

# **PA (GI) Limited**

**Annual FSA Insurance Returns for the year ended  
31 December 2006**



**Appendices 9.1, 9.2, 9.3 and 9.6**

**PA(GI) Insurance Company Limited**  
**Year Ended 31<sup>st</sup> December 2006**  
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**Statement of solvency - general insurance business**Name of insurer **PA (GI) Limited**

Global business

Financial year ended **31 December 2006**

Solo solvency calculation

	Company registration number	GL/ UK/ CM	day month year			Units
			R1	71805	GL	
			As at end of this financial year			As at end of the previous year
			1			2

**Capital resources**

Capital resources arising outside the long-term insurance fund	11	6338	6210
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	12		3010
Capital resources available to cover general insurance business capital resources requirement (11-12)	13	6338	3200

**Guarantee fund**

Guarantee fund requirement	21	2139	2030
Excess (deficiency) of available capital resources to cover guarantee fund requirement	22	4199	1170

**Minimum capital requirement (MCR)**

General insurance capital requirement	31	3185	2853
Base capital resources requirement	33	2139	2030
Individual minimum capital requirement	34	3185	2853
Capital requirements of regulated related undertakings	35		
Minimum capital requirement (34+35)	36	3185	2853
Excess (deficiency) of available capital resources to cover 50% of MCR	37	4746	1774
Excess (deficiency) of available capital resources to cover 75% of MCR	38	3949	1061

**Capital resources requirement (CRR)**

Capital resources requirement	41	3185	2853
Excess (deficiency) of available capital resources to cover general insurance business CRR (13-41)	42	3153	347

**Contingent liabilities**

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

**Form 1**

Name of insurer      **PA (GI) Limited**

Global business

Financial year ended      **31 December 2006**

\_\_\_\_\_ **I G MAIDENS**      **Director**

\_\_\_\_\_ **R CRAINE**      **Director**

\_\_\_\_\_ **R E K GREENFIELD**      **Director**

**Date: 28 March 2007**

**Statement of solvency - long-term insurance business**Name of insurer **PA (GI) Limited**

Global business

Financial year ended **31 December 2006**

Solo solvency calculation

Company registration number	GL/UK/CM	day	month	year	Units	
<b>R2</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2006</b>	<b>£000</b>
			<b>As at end of this financial year</b>		<b>As at end of the previous year</b>	
			<b>1</b>		<b>2</b>	

**Capital resources**

Capital resources arising within the long-term insurance fund	<b>11</b>		
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	<b>12</b>		3010
Capital resources available to cover long-term insurance business capital resources requirement (11+12)	<b>13</b>		3010

**Guarantee fund**

Guarantee fund requirement	<b>21</b>		2030
Excess (deficiency) of available capital resources to cover guarantee fund requirement	<b>22</b>		980

**Minimum capital requirement (MCR)**

Long-term insurance capital requirement	<b>31</b>		
Resilience capital requirement	<b>32</b>		
Base capital resources requirement	<b>33</b>		2030
Individual minimum capital requirement	<b>34</b>		2030
Capital requirements of regulated related undertakings	<b>35</b>		
Minimum capital requirement (34+35)	<b>36</b>		2030
Excess (deficiency) of available capital resources to cover 50% of MCR	<b>37</b>		1995
Excess (deficiency) of available capital resources to cover 75% of MCR	<b>38</b>		1488

**Enhanced capital requirement**

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

**Capital resources requirement (CRR)**

Capital resources requirement (greater of 36 and 40)	<b>41</b>		2030
Excess (deficiency) of available capital resources to cover long-term insurance business CRR (13-41)	<b>42</b>		980

**Contingent liabilities**

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

Global business

Financial year ended **31 December 2006**

	Company registration number	GL/ UK/ CM	day	month	year	Units	
	<b>R3</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2006</b>	<b>£000</b>
		General insurance business	Long-term insurance business	Total as at the end of this financial year	Total as at the end of the previous year		
		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>		

**Core tier one capital**

Permanent share capital	<b>11</b>	3000		3000	3000
Profit and loss account and other reserves	<b>12</b>	3338		3338	3210
Share premium account	<b>13</b>				
Positive valuation differences	<b>14</b>				
Fund for future appropriations	<b>15</b>				
Core tier one capital in related undertakings	<b>16</b>				
Core tier one capital (sum of 11 to 16)	<b>19</b>	6338		6338	6210

**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>	6338		6338	6210
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>				
Deductions in related undertakings	<b>36</b>				
Deductions from tier one (32 to 36)	<b>37</b>				
<b>Total tier one capital after deductions (31-37)</b>	<b>39</b>	6338		6338	6210

**Components of capital resources**Name of insurer **PA (GI) Limited**

Global business

Financial year ended **31 December 2006**

	Company registration number	GL/ UK/ CM	day month year			Units
<b>R3</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2006</b>	<b>£000</b>
		General insurance business	Long-term insurance business	Total as at the end of this financial year	Total as at the end of the previous year	
		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	

