

Rothesay Assurance Limited

Annual PRA Insurance Returns for the year ended

31 December 2014

IPRU(INS) Appendices 9.1, 9.3, 9.4, 9.6

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Statement of solvency - long-term insurance businessName of insurer **Rothesay Assurance Limited**

Global business

Financial year ended **31 December 2014**

Solo solvency calculation

Company registration number	GL/UK/CM	day	month	year	Units	
R2	6054422	GL	31	12	2014	£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	199359	144270
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	12	394204	248692
Capital resources available to cover long-term insurance business capital resources requirement (11+12)	13	593563	392962

Guarantee fund

Guarantee fund requirement	21	36157	34353
Excess (deficiency) of available capital resources to cover guarantee fund requirement	22	557406	358609

Minimum capital requirement (MCR)

Long-term insurance capital requirement	31	108470	103059
Resilience capital requirement	32	1134	10251
Base capital resources requirement	33	2902	3146
Individual minimum capital requirement	34	109604	113310
Capital requirements of regulated related undertakings	35		
Minimum capital requirement (34+35)	36	109604	113310
Excess (deficiency) of available capital resources to cover 50% of MCR	37	538761	336307
Excess (deficiency) of available capital resources to cover 75% of MCR	38	511360	307979

Enhanced capital requirement

With-profits insurance capital component	39		
Enhanced capital requirement	40	109604	113310

Capital resources requirement (CRR)

Capital resources requirement (greater of 36 and 40)	41	109604	113310
Excess (deficiency) of available capital resources to cover long-term insurance business CRR (13-41)	42	483959	279652

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

Name of insurer **Rothesay Assurance Limited**

Global business

Financial year ended **31 December 2014**

	Company registration number	GL/UK/CM	day	month	year	Units	
	R3	6054422	GL	31	12	2014	£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		412080	412080	412080
Profit and loss account and other reserves	12		184041	184041	(13527)
Share premium account	13				
Positive valuation differences	14				909
Fund for future appropriations	15				
Core tier one capital in related undertakings	16				
Core tier one capital (sum of 11 to 16)	19		596121	596121	399462

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		596121	596121	399462
Investments in own shares	32				
Intangible assets	33				
Amounts deducted from technical provisions for discounting	34				
Other negative valuation differences	35		2558	2558	6500
Deductions in related undertakings	36				
Deductions from tier one (32 to 36)	37		2558	2558	6500
Total tier one capital after deductions (31-37)	39		593563	593563	392962

Components of capital resources

Name of insurer **Rothesay Assurance Limited**

Global business

Financial year ended **31 December 2014**

	Company registration number	GL/UK/CM	day	month	year	Units	
	R3	6054422	GL	31	12	2014	£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

Name of insurer **Rothesay Assurance Limited**

Global business

Financial year ended **31 December 2014**

	Company registration number	GL/UK/CM	day month year			Units	
	R3	6054422	GL	31	12	2014	£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		593563	593563	392962	
Inadmissible assets other than intangibles and own shares	73					
Assets in excess of market risk and counterparty limits	74					
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		593563	593563	392962	

Available capital resources for GENPRU/INSRU tests

Available capital resources for guarantee fund requirement	81		593563	593563	392962
Available capital resources for 50% MCR requirement	82		593563	593563	392962
Available capital resources for 75% MCR requirement	83		593563	593563	392962

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				

Analysis of admissible assets

Name of insurer **Rothesay Assurance Limited**

Global business

Financial year ended **31 December 2014**

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	6054422	GL	31	12	2014	£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	13989	4105
Rights under derivative contracts	44		7636
Fixed interest securities	Approved	45	
	Other	46	227015
Variable interest securities	Approved	47	
	Other	48	
Participation in investment pools	49		
Loans secured by mortgages	50		
Loans to public or local authorities and nationalised industries or undertakings	51		
Loans secured by policies of insurance issued by the company	52		
Other loans	53		
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	
	More than one month withdrawal	55	
Other financial investments	56		
Deposits with ceding undertakings	57		
Assets held to match linked liabilities	Index linked	58	
	Property linked	59	

Analysis of admissible assets

Name of insurer **Rothesay Assurance Limited**

Global business

Financial year ended **31 December 2014**

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	6054422	GL	31	12	2014	£000	1
					As at end of this financial year	As at end of the previous year	
					1	2	

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	380232	396
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81		5188
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84		4618
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	394221	248958
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Analysis of admissible assets

