount</b>	<p>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.</p> <p>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.</p>
<b>MVA free conditions</b>	No MVAs are allowed
<b>In force premiums</b>	£0.530m
<b>Increments</b>	Increments are not allowed

<b>Product Name</b>	Wealth Assured Ten + Ten contracts
<b>Basic reserve</b>	£0.515m
<b>Spread of outstanding durations</b>	Outstanding durations until the next guarantee date range from 3 months to 9 years
<b>Guarantee reserve</b>	£0.993m (aggregate reserve for all Wealth Assured Contracts)
<b>Guaranteed amount</b>	Minimum sum assured payable at end of ten years is the total premiums paid
<b>MVA free conditions</b>	No MVAs are allowed
<b>In force premiums</b>	£0.004m
<b>Increments</b>	Increments are not allowed

<b>Product Name</b>	Wealth Assured Bonds
<b>Basic reserve</b>	£8.134m
<b>Spread of outstanding durations</b>	Whole Life contract. The youngest current age is 29.
<b>Guarantee reserve</b>	£0.993m (aggregate reserve for all Wealth Assured Contracts)
<b>Guaranteed amount</b>	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.
<b>MVA free conditions</b>	No MVAs are allowed
<b>In force premiums</b>	N/A
<b>Increments</b>	Increments are not allowed

### (3) Guaranteed insurability options

#### PAL policies

Some term assurance policies include options to extend the policy term or convert to other policies without requiring further evidence of health. Where there are options to convert or extend 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. The sum assured under the policies is less than £1bn.

The Progressive Protection Plan and Flexible Mortgage Plan include a Special Events option which allows the planholder to increase the sum assured without further underwriting on certain events such as marriage of the life assured or birth of each of the life assured's children. The cost of the options is implicitly allowed for in the normal reserve.

#### SLUK policies

Some term assurance and critical illness policies contain conversion and renewal options. Some policies also contain guaranteed insurability options where a term assurance may be taken out at standard rates if the life survives for 12 months following a critical illness claim. Loadings are applied in the calculation of the reserve, usually as a percentage of premiums paid, to allow for the cost of these options. The total sum assured under these policies is £9.2bn.

#### (4) Other Guarantees and Options

##### Investment Performance Guarantees

##### Price Guarantees

The prices of units in a number of deposit funds are guaranteed not to fall, for some of the products investing in those funds.

The assets backing these funds and the nature of the institutions with whom the investments are placed (mainly building societies and banks) are such that no reserve is considered necessary for these guarantees.

Units in the Old Building Society Linked Pension Fund are guaranteed to increase in value on a year to year basis in line with the lending rate of interest used by Abbey plc on residential mortgages. An additional provision of £2.332m has been made within the long-term insurance business liabilities in respect of this arrangement. This is calculated as 15% of the value of the fund, taking into account the outstanding term of the business and the expected difference between the rate guaranteed and the rate earned on the underlying assets.

##### Investment Guarantees on Deposit Administration Pension Contracts (PAL)

The Deposit Administration Pension contracts originally written by PAL have investment guarantees. The additional provision in respect of the guarantee is £5.626m. This is calculated as 15% of the base reserves for these contracts, taking into account the outstanding term of the business and the expected difference between the rate guaranteed and the rate earned on the underlying assets.

## 6. Expense reserves

### (1) Expense loading, reserving, investment and maintenance

#### Aggregate amount for expenses

The aggregate amount arising during the twelve months after the valuation date from implicit and explicit reserves made in the valuation to meet expenses in fulfilling contracts in force at the valuation date was £43.527m, split as follows:

	<u>£m</u>	<u>£m</u> Ex – SLUK	<u>£m</u> Ex – PAL
Per Policy Expenses	12.810	12.664	3.948
Investment Expenses	8.406	1.430	1.286
Other Expenses	2.983	0.000	0.000
<b>Total</b>	<b>24.199</b>	<b>14.094</b>	<b>5.234</b>

This amount was determined in relation to the numbers and type of contracts in force and the future expenses assumed in the valuation which are set out in section 4(6). It includes investment expenses charged directly to the funds.

**(2) Basis of calculation of implicit allowances**

Implicit allowances for expenses include the difference between office and net premiums for regular premium policies which are valued on a net premium basis.

**(3) Maintenance expense significant differences**

The total amount of maintenance expenses shown in 6 (1) is significantly different from the total shown in line 14 of Form 43, since the latter amount does not include the expenses relevant to the business which transferred into the Company at 31<sup>st</sup> December 2005.

**(4) New business expense overrun reserve**

Since the company is closed to new business, except for contractual increments, it does not expect to incur any material strain in writing new business so no additional reserve is required.

**(5) Maintenance expense overrun reserve**

Expense reserves in accordance with 6.1 are considered to be sufficient to meet the expenses likely to be incurred in the future in fulfilling the existing contracts.

The expense assumptions allow for the fees payable under a management services agreement plus a prudent allowance for costs that are not covered by standard fees payable under the agreement.

Other than a reserve of £0.215m, no allowance has been made for redundancy costs (as these will be met by the service provider), or for any costs of terminating the management services agreement (as the service provider does not have the option to terminate the contract).

## **7. Mismatching Reserves**

**(1) Aggregate mathematical reserves (other than liabilities for property linked benefits)**

<b>Currency</b>	<b>Mathematical Reserves</b>	<b>Backed by assets</b>
Sterling (£)	£2,083.036m	£2,083.036m
Other currencies	£ 8.495 m	

**(2) Other currencies**

Liabilities totalling £8.495m have not been analysed. The proportion of these liabilities which are matched by assets in the same currency is 52%.

**(3) Currency reserve mismatching**

No currency mismatching reserve is necessary.

**(4) Most onerous UK asset investment scenario**

In determining the Resilience Capital Requirement, the following assumptions were considered:-

(1) a fall in the market value of equities of 10%;

(2) a fall in real estate values of 20%;

- (3) the more onerous of either a fall or rise in yields on all fixed interest securities of 20% of the long-term gilt yield.

All future economic assumptions are changed in each scenario to be consistent with the changed conditions.

The most onerous scenario for the purposes of calculating the resilience capital involved a rise in fixed-interest yields.

**(5) Most onerous other territory asset investment scenario**

There are no significant territories outside the United Kingdom.

**(6) Resilience capital requirement**

- (a) The amount of the resilience capital requirement is £1.530m in the 90% Fund, £2.871m in the 100% Fund, and £ Nil in the Non-Profit Fund.
- (b) the reduction in the aggregate amount of the long term assurance insurance liabilities in the scenario described in (4) is £3.390m in the 90% Fund, £8.517m in the 100% Fund, and £133.203m in the Non-Profit Fund.
- (c) the aggregate amount of the assets allocated to match such liabilities in the scenario reduced by £4.767m in the 90% Fund, £11.141m in the 100% Fund, and £132.112m in the Non-Profit Fund.

## 8. Other special reserves

### Endowment Compensation Reserve

Some policyholders may have been given non-compliant advice to take out an endowment policy to repay a mortgage.

An amount of £23.100m in the Non-Profit Fund and £1.300m in the 90% Fund to cover the cost of providing compensation to them has been assessed from the number of complaints expected to be received, the proportion anticipated to be valid and the expected amount of compensation per case payable, account being taken of the FSA guidelines on determination of compensation. Provision has also been made for the cost of handling complaints received.

The amount is included in the mathematical reserve for the relevant endowment products.

### Other Reserves

Further additional reserves, exceeding the lesser of £10m and 0.1% of total mathematical reserves, include

Data contingency reserves of £10m for additional expenses which may arise in connection with data errors affecting the long-term business.

Reserves of £10.732m for future litigation settlements and similar costs.

A counterparty risk reserve of £14.233m in respect of the Company's policy administration and investment management outsourcing arrangements.

A reserve of £9m for future expected project costs relating to the Company's separation and integration programme.



## 9. Reinsurance

- (1) Facultative treaties
- (a) No premiums were payable on a facultative basis to a reinsurer that was unauthorised to carry on insurance business in the UK.
- (b) No premiums were payable to a connected company reinsurer that was unauthorised to carry on insurance business in the UK.
- (2) Details of reinsurance treaties in force at the valuation date, under which premiums payable during the period exceed the lesser of £10m and 1% of gross premiums or reserves ceded exceed the lesser of £10m and 1% of total mathematical reserves, are given below.

<b>(d)</b>	Swiss Life Insurance and Pension Company.
<b>(e)</b>	A block of single premium compulsory purchase annuity contracts are reinsured on original terms.
<b>(f)</b>	No premiums were payable by the company under the treaty during the year.
<b>(g)</b>	There are no deposit back arrangements.
<b>(h)</b>	The treaty is closed to new business.
<b>(i)</b>	There are no undischarged obligations
<b>(j)</b>	The amount of mathematical reserves ceded under the treaty at the valuation date was £17,254,000.
<b>(k)</b>	As (e)

<b>(d)</b>	UNUM Provident.
<b>(e)</b>	Claims resulting from Group PHI contracts are 100% reinsured
<b>(f)</b>	The premiums payable by the company under the treaty during the year were £24,354,299.
<b>(g)</b>	There are no deposit back arrangements.
<b>(h)</b>	The treaty is open to new business.
<b>(i)</b>	There are no undischarged obligations
<b>(j)</b>	The amount of mathematical reserves ceded under the treaty at the valuation date was £128,469,506.
<b>(k)</b>	As (e)

<b>(d)</b>	Swiss Re
<b>(e)</b>	Group PHI, excluding schemes written under multinational pooling, is reinsured on a 50% quota share basis with a maximum retention on any one life of £75,000 p.a. All individual claim benefits greater than the maximum retention are 100% reinsured with Swiss Re.
<b>(f)</b>	The premiums payable by the company under the treaty during the year were £3,623,353
<b>(g)</b>	There are no deposit back arrangements.
<b>(h)</b>	The treaty is closed to new business.
<b>(i)</b>	There are no undischarged obligations
<b>(j)</b>	The amount of mathematical reserves ceded under the treaty at the valuation date was £71,626,528
<b>(k)</b>	As (e)

<b>(d)</b>	Swiss Re
<b>(e)</b>	PHI policies are reinsured on a 50% quota share basis with a maximum retention of £25,000p.a.
<b>(f)</b>	The premiums payable by the company under the treaty during the year were £1,409,148
<b>(g)</b>	There are no deposit back arrangements.
<b>(h)</b>	The treaty is closed to new business.
<b>(i)</b>	There are no undischarged obligations
<b>(j)</b>	See Note 2
<b>(k)</b>	As (e)

<b>(d)</b>	Swiss Re.
<b>(e)</b>	Term, Term & TPD and waiver of premium policies are reinsured on a 90% quota share basis with a maximum retention of £50,000 / £300 p.a. (or \$75,000 / \$450 p.a.). Advance commission is also provided.
<b>(f)</b>	The premiums payable by the company under the treaty during the year were £1,790,203.
<b>(g)</b>	There are no deposit back arrangements.
<b>(h)</b>	The treaty is closed to new business.
<b>(i)</b>	There are no undischarged obligations
<b>(j)</b>	See Note 3
<b>(k)</b>	As (e)

<b>(d)</b>	GE Frankona.
<b>(e)</b>	Certain Critical illness, TPD and Term & CI policies are reinsured on an 85% quota share basis with a maximum retention of £50,000. The business covered is the same as under (xiv) below. Certain other policies of the same types are reinsured on a 90% quota share basis with a maximum retention of £50,000, and for these policies. Advance commission is also provided.
<b>(f)</b>	The premiums payable by the company under the treaty during the year were £1,508,895.
<b>(g)</b>	There are no deposit back arrangements.
<b>(h)</b>	The treaty is closed to new business.
<b>(i)</b>	There are no undischarged obligations
<b>(j)</b>	See Note 3
<b>(k)</b>	As (e)

<b>(d)</b>	GE Frankona.
<b>(e)</b>	The treaty covers PHI reinsurance business accepted by the company. Where the P.H.I. reinsurance exceeds £25,000p.a. the excess is reinsured.
<b>(f)</b>	The premiums payable by the company under the treaty during the year were £7,000
<b>(g)</b>	There are no deposit back arrangements.
<b>(h)</b>	The treaty is closed to new business.
<b>(i)</b>	There are no undischarged obligations
<b>(j)</b>	See Note 2
<b>(k)</b>	As (e)

<b>(d)</b>	Munich Re
<b>(e)</b>	Term and Term & TPD policies are reinsured on a 90% quota share basis with a maximum retention of £50,000 (or \$75,000). Advance commission is also provided.
<b>(f)</b>	The premiums payable by the company under the treaty during the year were £7,807,643.
<b>(g)</b>	There are no deposit back arrangements.
<b>(h)</b>	The treaty is closed to new business.
<b>(i)</b>	There are no undischarged obligations
<b>(j)</b>	See Note 3
<b>(k)</b>	As (e)

<b>(d)</b>	Gen Re. And Kolnische Ruck
<b>(e)</b>	Critical Illness, TPD and Term CI policies are reinsured on a 75% quota share basis (90% prior to 7 July 2003) with a maximum retention of £100,000 (£50,000) prior to 7 July 2003). Advance commission was also provided until 26 <sup>th</sup> January 2003. The treaty is a co-reinsurance arrangement, 5% of the reinsured business being underwritten by Gen Re and 95% by Kolnische Ruck.
<b>(f)</b>	The premiums payable by the company under the treaty during the year were £10,658,150.
<b>(g)</b>	There are no deposit back arrangements.
<b>(h)</b>	The treaty is closed to new business.
<b>(i)</b>	There are no undischarged obligations
<b>(j)</b>	See Note 3
<b>(k)</b>	As (e)

<b>(d)</b>	GE Frankona
<b>(e)</b>	PHI policies are reinsured on an 85% quota share basis with a maximum retention of £25,000pa. With effect from 1 January 2003, reinsurance is on a risk premium basis.
<b>(f)</b>	The premiums payable by the company under the treaty during the year were £15,294,754
<b>(g)</b>	There are no deposit back arrangements.
<b>(h)</b>	The treaty is closed to new business.
<b>(i)</b>	There are no undischarged obligations
<b>(j)</b>	See Note 2
<b>(k)</b>	As (e)

<b>(d)</b>	Phoenix Life & Pensions Limited
<b>(e)</b>	This is a financing reinsurance agreement whereby, in exchange for a flow of premiums relating to a specified part of the margins within the Homestyle, Homestyle 5-Step and Wealthstyle policies (including increments and options) written in Royal Life (Unit Linked Assurances) Limited in 1990, 1991 and 1992 and Flexible Protection Plan policies written in 1990, 1991 and 1992, the reinsurer has agreed to provide commission based on commercial terms agreed at outset in order to offset the cost of writing new business.
<b>(f)</b>	£0.953m
<b>(g)</b>	£ nil
<b>(h)</b>	The treaty is closed to new business
<b>(i)</b>	In respect of ex-ULA contracts the amount of the undischarged obligation of the Company in respect of the financing reinsurance described above at the end of the report period was £0.344m.
<b>(j)</b>	£ nil
<b>(k)</b>	The treaty is a financing arrangement that is closed to new business.

