

Hamilton Life Assurance Company Limited

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

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



Returns under the Accounts and Statements Rules

Covering page to Form 2

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

Global business

Financial year ended **31st December 2008**

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

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

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

27 March 2009

Statement of solvency - long-term insurance business
Form 2

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

Global business

 Financial year ended **31st December 2008**

Solo solvency calculation

	Company registration number	GL/UK/CM	day	month	year	units	
	R2	1656838	GL	31	12	2008	£000
				As at end of this financial year		As at end of the previous year	
				1		2	

Capital resources

Capital resources arising within the long-term insurance fund	11	9878	4317
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	12	13445	13072
Capital resources available to cover long-term insurance business capital resources requirement (11+12)	13	23323	17389

Guarantee fund

Guarantee Fund requirement	21	2518	2231
Excess (deficiency) of available capital resources to cover guarantee fund requirement	22	20805	15158

Minimum capital requirement (MCR)

Long-term insurance capital requirement	31	3876	5917
Resilience capital requirement	32	34	49
Base capital resources requirement	33	2518	2231
Individual minimum capital requirement	34	3911	5966
Capital requirements of regulated related undertakings	35		
Minimum capital requirement (34+35)	36	3911	5966
Excess (deficiency) of available capital resources to cover 50% of MCR	37	21367	14406
Excess (deficiency) of available capital resources to cover 75% of MCR	38	20390	12914

Enhanced capital requirement

With-profits insurance capital component	39		
Enhanced capital requirement	40	3911	5966

Capital resources requirement (CRR)

Capital resources requirement (greater of 36 and 40)	41	3911	5966
Excess (deficiency) of available capital resources to cover long-term insurance business CRR (13-41)	42	19412	11423

Contingent liabilities

Quantifiable contingent liabilities in respect of long-term insurance business as shown in a supplementary note to Form 14	51		
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Components of capital resources
**Form 3
(Sheet 1)**

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

Global business

 Financial year ended **31st December 2008**

	Company registration number	GL/UK/CM	day	month	year	units	
	R3	1656838	GL	31	12	2008	£000
	General insurance business	Long-term insurance business	Total as at the end of this financial year			Total as at the end of the previous year	
	1	2	3			4	
Core tier one capital							
Permanent share capital	11		11750		11750		11750
Profit and loss account and other reserves	12		11747		11747		10077
Share premium account	13						
Positive valuation differences	14						
Fund for future appropriations	15						
Core tier one capital in related undertakings	16						
Core tier one capital (sum of 11 to 16)	19		23497		23497		21827
Tier one waivers							
Unpaid share capital / unpaid initial funds and calls for supplementary contributions	21						
Implicit items	22						
Tier one waivers in related undertakings	23						
Total tier one waivers as restricted (21+22+23)	24						
Other tier one capital							
Perpetual non-cumulative preference shares as restricted	25						
Perpetual non-cumulative preference shares in related undertakings	26						
Innovative tier one capital as restricted	27						
Innovative tier one capital in related undertakings	28						
Total tier one capital before deductions (19+24+25+26+27+28)	31		23497		23497		21827
Investments in own shares	32						
Intangible assets	33						
Amounts deducted from technical provisions for discounting	34						
Other negative valuation differences	35						4355
Deductions in related undertakings	36						
Deductions from tier one (32 to 36)	37						4355
Total tier one capital after deductions (31-37)	39		23497		23497		17472

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

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

Global business

 Financial year ended **31st December 2008**

	Company registration number	GL/ UK/ CM	day	month	year	units	
	R3	1656838	GL	31	12	2008	£000
	General insurance business	Long-term insurance business	Total as at the end of this financial year	Total as at the end of the previous year			
	1	2	3	4			

Tier two capital

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

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

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

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

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

Global business

 Financial year ended **31st December 2008**

	Company registration number	GL/ UK/ CM	day	month	year	units	
	R3	1656838	GL	31	12	2008	£000
	General insurance business	Long-term insurance business	Total as at the end of this financial year	Total as at the end of the previous year			
	1	2	3	4			

Total capital resources

Positive adjustments for regulated non-insurance related undertakings	71					
Total capital resources before deductions (39+69+71)	72		23497	23497		17472
Inadmissible assets other than intangibles and own shares	73					
Assets in excess of market risk and counterparty limits	74		174	174		83
Deductions for related ancillary services undertakings	75					
Deductions for regulated non-insurance related undertakings	76					
Deductions of ineligible surplus capital	77					
Total capital resources after deductions (72-73-74-75-76-77)	79		23323	23323		17389

Available capital resources for GENPRU/INSRU tests

Available capital resources for guarantee fund requirement	81		23323	23323		17389
Available capital resources for 50% MCR requirement	82		23323	23323		17389
Available capital resources for 75% MCR requirement	83		23323	23323		17389

Financial engineering adjustments

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

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

Form 11

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

Global business

Financial year ended **31st December 2008**

Long Term Insurance Business

	Company registration number	GL/UK/CM	day	month	year	units	
	R11	1656838	GL	31	12	2008	£000
			This financial year		Previous year		
			1		2		
Gross premiums written	11			389		(427)	
Premiums taxes and levies (included in line 11)	12						
Premiums written net of taxes and levies (11-12)	13			389		(427)	
Premiums for classes 11, 12 or 13 (included in line 13)	14						
Premiums for "actuarial health insurance" (included in line 13)	15						
Sub-total A (13 + 1/2 14 - 2/3 15)	16			389		(427)	
Gross premiums earned	21			389		(427)	
Premium taxes and levies (included in line 21)	22						
Premiums earned net of taxes and levies (21-22)	23			389		(427)	
Premiums for classes 11, 12 or 13 (included in line 23)	24						
Premiums for "actuarial health insurance" (included in line 23)	25						
Sub-total H (23 + 1/2 24 - 2/3 25)	26			389		(427)	
Sub-total I (higher of sub-total A and sub-total H)	30			389		(427)	
Adjusted sub-total I if financial year is not a 12 month period to produce an annual figure	31						
Division of gross adjusted premiums amount: sub-total I (or adjusted sub-total I if appropriate)	x 0.18	32		70		(77)	
	Excess (if any) over 53.1M EURO x 0.02	33					
Sub-total J (32-33)	34			70		(77)	
Claims paid in period of 3 financial years	41			18962		30784	
Claims outstanding carried forward at the end of the 3 year period	For insurance business accounted for on an underwriting year basis	42					
	For insurance business accounted for on an accident year basis	43		2415		3774	
Claims outstanding brought forward at the beginning of the 3 year period	For insurance business accounted for on an underwriting year basis	44					
	For insurance business accounted for on an accident year basis	45		6090		5795	
Sub-total C (41+42+43-44-45)	46			15287		28763	
Amounts recoverable from reinsurers in respect of claims included in Sub-total C	47			246		258	
Sub-total D (46-47)	48			15041		28505	
Reinsurance ratio (Sub-total D / sub-total C or, if more, 0.50 or, if less, 1.00)	49			0.98		0.99	
Premiums amount (Sub-total J x reinsurance ratio)	50			69		(76)	
Provisions for claims outstanding (before discounting and net of reinsurance)	51			2169		3774	
Provisions for claims outstanding (before discounting and gross of reinsurance) if both 51.1 and 51.2 are zero, otherwise zero	52						
Brought forward amount (see instruction 4)	53			1887		3284	
Greater of lines 50 and 53	54			1887		3284	