Name of insurer **Rothesay Assurance Limited**

Global business

Financial year ended **31 December 2014**

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	6054422	GL	31	12	2014	£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	394221	248958
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93		
Capital resources requirement deduction of regulated related undertakings	94		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	95		
Inadmissible assets of regulated related undertakings	96		
Book value of related ancillary services undertakings	97		
Other differences in the valuation of assets (other than for assets not valued above)	98		
Deferred acquisition costs excluded from line 89	99		
Reinsurers' share of technical provisions excluded from line 89	100		
Other asset adjustments (may be negative)	101		(396)
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	394221	248562
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

Name of insurer **Rothesay Assurance Limited**

Global business

Financial year ended **31 December 2014**

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

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	6054422	GL	31	12	2014	£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	21619	52777	
Rights under derivative contracts	44	136758	43498	
Fixed interest securities	Approved	45	447899	68848
	Other	46	132641	639394
Variable interest securities	Approved	47	365256	1640
	Other	48	67631	23013
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	70259	
	More than one month withdrawal	55		
Other financial investments	56			
Deposits with ceding undertakings	57			
Assets held to match linked liabilities	Index linked	58	2277367	1876185
	Property linked	59		

Analysis of admissible assets

Name of insurer **Rothesay Assurance Limited**

Global business

Financial year ended **31 December 2014**

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

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets
R13	6054422	31	12	2014	£000	10
					As at end of this financial year	As at end of the previous year
					1	2

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		200
	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	127425	1591
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	20081	47982
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	28753	63160
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86	6474	1861

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	3631904	2890408
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Analysis of admissible assets

Name of insurer **Rothesay Assurance Limited**

Global business

Financial year ended **31 December 2014**

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

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	6054422	GL	31	12	2014	£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	3631904	2890408
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93		
Capital resources requirement deduction of regulated related undertakings	94		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	95		
Inadmissible assets of regulated related undertakings	96		
Book value of related ancillary services undertakings	97		
Other differences in the valuation of assets (other than for assets not valued above)	98		
Deferred acquisition costs excluded from line 89	99		
Reinsurers' share of technical provisions excluded from line 89	100	54602	
Other asset adjustments (may be negative)	101	(325494)	
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	3361012	2890408
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

Name of insurer **Rothesay Assurance Limited**
Global business
Financial year ended **31 December 2014**
Total business/Sub fund **Long Term Insurance Fund**
Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Mathematical reserves, after distribution of surplus	11	2711752	2576484
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12		
Balance of surplus/(valuation deficit)	13	199359	144270
Long term insurance business fund carried forward (11 to 13)	14	2911111	2720754
Claims outstanding	Gross	15	
	Reinsurers' share	16	
	Net (15-16)	17	
Provisions	Taxation	21	
	Other risks and charges	22	
Deposits received from reinsurers	23		
Creditors	Direct insurance business	31	89
	Reinsurance accepted	32	
	Reinsurance ceded	33	
Debenture loans	Secured	34	
	Unsecured	35	
Amounts owed to credit institutions	36		
Creditors	Taxation	37	
	Other	38	718760
Accruals and deferred income	39	2033	2156
Provision for "reasonably foreseeable adverse variations"	41		
Total other insurance and non-insurance liabilities (17 to 41)	49	720793	169654
Excess of the value of net admissible assets	51		
Total liabilities and margins	59	3631904	2890408

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	144486	
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62		

Total liabilities (11+12+49)	71	3432545	2746138
Increase to liabilities - DAC related	72		
Reinsurers' share of technical provisions	73	54602	
Other adjustments to liabilities (may be negative)	74	(328053)	(5591)
Capital and reserves and fund for future appropriations	75	201918	149861
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	3361012	2890408

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

Global business

Financial year ended **31 December 2014**

	Company registration number	GL/ UK/ CM	day	month	year	Units	
	R15	6054422	GL	31	12	2014	£000
						As at end of this financial year 1	As at end of the previous year 2

Technical provisions (gross amount)

Provisions 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			
	Foreseeable dividend	48			
	Other	49		17	266
Accruals and deferred income		51			
Total (19 to 51)		59		17	266
Provision for "reasonably foreseeable adverse variations"		61			
Cumulative preference share capital		62			
Subordinated loan capital		63			
Total (59 to 63)		69		17	266

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			(396)
Capital and reserves		84		394204	248692
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		394221	248562