<b>(d)</b>	Legal and General
<b>(e)</b>	A 50% quota share of Fair Share Whole Life business written between 1.9.74 and 30.9.80.
<b>(f)</b>	£0.211 m
<b>(g)</b>	£ nil
<b>(h)</b>	The treaty is closed to new business.
<b>(i)</b>	£ nil
<b>(j)</b>	£ 10.672m
<b>(k)</b>	The treaty is a 50% quota share arrangement.

<b>(d)</b>	Phoenix Life & Pensions Limited
<b>(e)</b>	For Flexible Protection Plan Series I, II and III, Homestyle Series I, II and III, Homestyle 5-Step Series I and II and Wealthstyle Series I and II, the treaty applies after a treaty Swiss Reinsurance Company Limited, described in a note below, and provides cover of up to £360,000 on a risk premium basis.
<b>(f)</b>	£3.305 m
<b>(g)</b>	£ nil
<b>(h)</b>	The treaty is open to new business.
<b>(i)</b>	£ nil
<b>(j)</b>	£ (0.698)m
<b>(k)</b>	The Swiss Re treaty reinsures the amount at risk in excess of up to £500,000 on a risk premium basis, and provides cover up to £750,000. The treaty with Phoenix Life & Pensions Limited applies after this treaty and provides cover of up to £360,000.

<b>(d)</b>	Phoenix & London Assurance Limited
<b>(e)</b>	First surplus risk premium cover for Progressive Protection Plan (reassurance accepted), Universal Protection Plan, Mortgage & Regular Savings Plan and life cover under pension plans originally written by Phoenix Assurance Limited
<b>(f)</b>	£1.153 m
<b>(g)</b>	£ nil
<b>(h)</b>	The treaty is closed to new business apart from that arising from new members, increments and options on existing policies
<b>(i)</b>	£ nil
<b>(j)</b>	£ 8.666 m (Note 1)
<b>(k)</b>	First surplus up to £400,000 (life) and £250,000 (critical illness)

<b>(d)</b>	Phoenix Life & Pensions Limited
<b>(e)</b>	First surplus risk premium cover for Progressive Protection Plan (direct written)
<b>(f)</b>	£0.558 m
<b>(g)</b>	£ nil
<b>(h)</b>	The treaty is closed to new business apart from that arising from new members, increments and options on existing policies
<b>(i)</b>	£ nil
<b>(j)</b>	£ 8.666 m (Note 1)
<b>(k)</b>	First surplus up to £400,000 (life) and £250,000 (critical illness)

<b>(d)</b>	Munich Reinsurance
<b>(e)</b>	Second surplus original terms cover (life only) for Progressive Protection Plan (direct written and reassurance accepted)
<b>(f)</b>	£0.612 m
<b>(g)</b>	£ nil
<b>(h)</b>	The treaty is closed to new business apart from that arising from new members, increments and options on existing policies
<b>(i)</b>	£ nil
<b>(j)</b>	£ 8.666 m (Note 1)
<b>(k)</b>	20% share of second surplus up to £375,000

<b>(d)</b>	GE Frankona
<b>(e)</b>	Second surplus original terms cover for Progressive Protection Plan (direct written and reassurance accepted)
<b>(f)</b>	£1.333 m
<b>(g)</b>	£ nil
<b>(h)</b>	The treaty is closed to new business apart from that arising from new members, increments and options on existing policies
<b>(i)</b>	£ nil
<b>(j)</b>	£ 8.666 m (Note 1)
<b>(k)</b>	80% share of second surplus up to £1,875,000 (life) and 100% share of second surplus up to £500,000 (critical illness)

<b>(d)</b>	Swiss Reinsurance
<b>(e)</b>	First surplus original terms cover for Individual Permanent Health Insurance and Term Assurances (various treaties)
<b>(f)</b>	£0.137 m
<b>(g)</b>	£ nil
<b>(h)</b>	The treaty is closed to new business apart from that arising from new members, increments and options on existing policies
<b>(i)</b>	£ nil
<b>(j)</b>	£ 8.666 m (Note 1)
<b>(k)</b>	First surplus up to £400 per week for Individual Permanent Health Insurance (higher for Executive & Keyman) First surplus up to a maximum of £400,000 for Term Assurances

- (l) All reinsurers included are authorised to carry on insurance business in the UK.
- (m) Phoenix Life & Pensions Limited and Phoenix & London Assurance Limited are connected companies of Phoenix Life Limited. None of the other reinsurers included are connected with the company.
- (n) There are no material contingencies, such as credit risk or legal risk to which the treaties are subject.
- (o) Under each treaty consideration has been given to the overall position in the event of contracts lapsing. Where the commission refund due to the reinsurer is proportionate to the commission refund due to the company on the original contract, then taking into account the reserves released on the retained benefits, and the refunds of commission expected to be received by the company in respect of the original contracts, it has not been considered necessary to hold any additional reserve. Where the commission refund due to the reinsurer is more than an amount proportionate to the commission refund due to the company on the original contract, then a reserve has been set up to cover the expected shortfall.
- (p) (i) The liability under the financing reinsurance treaty with Phoenix Life & Pensions Limited will be discharged as the relevant margins emerge from the remaining policies under the treaty or as those policies terminate.

There were no undischarged obligations of the insurer under any other treaties.

(ii) Allowance for the margins emerging on business covered by the Phoenix Life & Pensions Limited financing reinsurance treaty has been made directly within the cash flow projections described in paragraph 4(1).

There were no undisclosed obligations to take into account in the valuation in respect of any other treaties.

Note 1 The total mathematical reserves ceded in respect of treaties covering business originally written by Phoenix Assurance Limited was £8.666 m. This includes £2.867 in respect of Progressive Protection Plan Life Cover, £1.083 m in respect of Progressive Protection Plan Critical Illness Cover, £0.336 m in respect of Individual Permanent Health Insurance and £4.464 m in respect of life cover on other reinsured business.

Note 2 The total reserves ceded in respect of treaties covering individual PHI business originally written by SLUK are £46.688m

Note 3 The total reserves ceded in respect of treaties covering TA, CI and TPD business originally written by SLUK are £69.348m

## 10. Reversionary (or annual) bonus

The reversionary bonus rates have been as follows:

	Mathematical Reserves £000	31.12.05	31.12.04
<b>100% Fund</b>			
Life Assurance* (SLUK)	2,723	3.0%	3.0%
Deferred Annuity* (SLUK)	152	4.5%	4.5%
PWPF units* (SLUK)	40,242	0.0%	0.0%
Whole life & Endowment**	48,196	3.0/6.0%	3.0/6.0%

( PAL)			
Group UWP Pensions (PAL)	50,371	1.0%	1.0%
Life Assurance (Bradford)*	71	4.0%	4.0%
<b>90% Fund (OB) (SLUK)</b>			
Series A	18,193	1.2%	1.2%
Series B*	40,501	0.8%	0.8%
Series C*	3,157	0.8%	0.8%
<b>90% Fund (IB) (SLUK)</b>			
Pioneer Mutual	1,006	5.0%	5.0%
Stamford cash bonus	2,078	1.25%	1.25%
Other	6,858	2.5%	2.5%

The above bonus rates apply to the basic sum assured (or annuity only) except where marked (\*) in which case the rates apply to both the sum assured and attaching bonus. For bonus series marked (\*\*) the first rate applies to the sum assured and the second rate applies to the attaching bonus.

**Long term insurance business : Summary of new business**Name of insurer **Phoenix Life Limited**

Total business

Financial year ended **31st December 2005**Units **£000**

		UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
		1	2	3	4	5
<b>Number of new policyholders/scheme members for direct insurance business</b>						
Regular premium business	11	32			32	
Single premium business	12	1	653		654	
<b>Total</b>	13	33	653		686	
<b>Amount of new regular premiums</b>						
Direct insurance business	21	39			39	
External reinsurance	22					
Intra-group reinsurance	23		769		769	
<b>Total</b>	24	39	769		808	
<b>Amount of new single premiums</b>						
Direct insurance business	25		6434		6434	
External reinsurance	26					
Intra-group reinsurance	27		685		685	
<b>Total</b>	28		7119		7119	

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

Name of insurer **Phoenix Life Limited**

Total business

Financial year ended **31st December 2005**

Units **£000**

UK Life / Direct insurance business

Product code number	Product description	Regular premium business		Single premium business	
		Number of policyholders / scheme members	Amount of premiums	Number of policyholders / scheme members	Amount of premiums
1	2	3	4	5	6
395	Annuity non-profit (PLA)			1	
710	Life property linked whole life regular premium	32	39		



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

Name of insurer **Phoenix Life Limited**

Total business

Financial year ended **31st December 2005**

Units **£000**

UK Pension / Direct insurance business

Product code number	Product description	Regular premium business		Single premium business	
		Number of policyholders / scheme members	Amount of premiums	Number of policyholders / scheme members	Amount of premiums
1	2	3	4	5	6
390	Deferred annuity non-profit			2	13
400	Annuity non-profit (CPA)			628	6406
725	Individual pensions Property-linked			19	8
905	Index linked annuity			4	6

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

Name of insurer **Phoenix Life Limited**

Total business

Financial year ended **31st December 2005**

Units **£000**

UK Pension / Reinsurance accepted intra-group

Product code number	Product description	Regular premium business		Single premium business	
		Number of policyholders / scheme members	Amount of premiums	Number of policyholders / scheme members	Amount of premiums
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
725	Individual pensions Property-linked	374	546	45	638
735	Group money purchase pensions Property-linked	189	223	10	46

**Long term insurance business : Non-linked assets**Name of insurer **Phoenix Life Limited**Category of assets **Total long term insurance business assets**Financial year ended **31st December 2005**Units **£000**

		Unadjusted assets	Economic Exposure	Expected income from assets in column 2	Yield before adjustment	Return on assets in financial year
		1	2	3	4	5
<b>Assets backing non-profit liabilities and non-profit capital requirement</b>						
Land and buildings	11					
Approved fixed interest securities	12	893387	896014	43144	4.09	
Other fixed interest securities	13	531173	535256	27764	4.93	
Variable interest securities	14	47303	47305	5148	1.37	
UK listed equity shares	15	38582	70483	1727	2.93	
Non-UK listed equity shares	16		2444	12	0.48	
Unlisted equity shares	17	13021	13021			
Other assets	18	192947	151890	4410	2.90	
<b>Total</b>	19	1716413	1716413	82205	4.09	
<b>Assets backing with-profits liabilities and with-profits capital requirement</b>						
Land and buildings	21	30085	30085	1875	6.23	30.23
Approved fixed interest securities	22	120486	120486	5596	4.17	11.7
Other fixed interest securities	23	110410	110410	5699	4.76	10.9
Variable interest securities	24	8668	8668	95	1.34	10.41
UK listed equity shares	25	182757	183445	5609	3.07	21.71
Non-UK listed equity shares	26	39242	41299	649	1.57	27.51
Unlisted equity shares	27	8689	8689			
Other assets	28	43615	40870	1806	4.42	
<b>Total</b>	29	543952	543952	21329	3.74	19.89
<b>Overall return on with-profits assets</b>						
Post investment costs but pre-tax	31					19.79
Return allocated to non taxable 'asset shares'	32					19.79
Return allocated to taxable 'asset shares'	33					17.21

**Long term insurance business : Non-linked assets**Name of insurer **Phoenix Life Limited**Category of assets **Non - Profit Fund**Financial year ended **31st December 2005**Units **£000**

		Unadjusted assets	Economic Exposure	Expected income from assets in column 2	Yield before adjustment	Return on assets in financial year
		1	2	3	4	5
<b>Assets backing non-profit liabilities and non-profit capital requirement</b>						
Land and buildings	11					
Approved fixed interest securities	12	890150	892777	42982	4.09	
Other fixed interest securities	13	523127	527210	27347	4.94	
Variable interest securities	14	47303	47305	5148	1.37	
UK listed equity shares	15	38582	70483	1727	2.93	
Non-UK listed equity shares	16		2444	12	0.48	
Unlisted equity shares	17	13021	13021			
Other assets	18	192947	151890	4410	2.89	
<b>Total</b>	19	1705130	1705130	81626	4.09	
<b>Assets backing with-profits liabilities and with-profits capital requirement</b>						
Land and buildings	21					
Approved fixed interest securities	22					
Other fixed interest securities	23					
Variable interest securities	24					
UK listed equity shares	25					
Non-UK listed equity shares	26					
Unlisted equity shares	27					
Other assets	28					
<b>Total</b>	29					
<b>Overall return on with-profits assets</b>						
Post investment costs but pre-tax	31					
Return allocated to non taxable 'asset shares'	32					
Return allocated to taxable 'asset shares'	33					