**Tier two capital**

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

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

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

**Components of capital resources**Name of insurer **PA (GI) Limited**

Global business

Financial year ended **31 December 2006**

	Company registration number	GL/ UK/ CM	day month year			Units
<b>R3</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2006</b>	<b>£000</b>
		General insurance business	Long-term insurance business	Total as at the end of this financial year		Total as at the end of the previous year
		<b>1</b>	<b>2</b>	<b>3</b>		<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>	6338		6338	6210
Inadmissible assets other than intangibles and own shares	<b>73</b>				
Assets in excess of market risk and counterparty limits	<b>74</b>				
Deductions for related ancillary services undertakings	<b>75</b>				
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>	6338		6338	6210

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

Available capital resources for guarantee fund requirement	<b>81</b>	6338		6338	6210
Available capital resources for 50% MCR requirement	<b>82</b>	6338		6338	6210
Available capital resources for 75% MCR requirement	<b>83</b>	6338		6338	6210

**Financial engineering adjustments**

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



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

Name of insurer **PA (GI) Limited**

Global business

Financial year ended **31 December 2006**

General insurance business

		Company registration number	GL/UK/CM	day	month	year	Units
R11	71805	GL	31	12	2006	£000	
			This financial year 1			Previous year 2	
Gross premiums written			11	15			2095
Premiums taxes and levies (included in line 11)			12				
Premiums written net of taxes and levies (11-12)			13	15			2095
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 (13 + 1/2 14 - 2/3 15)</b>			16	15			2095
Gross premiums earned			21	3258			2386
Premium taxes and levies (included in line 21)			22				
Premiums earned net of taxes and levies (21-22)			23	3258			2386
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 (23 + 1/2 24 - 2/3 25)</b>			26	3258			2386
<b>Sub-total I (higher of sub-total A and sub-total H)</b>			30	3258			2386
<b>Adjusted sub-total I if financial year is not a 12 month period to produce an annual figure</b>			31				
Division of gross adjusted premiums amount sub-total I (or adjusted sub-total I if appropriate)	x 0.18	32	586			429	
	Excess (if any) over 53.1M EURO x 0.02	33					
<b>Sub-total J (32-33)</b>			34	586			429
Claims paid in period of 3 financial years			41	20350			6706
Claims outstanding carried forward at the end of the 3 year period	For insurance business accounted for on an underwriting year basis	42	139944			82785	
	For insurance business accounted for on an accident year basis	43	52			786	
Claims outstanding brought forward at the beginning of the 3 year period	For insurance business accounted for on an underwriting year basis	44	85453			36811	
	For insurance business accounted for on an accident year basis	45					
<b>Sub-total C (41+42+43-44-45)</b>			46	74893			53466
Amounts recoverable from reinsurers in respect of claims included in Sub-total C			47	74893			53466
<b>Sub-total D (46-47)</b>			48				
<b>Reinsurance Ratio (Sub-total D /sub-total C or, if more, 0.5 or, if less, 1.00)</b>			49	0.50			0.50
<b>Premiums amount (Sub-total J x reinsurance ratio)</b>			50	293			215
Provision for claims outstanding (before discounting and net of reinsurance)			51	42			
<b>Brought forward amount (12.43.2 x 51.1 / 51.2 or, if less, 12.43.2)</b>			52	2853			2853
Greater of lines 50 and 52			53	2853			2853

**Calculation of general insurance capital requirement - claims amount and result**Name of insurer **PA (GI) Limited**

Global business

Financial year ended **31 December 2006**

General insurance business

		Company registration number	GL/ UK/ CM	day month year			Units	
		R12	71805	GL	31	12	2006	£000
				This financial year 1			Previous year 2	
Reference period (No. of months) See INSPRU 1.1.63R				11	36			36
Claims paid in reference period				21	20350			6706
Claims outstanding carried forward at the end of the reference period	For insurance business accounted for on an underwriting year basis			22	139944			82785
	For insurance business accounted for on an accident year basis			23	52			786
Claims outstanding brought forward at the beginning of the reference period	For insurance business accounted for on an underwriting year basis			24	85453			36811
	For insurance business accounted for on an accident year basis			25				
Claims incurred in reference period (21+22+23-24-25)				26	74893			53466
Claims incurred for classes 11, 12 or 13 (included in 26)				27	(2799)			366
Claims incurred for "actuarial health insurance" (included in 26)				28				
<b>Sub-total E (26 +1/2 27 - 2/3 28)</b>				29	73494			53649
<b>Sub-total F - Conversion of sub-total E to annual figure (multiply by 12 and divide by number of months in the reference period)</b>				31	24498			17883
Division of sub-total F (gross adjusted claims amount)	x 0.26			32	6369			4650
	Excess (if any) over 37.2M EURO x 0.03			33				
<b>Sub-total G (32-33)</b>				39	6369			4650
<b>Claims amount Sub-total G x reinsurance ratio (11.49)</b>				41	3185			2325
Higher of premiums amount and brought forward amount (11.53)				42	2853			2853
<b>General insurance capital requirement (higher of lines 41 and 42)</b>				43	3185			2853

**Analysis of admissible assets**Name of insurer **PA (GI) Limited**

Global business

Financial year ended **31 December 2006**Category of assets **Total other than long term insurance business assets**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
<b>R13</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2006</b>	<b>£000</b>	<b>1</b>
					<b>As at end of this financial year</b>	<b>As at end of the previous year</b>	
					<b>1</b>	<b>2</b>	
Land and buildings			<b>11</b>				