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

Global business

Financial year ended **31 December 2014**

		Company registration number	GL/ UK/ CM	day	month	year	Units	
		R16	6054422	GL	31	12	2014	£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			144000	250000	
Investment income	Income		14			30057	4652	
	Value re-adjustments on investments		15					
	Gains on the realisation of investments		16				46	
Investment charges	Investment management charges, including interest		17			107	127	
	Value re-adjustments on investments		18				5285	
	Loss on the realisation of investments		19			28025		
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				(990)	
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)			29			145925	248296	
Tax on profit or loss on ordinary activities			31			414	(396)	
Profit or loss on ordinary activities after tax (29-31)			39			145511	248692	
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			145511	248692	
Dividends (paid or foreseeable)			51					
Profit or loss retained for the financial year (49-51)			59			145511	248692	

Analysis of derivative contractsName of insurer **Rothesay Assurance Limited**

Global business

Financial year ended **31 December 2014**Category of assets **Total other than long term insurance business assets**

		Company registration number	GL/ UK/ CM	day month year			Units	Category of assets	
		R17	6054422	GL	31	12	2014	£000	1
Derivative contracts		Value as at the end of this financial year			Notional amount as at the end of this financial year				
		Assets 1	Liabilities 2	Bought / Long 3	Sold / Short 4				
Futures and contracts for differences	Fixed-interest securities	11							
	Interest rates	12							
	Inflation	13							
	Credit index / basket	14							
	Credit single name	15							
	Equity index	16							
	Equity stock	17							
	Land	18							
	Currencies	19							
	Mortality	20							
Other	21								
In the money options	Swaptions	31							
	Equity index calls	32							
	Equity stock calls	33							
	Equity index puts	34							
	Equity stock puts	35							
Other	36								
Out of the money options	Swaptions	41							
	Equity index calls	42							
	Equity stock calls	43							
	Equity index puts	44							
	Equity stock puts	45							
Other	46								
Total (11 to 46)		51							
Adjustment for variation margin		52							
Total (51 + 52)		53							

THE NOTIONAL AMOUNTS IN COLUMNS 3 AND 4 ARE NOT A MEASURE OF EXPOSURE.
Please see instructions 11 and 12 to this Form for the meaning of these figures.

Analysis of derivative contractsName of insurer **Rothesay Assurance Limited**

Global business

Financial year ended **31 December 2014**Category of assets **Total long term insurance business assets**

		Company registration number	GL/ UK/ CM	day month year			Units	Category of assets	
		R17	6054422	GL	31	12	2014	£000	10
Derivative contracts		Value as at the end of this financial year			Notional amount as at the end of this financial year				
		Assets 1	Liabilities 2	Bought / Long 3	Sold / Short 4				
Futures and contracts for differences	Fixed-interest securities	11							
	Interest rates	12	166205	150233	1134832	1406078			
	Inflation	13							
	Credit index / basket	14							
	Credit single name	15		2702		146797			
	Equity index	16							
	Equity stock	17							
	Land	18							
	Currencies	19	986	825		66665			
	Mortality	20							
Other	21								
In the money options	Swaptions	31							
	Equity index calls	32							
	Equity stock calls	33							
	Equity index puts	34							
	Equity stock puts	35							
Other	36								
Out of the money options	Swaptions	41							
	Equity index calls	42							
	Equity stock calls	43							
	Equity index puts	44							
	Equity stock puts	45							
Other	46								
Total (11 to 46)		51	167191	153760	1134832	1619540			
Adjustment for variation margin		52	(30433)	(24305)					
Total (51 + 52)		53	136758	129455					

THE NOTIONAL AMOUNTS IN COLUMNS 3 AND 4 ARE NOT A MEASURE OF EXPOSURE.
Please see instructions 11 and 12 to this Form for the meaning of these figures.