**Long term insurance business : Non-linked assets**Name of insurer **Phoenix Life Limited**Category of assets **90% Fund**Financial year ended **31st December 2005**Units **£000**

		Unadjusted assets	Economic Exposure	Expected income from assets in column 2	Yield before adjustment	Return on assets in financial year
		1	2	3	4	5
<b>Assets backing non-profit liabilities and non-profit capital requirement</b>						
Land and buildings	11					
Approved fixed interest securities	12	3237	3237	163	4.30	
Other fixed interest securities	13	8046	8046	418	4.77	
Variable interest securities	14					
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18					
<b>Total</b>	19	11283	11283	581	4.64	
<b>Assets backing with-profits liabilities and with-profits capital requirement</b>						
Land and buildings	21					
Approved fixed interest securities	22	22636	22636	1135	4.30	7.32
Other fixed interest securities	23	56266	56266	2915	4.77	7.32
Variable interest securities	24					
UK listed equity shares	25	49089	49089	1546	3.15	23.97
Non-UK listed equity shares	26					
Unlisted equity shares	27	8689	8689			
Other assets	28	17072	17072	734	4.30	
<b>Total</b>	29	153752	153752	6330	3.86	8.99
<b>Overall return on with-profits assets</b>						
Post investment costs but pre-tax	31					8.89
Return allocated to non taxable 'asset shares'	32					8.89
Return allocated to taxable 'asset shares'	33					7.4

**Long term insurance business : Non-linked assets**Name of insurer **Phoenix Life Limited**Category of assets **100% Fund**Financial year ended **31st December 2005**Units **£000**

		Unadjusted assets	Economic Exposure	Expected income from assets in column 2	Yield before adjustment	Return on assets in financial year
		1	2	3	4	5
<b>Assets backing non-profit liabilities and non-profit capital requirement</b>						
Land and buildings	11					
Approved fixed interest securities	12					
Other fixed interest securities	13					
Variable interest securities	14					
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18					
<b>Total</b>	19					
<b>Assets backing with-profits liabilities and with-profits capital requirement</b>						
Land and buildings	21	30085	30085	1875	6.23	30.23
Approved fixed interest securities	22	97850	97850	4460	4.15	11.7
Other fixed interest securities	23	54144	54144	2784	4.76	10.9
Variable interest securities	24	8668	8668	95	1.34	10.41
UK listed equity shares	25	133668	134356	4063	3.04	21.71
Non-UK listed equity shares	26	39242	41299	649	1.57	27.51
Unlisted equity shares	27					
Other assets	28	26543	23798	1072	4.50	
<b>Total</b>	29	390200	390200	14998	3.70	19.89
<b>Overall return on with-profits assets</b>						
Post investment costs but pre-tax	31					19.79
Return allocated to non taxable 'asset shares'	32					19.79
Return allocated to taxable 'asset shares'	33					17.21

**Long term insurance business : Fixed and variable interest assets**Name of insurer **Phoenix Life Limited**Category of assets **Total long term insurance business assets**Financial year ended **31st December 2005**Units **£000**

		Value of assets	Mean term	Yield before adjustment	Yield after adjustment
		1	2	3	4
<b>UK government approved fixed interest securities</b>	11	855524	14.01	4.07	4.07
<b>Other approved fixed interest securities</b>	21	160975	12.02	4.27	4.27
<b>Other fixed interest securities</b>					
AAA/Aaa	31	143712	11.76	4.62	4.57
AA/Aa	32	197323	9.85	4.90	4.81
A/A	33	274163	9.41	5.04	4.86
BBB/Baa	34	23288	7.08	5.24	4.93
BB/Ba	35				
B/B	36				
CCC/Caa	37				
Other (including unrated)	38	7180	9.52	4.83	4.83
<b>Total other fixed interest securities</b>	39	645666	9.98	4.91	4.78
<b>Approved variable interest securities</b>	41	49291	12.00	1.25	1.25
<b>Other variable interest securities</b>	51	6681	4.15	2.24	2.17
<b>Total (11+21+39+41+51)</b>	61	1718137	12.21	4.32	4.27

**Long term insurance business : Fixed and variable interest assets**Name of insurer **Phoenix Life Limited**Category of assets **Non - Profit Fund**Financial year ended **31st December 2005**Units **£000**

		Value of assets	Mean term	Yield before adjustment	Yield after adjustment
		1	2	3	4
<b>UK government approved fixed interest securities</b>	11	783464	13.99	4.06	4.06
<b>Other approved fixed interest securities</b>	21	109313	13.17	4.26	4.26
<b>Other fixed interest securities</b>					
AAA/Aaa	31	96816	12.01	4.63	4.58
AA/Aa	32	167614	9.71	4.90	4.81
A/A	33	238005	9.78	5.08	4.91
BBB/Baa	34	19466	6.98	5.22	4.95
BB/Ba	35				
B/B	36				
CCC/Caa	37				
Other (including unrated)	38	5308	8.46	4.87	4.87
<b>Total other fixed interest securities</b>	39	527209	10.05	4.94	4.82
<b>Approved variable interest securities</b>	41	40780	12.09	1.25	1.25
<b>Other variable interest securities</b>	51	6525	3.91	2.18	2.11
<b>Total (11+21+39+41+51)</b>	61	1467291	12.42	4.30	4.26



**Long term insurance business : Fixed and variable interest assets**Name of insurer **Phoenix Life Limited**Category of assets **90% Fund**Financial year ended **31st December 2005**Units **£000**

		Value of assets	Mean term	Yield before adjustment	Yield after adjustment
		1	2	3	4
<b>UK government approved fixed interest securities</b>	11	3707	12.59	4.17	4.17
<b>Other approved fixed interest securities</b>	21	22165	7.04	4.32	4.29
<b>Other fixed interest securities</b>					
AAA/Aaa	31	23160	8.57	4.59	4.51
AA/Aa	32	16522	9.74	4.94	4.80
A/A	33	21949	6.64	4.75	4.53
BBB/Baa	34	2682	7.43	5.40	4.85
BB/Ba	35				
B/B	36				
CCC/Caa	37				
Other (including unrated)	38				
<b>Total other fixed interest securities</b>	39	64313	8.16	4.77	4.61
<b>Approved variable interest securities</b>	41				
<b>Other variable interest securities</b>	51				
<b>Total (11+21+39+41+51)</b>	61	90185	8.07	4.63	4.51

**Long term insurance business : Fixed and variable interest assets**Name of insurer **Phoenix Life Limited**Category of assets **100% Fund**Financial year ended **31st December 2005**Units **£000**

		Value of assets	Mean term	Yield before adjustment	Yield after adjustment
		1	2	3	4
<b>UK government approved fixed interest securities</b>	11	68353	14.23	4.07	4.07
<b>Other approved fixed interest securities</b>	21	29498	11.52	4.31	4.31
<b>Other fixed interest securities</b>					
AAA/Aaa	31	23736	13.86	4.59	4.58
AA/Aa	32	13187	11.81	4.92	4.86
A/A	33	14209	7.55	4.85	4.67
BBB/Baa	34	1141	7.92	5.31	4.81
BB/Ba	35				
B/B	36				
CCC/Caa	37				
Other (including unrated)	38	1872	12.54	4.71	4.71
<b>Total other fixed interest securities</b>	39	54145	11.53	4.76	4.68
<b>Approved variable interest securities</b>	41	8511	11.62	1.28	1.28
<b>Other variable interest securities</b>	51	157	14.22	4.77	4.75
<b>Total (11+21+39+41+51)</b>	61	160664	12.68	4.20	4.17

## Long term insurance business : Summary of mathematical reserves

Name of insurer **Phoenix Life Limited**Total business/subfund **Summary**Financial year ended **31st December 2005**Units **£000**

		UK Life	UK Pension	Overseas	Total Financial Year	Total Previous Year
		1	2	3	4	5
<b>Gross</b>						
Form 51 - with-profits	11	125067	104	366	125537	
Form 51 - non-profit	12	634544	900265	3543	1538352	
Form 52	13		99019		99019	
Form 53 - linked	14	1362533	3130474	2642	4495649	
Form 53 - non-linked	15	86335	84024	104	170463	
Form 54 - linked	16	217994	223008		441002	
Form 54 - non-linked	17	89286	4487		93773	
<b>Total</b>	18	2515759	4441381	6655	6963794	
<b>Reinsurance - external</b>						
Form 51 - with-profits	21	1838			1838	
Form 51 - non-profit	22	237812	19200	19	257031	
Form 52	23					
Form 53 - linked	24	11014			11014	
Form 53 - non-linked	25	(438)	1		(437)	
Form 54 - linked	26	104285	234		104519	
Form 54 - non-linked	27	6616	14		6630	
<b>Total</b>	28	361127	19449	19	380595	
<b>Reinsurance - intra-group</b>						
Form 51 - with-profits	31					
Form 51 - non-profit	32	2218	8473		10691	
Form 52	33					
Form 53 - linked	34					
Form 53 - non-linked	35	(3655)		(2)	(3657)	
Form 54 - linked	36					
Form 54 - non-linked	37					
<b>Total</b>	38	(1437)	8473	(2)	7034	
<b>Net of reinsurance</b>						
Form 51 - with-profits	41	123229	104	366	123699	
Form 51 - non-profit	42	394514	872592	3524	1270630	
Form 52	43		99019		99019	
Form 53 - linked	44	1351519	3130474	2642	4484634	
Form 53 - non-linked	45	90428	84023	106	174557	
Form 54 - linked	46	113709	222774		336483	
Form 54 - non-linked	47	82670	4473		87143	
<b>Total</b>	48	2156069	4413459	6638	6576165	

## Long term insurance business : Summary of mathematical reserves

Name of insurer **Phoenix Life Limited**Total business/subfund **100% Fund**Financial year ended **31st December 2005**Units **£000**

		UK Life	UK Pension	Overseas	Total Financial Year	Total Previous Year
		1	2	3	4	5
<b>Gross</b>						
Form 51 - with-profits	11	52977			52977	
Form 51 - non-profit	12					
Form 52	13		99019		99019	
Form 53 - linked	14					
Form 53 - non-linked	15					
Form 54 - linked	16					
Form 54 - non-linked	17					
<b>Total</b>	18	52977	99019		151996	
<b>Reinsurance - external</b>						
Form 51 - with-profits	21	1835			1835	
Form 51 - non-profit	22					
Form 52	23					
Form 53 - linked	24					
Form 53 - non-linked	25					
Form 54 - linked	26					
Form 54 - non-linked	27					
<b>Total</b>	28	1835			1835	
<b>Reinsurance - intra-group</b>						
Form 51 - with-profits	31					
Form 51 - non-profit	32					
Form 52	33					
Form 53 - linked	34					
Form 53 - non-linked	35					
Form 54 - linked	36					
Form 54 - non-linked	37					
<b>Total</b>	38					
<b>Net of reinsurance</b>						
Form 51 - with-profits	41	51142			51142	
Form 51 - non-profit	42					
Form 52	43		99019		99019	
Form 53 - linked	44					
Form 53 - non-linked	45					
Form 54 - linked	46					
Form 54 - non-linked	47					
<b>Total</b>	48	51142	99019		150161	

## Long term insurance business : Summary of mathematical reserves

Name of insurer **Phoenix Life Limited**Total business/subfund **Non - Profit Fund**Financial year ended **31st December 2005**Units **£000**

		UK Life	UK Pension	Overseas	Total Financial Year	Total Previous Year
		1	2	3	4	5
<b>Gross</b>						
Form 51 - with-profits	11					
Form 51 - non-profit	12	624427	899722	3355	1527504	
Form 52	13					
Form 53 - linked	14	1362533	3130474	2642	4495649	
Form 53 - non-linked	15	86335	84024	104	170463	
Form 54 - linked	16	217994	223008		441002	
Form 54 - non-linked	17	89286	4487		93773	
<b>Total</b>	18	2380575	4341715	6101	6728389	
<b>Reinsurance - external</b>						
Form 51 - with-profits	21					
Form 51 - non-profit	22	237812	19200	19	257031	
Form 52	23					
Form 53 - linked	24	11014			11014	
Form 53 - non-linked	25	(438)	1		(437)	
Form 54 - linked	26	104285	234		104519	
Form 54 - non-linked	27	6616	14		6630	
<b>Total</b>	28	359289	19449	19	378757	
<b>Reinsurance - intra-group</b>						
Form 51 - with-profits	31					
Form 51 - non-profit	32	2218	8473		10691	
Form 52	33					
Form 53 - linked	34					
Form 53 - non-linked	35	(3655)		(2)	(3657)	
Form 54 - linked	36					
Form 54 - non-linked	37					
<b>Total</b>	38	(1437)	8473	(2)	7034	
<b>Net of reinsurance</b>						
Form 51 - with-profits	41					
Form 51 - non-profit	42	384397	872049	3336	1259781	
Form 52	43					
Form 53 - linked	44	1351519	3130474	2642	4484634	
Form 53 - non-linked	45	90428	84023	106	174557	
Form 54 - linked	46	113709	222774		336483	
Form 54 - non-linked	47	82670	4473		87143	
<b>Total</b>	48	2022723	4313793	6084	6342598	

## Long term insurance business : Summary of mathematical reserves

Name of insurer **Phoenix Life Limited**Total business/subfund **90% Fund**Financial year ended **31st December 2005**Units **£000**