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

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

Global business

 Financial year ended **31st December 2008**

Long Term Insurance Business

		Company registration number	GL/ UK/ CM	day	month	year	units	
		R12	1656838	GL	31	12	2008	£000
				This financial year		Previous year		
				1		2		
Reference period (No. of months) See <i>INSPRU</i> 1.1.63R		11		36		36		
Claims paid in reference period		21		18962		30784		
Claims outstanding carried forward at the end of the reference period	For insurance business accounted for on an underwriting year basis	22						
	For insurance business accounted for on an accident year basis	23		2415		3773		
Claims outstanding brought forward at the beginning of the reference period	For insurance business accounted for on an underwriting year basis	24						
	For insurance business accounted for on an accident year basis	25		6090		5795		
Claims incurred in reference period (21+22+23-24-25)		26		15287		28762		
Claims incurred for classes 11, 12 or 13 (included in 26)		27						
Claims incurred for "actuarial health insurance" (included in 26)		28						
Sub-total E (26 + 1/2 27 - 2/3 28)		29		15287		28762		
Sub-total F - Conversion of sub-total E to annual figure (multiply by 12 and divide by number of months in reference period)		31		5096		9587		
Division of sub-total F (gross adjusted claims amount)	X 0.26	32		1325		2493		
	Excess (if any) over 37.2M EURO x 0.03	33						
Sub-total G (32 - 33)		39		1325		2493		
Claims amount Sub-total G x reinsurance ratio (11.49)		41		1304		2471		
Higher of premiums amount and brought forward amount (11.54)		42		1887		3284		
General insurance capital requirement (higher of lines 41 and 42)		43		1887		3284		

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

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

Global business

 Financial year ended **31st December 2008**

 Category of assets **Total other than Long-Term Insurance Business Assets**

	Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets	
	R13	1656838	GL	31	12	2008	£000	1
						As at end of this financial year	As at end of the previous year	
						1	2	
Land and buildings								
				11				

Investments in group undertakings and participating interests

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

Other financial investments

Equity shares	41		
Other shares and other variable yield participations	42		
Holdings in collective investment schemes	43		
Rights under derivative contracts	44		
Fixed interest securities	Approved	45	
	Other	46	
Variable interest securities	Approved	47	
	Other	48	3723 4055
Participation in investment pools	49		
Loans secured by mortgages	50		
Loans to public or local authorities and nationalised industries or undertakings	51		
Loans secured by policies of insurance issued by the company	52		
Other loans	53		
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	8633
	More than one month withdrawal	55	8670
Other financial investments	56		

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

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

Global business

 Financial year ended **31st December 2008**

 Category of assets **Total other than Long-Term Insurance Business Assets**

	Company registration number	GL/UK/CM	day	month	year	units	Category of assets	
	R13	1656838	GL	31	12	2008	£000	1
						As at end of this financial year	As at end of the previous year	
						1	2	
Deposits with ceding undertakings						57		
Assets held to match linked liabilities	Index linked					58		
	Property linked					59		

Reinsurers' share of technical provisions

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

Debtors and salvage

Direct insurance business	Policyholders	71		
	Intermediaries	72		
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74		
	Ceded	75		
Dependants	Due in 12 months or less	76		
	Due in more than 12 months	77		
Other	Due in 12 months or less	78	7	20
	Due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	2695	1858
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	91	62
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86		

Deductions from the aggregate value of assets	87		
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Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)	89	15186	14628
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Analysis of admissible assets
**Form 13
(Sheet 3)**

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

Global business

 Financial year ended **31st December 2008**

 Category of assets **Total other than Long-Term Insurance Business Assets**

	Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets	
	R13	1656838	GL	31	12	2008	£000	1
						As at end of this financial year	As at end of the previous year	
						1	2	

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

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	91	15186	14628
Admissible assets in excess of market and counterparty limits	92	174	83
Inadmissible assets directly held	93		
Capital resources requirement deduction of regulated related undertakings	94		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	95		
Inadmissible assets of regulated related insurance undertakings	96		
Book value of related ancillary services undertakings	97		
Other differences in the valuation of assets (other than for assets not valued above)	98		
Deferred acquisition costs excluded from line 89	99		
Reinsurers' share of technical provisions excluded from line 89	100		
Other asset adjustments (may be negative)	101		
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 101)	102	15360	14711
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		

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

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

Global business

 Financial year ended **31st December 2008**

 Category of assets **Total Long-Term Insurance Business Assets**

	Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets	
	R13	1656838	GL	31	12	2008	£000	10
						As at end of this financial year		As at end of the previous year
						1		2
Land and buildings			11					

Investments in group undertakings and participating interests

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

Other financial investments

Equity shares	41		
Other shares and other variable yield participations	42		
Holdings in collective investment schemes	43	75	50
Rights under derivative contracts	44		
Fixed interest securities	Approved	45	
	Other	46	
Variable interest securities	Approved	47	
	Other	48	7115 7710
Participation in investment pools	49		
Loans secured by mortgages	50		
Loans to public or local authorities and nationalised industries or undertakings	51		
Loans secured by policies of insurance issued by the company	52		
Other loans	53		
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	500 500
	More than one month withdrawal	55	16226 15111
Other financial investments	56		

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

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

Global business

 Financial year ended **31st December 2008**

 Category of assets **Total Long-Term Insurance Business Assets**

	Company registration number	GL/UK/CM	day	month	year	units	Category of assets	
	R13	1656838	GL	31	12	2008	£000	10
						As at end of this financial year	As at end of the previous year	
						1	2	
Deposits with ceding undertakings			57					
Assets held to match linked liabilities	Index linked		58					
	Property linked		59			40143		62993

Reinsurers' share of technical provisions

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

Debtors and salvage

Direct insurance business	Policyholders	71		
	Intermediaries	72	498	306
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74		
	Ceded	75	137	
Dependants	Due in 12 months or less	76		
	Due in more than 12 months	77		
Other	Due in 12 months or less	78	1426	770
	Due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	8148	19413
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	1038	859
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86		

Deductions from the aggregate value of assets	87		
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Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)	89	75306	107712
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Analysis of admissible assets
**Form 13
(Sheet 3)**

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

Global business

 Financial year ended **31st December 2008**

 Category of assets **Total Long-Term Insurance Business Assets**

	Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets	
	R13	1656838	GL	31	12	2008	£000	10
						As at end of this financial year	As at end of the previous year	
						1	2	

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

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	91	75306	107712
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93		
Capital resources requirement deduction of regulated related undertakings	94		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	95		
Inadmissible assets of regulated related insurance undertakings	96		
Book value of related ancillary services undertakings	97		
Other differences in the valuation of assets (other than for assets not valued above)	98		
Deferred acquisition costs excluded from line 89	99		
Reinsurers' share of technical provisions excluded from line 89	100	10884	4481
Other asset adjustments (may be negative)	101	(476)	(485)
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 101)	102	85714	111708
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		