Long-term insurance business : Revenue account

Name of insurer **Rothesay Assurance Limited**
 Total business / subfund **Long Term Insurance Fund**
 Financial year ended **31 December 2014**
 Units **£000**

Financial year	Previous year
1	2

Income

Earned premiums	11	(42982)	58636
Investment income receivable before deduction of tax	12	371102	123428
Increase (decrease) in the value of non-linked assets brought into account	13	19750	21213
Increase (decrease) in the value of linked assets	14	103546	(130565)
Other income	15		100
Total income	19	451416	72812

Expenditure

Claims incurred	21	51530	103826
Expenses payable	22	11052	13556
Interest payable before the deduction of tax	23		
Taxation	24	54478	2850
Other expenditure	25		
Transfer to (from) non technical account	26	144000	250000
Total expenditure	29	261060	370232

Business transfers - in	31		
Business transfers - out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	190356	(297420)
Fund brought forward	49	2720754	3018174
Fund carried forward (39+49)	59	2911110	2720754

Long-term insurance business : Analysis of premiums

Name of insurer **Rothesay Assurance Limited**
 Total business / subfund **Long Term Insurance Fund**
 Financial year ended **31 December 2014**
 Units **£000**

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

Gross

Regular premiums	11					
Single premiums	12		(1713)	8100	6387	58636

Reinsurance - external

Regular premiums	13		47352	2017	49369	
Single premiums	14					

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16					

Net of reinsurance

Regular premiums	17		(47352)	(2017)	(49369)	
Single premiums	18		(1713)	8100	6387	58636

Total

Gross	19		(1713)	8100	6387	58636
Reinsurance	20		47352	2017	49369	
Net	21		(49065)	6083	(42982)	58636

Long-term insurance business : Analysis of claims

Name of insurer **Rothesay Assurance Limited**
 Total business / subfund **Long Term Insurance Fund**
 Financial year ended **31 December 2014**
 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		68	1	69	
Disability periodic payments	12					
Surrender or partial surrender	13		4623		4623	6883
Annuity payments	14		81836	6306	88142	87296
Lump sums on maturity	15		5275		5275	9647
Total	16		91802	6307	98109	103826

Reinsurance - external

Death or disability lump sums	21					
Disability periodic payments	22					
Surrender or partial surrender	23					
Annuity payments	24		46579		46579	
Lump sums on maturity	25					
Total	26		46579		46579	

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					
Total	36					

Net of reinsurance

Death or disability lump sums	41		68	1	69	
Disability periodic payments	42					
Surrender or partial surrender	43		4623		4623	6883
Annuity payments	44		35257	6306	41563	87296
Lump sums on maturity	45		5275		5275	9647
Total	46		45223	6307	51530	103826

Long-term insurance business : Analysis of expenses

Name of insurer **Rothesay Assurance Limited**
 Total business / subfund **Long Term Insurance Fund**
 Financial year ended **31 December 2014**
 Units **£000**

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

Gross

Commission - acquisition	11					
Commission - other	12					
Management - acquisition	13		285	15	300	5706
Management - maintenance	14		4792	259	5051	3478
Management - other	15		5408	293	5701	4372
Total	16		10485	567	11052	13556

Reinsurance - external

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

Reinsurance - intra-group

Commission - acquisition	31					
Commission - other	32					
Management - acquisition	33					
Management - maintenance	34					
Management - other	35					
Total	36					

Net of reinsurance

Commission - acquisition	41					
Commission - other	42					
Management - acquisition	43		285	15	300	5706
Management - maintenance	44		4792	259	5051	3478
Management - other	45		5408	293	5701	4372
Total	46		10485	567	11052	13556

Long-term insurance business : Summary of new business

Name of insurer **Rothesay Assurance Limited**
 Total business
 Financial year ended **31 December 2014**
 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				
Single premium business	12				372
Total	13				372

**Amount of new regular
 premiums**

Direct insurance business	21				
External reinsurance	22				
Intra-group reinsurance	23				
Total	24				

**Amount of new single
 premiums**

Direct insurance business	25				58636
External reinsurance	26				
Intra-group reinsurance	27				
Total	28				58636

Long-term insurance business : Analysis of new business

Name of insurer

Rothesay Assurance Limited

Total business

Financial year ended

31 December 2014

Units

£000

UK Pension / 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
390	Deferred annuity non-profit				
401	Annuity non-profit (bulk transfer)				
906	Index linked annuity (bulk transfer)				
907	Index linked deferred annuity				

Long-term insurance business : Analysis of new business

Name of insurer

Rothesay Assurance Limited

Total business

Financial year ended

31 December 2014

Units

£000

Overseas (Irish Republic) / 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
401	Annuity non-profit (bulk transfer)				
906	Index linked annuity (bulk transfer)				
907	Index linked deferred annuity				

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

Name of insurer **Rothesay Assurance Limited**
 Category of assets **10 Total long term insurance business assets**
 Financial year ended **31 December 2014**
 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	458653	458653	12965	2.83%	
Other fixed interest securities	13	147130	147130	5633	3.44%	
Variable interest securities	14	436344	436344	3679	3.11%	
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18	312410	312410	6758	2.16%	
Total	19	1354537	1354537	29036	3.12%	