		UK Life	UK Pension	Overseas	Total Financial Year	Total Previous Year
		1	2	3	4	5
<b>Gross</b>						
Form 51 - with-profits	11	72090	104	366	72560	
Form 51 - non-profit	12	10117	543	189	10849	
Form 52	13					
Form 53 - linked	14					
Form 53 - non-linked	15					
Form 54 - linked	16					
Form 54 - non-linked	17					
<b>Total</b>	18	82207	647	555	83409	
<b>Reinsurance - external</b>						
Form 51 - with-profits	21	3			3	
Form 51 - non-profit	22					
Form 52	23					
Form 53 - linked	24					
Form 53 - non-linked	25					
Form 54 - linked	26					
Form 54 - non-linked	27					
<b>Total</b>	28	3			3	
<b>Reinsurance - intra-group</b>						
Form 51 - with-profits	31					
Form 51 - non-profit	32					
Form 52	33					
Form 53 - linked	34					
Form 53 - non-linked	35					
Form 54 - linked	36					
Form 54 - non-linked	37					
<b>Total</b>	38					
<b>Net of reinsurance</b>						
Form 51 - with-profits	41	72087	104	366	72557	
Form 51 - non-profit	42	10117	543	189	10849	
Form 52	43					
Form 53 - linked	44					
Form 53 - non-linked	45					
Form 54 - linked	46					
Form 54 - non-linked	47					
<b>Total</b>	48	82204	647	555	83406	

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

Name of insurer **Phoenix Life Limited**  
 Total business / subfund **90% Fund**  
 Financial year ended **31st December 2005**  
 Units **£000**  
**UK Life / Gross**

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
100	Conventional whole life with-profits OB	474	2203	58	n/a	n/a	n/a	1385
105	Conventional whole life with-profits IB	113434	10638	150	n/a	n/a	n/a	9606
120	Conventional endowment with-profits OB savings	113	975	29	n/a	n/a	n/a	788
125	Conventional endowment with-profits OB target cash	5437	103259	2167	n/a	n/a	n/a	59954
130	Conventional endowment with-profits IB	939	394	10	n/a	n/a	n/a	336
145	Income protection with-profits	84	20		n/a	n/a	n/a	22
300	Regular premium non-profit WL/EA OB	1079	3382		n/a	n/a	n/a	2991
310	Non-profit IB	388524	5890	7	n/a	n/a	n/a	5826
440	Additional reserves non-profit OB				n/a	n/a	n/a	1300

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

Name of insurer **Phoenix Life Limited**  
 Total business / subfund **90% Fund**  
 Financial year ended **31st December 2005**  
 Units **£000**  
**UK Life / Reinsurance ceded external**

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>
100	Conventional whole life with-profits OB		6		n/a	n/a	n/a	3



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

Name of insurer **Phoenix Life Limited**  
 Total business / subfund **90% Fund**  
 Financial year ended **31st December 2005**  
 Units **£000**  
**UK Pension / Gross**

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>
165	Conventional deferred annuity with-profits	5	6		n/a	n/a	n/a	104
440	Additional reserves non-profit OB				n/a	n/a	n/a	543

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

Name of insurer **Phoenix Life Limited**  
 Total business / subfund **90% Fund**  
 Financial year ended **31st December 2005**  
 Units **£000**  
**Overseas / Gross**

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>
105	Conventional whole life with-profits IB	1338	336	4	n/a	n/a	n/a	340
130	Conventional endowment with-profits IB	64	36	1	n/a	n/a	n/a	26
310	Non-profit IB	1937	326	3	n/a	n/a	n/a	189

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

Name of insurer **Phoenix Life Limited**  
 Total business / subfund **100% Fund**  
 Financial year ended **31st December 2005**  
 Units **£000**  
**UK Life / Gross**

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>
100	Conventional whole life with-profits OB	604	12061	91	n/a	n/a	n/a	9995
120	Conventional endowment with-profits OB savings	1120	34375	665	n/a	n/a	n/a	29440
175	Group conventional deferred annuity with-profits	5	8		n/a	n/a	n/a	152
210	Additional reserves with profits OB				n/a	n/a	n/a	13390

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

Name of insurer **Phoenix Life Limited**  
 Total business / subfund **100% Fund**  
 Financial year ended **31st December 2005**  
 Units **£000**  
**UK Life / Reinsurance ceded external**

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>
100	Conventional whole life with-profits OB		2234	21	n/a	n/a	n/a	361
120	Conventional endowment with-profits OB savings		1249	1	n/a	n/a	n/a	1241
210	Additional reserves with profits OB				n/a	n/a	n/a	233

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

Name of insurer **Phoenix Life Limited**  
 Total business / subfund **Non - Profit Fund**  
 Financial year ended **31st December 2005**  
 Units **£000**  
**UK Life / Gross**

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
300	Regular premium non-profit WL/EA OB	28345	46187	1634	n/a	n/a	n/a	31934
305	Single premium non-profit WL/EA OB	144	1703	10	n/a	n/a	n/a	1777
320	Group deposit administration non-profit				n/a	n/a	n/a	609
325	Level term assurance	39511	12545291	32638	n/a	n/a	n/a	57187
330	Decreasing term assurance	22652	2347621	8442	n/a	n/a	n/a	14986
340	Accelerated critical illness (guaranteed premiums)	26392	1899202	14848	n/a	n/a	n/a	45421
345	Accelerated critical illness (reviewable premiums)	1673	1562777	6913	n/a	n/a	n/a	9799
350	Stand-alone critical illness (guaranteed premiums)	5696	582146	3478	n/a	n/a	n/a	16995
355	Stand-alone critical illness (reviewable premiums)	3742	1389222	4868	n/a	n/a	n/a	14314
360	Income protection non-profit (guaranteed premiums)	16102	629661	16927	n/a	n/a	n/a	146796
365	Income protection non-profit (reviewable premiums)	778	15224	368	n/a	n/a	n/a	1770

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

Name of insurer **Phoenix Life Limited**  
 Total business / subfund **Non - Profit Fund**  
 Financial year ended **31st December 2005**  
 Units **£000**  
**UK Life / Gross**

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
370	Long-term care policy	71	2	6	n/a	n/a	n/a	6
380	Miscellaneous protection rider		924272	2274	n/a	n/a	n/a	2794
385	Income protection claims in payment		6045		n/a	n/a	n/a	47060
390	Deferred annuity non-profit	1094	183	1	n/a	n/a	n/a	1928
395	Annuity non-profit (PLA)	1128	649		n/a	n/a	n/a	6176
410	Group Life	314	374057	387	n/a	n/a	n/a	14913
411	Group death in service dependants' annuities		55396	49	n/a	n/a	n/a	297
420	Group income protection		4573	58	n/a	n/a	n/a	2262
425	Group income protection claims in payment		23402		n/a	n/a	n/a	169581
430	Group critical illness		162131	391	n/a	n/a	n/a	1277
435	Miscellaneous non-profit	59	14803	23	n/a	n/a	n/a	828
440	Additional reserves non-profit OB				n/a	n/a	n/a	35718

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

Name of insurer **Phoenix Life Limited**  
 Total business / subfund **Non - Profit Fund**  
 Financial year ended **31st December 2005**  
 Units **£000**  
**UK Life / Reinsurance ceded external**

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
300	Regular Premium non-profit WL/EA OB		9754	536	n/a	n/a	n/a	5516
305	Single premium non-profit WL/EA OB		73		n/a	n/a	n/a	57
325	Level term assurance		2593258	5032	n/a	n/a	n/a	15555
330	Decreasing term assurance		1657731	3257	n/a	n/a	n/a	1520
340	Accelerated critical illness (guaranteed premiums)		1545672	7606	n/a	n/a	n/a	31055
345	Accelerated critical illness (reviewable premiums)		258998	1451	n/a	n/a	n/a	1172
350	Stand-alone critical illness (guaranteed premiums)		515928	1951	n/a	n/a	n/a	11177
355	Stand-alone critical illness (reviewable premiums)		116546	450	n/a	n/a	n/a	1304
360	Income protection non-profit (guaranteed premiums)		145443	3510	n/a	n/a	n/a	4714
365	Income protection non-profit (reviewable premiums)		8180	178	n/a	n/a	n/a	839

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

Name of insurer **Phoenix Life Limited**  
 Total business / subfund **Non - Profit Fund**  
 Financial year ended **31st December 2005**  
 Units **£000**  
**UK Life / Reinsurance ceded external**

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>
370	Long-term care policy		1	3	n/a	n/a	n/a	3
380	Miscellaneous protection rider		174124	475	n/a	n/a	n/a	2322
385	Income protection claims in payment				n/a	n/a	n/a	3699
395	Annuity non-profit (PLA)		6		n/a	n/a	n/a	18
420	Group income protection		1386	22	n/a	n/a	n/a	853
425	Group income protection claims in payment		22807		n/a	n/a	n/a	157648
435	Miscellaneous non-profit		55		n/a	n/a	n/a	363



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

Name of insurer **Phoenix Life Limited**  
 Total business / subfund **Non - Profit Fund**  
 Financial year ended **31st December 2005**  
 Units **£000**  
**UK Life / Reinsurance ceded intra-group**

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>
325	Level term assurance		835110	1383	n/a	n/a	n/a	1383
345	Accelerated critical illness (reviewable premiums)		130110	477	n/a	n/a	n/a	626
355	Stand-alone critical illness (reviewable premiums)		48561	146	n/a	n/a	n/a	209

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

Name of insurer **Phoenix Life Limited**  
 Total business / subfund **Non - Profit Fund**  
 Financial year ended **31st December 2005**  
 Units **£000**  
**UK Pension / Gross**

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
315	Individual deposit administration non-profit	3402	763	219	n/a	n/a	n/a	45919
320	Group deposit administration non-profit		16887		n/a	n/a	n/a	17048
325	Level term assurance	11791	1423782	6741	n/a	n/a	n/a	13289
330	Decreasing term assurance	80	778	4	n/a	n/a	n/a	6
380	Miscellaneous protection rider		36239	67	n/a	n/a	n/a	34
390	Deferred annuity non-profit	10235	9838		n/a	n/a	n/a	74165
400	Annuity non-profit (CPA)	24101	45427		n/a	n/a	n/a	738703
410	Group Life	3275	44433	39	n/a	n/a	n/a	77
435	Miscellaneous non-profit	6	521	3	n/a	n/a	n/a	6
440	Additional reserves non-profit OB				n/a	n/a	n/a	10475

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

Name of insurer **Phoenix Life Limited**  
 Total business / subfund **Non - Profit Fund**  
 Financial year ended **31st December 2005**  
 Units **£000**  
**UK Pension / Reinsurance ceded external**

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>
325	Level term assurance		846682	1508	n/a	n/a	n/a	1935
330	Decreasing term assurance		656	4	n/a	n/a	n/a	
380	Miscellaneous protection rider		57	10	n/a	n/a	n/a	11
400	Annuity non-profit (CPA)		1574		n/a	n/a	n/a	17254
435	Miscellaneous non-profit		50		n/a	n/a	n/a	

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

Name of insurer **Phoenix Life Limited**  
 Total business / subfund **Non - Profit Fund**  
 Financial year ended **31st December 2005**  
 Units **£000**  
**UK Pension / Reinsurance ceded intra-group**

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>
400	Annuity non-profit (CPA)		844		n/a	n/a	n/a	8473

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

Name of insurer **Phoenix Life Limited**  
 Total business / subfund **Non - Profit Fund**  
 Financial year ended **31st December 2005**  
 Units **£000**  
**Overseas / Gross**

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
300	Regular Premium non-profit WL/EA OB	123	225	11	n/a	n/a	n/a	96
325	Level term assurance	143	48958	183	n/a	n/a	n/a	188
330	Decreasing term assurance	28	14855	74	n/a	n/a	n/a	9
360	Income protection non-profit (guaranteed premiums)	17	498	5	n/a	n/a	n/a	108
390	Deferred annuity non-profit				n/a	n/a	n/a	7
395	Annuity non-profit (PLA)	4	23		n/a	n/a	n/a	565
400	Annuity non-profit (CPA)	1	3		n/a	n/a	n/a	59
410	Group Life		2709		n/a	n/a	n/a	2323

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

Name of insurer **Phoenix Life Limited**  
 Total business / subfund **Non - Profit Fund**  
 Financial year ended **31st December 2005**  
 Units **£000**  
**Overseas / Reinsurance ceded external**

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>
300	Regular Premium non-profit WL/EA OB		42	4	n/a	n/a	n/a	4
325	Level term assurance		1331	2	n/a	n/a	n/a	8
360	Income protection non-profit (guaranteed premiums)		49		n/a	n/a	n/a	7

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

Name of insurer **Phoenix Life Limited**  
 Total business / subfund **100% Fund**  
 Financial year ended **31st December 2005**  
 Units **£000**  
**UK Pension / Gross**

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
525	Individual pensions UWP				40953	40246		40246
535	Unitised with-profits group money purchase pensions			2848	47183	36676	13695	50371
610	Additional reserves UWP							8403

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

Name of insurer **Phoenix Life Limited**  
 Total business / subfund **Non - Profit Fund**  
 Financial year ended **31st December 2005**  
 Units **£000**  
**UK Life / Gross**

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>
700	Life property linked single premium	23462	636435	1	634215	634215	5643	639858
710	Life property linked whole life regular premium	53453	1786208	17384	231737	231737	36893	268630
715	Life property linked endowment regular premium - savings	23615	233053	4731	201828	201620	3491	205111
720	Life property linked endowment regular premium - target cash	26310	809019	18654	302092	294864	28307	323172
790	Miscellaneous protection rider			125			351	351
800	Additional reserves property linked				96	96	11650	11746

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Long term insurance business : Valuation summary of property linked contracts

Name of insurer **Phoenix Life Limited**  
 Total business / subfund **Non - Profit Fund**  
 Financial year ended **31st December 2005**  
 Units **£000**  
**UK Life / Reinsurance ceded external**

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
710	Life property linked whole life regular premium		99709	519	11014	11014	(405)	10609
715	Life property linked endowment regular premium - savings		1122	18				
720	Life property linked endowment regular premium - target cash		39432	156			(33)	(33)

Long term insurance business : Valuation summary of property linked contracts

Name of insurer **Phoenix Life Limited**  
 Total business / subfund **Non - Profit Fund**  
 Financial year ended **31st December 2005**  
 Units **£000**  
**UK Life / Reinsurance ceded intra-group**

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
710	Life property linked whole life regular premium		679932	3115			(3450)	(3450)
715	Life property linked endowment regular premium - savings		1343	5			(1)	(1)
720	Life property linked endowment regular premium - target cash		243138	964			(203)	(203)