Long-term insurance business liabilities and margins
Form 14

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

Global business

 Financial year ended **31st December 2008**

 Fund **Total Long-Term Insurance Business**

 Units **£000**

		As at the end of this financial year	As at the end of the previous year
		1	2
Mathematical reserves, after distribution of surplus	11	51624	94792
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12		
Balance of surplus / (valuation deficit)	13	9878	4317
Long term insurance business fund carried forward (11 to 13)	14	61502	99109
Claims outstanding	Gross amount	15	197
	Reinsurers' share	16	
	Net (15-16)	17	197
Provisions	Taxation	21	
	Other risks and charges	22	
Deposits received from reinsurers	23		
Creditors	Direct insurance business	31	
	Reinsurance accepted	32	
	Reinsurance ceded	33	7104
Debenture loans	Secured	34	
	Unsecured	35	
Amounts owed to credit institutions	36		10
Creditors	Taxation	37	518
	Other	38	450
Accruals and deferred income	39	5535	343
Provision for "reasonably foreseeable adverse variations"	41		
Total other insurance and non-insurance liabilities (17 to 41)	49	13804	8603
Excess of the value of net admissible assets	51		
Total liabilities and margins	59	75306	107712
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	1530	1906
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62	40143	62993
Total liabilities (11+12+49)	71	65428	103395
Increase to liabilities – DAC related	72		
Reinsurers' share of technical provisions	73	10884	4481
Other adjustments to liabilities (may be negative)	74	(476)	(4840)
Capital and reserves and fund for future appropriations	75	9878	8672
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (71 to 75)	76	85714	111708

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

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

Global business

 Financial year ended **31st December 2008**

	Company registration number	GL/UK/CM	day	month	year	units	
	R15	1656838	GL	31	12	2008	£000
					As at the end of this financial year	As at the end of the previous year	
					1	2	

Technical provisions (gross amount)

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

Provisions and creditors

Provisions	Taxation	21			
	Other risks and charges	22			
Deposits received from reinsurers		31			
Creditors	Direct insurance business	41			
	Reinsurance accepted	42			
	Reinsurance ceded	43			
Debenture loans	Secured	44			
	Unsecured	45			
Amounts owed to credit institutions		46			
Creditors	Taxation	47		185	1556
	Foreseeable dividend	48			
	Other	49		1556	
Accruals and deferred income		51			
Total (19 to 51)		59		1741	1556
Provision for "reasonably foreseeable adverse variations"		61			
Cumulative preference share capital		62			
Subordinated loan capital		63			
Total (59 to 63)		69		1741	1556

Amounts included in line 69 attributable to liabilities to related insurers, other than those under contracts of insurance or reinsurance	71				
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Amounts deducted from technical provisions for discounting	82				
Other adjustments (may be negative)	83				
Capital and reserves	84			13619	13155
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (69-82+83+84)	85			15360	14711

Profit and loss account (non-technical account)

Form 16

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

Global business

Financial year ended **31st December 2008**

		Company registration number	GL/ UK/ CM	day	month	year	units	
		R16	1656838	GL	31	12	2008	£000
				This financial year		Previous year		
				1		2		
Transfer (to) / from the general insurance business technical account	From Form 20	11						
	Equalisation provisions	12						
Transfer from the long term insurance business revenue account		13						
Investment income	Income	14			795		1383	
	Value re-adjustments on investments	15				9	23	
	Gains on the realisation of investments	16				38		
Investment charges	Investment management charges, including interest	17				1		
	Value re-adjustments on investments	18				193	14	
	Loss on the realisation of investments	19					14	
Allocated investment return transferred to the general insurance business technical account		20						
Other income and charges (particulars to be specified by way of supplementary note)		21						
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)		29				648	1378	
Tax on profit or loss on ordinary activities		31				185	415	
Profit or loss on ordinary activities after tax (29-31)		39				463	963	
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				463	963	
Dividends (paid or foreseeable)		51					28500	
Profit or loss retained for the financial year (49-51)		59				463	(27537)	

Long-term insurance business: Revenue account

Form 40

Name of insurer **Hamilton Life Assurance Company Ltd**
 Name and number of fund/Summary **Total Long-Term Insurance Business**
 Financial year ended **31st December 2008**
 Units **£000**

	Financial year	Previous year
	1	2

Income

Earned premiums	11	(601)	17579
Investment income receivable before deduction of tax	12	2320	2942
Increase (decrease) in the value of non-linked assets brought into account	13	(272)	(329)
Increase (decrease) in the value of linked assets	14	(24110)	(4627)
Other income	15	708	1007
Total income	19	(21955)	16572

Expenditure

Claims incurred	21	7076	7491
Expenses payable	22	8042	29298
Interest payable before deduction of tax	23	4	
Taxation	24	530	2372
Other expenditure	25		
Transfer to (from) non technical account	26		
Total expenditure	29	15652	39161

Business transfers-in	31		
Business transfers-out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(37607)	(22589)
Fund brought forward	49	99109	121698
Fund carried forward (39+49)	59	61502	99109

Long-term insurance business: Analysis of premiums

Form 41

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

Total business / subfund **Total Long-Term Insurance Business**

Financial year ended **31st December 2008**

Units **£000**

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

Gross

Regular premiums	11	16880	3322	102	20304	5571
Single premiums	12	(1419)		145	(1274)	19314

Reinsurance - external

Regular premiums	13	(155)			(155)	(130)
Single premiums	14					2556

Reinsurance - intra-group

Regular premiums	15	15651		102	15753	906
Single premiums	16	3333		700	4033	3974

Net of reinsurance

Regular premiums	17	1384	3322		4706	4795
Single premiums	18	(4752)		(555)	(5307)	12784

Total

Gross	19	15461	3322	247	19030	24885
Reinsurance	20	18829		802	19631	7306
Net	21	(3368)	3322	(555)	(601)	17579

Long-term insurance business: Analysis of claims

Form 42

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

Total business / subfund **Total Long-Term Insurance Business**

Financial year ended **31st December 2008**

Units **£000**

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

Gross

Death or disability lump sums	11	2993	93	15	3101	5377
Disability periodic payments	12	2574		101	2675	351
Surrender or partial surrender	13	99	1110		1209	1877
Annuity payments	14					
Lump sums on maturity	15	53	642		695	95
Total	16	5719	1845	116	7680	7700

Reinsurance - external

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

Reinsurance - intra-group

Death or disability lump sums	31	576			576	162
Disability periodic payments	32	27		1	28	47
Surrender or partial surrender	33					
Annuity payments	34					
Lump sums on maturity	35					
Total	36	603		1	604	209

Net of reinsurance

Death or disability lump sums	41	2417	93	15	2525	5215
Disability periodic payments	42	2547		100	2647	304
Surrender or partial surrender	43	99	1110		1209	1877
Annuity payments	44					
Lump sums on maturity	45	53	642		695	95
Total	46	5116	1845	115	7076	7491