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 : Fixed and variable interest assets

Name of insurer **Rothesay Assurance Limited**
 Category of assets **10 Total long term insurance business assets**
 Financial year ended **31 December 2014**
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK Government approved fixed interest securities	11	161357	18.93	2.77%	2.77%
Other approved fixed interest securities	21	297296	18.30	2.91%	2.72%
Other fixed interest securities					
AAA/Aaa	31	41336	14.29	2.84%	2.70%
AA/Aa	32	42361	22.55	3.31%	2.91%
A/A	33	59231	15.95	3.97%	3.45%
BBB/Baa	34	4201	11.92	3.58%	2.74%
BB/Ba	35				
B/B	36				
CCC/Caa	37				
Other (including unrated)	38				
Total other fixed interest securities	39	147129	16.84	3.44%	3.03%
Approved variable interest securities	41	366114	29.60	2.74%	2.74%
Other variable interest securities	51	70230	20.73	4.10%	3.32%
Total (11+21+39+41+51)	61	1042126	20.73	3.12%	2.88%

Long-term insurance business : Summary of mathematical reserves

Name of insurer **Rothesay Assurance Limited**Total business / subfund **Long Term Insurance Fund**Financial year ended **31 December 2014**Units **£000**

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

Gross

Form 51 - with-profits	11				
Form 51 - non-profit	12		296011	122879	418890
Form 52	13				
Form 53 - linked	14				
Form 53 - non-linked	15				
Form 54 - linked	16		2304751	18950	2323701
Form 54 - non-linked	17		23570	194	23764
Total	18		2624332	142023	2766355

Reinsurance - external

Form 51 - with-profits	21				
Form 51 - non-profit	22		6944	1325	8269
Form 52	23				
Form 53 - linked	24				
Form 53 - non-linked	25				
Form 54 - linked	26		46235	99	46334
Form 54 - non-linked	27				
Total	28		53179	1424	54603

Reinsurance - intra-group

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

Net of reinsurance

Form 51 - with-profits	41				
Form 51 - non-profit	42		289067	121554	410621
Form 52	43				
Form 53 - linked	44				
Form 53 - non-linked	45				
Form 54 - linked	46		2258516	18851	2277367
Form 54 - non-linked	47		23570	194	23764
Total	48		2571153	140599	2711752

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

Name of insurer **Rothesay Assurance Limited**
 Total business / subfund **Long Term Insurance Fund**
 Financial year ended **31 December 2014**
 Units **£000**
 UK Pension / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
390	Deferred annuity non-profit	974	579					18785
400	Annuity non-profit (CPA)	3633	18417					274229
440	Additional reserves non-profit OB							2723
440	Additional reserves non -profit OB Misc							274

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

Name of insurer **Rothesay Assurance Limited**
 Total business / subfund **Long Term Insurance Fund**
 Financial year ended **31 December 2014**
 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
390	Deferred annuity non-profit		314					375
400	Annuity non-profit (CPA)		14532	(38570)				6569

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

Name of insurer **Rothesay Assurance Limited**
 Total business / subfund **Long Term Insurance Fund**
 Financial year ended **31 December 2014**
 Units **£000**
 Overseas (Irish Republic) / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
390	Deferred annuity non-profit							
400	Annuity non-profit (CPA)	364	9266					121635
440	Additional reserves non-profit OB							1130
440	Additional reserves non -profit OB Misc							114

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

Name of insurer **Rothesay Assurance Limited**
 Total business / subfund **Long Term Insurance Fund**
 Financial year ended **31 December 2014**
 Units **£000**
 Overseas / Reinsurance ceded external

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
390	Deferred annuity non-profit							
400	Annuity non-profit (CPA)		2930	(7358)				1325

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

Name of insurer **Rothesay Assurance Limited**
 Total business / subfund **Long Term Insurance Fund**
 Financial year ended **31 December 2014**
 Units **£000**
 UK Pension / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
905	Index linked annuity	9096	63305		1313566	1313566		1313566
907	Index linked deferred annuity	5502	21232		991185	991185		991185
915	Additional reserves index linked - expenses provision						21417	21417
915	Additional reserves index linked - misc						2153	2153