Long term insurance business : Valuation summary of property linked contracts

Name of insurer **Phoenix Life Limited**  
 Total business / subfund **Non - Profit Fund**  
 Financial year ended **31st December 2005**  
 Units **£000**  
**UK Pension / Gross**

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
725	Individual pensions property linked	46857	2370932	34390	2308629	2212471	57075	2269547
735	Group money purchase pensions property linked	5623	274751	7538	280691	268715	6113	274828
750	Income drawdown property linked				2533	2533		2533
755	Trustee investment plan	28	1684		381361	381361		381361
765	Group managed fund		17904	238	265243	265243		265243
790	Miscellaneous protection rider			49			277	277
795	Miscellaneous property linked	9	2		25	25	3	28
800	Additional reserves property linked				126	126	20556	20681

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

Name of insurer **Phoenix Life Limited**  
 Total business / subfund **Non - Profit Fund**  
 Financial year ended **31st December 2005**  
 Units **£000**  
**UK Pension / Reinsurance ceded external**

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>
770	Term assurance rider		3154				1	1

Long term insurance business : Valuation summary of property linked contracts

Name of insurer **Phoenix Life Limited**  
 Total business / subfund **Non - Profit Fund**  
 Financial year ended **31st December 2005**  
 Units **£000**  
**Overseas / Gross**

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
700	Life property linked single premium	53	1442		1443	1443	19	1463
710	Life property linked whole life regular premium	61	4154	30	614	614	80	694
715	Life property linked endowment regular premium - savings	21	284	5	281	280	1	281
720	Life property linked endowment regular premium - target cash	10	379	9	131	127	1	128
725	Individual pensions property linked		181		183	178	2	180

Long term insurance business : Valuation summary of property linked contracts

Name of insurer **Phoenix Life Limited**  
 Total business / subfund **Non - Profit Fund**  
 Financial year ended **31st December 2005**  
 Units **£000**  
**Overseas / Reinsurance ceded external**

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
710	Life property linked whole life regular premium		296	1				
715	Life property linked endowment regular premium - savings							
720	Life property linked endowment regular premium - target cash		21					

Long term insurance business : Valuation summary of property linked contracts

Name of insurer **Phoenix Life Limited**  
 Total business / subfund **Non - Profit Fund**  
 Financial year ended **31st December 2005**  
 Units **£000**  
**Overseas / Reinsurance ceded intra-group**

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
710	Life property linked whole life regular premium		1825	7			(2)	(2)
715	Life property linked endowment regular premium - savings		2					
720	Life property linked endowment regular premium - target cash		128	1				

Long term insurance business : Valuation summary of index linked contracts

Name of insurer **Phoenix Life Limited**  
 Total business / subfund **Non - Profit Fund**  
 Financial year ended **31st December 2005**  
 Units **£000**  
**UK Life / Gross**

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
900	Life index linked single premium	143	517		516	516	16	533
901	Index linked income protection claims in payment				22297	22297	201	22498
902	Group index linked income protection claims in payment		6504		48551	48551	1842	50393
905	Index linked annuity	2	7			227		227
910	Miscellaneous index linked	73556	4776176	33553	141640	141640	77345	218985
915	Additional reserves index linked				4761	4761	9882	14643

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**Long term insurance business : Valuation summary of index linked contracts**

Name of insurer **Phoenix Life Limited**  
 Total business / subfund **Non - Profit Fund**  
 Financial year ended **31st December 2005**  
 Units **£000**  
**UK Life / Reinsurance ceded external**

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>
901	Index linked income protection claims in payment				15258	15258	125	15383
902	Group index linked income protection claims in payment		6427		47551	47551	485	48036
910	Miscellaneous index linked		4229131	17539	41476	41476	6006	47482

**Long term insurance business : Valuation summary of index linked contracts**

Name of insurer **Phoenix Life Limited**  
 Total business / subfund **Non - Profit Fund**  
 Financial year ended **31st December 2005**  
 Units **£000**  
**UK Pension / Gross**

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>
905	Index linked annuity	1200	6565		111188	178094	3581	181675
910	Miscellaneous index linked	1460	184705	606	43953	43088	906	43994
915	Additional reserves index linked				1826	1826		1826

**Long term insurance business : Valuation summary of index linked contracts**

Name of insurer **Phoenix Life Limited**  
 Total business / subfund **Non - Profit Fund**  
 Financial year ended **31st December 2005**  
 Units **£000**  
**UK Pension / Reinsurance ceded external**

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>
905	Index linked annuity		2		28	28		28
910	Miscellaneous index linked		161412	266	206	206	13	220

Long term insurance business : Unit prices for internal linked funds

Name of insurer **Phoenix Life Limited**

(Sheet 1)

Total Business

Financial year ended **31st December 2005**

Units **£000**

Fund name	Type of fund	Net assets	Main series	Unit mgmt charge	Price at previous valuation date	Price at current valuation date	Change in price during year
1	2	3	4	5	6	7	8
Abbey National	05 - life - UK equity	1870	PGA Ordinary	.5	7.931602362	8.609338611	8.54
Cautious Managed	05 - life - UK equity	1025	Series LS		1.076823938	1.216569795	12.98
Deposit	05 - life - UK equity	27272	Series 44 B Soc	.75	3.294811675	3.393887387	3.01
Emerging Companies	05 - life - UK equity	2103	Series A	1	7.597963991	9.482588986	24.80
Equity Income	05 - life - UK equity	4627	Salli Series 2	1	4.666785855	5.34068617	14.44
Equity	05 - life - UK equity	78426	ULA Series	1	9.501275017	11.13903566	17.24
European	06 - life - overseas equity	13108	Salli Series 2	1	4.185791868	5.029243872	20.15
Euro Tech	06 - life - overseas equity	44	Series LS		.364800209	.453733702	24.38
Extra Income Bond	05 - life - UK equity	3514	Series LS		1.066572942	1.079260379	1.19
All Share Tracker	05 - life - UK equity	251	Series LS		.868195508	1.049078077	20.83
Fixed Interest	05 - life - UK equity	13126	ULA Series	1	6.418225493	6.772823269	5.52
Far East	06 - life - overseas equity	8077	ULA Series	1	2.867364175	3.780210671	31.84
High Income Bond	05 - life - UK equity	728	Series LS		1.038513642	1.056666656	1.75
Index Linked	05 - life - UK equity	1346	Salli Series 2	1	5.757753255	6.120771502	6.30

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

Name of insurer **Phoenix Life Limited**

(Sheet 2)

Total Business

Financial year ended **31st December 2005**Units **£000**

Fund name	Type of fund	Net assets	Main series	Unit mgmt charge	Price at previous valuation date	Price at current valuation date	Change in price during year
1	2	3	4	5	6	7	8
Income Distribution I	05 - life - UK equity	89331	Series A	1	2.669212436	2.880379715	7.91
Income Distribution II	05 - life - UK equity	24404	Series A	1	2.752148747	2.970724308	7.94
International	06 - life - overseas equity	34802	PGA 'A'	.75	10.12991331	12.22722155	20.70
Japan Growth	06 - life - overseas equity	120	Series LS		.872597774	1.247082034	42.92
Managed	01 - life - stock market managed fund	636608	ULA Series	1	6.300250626	7.395504648	17.38
Maximum Income Bond	05 - life - UK equity	715	Series LS		1.067357957	1.078022356	1.00
Multiple Growth Fund	05 - life - UK equity	154907	Series O	1	12.37183481	14.50804089	17.27
Money	05 - life - UK equity	2189	Series A	1	1.560060628	1.608385396	3.10
North America	06 - life - overseas equity	4760	Salli Series 2	1	4.333016146	5.07342676	17.09
Pacific Growth	06 - life - overseas equity	140	Series LS		1.178460002	1.522597555	29.20
Property	07 - life - property	44372	Series LS		1.524393285	1.762499116	15.62
U.K. Smaller Companies	05 - life - UK equity	181	Series LS		.823912552	1.023992881	24.28
U.K. Leader	05 - life - UK equity	9895	Salli Series 2	1	2.070133574	2.454547776	18.57
Worldwide Bond	05 - life - UK equity	355	Salli Series 2	1	2.064941659	2.147262357	3.99

Long term insurance business : Unit prices for internal linked funds

Name of insurer **Phoenix Life Limited**

(Sheet 3)

Total Business

Financial year ended **31st December 2005**

Units **£000**

Fund name	Type of fund	Net assets	Main series	Unit mgmt charge	Price at previous valuation date	Price at current valuation date	Change in price during year
1	2	3	4	5	6	7	8
Baring Eastern	01 - life - stock market managed fund	1697	Series A	1	3.299689918	4.410976508	33.68
Baring Managed	01 - life - stock market managed fund	726	Series A	1	2.812008298	3.414826963	21.44
Gartmore Global Bond 'A'	01 - life - stock market managed fund	114	Series A	1	1.38377708	1.359506381	(1.75)
Gartmore British 'A'	01 - life - stock market managed fund	793	Series A	1	5.034996781	6.154826449	22.24
Gartmore Emerging Markets 'A'	01 - life - stock market managed fund	314	Series A	1	2.066151347	3.051072839	47.67
Gartmore Gold and Intl Reserves 'A'	01 - life - stock market managed fund	179	Series A	1	.406043754	.535259256	31.82
Gartmore Hong Kong 'A'	01 - life - stock market managed fund	311	Series A	1	6.087921353	6.859735048	12.68
Gartmore Japan 'A'	01 - life - stock market managed fund	644	Series A	1	2.432536336	3.472681236	42.76
Gartmore Managed 'A'	01 - life - stock market managed fund	3997	Series A	1	6.615929352	7.75224817	17.18
Gartmore UK Smaller Companies 'A'	01 - life - stock market managed fund	615	Series A	1	8.027893629	9.012713997	12.27
Invesco European Smaller Companies	01 - life - stock market managed fund	1379	Series A	1	4.405545471	5.766193678	30.88
Invesco Japanese Smaller Companies	01 - life - stock market managed fund	533	Series A	1	3.474751189	5.086761878	46.39
Invesco Managed Growth	01 - life - stock market managed fund	657	Series A	1	4.288962115	5.039928429	17.51
Perpetual International Growth	01 - life - stock market managed fund	708	Series A	1	2.464353369	2.860933512	16.09

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Long term insurance business : Unit prices for internal linked funds

Name of insurer **Phoenix Life Limited**

(Sheet 4)

Total Business

Financial year ended **31st December 2005**

Units **£000**

Fund name	Type of fund	Net assets	Main series	Unit mgmt charge	Price at previous valuation date	Price at current valuation date	Change in price during year
1	2	3	4	5	6	7	8
Perpetual International Emerging Companies	01 - life - stock market managed fund	888	Series A	1	4.699367356	5.728300138	21.90
Perpetual Managed	01 - life - stock market managed fund	2689	Series A	1	3.749891705	4.443958424	18.51
Perpetual American	01 - life - stock market managed fund	705	Series A	1	2.693997127	2.815743583	4.52
Gartmore Global I & G 'B'	01 - life - stock market managed fund	2566	Series A	1	2.456824747	3.189820427	29.84
Broker Funds	01 - life - stock market managed fund	16405	DA046		3.648666829	4.050181693	11.00
Personal Bond Fund	01 - life - stock market managed fund	131815					
Aberdeen Ethical World	01 - life - stock market managed fund	163	External LS		1.133660985	1.412954744	24.64
Aberdeen Technology	01 - life - stock market managed fund	51	External LS		.707364019	.829069133	17.21
Framlington Absolute Growth	01 - life - stock market managed fund	75	External LS		1.087823601	1.234687665	13.50
Framlington Health	01 - life - stock market managed fund	108	External LS		.895221042	1.027043031	14.73
Framlington UK Growth	01 - life - stock market managed fund	161	External LS		1.009786317	1.244692385	23.26
Gartmore American Growth	01 - life - stock market managed fund	107	External LS		.836525295	1.022535313	22.24
Gartmore European Selected Opportunities	01 - life - stock market managed fund	133	External LS		1.167717061	1.435883044	22.96
Gartmore UK & Irish Smaller Companies	01 - life - stock market managed fund	116	External LS		1.404726324	1.591499705	13.30

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Long term insurance business : Unit prices for internal linked funds

Name of insurer **Phoenix Life Limited**

(Sheet 5)

Total Business

Financial year ended **31st December 2005**

Units **£000**

Fund name	Type of fund	Net assets	Main series	Unit mgmt charge	Price at previous valuation date	Price at current valuation date	Change in price during year
1	2	3	4	5	6	7	8
Newton Balanced	01 - life - stock market managed fund	232	External LS		1.1297436	1.326707511	17.43
Newton Continental Europe	01 - life - stock market managed fund	70	External LS		1.171590577	1.404005972	19.84
Newton Managed	01 - life - stock market managed fund	1396	External LS		1.120276032	1.348053643	20.33
Balanced Growth	15 - individual pension - UK equity	14067	S Series	.5	1.61839	1.860673857	14.97
Credit Fixed Interest	15 - individual pension - UK equity	48037	SAPL Group	.24	141.3516129	157.9935006	11.77
Deposit	15 - individual pension - UK equity	41139	Series 15 B Soc	.75	15.00779659	15.59253274	3.90
Equity Income	15 - individual pension - UK equity	9870	SAPL New	.5	2.250329055	2.646624016	17.61
Equity	15 - individual pension - UK equity	193647	ULPF Accum	1.125	14.66013012	17.28500631	17.90
Euro Government Bonds	14 - individual pension - other managed fund		SAPL Group	.24	138.6760273	160.1208429	15.46
European	16 - individual pension - overseas equity	9022	SAPL New	.5	1.133244962	1.406476953	24.11
EuroTech	16 - individual pension - overseas equity	144	Series PS		.634105806	.786648201	24.06
Far East	16 - individual pension - overseas equity	3301	SAPL New	.5	1.239097373	1.746082667	40.92
Fixed Interest	16 - individual pension - overseas equity	23743	ULPF Accum	1.125	8.801162117	9.42416591	7.08
Global Equity	16 - individual pension - overseas equity	559	SAPL Group	.24	116.3397089	140.5318455	20.79