Long-term insurance business: Analysis of expenses

Form 43

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

Total business / subfund **Total Long-Term Insurance Business**

Financial year ended **31st December 2008**

Units **£000**

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

Gross

Commission - acquisition	11	18987		481	19468	31701
Commission - other	12	898			898	
Management - acquisition	13					
Management - maintenance	14	915	189		1104	951
Management - other	15					
Total	16	20800	189	481	21470	32652

Reinsurance - external

Commission - acquisition	21					52
Commission - other	22	(198)			(198)	
Management - acquisition	23					
Management - maintenance	24					
Management - other	25					
Total	26	(198)			(198)	52

Reinsurance - intra-group

Commission - acquisition	31	12687		481	13168	3243
Commission - other	32	103			103	
Management - acquisition	33					
Management - maintenance	34	355			355	59
Management - other	35					
Total	36	13145		481	13626	3302

Net of reinsurance

Commission - acquisition	41	6300			6300	28406
Commission - other	42	993			993	
Management - acquisition	43					
Management - maintenance	44	560	189		749	892
Management - other	45					
Total	46	7853	189		8042	29298

Long-term insurance business: Linked funds balance sheet

Form 44

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

Total business

Financial year ended **31st December 2008**

Units **£000**

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

Directly held assets (excluding collective investment schemes)	11	251	238
Directly held assets in collective investment schemes of connected companies	12		
Directly held assets in other collective investment schemes	13	40705	63917
Total assets (excluding cross investment) (11+12+13)	14	40956	64155
Provision for tax on unrealised capital gains	15	(110)	(20)
Secured and unsecured loans	16		
Other liabilities	17	848	727
Total net assets (14-15-16-17)	18	40218	63448

Directly held linked assets

Value of directly held linked assets	21		
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Total

Value of directly held linked assets and units held (18+21)	31	40218	63448
Surplus units	32	75	455
Deficit units	33		
Net unit liability (31-32+33)	34	40143	62993

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

Form 45

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

Total business

Financial year ended **31st December 2008**

Units **£000**

	Financial year 1	Previous year 2
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Income

Value of total creation of units	11	2280	1000
Investment income attributable to the funds before deduction of tax	12	13	10
Increase (decrease) in the value of investments in the financial year	13	(24387)	(4066)
Other income	14	389	480
Total income	19	(21705)	(2576)

Expenditure

Value of total cancellation of units	21	995	80
Charges for management	22	530	646
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		
Total expenditure	29	1525	726

Increase (decrease) in funds in financial year (19-29)	39	(23230)	(3302)
Internal linked fund brought forward	49	63448	66750
Internal linked funds carried forward (39+49)	59	40218	63448

Long-term insurance business: Summary of new business

Form 46

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

Total business

Financial year ended **31st December 2008**

Units **£000**

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

Regular premium business	11				2251
Single premium business	12				122585
Total	13				124836

Amount of new regular premiums

Direct insurance business	21	16310		92	16402	512
External reinsurance	22					
Intra-group reinsurance	23					
Total	24	16310		92	16402	512

Amount of new single premiums

Direct insurance business	25	4840	3220	818	8878	36309
External reinsurance	26					
Intra-group reinsurance	27					
Total	28	4840	3220	818	8878	36309

Long-term insurance business: Analysis of new business**Form 47
(Sheet 1)**Name of insurer **Hamilton Life Assurance Company Ltd**

Total business

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

UK Life / Direct insurance business

Product code number 1	Product description 2	Regular premium business		Single premium business	
		Number of policyholders / scheme members 3	Amount of premiums 4	Number of policyholders / scheme members 5	Amount of premiums 6
325	Level term assurance		16090		
435	Miscellaneous non-profit		220		4840

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

Total business

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

UK Pension / Direct insurance business

Product code number	Product description	Regular premium business		Single premium business	
		Number of policyholders / scheme members	Amount of premiums	Number of policyholders / scheme members	Amount of premiums
1	2	3	4	5	6
745	DWP National Insurance rebates property linked				3220

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

Total business

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

Overseas / Direct insurance business

Product code number	Product description	Regular premium business		Single premium business	
		Number of policyholders / scheme members	Amount of premiums	Number of policyholders / scheme members	Amount of premiums
1	2	3	4	5	6
435	Miscellaneous non-profit		92		818

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

Form 48

Name of insurer **Hamilton Life Assurance Company Ltd**
 Financial year ended **31st December 2008**
 Category of assets **Total Long-Term Insurance Business Assets**
 Units **£000**

	Unadjusted assets	Economic exposure	Expected income from assets in column 2	Yield before adjustment	Return on assets in financial year
	1	2	3	4	5

Assets backing non-profit liabilities and non-profit capital requirements

Land and buildings	11				
Approved fixed interest securities	12				
Other fixed interest securities	13				
Variable interest securities	14	7172	7172	376	6.59
UK listed equity shares	15		75	2	2.86
Non-UK listed equity shares	16				
Unlisted equity shares	17				
Other assets	18	27991	27916	886	1.80
Total	19	35163	35163	1264	2.78

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

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

Overall return on with-profits assets

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

Long-term insurance business: Summary of mathematical reserves

Form 50

Name of insurer **Hamilton Life Assurance Company Ltd**
 Total business / subfund **Total Long-Term Insurance Business**
 Financial year ended **31st December 2008**
 Units **£000**

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

Form 51 - with-profits	11				
Form 51 - non-profit	12	23635	33	1545	25213
Form 52	13				
Form 53 - linked	14	869	38938	39807	62619
Form 53 - non-linked	15	262	73	335	374
Form 54 - linked	16				
Form 54 - non-linked	17				
Total	18	24766	39044	1545	65355

Reinsurance - external

Form 51 - with-profits	21				
Form 51 - non-profit	22	5461	33	5494	5967
Form 52	23				
Form 53 - linked	24				
Form 53 - non-linked	25				
Form 54 - linked	26				
Form 54 - non-linked	27				
Total	28	5461	33	5494	5967

Reinsurance - intra-group

Form 51 - with-profits	31				
Form 51 - non-profit	32	7709		528	8237
Form 52	33				
Form 53 - linked	34				
Form 53 - non-linked	35				
Form 54 - linked	36				
Form 54 - non-linked	37				
Total	38	7709		528	8237

Net of reinsurance

Form 51 - with-profits	41				
Form 51 - non-profit	42	10465		1017	11482
Form 52	43				
Form 53 - linked	44	869	38938	39807	62619
Form 53 - non-linked	45	262	73	335	374
Form 54 - linked	46				
Form 54 - non-linked	47				
Total	48	11596	39011	1017	51624

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

**Form 51
(Sheet 1)**

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

Total business / subfund **Total Long-Term Insurance Business**

Financial year ended **31st December 2008**

Units **£000**

UK Life / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
325	Level term assurance	4196	658455	16222	n/a	n/a	n/a	6947
330	Decreasing term assurance	1371	80033	309	n/a	n/a	n/a	866
340	Accelerated critical illness (guaranteed premiums)	607	40927	208	n/a	n/a	n/a	1695
350	Stand-alone critical illness (guaranteed premiums)	10221	243757	431	n/a	n/a	n/a	1457
355	Stand-alone critical illness (reviewable premiums)	858	4671	37	n/a	n/a	n/a	155
360	Income protection non-profit (guaranteed premiums)		7142		n/a	n/a	n/a	68
435	Miscellaneous non-profit	8	430028	5062	n/a	n/a	n/a	12447