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

Name of insurer **Rothesay Assurance Limited**
 Total business / subfund **Long Term Insurance Fund**
 Financial year ended **31 December 2014**
 Units **£000**
 UK Pension / Reinsurance ceded external

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
905	Index linked annuity(CPA)		49331	(2890)	26341	26341		26341
907	Index linked deferred annuity		8992		19894	19894		19894

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

Name of insurer **Rothesay Assurance Limited**
 Total business / subfund **Long Term Insurance Fund**
 Financial year ended **31 December 2014**
 Units **£000**
 Overseas (Irish Republic) / 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
905	Index linked annuity(CPA)	49	528		12443	12443		12443
907	Index linked deferred annuity	26	119		6507	6507		6507
915	Additional reserves index linked - expenses provision						176	176
915	Additional reserves index linked - misc						18	18

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

Name of insurer **Rothesay Assurance Limited**
 Total business / subfund **Long Term Insurance Fund**
 Financial year ended **31 December 2014**
 Units **£000**
 Overseas / 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
905	Index linked annuity(CPA)		186	(551)	99	99		99
907	Index linked deferred annuity - financial reinsurance							

Long-term insurance business : Index linked business

Name of insurer **Rothesay Assurance Limited**
 Total business
 Financial year ended **31 December 2014**
 Units **£000**

Value of assets 1	Mean Term 2
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Analysis of assets

Approved variable interest securities	11	504186	29.60
Other variable interest securities	12	304461	20.73
Approved fixed interest securities	13	763779	18.66
Other fixed interest securities	14	597317	16.84
Cash and deposits	15		
Equity index derivatives	16		
Inflation swaps	17	(25228)	
Other assets	18	132852	
Variation margin	19		
Total (11 to 19)	20	2277367	

Credit rating of other fixed interest and other variable interest securities

AAA/Aaa	31	265632	14.29
AA/Aa	32	173518	22.55
A/A	33	366079	17.53
BBB/Baa	34	96549	18.95
BB/Ba	35		
B/B	36		
CCC/Caa	37		
Other (including unrated)	38		
Total other fixed interest and other variable interest securities	39	901778	17.65

Long-term insurance business: Analysis of valuation interest rate

Name of insurer **Rothesay Assurance Limited**Total business **Long Term Insurance Fund**Financial year ended **31 December 2014**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
Form 51; Immediate & Deferred Annuities	286070	2.82%	2.82%	2.92%
Form 54; Index linked Immediate & Deferred annuities	(44711)	2.82%	2.82%	2.92%
Form 51 (Euro); Immediate & Deferred annuities	(5699)	2.82%	2.82%	2.92%
Form 54 (Euro); Index linked immediate & Deferred annuities	18	2.82%	2.82%	2.92%
Form 51: Additional reserve - Expense reserve	2723	2.82%	2.82%	2.92%
Form 51: Additional reserve - Expense reserve	21417	2.82%	2.82%	2.92%
Form 51: Additional reserve - Closure reserve	274	2.82%	2.82%	2.92%
Form 51: Additional reserve - Closure reserve	2153	2.82%	2.82%	2.92%
Total	262245			

Long-term insurance business : Distribution of surplus

Name of insurer **Rothesay Assurance Limited**
 Total business / subfund **Long Term Insurance Fund**
 Financial year ended **31 December 2014**
 Units **£000**

Financial year	Previous year
1	2

Valuation result

Fund carried forward	11	2911110	2720754
Bonus payments in anticipation of a surplus	12		
Transfer to non-technical account	13	144000	250000
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	3055110	2970754
Mathematical reserves	21	2711752	2576484
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	343358	394270

Composition of surplus

Balance brought forward	31	144270	382129
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	199089	12141
Total	39	343359	394270

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	144000	250000
Total distributed surplus (46+47)	48	144000	250000
Surplus carried forward	49	199359	144270
Total (48+49)	59	343359	394270

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 requirementName of insurer **Rothesay Assurance Limited**

Global business

Financial year ended **31 December 2014**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%					
Classes I (other), II and IX	13	0.15%					
Classes I (other), II and IX	14	0.3%					
Classes III, VII and VIII	15	0.3%					
Total	16						

Insurance health risk and life protection reinsurance capital component

Class IV supplementary classes 1 and 2 and life protection reinsurance	21						
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Insurance expense risk capital component