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Long term insurance business : Unit prices for internal linked funds

Name of insurer **Phoenix Life Limited**

(Sheet 6)

Total Business

Financial year ended **31st December 2005**

Units **£000**

Fund name	Type of fund	Net assets	Main series	Unit mgmt charge	Price at previous valuation date	Price at current valuation date	Change in price during year
1	2	3	4	5	6	7	8
Group Managed	21 - group managed fund - stock market managed fund	182236	SAPL Group	.24	913.8822894	1107.780638	21.22
High Yield Bond	21 - group managed fund - stock market managed fund	1	SAPL Group	.24	134.7857302	141.3137478	4.84
Index Linked	21 - group managed fund - stock market managed fund	17662	SAPL Group	.24	923.2425672	1010.226039	9.42
Index Tracker	21 - group managed fund - stock market managed fund	7111	SAPL Group	.24	92.86566502	111.9059647	20.50
International	21 - group managed fund - stock market managed fund	45686	SAPL New	.5	1.46443858	1.819736221	24.26
Long Dated Bond	21 - group managed fund - stock market managed fund	22632	SAPL Group	.24	139.9091259	155.1838764	10.92
Managed Growth	21 - group managed fund - stock market managed fund	1900859	ULPF Accum	1.125	7.806182881	9.305579631	19.21
Money	21 - group managed fund - stock market managed fund	16297	ULPF Accum	1.125	4.862080655	5.043725281	3.74
Old Building Society	21 - group managed fund - stock market managed fund	15606	PGP & A Accum	.75	17.98502312	19.24980461	7.03
Pensions Protector	21 - group managed fund - stock market managed fund	10947	S Series	.5	1.823823312	2.018965806	10.70
Property	27 - group managed fund - property.	117310	SAPL Group	.24	1062.800486	1275.734531	20.04

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Long term insurance business : Unit prices for internal linked funds

Name of insurer **Phoenix Life Limited**

(Sheet 7)

Total Business

Financial year ended **31st December 2005**

Units **£000**

Fund name	Type of fund	Net assets	Main series	Unit mgmt charge	Price at previous valuation date	Price at current valuation date	Change in price during year
1	2	3	4	5	6	7	8
U.K. Leader	21 - group managed fund - stock market managed fund	4068	SAPL New	.5	1.617684994	1.931133566	19.38
Worldwide Bond	21 - group managed fund - stock market managed fund	211	SAPL Individual	1	2.357677315	2.459500112	4.32
Worldwide Equity	21 - group managed fund - stock market managed fund	11193	SAPL Group	.24	964.3173545	1217.318614	26.24
Framlington American Turnaround	11 - individual pension - stock market managed fund	186	SAPL Individual	1	1.451143819	1.695459178	16.84
Framlington American Smaller Companies	11 - individual pension - stock market managed fund	160	SAPL Individual	1	1.483383298	1.732623376	16.80
Framlington Capital Trust	11 - individual pension - stock market managed fund	1144	SAPL Individual	1	3.649722744	4.514842205	23.70
Framlington International Growth	11 - individual pension - stock market managed fund	497	SAPL Individual	1	2.220310969	2.793186415	25.80
Framlington Japan & General	11 - individual pension - stock market managed fund	1790	SAPL Individual	1	2.480568018	3.607728999	45.44
Framlington Recovery Trust	11 - individual pension - stock market managed fund	1020	SAPL Individual	1	2.111202376	2.658206169	25.91
Framlington Special Managed	11 - individual pension - stock market managed fund	19084	SAPL Individual	1	2.839044145	3.514033611	23.78
Gartmore American Special Situations	11 - individual pension - stock market managed fund	282	SAPL Individual	1	2.774730469	2.806779508	1.16

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Long term insurance business : Unit prices for internal linked funds

Name of insurer **Phoenix Life Limited**

(Sheet 8)

Total Business

Financial year ended **31st December 2005**

Units **£000**

Fund name	Type of fund	Net assets	Main series	Unit mgmt charge	Price at previous valuation date	Price at current valuation date	Change in price during year
1	2	3	4	5	6	7	8
Gartmore European	11 - individual pension - stock market managed fund	3028	SAPL Individual	1	2.638655676	3.184926017	20.70
Gartmore Far East & General	11 - individual pension - stock market managed fund	1175	SAPL Individual	1	1.200643131	1.660778623	38.32
Gartmore International	11 - individual pension - stock market managed fund	410	EBOR Accum	.75	2.370263511	2.791705934	17.78
Gartmore Japan & General	11 - individual pension - stock market managed fund	933	SAPL Individual	1	1.171111919	1.515172915	29.38
Gartmore Special Managed	11 - individual pension - stock market managed fund	13085	SAPL Individual	1	2.610364846	3.073610332	17.75
Gartmore UK Capital	11 - individual pension - stock market managed fund	1028	SAPL Individual	1	2.456572858	3.00661669	22.39
Gartmore US & General	11 - individual pension - stock market managed fund	210	SAPL Individual	1	1.547314356	1.58290985	2.30
Pension Framlington	21 - group managed fund - stock market managed fund	6832	Series D		3.854924716	4.795598493	24.40
Pension Gartmore European	21 - group managed fund - stock market managed fund	7226	Series D		4.836596449	6.045914866	25.00
Pension Gartmore Global	21 - group managed fund - stock market managed fund	4103	Series B	.875	3.569326328	4.424637175	23.96
Pension Gartmore Managed	21 - group managed fund - stock market managed fund	9356	Series D		4.248282754	5.474483878	28.86

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Long term insurance business : Unit prices for internal linked funds

Name of insurer **Phoenix Life Limited**

(Sheet 9)

Total Business

Financial year ended **31st December 2005**

Units **£000**

Fund name	Type of fund	Net assets	Main series	Unit mgmt charge	Price at previous valuation date	Price at current valuation date	Change in price during year
1	2	3	4	5	6	7	8
Pension Gartmore Pacific	21 - group managed fund - stock market managed fund	3920	Series D		2.467450904	3.493984769	41.60
Pension Gartmore North American	21 - group managed fund - stock market managed fund	1712	Series D		4.287974659	5.188861741	21.01
Pension Henderson	21 - group managed fund - stock market managed fund	6481	Series D		3.822525685	4.701344517	22.99
Pension Perpetual	21 - group managed fund - stock market managed fund	20819	Series D		5.401023867	6.640886554	22.96
Exclusive Pension Portfolio: EPP9	21 - group managed fund - stock market managed fund	250	Series B		3.819085179	4.542787821	18.95
Exclusive Pension Portfolio: EPP16	21 - group managed fund - stock market managed fund	372	Series B		2.949323906	3.334081706	13.05
Exclusive Pension Portfolio: EPP51	21 - group managed fund - stock market managed fund	36	Series D		3.413952117	4.017928515	17.69
Exclusive Pension Portfolio: EPP147	21 - group managed fund - stock market managed fund	691	Series D		2.257302847	2.675427333	18.52
Aberdeen Ethical World	24 - group managed fund - other managed fund	84	External PS		1.083171863	1.396687417	28.94
Aberdeen Technology	24 - group managed fund - other managed fund	41	External PS		.693814748	.813927584	17.31
Baille Gifford Managed	24 - group managed fund - other managed fund	212	External PS		1.04360975	1.246730309	19.46

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

Name of insurer **Phoenix Life Limited**

(Sheet 10)

Total Business

Financial year ended **31st December 2005**Units **£000**

Fund name	Type of fund	Net assets	Main series	Unit mgmt charge	Price at previous valuation date	Price at current valuation date	Change in price during year
1	2	3	4	5	6	7	8
Framlington Absolute Growth	24 - group managed fund - other managed fund	106	External PS		1.258383324	1.453064773	15.47
Framlington Health	24 - group managed fund - other managed fund	106	External PS		.939794366	1.086954557	15.66
Framlington UK Growth	24 - group managed fund - other managed fund	103	External PS		.978281886	1.219339456	24.64
Gartmore American Growth	24 - group managed fund - other managed fund	89	External PS		.805264741	.983297379	22.11
Gartmore European Selected Opportunities	24 - group managed fund - other managed fund	138	External PS		1.102365808	1.405679325	27.51
Gartmore UK & Irish Smaller Companies	24 - group managed fund - other managed fund	78	External PS		1.3519352	1.558404549	15.27
Newton Balanced	24 - group managed fund - other managed fund	110	External PS		1.084708156	1.294348077	19.33
Newton Continental Europe	24 - group managed fund - other managed fund	108	External PS		1.124253148	1.390331097	23.67
Newton Managed	24 - group managed fund - other managed fund	258	External PS		1.063170206	1.32576152	24.70
Self Managed Fund	24 - group managed fund - other managed fund	25856					
Broker Direct Investment: DP023	21 - group managed fund - stock market managed fund	2639	Series 1		2.329709768	2.571918362	10.40

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

Name of insurer **Phoenix Life Limited**

(Sheet 11)

Total Business

Financial year ended **31st December 2005**Units **£000**

Fund name	Type of fund	Net assets	Main series	Unit mgmt charge	Price at previous valuation date	Price at current valuation date	Change in price during year
1	2	3	4	5	6	7	8
Broker Direct Investment: DP030	21 - group managed fund - stock market managed fund	1000	Series 1		1.72581576	1.875428116	8.67
Broker Direct Investment: DP031	21 - group managed fund - stock market managed fund	273	Series 8		1.948466992	2.297525925	17.91
Personal Bond Fund (SAPL)	11 - individual pension - stock market managed fund	337					
Equity Endowment	05 - life - UK equity	116	Accumulation	.5	14.9729	22.2584	48.66
Managed Fund (ex-Swiss Life)	15 - individual pension - UK equity	13670	Pension Income	1	9.97639	11.75615	17.84
Money Fund (ex-Swiss Life)	04 - life - other managed fund	24	Money	1	2.28548	2.34744	2.71
Pension Managed Fund (ex-Swiss Life)	15 - individual pension - UK equity	48039	Pension Accumulation	.875	4.95169	5.99959	21.16
Pension Overseas Managed Fund (ex-Swiss Life)	16 - individual pension - overseas equity	9414	Pension Accumulation	.875	1.98612	2.44621	23.17
Pension Fixed Interest Fund (ex-Swiss Life)	14 - individual pension - other managed fund	1017	Pension Accumulation	.875	4.08826	4.26691	4.37
Pension Deposit Fund (ex-Swiss Life)	14 - individual pension - other managed fund	714	Pension Accumulation	.875	3.1243	3.24295	3.80
Equity Fund (ex-Swiss Life)	21 - group managed fund - stock market managed fund	132360	Managed	.5	1695.04	2027.11	19.59
Fixed Interest Fund (ex-Swiss Life)	24 - group managed fund - other managed fund	34275	Managed	.5	757.21	821.7	8.52

Long term insurance business : Unit prices for internal linked funds

Name of insurer **Phoenix Life Limited**

(Sheet 12)

Total Business

Financial year ended **31st December 2005**

Units **£000**

Fund name	Type of fund	Net assets	Main series	Unit mgmt charge	Price at previous valuation date	Price at current valuation date	Change in price during year
1	2	3	4	5	6	7	8
15+ Gilt Fund (ex-Swiss Life)	24 - group managed fund - other managed fund	20961	Managed	.5	110.78	122.72	10.78
European Fund (ex-Swiss Life)	26 - group managed fund - overseas equity	27476	Managed	.5	307.37	377.34	22.76
American Fund (ex-Swiss Life)	26 - group managed fund - overseas equity	16339	Managed	.5	84.69	97.95	15.66
Far East Fund (ex-Swiss Life)	26 - group managed fund - overseas equity	19800	Managed	.5	157.99	217.44	37.63
Cash Fund (ex-Swiss Life)	24 - group managed fund - other managed fund	2770	Managed	.5	510.02	530.86	4.09
Global Equity Fund (ex-Swiss Life)	26 - group managed fund - overseas equity	9580	Managed	.5	139.41	171.73	23.18
Mixed Fund (ex-Swiss Life)	24 - group managed fund - other managed fund	137984	Managed	.5	1142.31	1370.61	19.99

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## Long term insurance business : index linked business

Name of insurer **Phoenix Life Limited**

Global business

Financial year ended **31st December 2005**Units **£000**

Type of assets and liabilities	Name of index link	Value of assets or liabilities	Gross derivative value
	1	2	3
Approved fixed interest assets	AEI	4	
<b>Sub total assets</b>		<b>4</b>	
<b>Sub total liabilities</b>			
<b>Sub total net assets</b>		<b>4</b>	
Equities in FT Ordinary Share Index	FT30	167350	
Cash	FT30	3207	
Other assets not producing income	FT30	238	
<b>Sub total assets</b>		<b>170795</b>	
<b>Sub total liabilities</b>			
<b>Sub total net assets</b>		<b>170795</b>	
Approved Index Linked Securities	RPI	108235	
Other Index Linked Securities	RPI	57449	





**Long-term insurance business - analysis of valuation interest rates**Name of insurer **Phoenix Life Limited**Total business / subfund **100% Fund**Financial year ended **31st December 2005**Units **£000**

Product group	Net mathematical reserves	Net valuation interest rate	Gross valuation interest rate	Risk adjusted yield on matching assets
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
UK L&GA WP Form 51 With Profit Assurances	35038	1.00	1.25	3.91
UK L&GA WP Form 51 Additional Bonus Reserve	12999			3.91
UK L&GA WP Form 58 Cost of Rev Bonus	1820	1.00	1.25	3.75
UK Pens WP Form 52 UWP Group Pensions	50888		3.60	4.43
UK Pens Form 52 Pensions	48648		3.90	4.31
Misc	3245	n/a	n/a	1.38
Total:	<b>152638</b>	n/a	n/a	n/a