**Investments in group undertakings and participating interests**

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>		

**Other financial investments**

Equity shares	<b>41</b>		<b>78</b>
Other shares and other variable yield participations	<b>42</b>		
Holdings in collective investment schemes	<b>43</b>	3145	2601
Rights under derivative contracts	<b>44</b>		
Fixed interest securities	Approved	<b>45</b>	3020
	Other	<b>46</b>	
Variable interest securities	Approved	<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>	
Other financial investments	<b>56</b>		
Deposits with ceding undertakings	<b>57</b>		
Assets held to match linked liabilities	Index linked	<b>58</b>	
	Property linked	<b>59</b>	

**Analysis of admissible assets**Name of insurer **PA (GI) Limited**

Global business

Financial year ended **31 December 2006**Category of assets **Total other than long term insurance business assets**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
<b>R13</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2006</b>	<b>£000</b>	<b>1</b>
					<b>As at end of this financial year</b>	<b>As at end of the previous year</b>	
					<b>1</b>	<b>2</b>	

**Reinsurers' share of technical provisions**

Provision for unearned premiums	<b>60</b>		3243
Claims outstanding	<b>61</b>	139954	83526
Provision for unexpired risks	<b>62</b>		
Other	<b>63</b>		

**Debtors and salvage**

Direct insurance business	Policyholders	<b>71</b>	
	Intermediaries	<b>72</b>	
Salvage and subrogation recoveries		<b>73</b>	
Reinsurance	Accepted	<b>74</b>	
	Ceded	<b>75</b>	
Dependants	due in 12 months or less	<b>76</b>	
	due in more than 12 months	<b>77</b>	
Other	due in 12 months or less	<b>78</b>	141
	due in more than 12 months	<b>79</b>	

**Other assets**

Tangible assets	<b>80</b>		
Deposits not subject to time restriction on withdrawal with approved institutions	<b>81</b>	914	946
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>	29	
Deferred acquisition costs (general business only)	<b>85</b>		
Other prepayments and accrued income	<b>86</b>		

Deductions from the aggregate value of assets	<b>87</b>		
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Grand total of admissible assets after deduction of market risk and counterparty limits (11 to 86 less 87)	<b>89</b>	147203	93918
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**Analysis of admissible assets**Name of insurer **PA (GI) Limited**

Global business

Financial year ended **31 December 2006**Category of assets **Total other than long term insurance business assets**

	Company registration number	GL/UK/CM	day	month	year	Units	Category of assets
<b>R13</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2006</b>	<b>£000</b>	<b>1</b>
						<b>As at end of this financial year</b>	<b>As at end of the previous year</b>
						<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 its external financial reporting**

Total admissible assets after deduction of market risk and counterparty limits (as per line 89 above)	<b>91</b>	147203	93918
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>		
Other asset adjustments (may be negative)	<b>100</b>		
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 100)	<b>101</b>	147203	93918
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	<b>102</b>		

**Liabilities (other than long term insurance business)**Name of insurer **PA (GI) Limited**

Global business

Financial year ended **31 December 2006**

	Company registration number	GL/ UK/ CM	day	month	year	Units	
	<b>R15</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2006</b>	<b>£000</b>
						<b>As at end of this financial year 1</b>	<b>As at end of the previous year 2</b>

**Technical provisions (gross amount)**

Provisions for unearned premiums	<b>11</b>		3243
Claims outstanding	<b>12</b>	139996	83571
Provision for unexpired risks	<b>13</b>		
Equalisation provisions	Credit business	<b>14</b>	
	Other than credit business	<b>15</b>	
Other technical provisions	<b>16</b>		
Total gross technical provisions (11 to 16)	<b>19</b>	139996	86814

**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>		
	Declared dividend	<b>48</b>		
	Other	<b>49</b>	869	894
Accruals and deferred income	<b>51</b>			
Total (19 to 51)	<b>59</b>	140865	87708	
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>	140865	87708	

Amounts included in line 69 attributable to liabilities to related insurers, other than those under contracts of insurance or reinsurance	<b>71</b>		
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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>		
Capital and reserves	<b>84</b>	6338	6210
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>	147203	93918

**Profit and loss account (non-technical account)**Name of insurer **PA (GI) Limited**

Global business

Financial year ended **31 December 2006**

		Company registration number	GL/ UK/ CM	day	month	year	Units	
		R16	71805	GL	31	12	2006	£000
				This financial year			Previous year	
				1			2	
Transfer (to)/from the general insurance business technical account	From Form 20		11					
	Equalisation provisions		12					
Transfer from the long term insurance business revenue account			13					
Investment income	Income		14			97	16664	
	Value re-adjustments on investments		15			188	819	
	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			675	83	
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				(3327)	
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)			29			(390)	14073	
Tax on profit or loss on ordinary activities			31			(116)	1887	
Profit or loss on ordinary activities after tax (29-31)			39			(274)	12186	
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			(274)	12186	
Dividends (paid or declared)			51			2600	243485	
Profit or loss retained for the financial year (49-51)			59			(2874)	(231299)	