Life protection and permanent health reinsurance	31	0%					
Classes I (other), II and IX	32	1%	418889	410621	0.98	4106	6881
Classes III, VII and VIII (investment risk)	33	1%	2347465	2301131	0.98	23011	18884
Classes III, VII and VIII (expenses fixed 5 yrs +)	34	1%					
Classes III, VII and VIII (other)	35	25%					
Class IV (other)	36	1%					
Class V	37	1%					
Class VI	38	1%					
Total	39					27118	25765

Insurance market risk capital component

Life protection and permanent health reinsurance	41	0%					
Classes I (other), II and IX	42	3%	418889	410621	0.98	12319	20643
Classes III, VII and VIII (investment risk)	43	3%	2347465	2301131	0.98	69034	56652
Classes III, VII and VIII (expenses fixed 5 yrs +)	44	0%					
Classes III, VII and VIII (other)	45	0%					
Class IV (other)	46	3%					
Class V	47	0%					
Class VI	48	3%					
Total	49		2766354	2711752		81353	77295

Long term insurance capital requirement	51					108470	103059
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Form 2

0201 Waivers under Section 148, Financial Service and Markets Act 2000.

The PRA, on the application of the firm, made a direction under section 138 of the Financial Services and Markets Act 2000 in October 2013. The effect of the direction is to modify the provisions of INSPRU 3.1.35R and IPRU(INS) Appendix 9.3 so that a more appropriate rate of interest is used for assets taken in combination.

Form 3

0301 Reconciliation of net admissible assets to total capital resources.

	2014 £'000
Line 89 Form 13 (OLTF)	394,221
Line 89 Form 13 (LTF)	3,631,904
Line 11 Form 14	(2,711,752)
Line 49 Form 14	(720,793)
Line 69 Form 15	(17)
Net admissible assets	<u>593,563</u>
Line 63 Form 15	-
Line 79 Form 3	<u>593,563</u>

0310 Valuation differences.

As at 31st December 2013 the closure reserve, which is not required to be held for statutory purpose was included as a negative valuation difference in Line 35 on Form 3.

	2014 £'000
Closure reserve	(2,558)
Line 35 Form 3	<u>(2,558)</u>

0313 Reconciliation of profit and loss account and other reserves.

	2014 £'000	2013 £'000
Profit & loss account and reserves b/fwd	(13,527)	(25,000)
Profit & loss account and reserves c/fwd (Line 12 Form 3)	184,041	(13,527)
Movement	197,568	11,473
Movement in additional reserves held for PRA	3,032	(1,500)
Regulatory impact of deferred tax liability	-	860
Total Profit and Loss for the year	200,600	10,833
Surplus retained in Long Term Fund	(55,089)	237,859
Line 59 Form 16	145,511	248,692

Form 13

Note 1305 below applies to other than long term insurance business assets.

1305 Insurer's maximum counterparty limit.

The maximum counterparty limit for any one counterparty is limited to the counterparty limits as noted in the Prudential Sourcebook for Insurers. No counterparty exposure at the year end exceeded these limits.

1306 No counterparty exposure on the assets other than collective investment schemes at the year end exceeded 5% of the business amount.

Notes 1312 to 1319 below apply to the long term business fund.

1312 No counterparty exposure on the assets other than collective investment schemes at the year end exceeded 5% of the business amount.

1318 Other asset adjustments.

	2014 £'000
<i>Total long term business assets</i>	
Adjustment for variation margin on non-linked derivative liabilities (Form 17)	24,305
Adjustment for variation margin on non-linked derivative assets (Form 17)	30,433
Regulatory adjustments	(380,232)
Line 101 Form 13	(325,494)

1319 Insurer's maximum counterparty limit.

The maximum counterparty limit for any one counterparty is limited to the counterparty limits as noted in the Prudential Sourcebook for Insurers. No counterparty exposure at the year end exceeded these limits.

1321 Variation Margin

The amount included in line 78 includes variation margin.

Form 14

1401 Provision for reasonably foreseeable adverse variations.

The long term fund held a number of interest rate, credit default, currency and inflation-linked swaps during the year. These swaps involved the exchange of cash flows and not of the underlying principal amount. No provision for adverse change is required, as all derivatives that impose an obligation on the fund are covered.

1402 Liabilities.

(a) Increases in the value of assets do not incur tax. Consequently, no provision, potential or otherwise, has been made for any liability to tax which may arise if the company disposed of its assets at the values stated in this return.

(b) There were no contingent liabilities in Rothesay Assurance Limited during the year or at the year end.

(c) There were no guarantees, indemnities or other contractual commitments other than in the ordinary course of business, and in respect of related companies.