## Long-term insurance business - analysis of valuation interest rates

Name of insurer **Phoenix Life Limited**Total business / subfund **Non - Profit Fund**Financial year ended **31st December 2005**Units **£000**

Product group	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	12874	2.90	3.63	3.95
UK L&GA NP Form 51 Other Assurances	12897	2.90	3.63	4.10
UK L&GA NP Form 51 Int Insensitive Assurances	34672			3.44
UK L&GA NP Form 51 Non Profit Assurances	9083	2.84	3.55	3.81
UK L&GA NP Form 51 Non Profit Assurances	38731	3.00	3.75	4.46
UK PHI NP Form 51	133379		3.60	3.94
UK PHI NP Form 51	41655		4.00	4.23
UK PHI NP Form 51 Interest Insensitive	28818			4.10
UK PHI NP Form 51 Individual Business	22115		3.80	4.35
UK PHI NP Form 51 Group IP	13328		4.22	4.35
UK Pens NP Form 51 Annuities in Payment	378496		4.00	4.63
UK Pens NP Form 51 Annuities in Payment	94108		3.95	4.19
UK Pens NP Form 51 Deferred Annuities	34082		3.60	4.10
UK Pens NP Form 51 Interest Insensitive Pensions	48606			3.05
UK Pens NP Form 51 Deposit Administration	17854		4.40	5.31
UK Pens NP Form 51 Deferred Annuities	34611		4.00	4.12
UK Pens NP Form 51 Annuities in Payment	240067		4.22	4.35
UK L&GA NP Form 53 Mort & Exp Linked Life	39322	2.84	3.55	3.81
UK L&GA NP Form 53 Additional Reserves	23100			4.35
UK Pens NP F53 Pensions	60676		3.95	4.19
UK Pens NP Form 53 Additional Reserves	8307		3.55	4.35
UK L&GA NP Form 54 Non-Unit Liability	13998	3.00	3.75	4.46

**Long-term insurance business - analysis of valuation interest rates**Name of insurer **Phoenix Life Limited**Total business / subfund **Non - Profit Fund**Financial year ended **31st December 2005**Units **£000**

Product group	Net mathematical reserves	Net valuation interest rate	Gross valuation interest rate	Risk adjusted yield on matching assets
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
UK L&GA NP Form 54 Annuity Options	9839	3.20	4.00	4.16
UK PHI NP Form 54 Non-Unit Liability	55172		3.80	4.35
Misc	115690	n/a	n/a	4.04
Total:	<b>1521480</b>	n/a	n/a	n/a

**Long term insurance business : distribution of surplus**Name of insurer **Phoenix Life Limited**Total business/subfund **Summary**Financial year ended **31st December 2005**Units **£000**

		<b>Financial year</b>	<b>Previous year</b>
		<b>1</b>	<b>2</b>
<b>Valuation result</b>			
Fund carried forward	11	6581046	4113260
Bonus payments in anticipation of a surplus	12		
Transfer to non-technical account	13	55555	25000
Transfer to other funds/parts of funds	14		
Subtotal (11 to 14)	15	6636601	4138260
Mathematical reserves	21	6576166	4107321
Surplus including contingency and other reserves held towards the solvency margin (deficiency) (15-21)	29	60435	30939
<b>Composition of Surplus</b>			
Balance brought forward	31	5939	18347
Transfer from non-technical account	32		
Transfer from other funds/parts of funds	33	39066	
Surplus arising since the last valuation	34	15430	12592
Total	39	60435	30939
<b>Distribution of Surplus</b>			
Bonus paid in anticipation of a surplus	41		
Cash bonuses	42		
Reversionary bonuses	43	3045	
Other bonuses	44	35	
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	3080	
Net transfer out of fund/part of fund	47	55555	25000
Total distributed surplus (46+47)	48	58635	25000
Surplus carried forward	49	1800	5939
Total (48+49)	59	60435	30939
<b>Percentage of distributed surplus allocated to policyholders</b>			
Current year	61	9.98	
Current year - 1	62		
Current year - 2	63		
Current year - 3	64		

**Long term insurance business : distribution of surplus**Name of insurer **Phoenix Life Limited**Total business/subfund **100% Fund**Financial year ended **31st December 2005**Units **£000**

		<b>Financial year</b>	<b>Previous year</b>
		<b>1</b>	<b>2</b>
<b>Valuation result</b>			
Fund carried forward	11	153488	
Bonus payments in anticipation of a surplus	12		
Transfer to non-technical account	13		
Transfer to other funds/parts of funds	14		
Subtotal (11 to 14)	15	153488	
Mathematical reserves	21	150161	
Surplus including contingency and other reserves held towards the solvency margin (deficiency) (15-21)	29	3327	
<b>Composition of Surplus</b>			
Balance brought forward	31		
Transfer from non-technical account	32		
Transfer from other funds/parts of funds	33	3327	
Surplus arising since the last valuation	34		
Total	39	3327	
<b>Distribution of Surplus</b>			
Bonus paid in anticipation of a surplus	41		
Cash bonuses	42		
Reversionary bonuses	43	2442	
Other bonuses	44	35	
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	2477	
Net transfer out of fund/part of fund	47		
Total distributed surplus (46+47)	48	2477	
Surplus carried forward	49	850	
Total (48+49)	59	3327	
<b>Percentage of distributed surplus allocated to policyholders</b>			
Current year	61	100.00	
Current year - 1	62		
Current year - 2	63		
Current year - 3	64		

**Long term insurance business : distribution of surplus**Name of insurer **Phoenix Life Limited**Total business/subfund **Non - Profit Fund**Financial year ended **31st December 2005**Units **£000**

		<b>Financial year</b>	<b>Previous year</b>
		<b>1</b>	<b>2</b>
<b>Valuation result</b>			
Fund carried forward	11	6343098	4113260
Bonus payments in anticipation of a surplus	12		
Transfer to non-technical account	13	55300	25000
Transfer to other funds/parts of funds	14		
Subtotal (11 to 14)	15	6398398	4138260
Mathematical reserves	21	6342598	4107321
Surplus including contingency and other reserves held towards the solvency margin (deficiency) (15-21)	29	55800	30939
<b>Composition of Surplus</b>			
Balance brought forward	31	5939	18347
Transfer from non-technical account	32		
Transfer from other funds/parts of funds	33	34431	
Surplus arising since the last valuation	34	15430	12592
Total	39	55800	30939
<b>Distribution of Surplus</b>			
Bonus paid in anticipation of a surplus	41		
Cash bonuses	42		
Reversionary bonuses	43		
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46		
Net transfer out of fund/part of fund	47	55300	25000
Total distributed surplus (46+47)	48	55300	25000
Surplus carried forward	49	500	5939
Total (48+49)	59	55800	30939
<b>Percentage of distributed surplus allocated to policyholders</b>			
Current year	61		
Current year - 1	62		
Current year - 2	63		
Current year - 3	64		

**Long term insurance business : distribution of surplus**Name of insurer **Phoenix Life Limited**Total business/subfund **90% Fund**Financial year ended **31st December 2005**Units **£000**

		Financial year	Previous year
		1	2
<b>Valuation result</b>			
Fund carried forward	11	84460	
Bonus payments in anticipation of a surplus	12		
Transfer to non-technical account	13	255	
Transfer to other funds/parts of funds	14		
Subtotal (11 to 14)	15	84715	
Mathematical reserves	21	83407	
Surplus including contingency and other reserves held towards the solvency margin (deficiency) (15-21)	29	1308	
<b>Composition of Surplus</b>			
Balance brought forward	31		
Transfer from non-technical account	32		
Transfer from other funds/parts of funds	33	1308	
Surplus arising since the last valuation	34		
Total	39	1308	
<b>Distribution of Surplus</b>			
Bonus paid in anticipation of a surplus	41		
Cash bonuses	42		
Reversionary bonuses	43	603	
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	603	
Net transfer out of fund/part of fund	47	255	
Total distributed surplus (46+47)	48	858	
Surplus carried forward	49	450	
Total (48+49)	59	1308	
<b>Percentage of distributed surplus allocated to policyholders</b>			
Current year	61	70.29	
Current year - 1	62		
Current year - 2	63		
Current year - 3	64		



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

Global business

Financial year ended **31st December 2005**Units **£000**

		LTICR factor	Gross reserves / capital at risk	Net reserves / capital at risk	Reinsurance factor	LTICR Financial year	LTICR Previous year
		1	2	3	4	5	6
<b>Insurance death risk capital component</b>							
Classes I, II and IX	11	0.1%	309404	199793	0.72	224	
Classes I, II and IX	12	0.15%	572000	286162		621	
Classes I, II and IX	13	0.3%	18701119	13683091		40594	58
Classes III, VII and VIII	14	0.3%	5985060	1239498	0.50	8978	3508
<b>Total</b>	15		25567583	15408544		50417	3566
<b>Insurance health risk capital component</b>							
Class IV and supplementary classes 1 and 2	21					8295	2
<b>Insurance expense risk capital component</b>							
Classes I, II and IX	31	1%	1358310	1272370	0.94	12724	1011
Classes III, VII and VIII (investment risk)	32	1%	579626	573107	0.99	5731	1600
Classes III, VII and VIII (expenses fixed 5 yrs +)	33	1%	929558	921956	0.99	9220	8288
Classes III, VII and VIII (other)	34	25%				3127	4145
Class IV	35	1%	581794	293522	0.85	4945	
Class V	36	1%					
Class VI	37	1%					
<b>Total</b>	38					35747	15044
<b>Insurance market risk capital component</b>							
Classes I, II and IX	41	3%	1358310	1272370	0.94	38171	3033
Classes III, VII and VIII (investment risk)	42	3%	579626	573107	0.99	17193	4799
Classes III, VII and VIII (expenses fixed 5 yrs +)	43	0%	929558	921956			
Classes III, VII and VIII (other)	44	0%	3517593	3518291			
Class IV	45	3%	581794	293522	0.85	14836	
Class V	46	0%					
Class VI	47	3%					
<b>Total</b>	48		6966881	6579246		70200	7832
<b>Long term insurance capital requirement</b>	51					164659	26444

## Returns under the Accounts and Statements Rules

### Supplementary Notes

#### Phoenix Life Limited

#### Global Business

Financial year ended 31st December 2005

### NOTES TO APPENDIX 9.1

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

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

	2005 £000's
Form 13 line 89 Total other than long term business assets	301,477
Form 13 line 89 Total long term business assets	7,170,225
Less the sum of lines 11, 12 and 49 of Form 14	(6,815,493)
Less Form 15 line 69	(13,728)
Total capital resources after deductions (Form 3 line 79)	<u>642,481</u>

#### **\*0310\* Details of Valuation Differences Between the return and statutory accounts**

The negative valuation differences represent Additional Prudence in Long Term Business Provision Calculation.

#### **\*1105, 1205\* Previous year figures**

Column 2 has been completed as if the business transferred in under Part VII of the Financial Services and Markets Act 2000 referred to in Appendix 9.4 paragraph 1 had been within the Company for the whole of the review period.

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

The Company held at 31 December 2005 £58,051k (2004 £43,807k) in unlisted securities.

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

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

- 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.
- 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.

## Returns under the Accounts and Statements Rules

### Supplementary Notes

#### Phoenix Life Limited

#### Global Business

#### Financial year ended 31st December 2005

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

The Company held at 31 December 2005 £26,378k (2004 £43,807k) in unlisted securities.

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

The aggregate value of hybrid securities held by the Company at 31 December 2005 was £28k (2004 £26k).

##### **\*1318\* Adjustments to Assets**

Other asset adjustments shown on Form 13 Line 100 represent:

##### **Other than long term**

Deemed Settlement

##### **Long Term**

	Total £000's	Non-Profit £000's	100% £000's	90% £000's
Financing Reassurance	329	329		
Deemed Settlement	23,865	21,886	948	1,031
FRS 19 Adjustment	31,104	31,104		
Inadmissible Policyholder Debt	316	316		
Reclassification of Assets	(110,779)	(91,033)	(1,547)	(18,199)
Inadmissible Value in Force	21,275	21,235	40	
	<u>(33,890)</u>	<u>(16,163)</u>	<u>(559)</u>	<u>(17,168)</u>

##### **\*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.**

In common with the Life Insurance industry, the Company has experienced an increasing number of complaints in respect of mortgage endowment business. A provision has been established, but the ultimate redress cost may be greater or smaller than is currently provided and will be dependent on the level of complaints and the period over which the policies were written.

There is a potential liability to taxation of £50.9m (2004 £11.6m) on capital gains, which might arise if the Company disposed of its assets.

At 31 December 2005 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.

## Returns under the Accounts and Statements Rules

### Supplementary Notes

#### Phoenix Life Limited

#### Global Business

#### Financial year ended 31st December 2005

#### \*1405\* Adjustments to Liabilities

Other adjustments to Liabilities shown on Form 14 Line 74 represent:

	Total £000's	Non-Profit £000's	100% £000's	90% £000's
Book Value of related ancilliary services undertaking	10,767	10,767		
Assets in excess of market and counterparty limits	73,005	73,005		
Financing Reassurance	329	329		
Deemed Settlement	23,865	21,886	948	1,031
FRS 19 Adjustment	31,104	31,104		
Inadmissible Policyholder Debt	316	316		
Reclassification of Assets	(110,779)	(91,033)	(1,547)	(18,199)
Deferred Acquisition Costs	35,729	34,898		831
Inadmissible Value in Force	21,275	21,235	40	
	<u>85,611</u>	<u>102,507</u>	<u>(559)</u>	<u>(16,337)</u>

#### \*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 the prevailing rates at the date of the transactions.

#### \*1603\* Other income and charges

The income shown on Form 16 Line 21 in 2005 represents £228,102k income from the Part VII transfer (see note 4004), £79,283k charge relating to loans written down and £4,922k income relating to the liquidation of the ULPF subsidiary.