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

Name of insurer **PA (GI) Limited**  
 Total business / subfund **10 Summary**  
 Financial year ended **31 December 2006**  
 Units **£000**

Financial year	Previous year
1	2

**Income**

Earned premiums	11		66882
Investment income receivable before deduction of tax	12		55614
Increase (decrease) in the value of non-linked assets brought into the account	13		41000
Increase (decrease) in the value of linked assets	14		5916
Other income	15		
<b>Total income</b>	<b>19</b>		<b>169412</b>

**Expenditure**

Claims incurred	21		130182
Expenses payable	22		21739
Interest payable before the deduction of tax	23		1762
Taxation	24		(4289)
Other expenditure	25		
Transfer to (from) non technical account	26		
<b>Total expenditure</b>	<b>29</b>		<b>149394</b>

Business transfers - in	31		
Business transfers - out	32		960386
Increase (decrease) in fund in financial year (19-29+31-32)	39		(940368)
Fund brought forward	49		940368
Fund carried forward (39+49)	59		



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

Name of insurer **PA (GI) Limited**  
 Total business / subfund **24 Participation**  
 Financial year ended **31 December 2006**  
 Units **£000**

Financial year	Previous year
1	2

**Income**

Earned premiums	11		3974
Investment income receivable before deduction of tax	12		13169
Increase (decrease) in the value of non-linked assets brought into the account	13		6495
Increase (decrease) in the value of linked assets	14		
Other income	15		
<b>Total income</b>	<b>19</b>		<b>23638</b>

**Expenditure**

Claims incurred	21		45923
Expenses payable	22		768
Interest payable before the deduction of tax	23		905
Taxation	24		3123
Other expenditure	25		
Transfer to (from) non technical account	26		
<b>Total expenditure</b>	<b>29</b>		<b>50719</b>

Business transfers - in	31		
Business transfers - out	32		101905
Increase (decrease) in fund in financial year (19-29+31-32)	39		(128986)
Fund brought forward	49		128986
Fund carried forward (39+49)	59		

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

Name of insurer **PA (GI) Limited**  
 Total business / subfund **31 Non-participation**  
 Financial year ended **31 December 2006**  
 Units **£000**

Financial year	Previous year
1	2

**Income**

Earned premiums	11		62908
Investment income receivable before deduction of tax	12		42445
Increase (decrease) in the value of non-linked assets brought into the account	13		34505
Increase (decrease) in the value of linked assets	14		5916
Other income	15		
<b>Total income</b>	<b>19</b>		<b>145774</b>

**Expenditure**

Claims incurred	21		84259
Expenses payable	22		20971
Interest payable before the deduction of tax	23		857
Taxation	24		(7412)
Other expenditure	25		
Transfer to (from) non technical account	26		
<b>Total expenditure</b>	<b>29</b>		<b>98675</b>

Business transfers - in	31		
Business transfers - out	32		858481
Increase (decrease) in fund in financial year (19-29+31-32)	39		(811382)
Fund brought forward	49		811382
Fund carried forward (39+49)	59		

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

Name of insurer **PA (GI) Limited**  
 Total business / subfund **10 Summary**  
 Financial year ended **31 December 2006**  
 Units **£000**

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

**Gross**

Regular premiums	11				68275
Single premiums	12				3324

**Reinsurance - external**

Regular premiums	13				2479
Single premiums	14				

**Reinsurance - intra-group**

Regular premiums	15				2238
Single premiums	16				

**Net of reinsurance**

Regular premiums	17				63558
Single premiums	18				3324

**Total**

Gross	19				71599
Reinsurance	20				4717
Net	21				66882

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

Name of insurer **PA (GI) Limited**  
 Total business / subfund **24 Participation**  
 Financial year ended **31 December 2006**  
 Units **£000**

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

**Gross**

Regular premiums	11					3982
Single premiums	12					

**Reinsurance - external**

Regular premiums	13					8
Single premiums	14					

**Reinsurance - intra-group**

Regular premiums	15					
Single premiums	16					

**Net of reinsurance**

Regular premiums	17					3974
Single premiums	18					

**Total**

Gross	19					3982
Reinsurance	20					8
Net	21					3974

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

Name of insurer **PA (GI) Limited**  
 Total business / subfund **31 Non-participation**  
 Financial year ended **31 December 2006**  
 Units **£000**

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

**Gross**

Regular premiums	11				64293
Single premiums	12				3324

**Reinsurance - external**

Regular premiums	13				2471
Single premiums	14				

**Reinsurance - intra-group**

Regular premiums	15				2238
Single premiums	16				

**Net of reinsurance**

Regular premiums	17				59584
Single premiums	18				3324

**Total**

Gross	19				67617
Reinsurance	20				4709
Net	21				62908

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

Name of insurer **PA (GI) Limited**  
 Total business / subfund **10 Summary**  
 Financial year ended **31 December 2006**  
 Units **£000**

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

**Gross**

Death or disability lump sums	11				36487
Disability periodic payments	12				
Surrender or partial surrender	13				60738
Annuity payments	14				21598
Lump sums on maturity	15				19760
<b>Total</b>	<b>16</b>				<b>138583</b>