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

**Form 51
(Sheet 2)**

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

Total business / subfund **Total Long-Term Insurance Business**

Financial year ended **31st December 2008**

Units **£000**

UK Life / Reinsurance ceded external

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
325	Level term assurance		60862	132	n/a	n/a	n/a	1233
330	Decreasing term assurance		80033	309	n/a	n/a	n/a	866
340	Accelerated critical illness (guaranteed premiums)		40927	208	n/a	n/a	n/a	1695
350	Stand-alone critical illness (guaranteed premiums)		243757	431	n/a	n/a	n/a	1457
355	Stand-alone critical illness (reviewable premiums)		4671	37	n/a	n/a	n/a	155
435	Miscellaneous non-profit		329	2	n/a	n/a	n/a	55

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

**Form 51
(Sheet 3)**

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

Total business / subfund **Total Long-Term Insurance Business**

Financial year ended **31st December 2008**

Units **£000**

UK Life / Reinsurance ceded intra-group

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
325	Level term assurance		584201	16090	n/a	n/a	n/a	4870
435	Miscellaneous non-profit		116330	5060	n/a	n/a	n/a	2839

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

**Form 51
(Sheet 4)**

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

Total business / subfund **Total Long-Term Insurance Business**

Financial year ended **31st December 2008**

Units **£000**

UK Pension / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
325	Level term assurance	38	417		n/a	n/a	n/a	33

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

**Form 51
(Sheet 5)**

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

Total business / subfund **Total Long-Term Insurance Business**

Financial year ended **31st December 2008**

Units **£000**

UK Pension / Reinsurance ceded external

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
325	Level term assurance		417		n/a	n/a	n/a	33

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

**Form 51
(Sheet 6)**

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

Total business / subfund **Total Long-Term Insurance Business**

Financial year ended **31st December 2008**

Units **£000**

Overseas / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
435	Miscellaneous non-profit		64217	910	n/a	n/a	n/a	1545

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

**Form 51
(Sheet 7)**

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

Total business / subfund **Total Long-Term Insurance Business**

Financial year ended **31st December 2008**

Units **£000**

Overseas / Reinsurance ceded intra-group

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
435	Miscellaneous non-profit		20088	910	n/a	n/a	n/a	528

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

**Form 53
(Sheet 2)**

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

Total business / subfund **Total Long-Term Insurance Business**

Financial year ended **31st December 2008**

Units **£000**

UK Pension / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
725	Individual pensions property linked	42	278	3	278	278	20	298
745	DWP National Insurance rebates property linked	5175	38660		38660	38660	53	38713

Long-term insurance business: Unit prices for internal linked funds**Form 55**Name of insurer **Hamilton Life Assurance Company Ltd**

Total business

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

Fund name 1	Type of fund 2	Net assets 3	Main series 4	Unit mgmt charge 5	Price at previous valuation date 6	Price at current valuation date 7	Change in price during year 8
Hamilton Save & Prosper Life Fund	05 - life - UK equity	992		1.00	158.9398	108.7000	(31.61)
Hamilton Save & Prosper Pension Fund	15 - individual pension - UK equity	39226		1.00	221.8065	132.4000	(40.31)

Long-term insurance business - analysis of valuation interest rate**Form 57
(Sheet 1)**Name of insurer **Hamilton Life Assurance Company Ltd**Total business / subfund **Total Long-Term Insurance Business**Financial year ended **31st December 2008**Units **£000**

Product Group 1	Net mathematical reserves 2	Net valuation interest rate 3	Gross valuation interest rate 4	Risk adjusted yield on matching assets 5
UK Life NP Form 51 Additional Reserves	9553	2.75	2.75	2.95
UK Life NP Form 51 Assurances	844	2.75	2.75	2.95
UK Life NP Form 51 Critical Illness		2.75	2.75	2.95
UK Life NP Form 51 Income Protection	68	2.75	2.75	2.95
UK Life NP Form 53 Additional Reserves	55	2.75	2.75	2.95
UK Life NP Form 53 Assurances	207	2.75	2.75	2.95
UK Pension NP Form 51 Assurances		2.75	2.75	2.95
UK Pension NP Form 53 Deferred Annuity	73	2.75	2.75	2.95
Overseas NP Form 51 Additional Reserves	1017	2.75	2.75	2.95
TOTAL	11817	n/a	n/a	n/a

Long-term insurance business: distribution of surplus

Form 58

Name of insurer **Hamilton Life Assurance Company Ltd**
 Total business / subfund **Total Long-Term Insurance Business**
 Financial year ended **31st December 2008**
 Units **£000**

	Financial year 1	Previous year 2
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Valuation result

Fund carried forward	11	61502	99109
Bonus payments in anticipation of a surplus	12		
Transfer to non-technical account	13		
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	61502	99109
Mathematical reserves	21	51624	94792
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	9878	4317

Composition of surplus

Balance brought forward	31	4317	2485
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	5561	1832
Total	39	9878	4317

Distribution of surplus

Bonus paid in anticipation of a surplus	41		
Cash bonuses	42		
Reversionary bonuses	43		
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46		
Net transfer out of fund / part of fund	47		
Total distributed surplus (46+47)	48		
Surplus carried forward	49	9878	4317
Total (48+49)	59	9878	4317

Percentage of distributed surplus allocated to policyholders

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

Long-term insurance capital requirement

Form 60

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

Global business

Financial year ended **31st December 2008**

Units **£000**

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

Insurance death risk capital component

Life protection reinsurance	11	0.0%				
Classes I (other), II and IX	12	0.1%	626120	13201	0.50	313
Classes I (other), II and IX	13	0.15%	245227	164690		184
Classes I (other), II and IX	14	0.3%	379198	181586		569
Classes III, VII and VIII	15	0.3%	1393	1393	1.00	4
Total	16		1251938	360870		1070

Insurance health risk and life protection reinsurance capital component

Class IV, supplementary classes 1 and 2 and life protection reinsurance	21					1887
						3284

Insurance expense risk capital component

Life protection and permanent health reinsurance	31	0%				
Classes I (other), II and IX	32	1%	18269	7213	0.85	155
Classes III, VII and VIII (investment risk)	33	1%	335	335	1.00	3
Classes III, VII and VIII (expenses fixed 5 yrs +)	34	1%				
Classes III, VII and VIII (other)	35	25%				49
Class IV (other)	36	1%	6943	4269	0.85	59
Class V	37	1%				
Class VI	38	1%				
Total	39					266

Insurance market risk capital component

Life protection and permanent health reinsurance	41	0%				
Classes I (other), II and IX	42	3%	18269	7213	0.85	466
Classes III, VII and VIII (investment risk)	43	3%	335	335	1.00	10
Classes III, VII and VIII (expenses fixed 5 yrs +)	44	0%				
Classes III, VII and VIII (other)	45	0%	39807	39807		
Class IV (other)	46	3%	6943	4269	0.85	177
Class V	47	0%				
Class VI	48	3%				
Total	49		65354	51624		653

Long term insurance capital requirement	51					3876
						5917

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

Global business

Financial year ended **31st December 2008****Code****0301 Reconciliation of net admissible assets to total capital resources after deductions**

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

0313 Reconciliation of profit and loss account and other reserves

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

1304 Statement of amounts set off**1310**

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

1305 Counterparty limits during the year**1319**

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

Deposits

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

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

Equities

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

Fixed

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

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

Global business

Financial year ended **31st December 2008****Code****1306 Counterparty exposure at the year end****1312**

In four cases the firm's exposure to any one counterparty at the end of the financial year did exceed 5% of the sum of the insurer's base capital resources requirement and its long-term insurance liabilities, excluding property linked liabilities and net of reinsurance ceded.