#### \*1700\* Omission of Forms

Form 17 has not been prepared for Other than Long Term Insurance business 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 Life Limited

#### Global Business

Financial year ended 31st December 2005

### NOTES TO APPENDIX 9.3

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

Other income of £542k (2004 £473k expenditure) shown in 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.

#### **\*4004\* Business Transfer In**

On 31 December 2005, the long term business funds together with the majority of the shareholders funds of PA (GI) Limited (formerly Phoenix Assurance Limited), SL Liverpool plc (formerly Swiss Life (UK) plc) and Bradford Insurance Company Limited were transferred to the Company for a £nil consideration in accordance with the terms of a scheme under Part VII of the Financial Services and Markets Act 2000 approved by the High Court on 31 October 2005

#### **\*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 Phoenix Life Insurance Services Limited (formerly Royal & Sun Alliance Life Insurance 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.

#### **\*4011\* Expenses payable**

During the year, the company signed a management services agreement with Phoenix Life Insurance Services Ltd (formerly Royal & Sun Alliance Life Insurance Services Ltd, a related company) for the provision of policy administration services and related support functions, together with financial management and reporting services and governance activities, effective from 1 January 2005. The majority of recurring costs associated with the agreement are wholly variable, being determined by in-force policy counts, further reducing the company's exposure to expense risk.

#### **\*4101\* Financing reinsurance**

A part repayment of the amounts received in prior years was made in 2005 to other group companies and amounted to £10.6m (2004 £12.5m). This has been included in regular premiums and has been split £5.6m (2004 £6.9m) life and £5.0m (2004 £5.6m) pensions, shown in Form 41 Lines 12 & 14 respectively.

#### **\*4401\* 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.

## Returns under the Accounts and Statements Rules

### Supplementary Notes

#### Phoenix Life Limited

#### Global Business

#### Financial year ended 31st December 2005

#### \*4402\* Derivative Contracts/Rights & Liabilities

The value of equity warrants held by the funds are as follows:

	2005 £000's	2004 £000's
SLIND (RSALI Life)	3	6
RHPBF (RSALI Life)	2	0
RHBBF (RSALI Life)	3	2
RHPIF (RSALI Pensions)	-	1
	<u>8</u>	<u>9</u>

The value of convertible loans held by the funds are as follows:

	2005 £000's	2004 £000's
SLIND (RSALI Life)	-	1
RHPBF (RSALI Life)	25	19
RHPIF (RSALI Pensions)	-	1
International (RSALI Pensions)	-	0
International (RSALI Life)	-	0
Worldwide Equity (RSALI Pensions)	-	0
	<u>25</u>	<u>21</u>

The value of rights and liabilities under Currency interest rate swaps are as follows:

	2005		2004	
	Assets £000's	Liabilities £000's	Assets £000's	Liabilities £000's
European Government Bond (RSALI Pensions)	41	1	4	238
	<u>41</u>	<u>1</u>	<u>4</u>	<u>238</u>

#### \*4502\* Other income and expenditure

On 31 December 2005, the long term business funds together with the majority of the shareholders funds of PA (GI) Limited (formerly Phoenix Assurance Limited), SL Liverpool plc (formerly Swiss Life (UK) plc) and Bradford Insurance Company Limited were transferred to the Company for a £nil consideration in accordance with the terms of a scheme under Part VII of the Financial Services and Markets Act 2000 approved by the High Court on 31 October 2005. Internal linked funds were part of the transfer and is shown in Line 14.

Other expenditure of £1,798k (2004 £1,846k) shown in Form 45, line 26, relates mainly to subsidies and property expenses.

#### \*4701\* Number of new group schemes with no records at member level

There are no new group schemes.

## Returns under the Accounts and Statements Rules

### Supplementary Notes

#### Phoenix Life Limited

#### Global Business

#### Financial year ended 31st December 2005

##### **\*4702\* Approximations used to apportion between product codes**

No approximations have been made in apportioning new business between product codes.

##### **\*4703\***

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

##### **\*4801\* 'Asset Share' philosophy**

No part of the with-profits business is in respect of business which falls within paragraph (1) (b) of the definition of with-profits fund.

##### **\*4802\* Treatment of expected income from defaulted assets**

Expected income includes income in respect of securities which may be in default.

##### **\*4803\* Assumptions regarding securities which may be redeemed over a period at option of the guarantor or the issuer**

The Company holds a number of securities, the coupon of which changes from a fixed amount to a variable amount from a pre-determined date. The issuer of the security has the option to redeem the bond on that date and information presented assumes that this will be the case.

##### **\*4804\* Significant differences in yields**

Other assets include short term deposits where the expected return is a short-term interest rate and current assets where there is no expected return.

##### **\*4805\* Aggregate value of assets giving excess exposure to counterparties**

There is no entry in Form 13.87.1.

##### **\*4806\* Assets used to calculate investment returns in lines 21-29 column 5**

90% Fund

The returns shown in lines 21 - 28 column 5 are the returns on assets backing Ordinary Branch Life business as this is the largest portfolio of with-profits business within the 90% fund.

The overall return attributable to this line of business is the return in line 29, which is based on the allocation of assets specific to Ordinary Branch Life business. The investment returns attributable to other portfolios of business within the 90% fund are based on alternative asset allocations specific to each portfolio of business."

A single investment return has been calculated for approved and other fixed interest securities and is reported in column 5 for both these categories.

## Returns under the Accounts and Statements Rules

### Supplementary Notes

#### Phoenix Life Limited

#### Global Business

#### Financial year ended 31st December 2005

#### 100% Fund

The returns shown in lines 21 - 28 column 5 are the returns on assets backing the Ex-PAL conventional with-profits business as this is the largest portfolio of with-profits business within the 100% fund.

The overall return attributable to this line of business is the return in line 29, which is based on the allocation of assets specific to Ex-PAL conventional with-profits. The investment returns attributable to other portfolios of business within the 100% fund, such as Ex-PAL Unitised with-profits and Ex-SLUK with-profits are based on alternative asset allocations specific to each portfolio of business.

#### \*4807\* Accrued interest

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

Line	Total £000's	Non-Profit £000's	100% £000's	90% £000's
12	10,211	8,666	792	753
13	13,033	10,876	492	1,665
14	935	875	60	-
15	30	27	3	-
16	675	548	-	127
18	10	10	-	-
	<u>24,894</u>	<u>21,002</u>	<u>1,347</u>	<u>2,545</u>

#### \*4901\* Rating agency used for split by credit rating

Ratings shown are the weaker of ratings provided by Moody's Investors Service and Standard & Poor's Corporation

#### \*5101\* Number of group schemes without records at member level

Product Code	Number of Group Schemes
320	69
410	42
411	5
420	25
430	55

#### \*5301\* Number of group schemes without records at member level

Product Code	Number of Group Schemes
735	8
750	17
755	315
765	136



**Returns under the Accounts and Statements Rules**

**Supplementary Notes**

**Phoenix Life Limited**

**Global Business**

**Financial year ended 31st December 2005**

**\*5302\* Approximate number of policyholders**

<b>Product Code</b>	<b>Approximate Number of Policyholders</b>
750	49
755	7363
765	347

The ratio of (discounted value of units) to (number of members for a similar product, where the number of members is known) was used to approximate the number of members from the discounted value.

**\*5404\* Miscellaneous Products**

Code 910 (miscellaneous index-linked) includes a significant number of index-linked endowment, term assurance and income protection policies which do not fit into any other product code.

**\*5104, 5204, 5304 5404\* Approximations used to apportion between product codes**

No approximations have been made in apportioning business between product codes.

**\*5601\* Arrangements to repay variation margin**

Not applicable.

**\*5602\* Provision for 'reasonably foreseeable adverse variations'**

Not applicable.

**\*5603\* Circumstances which make natural relationships break down**

Not applicable.

**\*5701\* Form 57**

This form is not completed for the 90% Fund as mathematical reserves are less than £100m.

**\*5801\* Interim, mortuary or terminal bonuses determined in advance of a valuation**

For ex-SLUK policies in the 100% Fund, provision is made for the cost of terminal bonuses payable on claims expected in the next 12 months, and this amount appears at line 44.

**\*5802\* Identification of separate transfers if the entry at line 14 or line 33 represent more than one transaction**

Non-Profit Fund

The amount shown at line 33 column 1 represents the following amounts resulting from the transfers under Part VII of the Financial Services and Markets Act 2000 referred to in Appendix 9.4 paragraph 1 (2):-

## Returns under the Accounts and Statements Rules

### Supplementary Notes

#### Phoenix Life Limited

#### Global Business

#### Financial year ended 31st December 2005

	£000
Transfer from Phoenix Assurance Limited	24,400
Transfer from Swiss Life (UK) Plc	10,031

#### 100% Fund

The amount shown at line 33 column 1 represents the following amounts resulting from the transfers under Part VII of the Financial Services and Markets Act 2000 referred to in Appendix 9.4 paragraph 1 (2):-

	£000
Transfer from Phoenix Assurance Limited	2,837
Transfer from Swiss Life (UK) Plc	137
Transfer from Bradford Insurance Company Limited	353

#### **\*5803\* Percentage of distributed surplus allocated to policyholders**

The percentage shown on line 61 column 1 for the 90% Fund is less than 90% because that part of the surplus allocated to policyholders resulting from terminal bonus payments was paid by SL Liverpool plc (formerly Swiss Life (UK) plc).

Returns under the Accounts and Statements Rules

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

Name of company **Phoenix Life Limited**

Financial year ended **31st December 2005**

Name and Number of fund/Summary **Non-Profit Fund**

**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 2005.
- 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 £11,491,120.  
The maximum loss at any other time during the relevant financial year was £11,491,120.
- 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 Derivative Contracts required by Rule 9.29**

Name of company **Phoenix Life Limited**

Financial year ended **31st December 2005**

Name and Number of fund/Summary **100% Fund**

**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 2005.
- 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 nil.

- h) All derivative assets held during the relevant financial year are admissible.
- i) The company received £19,655 during the year in return for granting rights under derivative contracts. Summary of contracts in force during the year were as follows:

Put Option for 318,000 shares in Shell

**Returns under the Accounts and Statements Rules**

**Statement of additional information on controllers required by Rule 9.30**

**Phoenix Life Limited**

**Global Business**

**Financial year ended 31st December 2005**

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

1. On 29 December 2005 Royal & Sun Alliance Linked Insurances Limited changed its name to Phoenix Life Limited. With effect from 31 December 2004 the following persons have, to the knowledge of Phoenix Life Limited (the Company), been shareholder controllers of the Company in descending order of parentage:

Resolution plc

Resolution Life Group Limited

Resolution Life Limited

2. As at 31st December 2005, 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.

**Returns under the Accounts and Statements Rules**

**Certificate required by Rule 9.34**

**Phoenix Life Limited**

**Global Business**

**Financial year ended 31st December 2005**

We certify that:

- (1) (a) the return has been properly prepared in accordance with the requirements in IPRU(INS) and PRU.
- (b) 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.
- (2) (a) 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;
- (b) the sum of the mathematical reserves and the deposits received from reinsurers as shown in Form 14 constitute proper provision at the end of the financial year in question for the long-term insurance liabilities (including all liabilities arising from deposit back arrangements, but excluding other liabilities which had fallen due before the end of the financial year) including any increase in those liabilities arising from a distribution of surplus as a result of an actuarial investigation as at that date into the financial condition of the long-term insurance business;
- (c) the with-profits fund has been managed in accordance with the Principles and Practices of Financial Management, as established, maintained and recorded under COB 6.10; and
- (d) 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) if applicable, advice from every actuary appointed by the insurer to perform the with-profits actuary function in accordance with SUP 4.3.16R.

G L SINGLETON

R CRAINE

R E K GREENFIELD

.....  
Director

.....  
Director

.....  
Director

**29 March 2006**

## Returns under the Accounts and Statements Rules

### Independent auditors' report to the directors pursuant to rule 9.35

#### Phoenix Life Limited

#### Global business

#### Financial year ended 31st December 2005

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:

- Forms 2, 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 statement"); and
- the report required by rule 9.31(a) ("the valuation report").

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

- Forms 46, 47, 50 to 55 and 57 (including the supplementary notes);
- the statements required by rules 9.30 and 9.36; and
- the certificate signed in accordance with rule 9.34.

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 opinions we have formed.

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

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

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

**Basis of opinion**

We conducted our work in accordance with Practice Note 20, 'The audit of insurers in the United Kingdom' 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 statement and the valuation report. The evidence included that previously obtained by us relating to the audit of the financial statements of the insurer for the financial year on which we reported on 30 March 2006. It also included an assessment of the significant estimates and judgments made by the insurer in the preparation of the Forms, the statement and the valuation report.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Forms, the statement and the valuation report are free from material misstatement, whether caused by fraud or other irregularity or error, and comply with rule 9.11.

In accordance with rule 9.35(1A), to the extent that any document, Form, statement, analysis or report to be 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, the statement and the valuation report fairly state the information provided on the basis required by the Rules and have been properly prepared in accordance with the provisions of those Rules; and
- (b) the methods and assumptions determined by the insurer and used to perform the actuarial investigation as set out in the valuation report prepared in accordance with rule 9.31(a) appropriately reflect the requirements of PRU 7.3.

**Ernst & Young LLP**

**Registered Auditor**

**London**

**Date 30 March 2006**



## Returns under the Accounts and Statements Rules

### Statement of information on the actuary who has been appointed to perform the with profits actuary function

Name of company **Phoenix Life Limited**

Global business

Financial year ended **31<sup>st</sup> December 2005**

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 Life Limited 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 had no interest during the period from 1st January 2005 to 31st December 2005 in the share capital of the ultimate holding company.

#### **Particulars of Pecuniary Interests**

There were no contracts of insurance in existence between the With-Profits Actuary and companies in the Resolution group.

#### **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 Resolution was £142,939 during 2005.

The With-Profits Actuary was a member of the Royal Insurance Group Staff Pension Scheme until 31<sup>st</sup> August 2005 and then joined the Phoenix Life Group 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 1<sup>st</sup> January 2005.