**Reinsurance - external**

Death or disability lump sums	21				2241
Disability periodic payments	22				
Surrender or partial surrender	23				
Annuity payments	24				
Lump sums on maturity	25				
<b>Total</b>	<b>26</b>				<b>2241</b>

**Reinsurance - intra-group**

Death or disability lump sums	31				1418
Disability periodic payments	32				
Surrender or partial surrender	33				2998
Annuity payments	34				
Lump sums on maturity	35				1744
<b>Total</b>	<b>36</b>				<b>6160</b>

**Net of reinsurance**

Death or disability lump sums	41				32828
Disability periodic payments	42				
Surrender or partial surrender	43				57740
Annuity payments	44				21598
Lump sums on maturity	45				18016
<b>Total</b>	<b>46</b>				<b>130182</b>

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

Name of insurer **PA (GI) Limited**  
 Total business / subfund **24 Participation**  
 Financial year ended **31 December 2006**  
 Units **£000**

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

**Gross**

Death or disability lump sums	11				3492
Disability periodic payments	12				
Surrender or partial surrender	13				28943
Annuity payments	14				
Lump sums on maturity	15				13564
<b>Total</b>	<b>16</b>				<b>45999</b>

**Reinsurance - external**

Death or disability lump sums	21				76
Disability periodic payments	22				
Surrender or partial surrender	23				
Annuity payments	24				
Lump sums on maturity	25				
<b>Total</b>	<b>26</b>				<b>76</b>

**Reinsurance - intra-group**

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

**Net of reinsurance**

Death or disability lump sums	41				3416
Disability periodic payments	42				
Surrender or partial surrender	43				28943
Annuity payments	44				
Lump sums on maturity	45				13564
<b>Total</b>	<b>46</b>				<b>45923</b>

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

Name of insurer **PA (GI) Limited**  
 Total business / subfund **31 Non-participation**  
 Financial year ended **31 December 2006**  
 Units **£000**

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

**Gross**

Death or disability lump sums	11				32995
Disability periodic payments	12				
Surrender or partial surrender	13				31795
Annuity payments	14				21598
Lump sums on maturity	15				6196
<b>Total</b>	<b>16</b>				<b>92584</b>

**Reinsurance - external**

Death or disability lump sums	21				2165
Disability periodic payments	22				
Surrender or partial surrender	23				
Annuity payments	24				
Lump sums on maturity	25				
<b>Total</b>	<b>26</b>				<b>2165</b>

**Reinsurance - intra-group**

Death or disability lump sums	31				1418
Disability periodic payments	32				
Surrender or partial surrender	33				2998
Annuity payments	34				
Lump sums on maturity	35				1744
<b>Total</b>	<b>36</b>				<b>6160</b>

**Net of reinsurance**

Death or disability lump sums	41				29412
Disability periodic payments	42				
Surrender or partial surrender	43				28797
Annuity payments	44				21598
Lump sums on maturity	45				4452
<b>Total</b>	<b>46</b>				<b>84259</b>



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

Name of insurer **PA (GI) Limited**  
 Total business / subfund **10 Summary**  
 Financial year ended **31 December 2006**  
 Units **£000**

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

**Gross**

Commission - acquisition	11				189
Commission - other	12				3161
Management - acquisition	13				8
Management - maintenance	14				5216
Management - other	15				13187
<b>Total</b>	<b>16</b>				<b>21761</b>

**Reinsurance - external**

Commission - acquisition	21				15
Commission - other	22				
Management - acquisition	23				
Management - maintenance	24				
Management - other	25				
<b>Total</b>	<b>26</b>				<b>15</b>

**Reinsurance - intra-group**

Commission - acquisition	31				
Commission - other	32				7
Management - acquisition	33				
Management - maintenance	34				
Management - other	35				
<b>Total</b>	<b>36</b>				<b>7</b>

**Net of reinsurance**

Commission - acquisition	41				174
Commission - other	42				3154
Management - acquisition	43				8
Management - maintenance	44				5216
Management - other	45				13187
<b>Total</b>	<b>46</b>				<b>21739</b>

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

Name of insurer **PA (GI) Limited**  
 Total business / subfund **24 Participation**  
 Financial year ended **31 December 2006**  
 Units **£000**

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

**Gross**

Commission - acquisition	11				7
Commission - other	12				635
Management - acquisition	13				
Management - maintenance	14				127
Management - other	15				
<b>Total</b>	<b>16</b>				<b>769</b>

**Reinsurance - external**

Commission - acquisition	21				1
Commission - other	22				
Management - acquisition	23				
Management - maintenance	24				
Management - other	25				
<b>Total</b>	<b>26</b>				<b>1</b>

**Reinsurance - intra-group**

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

**Net of reinsurance**

Commission - acquisition	41				6
Commission - other	42				635
Management - acquisition	43				
Management - maintenance	44				127
Management - other	45				
<b>Total</b>	<b>46</b>				<b>768</b>

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

Name of insurer **PA (GI) Limited**  
 Total business / subfund **31 Non-participation**  
 Financial year ended **31 December 2006**  
 Units **£000**