	Asset Type	Category 1	Category 10	Total
BCO BILBAO VIZCAYA	Deposit	4,026	1,006	5,032
LLOYDS TSB GROUP	Deposit	2,007	2,007	4,014
ROYAL BANK OF SCOTLAND	Deposit	2,516	1,511	4,027
PILLAR FUNDING PLC	Variable interest security	1,765	1,471	3,236

The Pillar Funding Plc asset has been restricted down to 5% on Form 13.

The other three are all approved counterparties and do not breach counterparty limits.

1318 Other asset adjustments

	Category 10
	£'000
Gross up of policyholder tax debtor	(476)
Other asset adjustments included in Form 13 line 101	<u>(476)</u>

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

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

1402 Contingent liabilities, etc**1502**

There are no charges over any assets of the Company.

There are no potential capital gains tax liabilities.

There are no contingent liabilities.

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

There are no other fundamental uncertainties.

1405 Other adjustment to Liabilities

Gross up of policyholder tax debtor	£'000
	(476)
Other adjustments to liabilities included in Form 14 line 74	<u>(476)</u>

1601 Basis of conversion of foreign currency**4005**

Assets and liabilities in currencies other than sterling have been translated into sterling at rates of exchange ruling at 31 December 2008. Revenue transactions of those operations, which are traded in currencies other than sterling, are translated at average rates of exchange for the financial year.

1700 Form omitted

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

4002 Other income and expenditure

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

Global business

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

Line 15 has been used to recognise charges received from the unit linked policyholders.

4008 Provision of management services

Under a management agreement Norwich Union Life Services Limited supplies and makes a charge for the provision of management services to the Company.

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

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

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

4009 Related party transactions

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

1)	Connected Party	Norwich Union Life & Pensions Limited
	Nature of relationship	Fellow group undertaking
	Nature of transactions during the period	Reinsurance ceded £'000
	Value of transactions during the period	Premiums 19,785
		Claims 604
		Commission 13,235
		Expenses 357
	Amounts unpaid at the end of the period	£7,104 owed to Norwich Union Life & Pensions Limited
	Amounts written off in the period	£nil

4401 Basis of valuation in internal linked funds

Investments are stated at current value, listed investments are stated at Bid market value.

4502 Other income and expenditure

Other Income comprises the following balances:

	2008
	£'000
Management Fee Rebates	<u>389</u>

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

Business Type	Product Code	Scheme Count
UKL	325	15
UKL	435	14
OS	435	2

4702 Apportionment between product codes

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

Global business

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

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

4900 Form Omitted

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

5101 The number of group schemes for which there is no record of benefits at member level are shown in the table below

Business Type	Product Code	Scheme Count
UKL	325	15
UKL	360	1
UKL	435	14
OS	435	2

5103 Business classified under the miscellaneous product code where the 1% threshold is exceeded is as follows

Business Type	Product Code	Description of Product	Reserve (£000)
UKL GR	435	Personal loan insurance (including Marbles Loan)	10,236
UKL GR	435	Sterling and Endeavour	2,156
OS GR	435	Personal loan insurance (Eire)	1,545

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Hamilton Life Assurance Company Limited**
Global business
Financial year ended **31 December 2008**

1. Introduction

- (1) The **valuation date** is 31 December 2008.
- (2) The previous valuation was completed with an effective date of 31 December 2007.
- (3) There have been no interim valuations (for the purposes of rule 9.4) carried out since the previous valuation date.

2. Product Range

Creditor single premium insurance was withdrawn from sale in July 2008. There have been no other significant product changes during the financial year.

3. Discretionary charges and benefits

- (1) There are no accumulating with-profits products where an option to apply a market value reduction (or equivalent) exists
- (2) There have been no changes to premiums on reviewable non-linked protection policies during the financial year.
- (3) There are no non-profit deposit administration benefits.
- (4) A monthly administration charge on linked policies is levied by cancelling units at the bid price. At the valuation date the level of the administration charge was £2.43 per month for a premium paying contract and £1.93 per month for a paid-up policy. These monthly administration charges have not changed during the financial year.
- (5) There have been no changes to benefit charges on linked policies during the financial year.
- (6) There have been no changes to unit management charges and there are no accumulating with-profit policies.
- (7) **Allocation and creation of units**

For the Hamilton Save & Prosper Life Fund and the Hamilton Save & Prosper Pension Fund, the unit trust investments of each fund are valued on either a creation or a cancellation basis. The valuation basis depends on the Company's view as to whether units in the internal linked funds are likely to be created or cancelled in the future. At the valuation date, unit trust investments of the Hamilton Save & Prosper Life Fund were valued on a cancellation price basis, whereas the unit trust investments of the Hamilton Save & Prosper Pension Fund were valued on a creation price basis.

Units are allocated to contracts at the published offer price and cancelled from policies at the published bid price. The funds are valued daily, and units are allocated or cancelled at the price calculated immediately following the receipt of the contribution or instruction to cancel.

The derivation of the published prices from the net asset valuation of the fund depends on whether the funds are valued on an 'offer' basis or a 'bid' basis.

At the valuation date the Hamilton Save & Prosper Life Fund was valued on a 'bid' basis. On this basis, the bid price is determined by rounding down the net asset value unit price to the lowest 0.1p such that the difference between this bid price and the net asset value unit price does not exceed the lower of 1.0p and 1.0% of the net asset value unit price. The offer price is the bid price divided by 0.95 and rounded up to the next 0.1p

At the valuation date Hamilton Save & Prosper Pension Fund was valued on an 'offer' basis. On this basis, the published offer price is determined from an unrounded offer price, which is defined as the net asset value unit price divided by 0.95. The published offer price is the unrounded offer price increased to the highest 0.1p such that the increase does not exceed the lower of 1.0p and 1.0% of the unrounded offer price. The bid price is the offer price multiplied by 0.95 and rounded down to the next 0.1p

At no time during the financial year did different pricing bases apply to different policies.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Hamilton Life Assurance Company Limited**
Global business
Financial year ended **31 December 2008**

The collective investment scheme assets held in the internal linked funds are priced on a forward pricing basis such that all transactions in the investment scheme occur at the next published daily price. The published price is then used to derive the internal linked fund price that applies to policy transactions in the fund on the following day.

- (8) When a capital gain is realised on the sale of an asset in the Hamilton Save and Prosper Life Fund, and this gain cannot be offset by past capital losses, then the capital gains tax due would be retained in the fund until the end of the year.

This applies in respect of tax on notional realisations under the Taxes act as well as tax on realised capital gains.

Tax is charged to the fund at 20%. Credit on losses is given at the same 20% tax rate.

- (9) For the Hamilton Save & Prosper Life Fund, tax on realised capital gains is charged to the fund at the rate of 20% of the realised chargeable gain. Credit is given on realised capital losses at the same 20% tax rate. Transfers out of or into the fund are made at the end of each year.
- (10) Where permitted scheme interests are held by an internal linked fund, the units are bought and sold for the fund at the creation price or the cancellation price of the units depending on whether the units are being priced on an offer or bid price basis respectively. Any rebate of annual management charge on such units is credited to the internal linked funds.

4. Valuation basis (other than for special reserves)

- (1) Reserves have been calculated on an individual policy basis.

In light of the company's tax position, all business has been valued gross of tax on an I-E basis.

Non-linked Business

Reserves for Creditor insurance business written prior to the acquisition by NU Holdings have been calculated based on audited reserves at 31st October 2007, prudently adjusted for cashflows arising since acquisition. For business written since 1st November 2007, a similar method has been applied, allowing for written premiums less refunds and paid claims.

An additional commission reserve is held in respect of future payments under profit share arrangements.

A reserve is held for credit risk in respect of distribution arrangements, as described in section 8 below.

For the other classes of non-linked business, a prospective gross premium method of valuation has been adopted, with a minimum reserve set as the surrender value calculated on the company's current surrender value basis. An additional reserve has been established to meet the costs of providing renewability options (where applicable).

Linked Business

For unit-linked contracts investing in the Hamilton Save & Prosper internal linked funds the reserve held is the value of units allocated to contracts at the valuation date, together with a sterling reserve for future expenses and a reserve for capital gains tax on chargeable gains. The sterling reserve is calculated by projecting forward the future income and outgo on a policy by policy basis and discounting back in a manner which ensures that the reserves are sufficient without recourse to additional capital.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Hamilton Life Assurance Company Limited**
 Global business
 Financial year ended **31 December 2008**

(2) Valuation interest rates:

The valuation interest rate used for all products as at the valuation date was 2.75% per annum. This has been reduced from 3.75% per annum at the previous valuation.

(3) Adjustment to yield for credit risk

The risk adjusted yield in Form 57 has been determined after making the following allowances for risk, in accordance with INSPRU 3.1.41R

For Certificates of Deposit, Floating Rate Notes and cash deposits, this adjustment took account of:

- a) the security of the counterparty institution
- b) the outstanding duration of the asset.

There are no equity shares or property assets used to match the liabilities shown in Form 57.

The yield on all assets is further reduced by 2.5% to allow for risk, as required by INSPRU 3.1.28R

(4) Mortality assumptions

The mortality bases used at the end of the financial year and at the end of the previous financial year were as follows:

Mortality basis tables

Product Group	31 December 2008	31 December 2007
Mortgage Assurance & Critical Illness	TM92	TM92
Personal Loan	N/A	N/A
Marbles Loan	N/A	N/A
Sterling and Endeavour	N/A	N/A
Linked - non smoker	76.5% A67/70 Select	76.5% A67/70 Select
Linked - smoker	102% A67/70 Select	102% A67/70 Select

(5) Morbidity assumptions:

Product Group	31 December 2008	31 December 2007
Critical Illness Cover	Modified 74.5% CIBT93 incl. Alzheimers	Modified 74.5% CIBT93 incl. Alzheimers
Mortgage Assurance & Critical Illness	Modified 74.5% CIBT93	Modified 74.5% CIBT93
Personal Loan - inception	N/A	N/A
Personal Loan - recovery	N/A	N/A
Marbles Loan - inception	N/A	N/A
Marbles Loan - recovery	N/A	N/A
Sterling & Endeavour - inception	N/A	N/A
Sterling & Endeavour - recovery	N/A	N/A

The underlying morbidity tables used in valuing the critical illness contracts were published by the Staple Inn Actuarial Society in its paper titled "A Critical Review: Report of the Critical Illness Healthcare Study Group" presented in March 2000. The base tables were converted to unisex rates and then adjusted to take into account the Company's recent morbidity experience. Specimen rates are shown below.

Valuation report – IPRU (INS) Appendix 9.4Name of insurer **Hamilton Life Assurance Company Limited**

Global business

Financial year ended **31 December 2008**

Age	Modified 74.5% CIBT incl. Alzheimers	Modified 74.5% CIBT
25	0.0005	0.0004
35	0.0012	0.0011
45	0.0035	0.0033
55	0.0093	0.0090

- (6) The expense bases are shown in the table below. The per policy expense figures are shown gross, with no tax relief assumed.

Product Group	31 December 2008	31 December 2007
	Expenses (£)	Expenses (£)
Term Assurance	7.35	7.13
Critical Illness	7.35	7.13
UL Bond	36.96	36.96
UL Savings Endowment	36.96	36.96
UL Target Cash Endowment	36.96	36.96
UL Regular Premium Pension	36.96	36.96

- (7) The unit growth rates before management charges and the inflation rates are shown in the table below:

Product Group	31 December 2008	31 December 2007
Inflation rates		
-Expense inflation rate	2.90% p.a.	4.75% p.a.
-Linked administration charge increase rate	1.90% p.a.	3.25% p.a.
Unit growth (before AMC)		
Capital gains	4% p.a.	4% p.a.
Investment Income	2% p.a.	2% p.a.

- (8) There are no with-profit or unitised with-profit contracts.
- (9) No lapses, surrenders, paid up rates or transfers are assumed in determining the reserves.
- (10) There are no other material basis assumptions which are not stated elsewhere
- (11) There were no derivative contracts (or contracts or assets having the effect of derivative contracts) held at the valuation date
- (12) There has been no impact on the mathematical reserves due to the voluntary change in the INSPRU valuation rules effective from 31 December 2006.

5. Options and Guarantees

- (1) There are no contracts with guaranteed annuity rate options
- (2) There are no contracts with guaranteed surrender or unit linked maturity values
- (3) a) A reserve is held to cover the option to renew without medical evidence under Critical Illness Cover contracts. This was calculated by applying excess mortality factors produced by the Institute of Actuaries AIDS Working Party on the assumption that upon maturity 50% of contracts renew for a period of five years. At the end of a further five years 50% are assumed to renew for a second five years. At the end of this period 50% are assumed to renew for a third five years. Future renewal premiums were left out of account. The factors used were one third of Basis R6A of Bulletin Number 5 of the AIDS Working Party (reduced by 80% for female lives) discounted with 2.75% interest.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Hamilton Life Assurance Company Limited**
Global business
Financial year ended **31 December 2008**

b) All contracts containing a renewal option total less than £1 billion sum assured

(4) There are no other guarantees and options not mentioned above.