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

**Gross**

Commission - acquisition	11				182
Commission - other	12				2526
Management - acquisition	13				8
Management - maintenance	14				5089
Management - other	15				13187
<b>Total</b>	<b>16</b>				<b>20992</b>

**Reinsurance - external**

Commission - acquisition	21				14
Commission - other	22				
Management - acquisition	23				
Management - maintenance	24				
Management - other	25				
<b>Total</b>	<b>26</b>				<b>14</b>

**Reinsurance - intra-group**

Commission - acquisition	31				
Commission - other	32				7
Management - acquisition	33				
Management - maintenance	34				
Management - other	35				
<b>Total</b>	<b>36</b>				<b>7</b>

**Net of reinsurance**

Commission - acquisition	41				168
Commission - other	42				2519
Management - acquisition	43				8
Management - maintenance	44				5089
Management - other	45				13187
<b>Total</b>	<b>46</b>				<b>20971</b>

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

Name of insurer **PA (GI) Limited**  
 Total business  
 Financial year ended **31 December 2006**  
 Units **£000**

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

**Income**

Value of total creation of units	11		
Investment income attributable to the funds before deduction of tax	12		4
Increase (decrease) in the value of investments in the financial year	13		41
Other income	14		
<b>Total income</b>	<b>19</b>		<b>45</b>

**Expenditure**

Value of total cancellation of units	21		
Charges for management	22		5
Charges in respect of tax on investment income	23		
Taxation on realised capital gains	24		
Increase (decrease) in amount set aside for tax on capital gains not yet realised	25		
Other expenditure	26		118
<b>Total expenditure</b>	<b>29</b>		<b>123</b>

Increase (decrease) in funds in financial year (19-29)	39		(78)
Internal linked fund brought forward	49		78
Internal linked funds carried forward (39+49)	59		

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

Name of insurer **PA (GI) Limited**  
 Total business  
 Financial year ended **31 December 2006**  
 Units **£000**

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

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

Regular premium business	11					3
Single premium business	12					187
<b>Total</b>	<b>13</b>					<b>190</b>

**Amount of new regular  
premiums**

Direct insurance business	21					
External reinsurance	22					
Intra-group reinsurance	23					2
<b>Total</b>	<b>24</b>					<b>2</b>

**Amount of new single  
premiums**

Direct insurance business	25					2999
External reinsurance	26					
Intra-group reinsurance	27					
<b>Total</b>	<b>28</b>					<b>2999</b>

**Long-term insurance business : Distribution of surplus**

Name of insurer **PA (GI) Limited**  
 Total business / subfund **10 Summary**  
 Financial year ended **31 December 2006**  
 Units **£000**

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

**Valuation result**

Fund carried forward	11		
Bonus payments in anticipation of a surplus	12		11141
Transfer to non-technical account	13		
Transfer to other funds / parts of funds	14		27237
Subtotal (11 to 14)	15		38378
Mathematical reserves	21		
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29		38378

**Composition of surplus**

Balance brought forward	31		1000
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34		37378
Total	39		38378

**Distribution of surplus**

Bonus paid in anticipation of a surplus	41		11141
Cash bonuses	42		
Reversionary bonuses	43		
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46		11141
Net transfer out of fund / part of fund	47		27237
Total distributed surplus (46+47)	48		38378
Surplus carried forward	49		
Total (48+49)	59		38378

**Percentage of distributed surplus allocated to policyholders**

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

**Long-term insurance business : Distribution of surplus**

Name of insurer **PA (GI) Limited**  
 Total business / subfund **24 Participation**  
 Financial year ended **31 December 2006**  
 Units **£000**

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

**Valuation result**

Fund carried forward	11		
Bonus payments in anticipation of a surplus	12		11141
Transfer to non-technical account	13		
Transfer to other funds / parts of funds	14		2837
Subtotal (11 to 14)	15		13978
Mathematical reserves	21		
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29		13978

**Composition of surplus**

Balance brought forward	31		500
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34		13478
Total	39		13978

**Distribution of surplus**

Bonus paid in anticipation of a surplus	41		11141
Cash bonuses	42		
Reversionary bonuses	43		
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46		11141
Net transfer out of fund / part of fund	47		2837
Total distributed surplus (46+47)	48		13978
Surplus carried forward	49		
Total (48+49)	59		13978

**Percentage of distributed surplus allocated to policyholders**

Current year	61		79.70
Current year - 1	62	79.70	100.00
Current year - 2	63	100.00	100.00
Current year - 3	64	100.00	100.00

**Long-term insurance business : Distribution of surplus**

Name of insurer **PA (GI) Limited**  
 Total business / subfund **31 Non-participation**  
 Financial year ended **31 December 2006**  
 Units **£000**

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

**Valuation result**

Fund carried forward	11		
Bonus payments in anticipation of a surplus	12		
Transfer to non-technical account	13		
Transfer to other funds / parts of funds	14		24400
Subtotal (11 to 14)	15		24400
Mathematical reserves	21		
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29		24400

**Composition of surplus**

Balance brought forward	31		500
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34		23900
Total	39		24400

**Distribution of surplus**

Bonus paid in anticipation of a surplus	41		
Cash bonuses	42		
Reversionary bonuses	43		
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46		
Net transfer out of fund / part of fund	47		24400
Total distributed surplus (46+47)	48		24400
Surplus carried forward	49		
Total (48+49)	59		24400

**Percentage of distributed surplus allocated to policyholders**

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



## Returns under the Accounts and Statements Rules

### Supplementary Notes

#### PA (GI) Limited

#### Global Business

Financial year ended 31st December 2006

### NOTES TO APPENDIX 9.1

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

The FSA, on the application of the firm, made a direction in August 2006 under section 148 of the Financial Services and Markets Act 2000. The effect of the direction is to waive the firm's obligation, under IPRU(INS), to prepare Forms 21 to 36 in its annual returns.

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

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

	2006 £000's	2005 £000's
Form 13 line 89 Total other than long term business assets	147,203	93,918
Form 13 line 89 Total long term business assets		
Less the sum of lines 11, 12 and 49 of Form 14		
Less Form 15 line 69	140,865	87,708
Total Capital resources after deductions (Form 3 line 79)	<u>6,338</u>	<u>6,210</u>

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

The amount of £3,338k shown in Form 3 line 12 column 1 represents shareholders' assets which have been allocated to cover general insurance business capital resources requirements.

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

The brought forward amounts for claims outstanding represent those carried forward at the end of 2003 revalued in the case of foreign currency denominated amounts to 2006 rates of exchange.

#### **\*1112\* Transfer of Creditor business**

The Company's Creditor business was transferred to Groupama Insurance Company Ltd for a net £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 May 2006, as this business was fully reinsured to Royal & Sun Alliance Insurance plc.

#### **\*1300\* LTB: Omission of forms**

Form 13 LTB has not been prepared as all entries would be nil.

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

The Company held no unlisted securities at 31 December 2006 (2005 £78k).

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

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

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

## Returns under the Accounts and Statements Rules

### Supplementary Notes

#### PA (GI) Limited

#### Global Business

#### Financial year ended 31st December 2006

##### **\*1320\* Technical provision review**

A review in 2006 of the Company's general insurance business revealed that the reinsurer's share of technical provisions for outstanding claims at 31 December 2005 was understated by £71.9m gross, £nil net of reinsurance. This has been adjusted in the 2006 provision and has no impact on profit for 2005 and 2006.

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

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

No provision for reasonably foreseeable adverse variations has been made as liabilities are matched to assets.

##### **\*1507\* Technical provision review**

A review in 2006 of the Company's general insurance business revealed that the gross technical provision for outstanding claims at 31 December 2005 was understated by £71.9m gross, £nil net of reinsurance. This has been adjusted in the 2006 provision and has no impact on profit for 2005 and 2006.

##### **\*1400\* Omission of forms**

Form 14 has not been prepared as all entries would be nil.

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

At 31 December 2006 there were no other charges over assets or potential and provided taxation on capital gains effected by the Company other than in the ordinary course of its insurance business.

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

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

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

On 31 December 2005, the majority of the shareholders funds of the Company were transferred to that of Phoenix Life Limited (formerly Royal & Sun Alliance Linked Insurances Limited) 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. The value of such was £62,693k.

On 6 December 2005 following Court approval the Company reduced its share capital by the cancellation and extinction of ordinary and deferred shares and share premium. This reduction was effected by cancelling the capital paid up on 1,020,782 ordinary shares. The value of such was £59,366k.

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

Form 17 has not been prepared as all entries would be nil.

**Returns under the Accounts and Statements Rules**

**Supplementary Notes**

**PA (GI) Limited**

**Global Business**

**Financial year ended 31st December 2006**

**NOTES TO APPENDIX 9.2**

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

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

**\*3700\* Omission of forms**

Form 37 has not been prepared as all entries, including comparatives would be nil.

## Returns under the Accounts and Statements Rules

### Supplementary Notes

PA (GI) Limited

Global Business

Financial year ended 31st December 2006

#### NOTES TO APPENDIX 9.3

##### **\*4004\* Business Transfer out**

On 31 December 2005, the long term business was transferred to that of Phoenix Life Limited (formerly Royal & Sun Alliance Linked Insurance Limited) 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. Funds carried forward were part of this transfer to produce the £nil balance.

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

During 2005 expenses for each long term fund were part specific and part allocated so as to reflect, as far as possible, actual involvement and work done.

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

Arrangements were in force during the financial year for the provision of management services to the Company by Phoenix Life Insurance Services (PLIS), formerly Royal & Sun Alliance Life Insurance Services Limited, Resolution Life Services Limited, Unisys Ltd 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.

An interim dividend of £104.5m was paid to Resolution Life Limited on 27 June 2005 by means of transfer of the whole of the ordinary share capital of Royal & Sun Alliance Linked Insurances Limited (since renamed to Phoenix Life Limited).

A further interim dividend of £139.0m was paid to Resolution Life Limited on 10 August 2005 by means of transfer of the whole of the ordinary share capital of Swiss Life (UK) Group plc (since renamed to SL Liverpool Holding plc).

##### **\*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.

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

A part repayment of the original £85.0m paid in prior years was received in 2005 from another group company of £6.5m (2004 £10.8m). This has been included in regular premiums and has been split £3.3m (2004 £5.2m) life and £3.2m (2004 £5.6m) pensions, shown in Form 41 Line 11, Life and Pension respectively.