6. Expense reserves

(1) The aggregate amount of allowances during 2009 arising from explicit reserves is £333,000. This arises from

- The expenses arising on property linked contracts valued explicitly
- The explicit annual maintenance expense charge for conventional business valued on a gross premium basis

(2) No implicit allowances have been calculated

(3) The allowance for maintenance expenses shown in 6 (1) above are significantly lower than those shown in Line 14 of Form 43 reasons for this are

- Reducing volumes of creditor business leading to reduced maintenance expenses
- Maintenance expenses in respect of in force creditor contracts incurred in NUI are recharged to Hamilton Life as 1.88% of written premium. As this is met from future premiums no reserve is held for these expenses.
- Set-up costs incurred in 2008 following a data migration to Direct Group

(4) The only product open to new business is creditor, this business is 100% reinsured to Norwich Union Life and Pensions Limited. The reinsurance treaty is written such that all profits/losses arise in Norwich Union Life and Pension Limited, so a new business expense overrun reserve is not required.

(5) No additional expense reserve is required in respect of maintenance expense overrun due to the nature of the reinsurance treaties and profit commission arrangements in place which mean no risk is retained within Hamilton Life.

The above takes into account any anticipated costs of terminating management agreements and costs of redundancy if the company were to close to new business 12 months after the valuation date.

(6) No expenses have been treated as non-attributable.

7. Mismatching Reserves

(1) Apart from £1.5 million of Euro-denominated reserves, all of the mathematical reserves of Hamilton Life are held to support liabilities payable in Pounds Sterling. The fund holds sufficient Sterling assets to match all these liabilities. There are no Euro-denominated assets held to match the small volume of Euro-denominated liabilities.

(2) There are no liabilities in non-sterling currencies other than those described in 7(1) above.

(3) The mathematical reserve held for currency mismatching is calculated as 20% of the underlying reserve. The amount of this reserve is £291,000.

(4) The market risk scenarios applied to the long term insurance assets invested in the UK for the purpose of calculating the resilience capital requirement in INSPRU 3.1.10R are those set out in INSPRU 3.1.16R. The most onerous scenario was that which assumed a fall in the market value of equities and a rise in yields on all fixed interest securities by a percentage point amount equal to 20% to the long-term gilt yield at the valuation date.

(5) No assets are invested outside the UK for the purposes of calculating the resilience capital requirement in INSPRU 3.1.10R

(6)

a) The amount of resilience capital requirement is £34,000 determined in accordance with INSPRU 3.1.10R

b) The change in the aggregate amount of the long-term Insurance liabilities in the market risk scenario described under 7(4) is an increase of £21,000.

Valuation report – IPRU (INS) Appendix 9.4Name of insurer **Hamilton Life Assurance Company Limited**

Global business

Financial year ended **31 December 2008**

c) The aggregate amount by which the assets allocated to match such liabilities in the market risk scenario described under 7(4) have changed in value from the amount of those assets shown in Form 13 is a decrease of £13,000

- (7) The fund holds significant volumes of liquid assets (e.g. cash, certificates of deposit) mitigating the risk that the fund may have to sell assets at an unfavourable time. No further reserve has been deemed necessary as a result of the test on assets and liabilities in INSPRU 1.1.34R(2)

8. Other special reserves**Credit Risk Reserve**

The unearned premium reserve in respect of Creditor insurance business is reduced in line with INSPRU 1.2.54B G by the amount of commission that would be clawed back from the distributor in the event of policyholder surrender. A reserve for credit risk is established to allow for the risk of distributor default. The reserve is calculated by applying default probabilities based on the S&P credit rating of the distributor to commission amount expected to be paid back to the policyholder on surrender.

9. Reinsurance

- (1) No reinsurance has been ceded on a facultative basis to a reinsurer not authorised to carry on insurance business in the United Kingdom at any time during the report period.
- (2) Reassurance details are provided in the table below. The third and fourth columns marked A and C indicate, respectively, whether the reinsurer is authorised to carry out insurance business in the United Kingdom, and whether the reinsurer is connected to the company.

Name of Reinsurer	Nature of Cover	A	C	Class of Business	Reinsurance Premiums £000's	31/12/08 Reserve £000's	Open/ Closed to NB	% Retained for new business
HSBC Reinsurance Ltd	Quota Share	Yes	No	Term Assurance, Mortgage Protection and CI	-155	5,494	Closed	
Norwich Union Life and Pensions Limited	Quota Share	Yes	Yes	Creditor	19,786	8,237	Open	0%

No reinsurance treaty has been ceded that is a 'financing arrangement'.

There are no material contingencies, such as credit risk or legal risk, to which any of these treaties are subject.

There are no deposit back arrangements in any of these treaties

10. Reversionary (or annual bonus)

There are no with-profits policies; shareholders are entitled to all profits.

Returns under the accounts and Statements Rules

Statement on derivatives required by IPRU (INS) 9.29

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

Global business

Financial year ended **31st December 2008**

Derivatives

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

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

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

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

Returns under the Accounts and Statements Rules

Statement on controllers required by IPRU (INS) 9.30

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

Global business

Financial year ended **31st December 2008**

100% of the issued Share Capital of the Company is held by Norwich Union Life Holdings Limited.

100% of the issued Share Capital of Norwich Union Life Holdings Limited is held by Aviva Group Holdings Limited.

100% of the issued Share Capital of Aviva Group Holdings Limited is held by the Ultimate Parent Undertaking, Aviva plc.

All shares are voting shares.

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

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

Global business

Financial year ended **31st December 2008**

We certify that:

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

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

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

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

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

27 March 2009

Returns under the Accounts and Statements Rules

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

Name of insurer **Hamilton Life Assurance Company Limited**
Global Business
Financial year ended **31st December 2008**

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

- Forms 2, 3, 13 to 16, 40 to 45, 48, 58 and 60 (including the supplementary notes) ("the Forms");
- the statement 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 the following:

- a) Forms 46, 47, 50, 51, 53, 55 and 57 (including the supplementary notes);
- b) the statement required by rule 9.30; and
- c) the certificate signed in accordance with rule 9.34(1).

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

Respective responsibilities of the insurer and its auditors

The insurer is responsible for the preparation of an annual return (including the Forms, the statement and the valuation report) under the provisions of the Rules. Under IPRU(INS) rule 9.11 the Forms, the statement and the valuation report are required to be prepared in the manner specified by the Rules and to state fairly the information provided on the basis required by the Rules. The methods and assumptions determined by the insurer and used to perform the actuarial investigation as set out in the valuation report prepared in accordance with IPRU(INS) rule 9.31(a) are required to reflect appropriately the requirements of INSPRU 1.2.

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

Basis of opinion

We conducted our work in accordance with Practice Note 20 "The audit of insurers in the United Kingdom (revised)" issued by the Auditing Practices Board. Our work included examination, on a test basis, of evidence relevant to the amounts and disclosures in the Forms, the statement and the valuation 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 31 March 2009. It also included an assessment of the significant estimates and judgements made by the insurer in the preparation of the Forms, the statement and the valuation report.

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

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

Returns under the Accounts and Statements Rules

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

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

Global Business

Financial year ended **31st December 2008**

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 IPRU(INS) rule 9.31(a) appropriately reflect the requirements of INSPRU 1.2.

Ernst & Young LLP
Registered Auditor
London
31 March 2009