## Returns under the Accounts and Statements Rules

### Supplementary Notes

PA (GI) Limited

Global Business

Financial year ended 31st December 2006

#### **\*4400\* Omission of forms**

Form 44 has not been prepared as all entries would be nil.

#### **\*4502\* Other Expenditure**

On 31 December 2005, the long term business were transferred to that of Phoenix Life Limited (formerly Royal & Sun Alliance Linked Insurance Limited) 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. Funds carried forward were part of this transfer to produce the £nil balance.

#### **\*4700\* Omission of forms**

Form 47 has not been prepared as all entries would be nil.

#### **\*4800\* Omission of forms**

Form 48 has not been prepared as all entries would be nil.

#### **\*4900\* Omission of forms**

Form 49 has not been prepared as all entries would be nil.

#### **\*5000\* Omission of forms**

Form 50 has not been prepared as all entries would be nil.

#### **\*5100\* Omission of forms**

Form 51 has not been prepared as all entries would be nil.

#### **\*5200\* Omission of forms**

Form 52 has not been prepared as all entries would be nil.

#### **\*5300\* Omission of forms**

Form 53 has not been prepared as all entries would be nil.

#### **\*5400\* Omission of forms**

Form 54 has not been prepared as all entries would be nil.

#### **\*5500\* Omission of forms**

Form 55 has not been prepared as all entries would be nil.

#### **\*5600\* Omission of forms**

Form 56 has not been prepared as all entries would be nil.

#### **\*5700\* Omission of forms**

Form 57 has not been prepared as all entries would be nil.

**Returns under the Accounts and Statements Rules**

**Supplementary Notes**

**PA (GI) Limited**

**Global Business**

**Financial year ended 31st December 2006**

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

The percentage distributed to policyholders for 2005 is shown as 79.7% in line 61 of the 100% Fund Form 58. This amount represents the bonus payments in anticipation of surplus as a percentage of the total distributed surplus. The remaining 21.3% has been transferred to the 100% Fund within Phoenix Life Limited. Therefore the effective amount attributed to policyholders for 2005 is still 100% as the surplus within the PLL 100% fund is 100% attributable to policyholders

**\*5900\* Omission of forms**

Forms 59A and 59B have not been prepared as all entries would be nil.

**\*6000\* Omission of forms**

Form 60 has not been prepared as all entries would be nil.

Returns under the Accounts and Statements Rules

**Statement of additional information on derivative contracts required by Rule 9.29**

Name of company **PA (GI) Limited**

**Global Business**

Financial year ended **31st December 2006**

The Company's policy and practice is to use neither derivatives nor quasi-derivatives.

Returns under the Accounts and Statements Rules

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

**PA(GI)**

**Global Business**

**Financial year ended**

**31st December 2006**

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

1. Throughout the year the following persons have, to the knowledge of Phoenix Assurance Limited (the Company), been controller of the Company in descending order of parentage:

Resolution plc

Resolution Life Group Limited

Resolution Life Limited

2. As at 31 December 2006 the controller 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(1)**

**PA (GI) Limited**

**Global Business**

**Financial year ended: 31 December 2006**

We certify that:

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

I G MAIDENS  
Director

R CRAINE  
Director

R E K GREENFIELD  
Director

**28 March 2007**

## Returns under the Accounts and Statements Rules

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

#### PA (GI) Limited

#### Global business

#### Financial year ended 31st December 2006

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 General Prudential Sourcebook and the Prudential Sourcebook for Insurers ("the Rules") made by the Financial Services Authority under section 138 of the Financial Services and Markets Act 2000

- Forms 1, 2, 3, 11, 12, 13, 15, 16, 40 to 43, 45 and 58 (including the supplementary notes) ("the Forms");
- the statement required by rule 9.29 ("the statement");

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

- the statement required by rules 9.30 and
- the certificate signed in accordance with rule 9.34(1).

This report is made solely to the insurer's directors, in accordance with rule 9.35 of the Accounts and Statement Rules. Our examination has been undertaken so that we might state to the insurer's directors those matters we are required by the Rules to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the insurer for our examination, for this report, or for the opinion we have formed.

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

The insurer is responsible for the preparation of an annual return (including the Forms, the statement and the valuation report) under the provisions of the Rules. The requirements of the Rules have been modified by the direction referred to in the supplementary note 0101. Under rule 9.11 the Forms and the statement 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.

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

#### Basis of opinion

We conducted our work in accordance with Practice Note 20 'The audit of insurers in the United Kingdom (revised)' issued by the Auditing Practices Board. Our work included examination, on a test basis, of evidence relevant to the amounts and disclosures in the Forms and the statement. 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 2007. It also included an assessment of the significant estimates and judgments made by the insurer in the preparation of the Forms and the statement.

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 and the statement are free from material misstatement, whether caused by fraud or other irregularity or error, and comply with rule 9.11.

**Opinion**

In our opinion the Forms and the statement fairly state the information provided on the basis required by the Rules as modified and have been properly prepared in accordance with the provisions of those Rules.

**Ernst & Young LLP  
Registered Auditor  
London**

**30 March 2007**