1405 Other liability adjustments

	2014 £'000
Adjustment for variation margin on non-linked derivative liabilities (Form 17)	24,305
Adjustment for variation margin on non-linked derivative assets (Line 74 Form 17)	30,433
Adjustment for closure reserve	(2,558)
Regulatory adjustments	(380,233)
Line 74 Form 14	<u>(328,053)</u>

Form 15

1501 Provision for reasonably foreseeable adverse variations.

The other than long term fund held a number of interest rate swaps during the year. These swaps involved the exchange of cash flows and not of the underlying principal amount. No provision for adverse change is required, as all derivatives that impose an obligation on the fund are covered. As at 31st December 2014 the other than long term fund no longer held any derivative positions.

1502 Liabilities.

- (a) There were no charges attributable to other than long term business assets.
- (b) There is no potential capital gains tax liability in the other than long term business fund.
- (c) There were no contingent liabilities during the year or at the year end.
- (d) There were no guarantees, indemnities or other contractual commitments other than in the ordinary course of business, and in respect of related companies.

Form 16

1601 Revenue account items are translated at rates ruling on the transaction date.

Form 17

1701 Treatment of the variation margin.

- (a) There is no excess variation margin which has been received.
- (b) The variation margin on assets of £30,433k has been allocated to line 44 on Form 13. The variation margin on liabilities of £24,305k has been allocated to line 38 on Form 14.

Form 40

4005 Revenue account items are translated at rates ruling on the transaction date.

4008 Management Services.

Prior to 15th May 2014 management services were provided to the company for day to date administration from MetLife Europe Services Limited, MetLife Investment Limited, Jardine Lloyd Thompson and US Subsidiaries of MetLife, Inc in the US. Following the acquisition by Rothesay Life Limited management services were provided to the Company for day to day administration by Rothesay Pensions Management Limited and Rothesay Life Limited.

4009 Material connected-party transactions

The company has executed a number of transactions with former group intercompanies including MetLife Investments Limited, MetLife Europe Services Limited and MetLife Inc. The Company incurred Management recharges of £6.9m during the year

Form 47

4702 Approximations to apportion business among product codes.

Amount of premiums:

Amount of premiums has been split between pensioners and deferred members. The amount of premium allocated to these sub-groups is apportioned as a percentage of gross mathematical reserves applicable to these sub-groups.

Form 49

4901 Credit Ratings

Management use external ratings (lowest of Standard & Poor's, Moody's and Fitch ratings).

Form 50

5012 For the year ending 31 December 2014, we have used the Group's methodology for categorising the liabilities between non-linked contracts shown on form 51 and index linked contracts shown on form 54. The Group's methodology for categorisation makes the determination at a scheme policy level.

Form 51

5104 Apportioning products between codes.

Code 440 – Additional reserves – expense provision:

This reserve was apportioned as a percentage of the non-linked reserves which make up the total gross mathematical reserve.

Form 54

5404 Apportioning products between codes.

Code 915 – Additional reserves – expense provision:

This reserve was apportioned as a percentage of the linked reserves which make up the total gross mathematical reserve.

Form 55

5500 Form 55 is omitted because we do not have internal linked funds.

Form 56

5601 Credit Ratings

Management use external ratings (lowest of Standard & Poor's, Moody's and Fitch ratings.)

5602 Variation margins.

Derivative positions are reflected net of variation margins in the return. However, on a statutory basis, the derivatives are reflected on a gross basis with the collateral shown separately.

Form 57

5702 Waiver

The PRA, on the application of the firm, made a direction under section 138 of the Financial Services and Market Act 2000 in October 2013. The effect of the direction is to modify the provisions of INSPRU 3.1.35R and IPRU(INS) Appendix 9.3 so that a more appropriate rate of interest is used for assets taken in combination.

ROTHESAY ASSURANCE LIMITED

For the year ended 31 December 2014

ADDITIONAL INFORMATION ON DERIVATIVE CONTRACTS

Statement required by Rule 9.29 of the Prudential Sourcebook for Insurers

(a) Investment guidelines

As requested by Rule 9.29 of the Interim Prudential Sourcebook for Insurers (IPRU(INS)), the investment guidelines for the use of derivative contracts for both long term and other than long term funds are set out below.

- (i) Derivatives are used for the purpose of efficient portfolio management or for the reduction of investment risk, specific examples being to hedge credit risk on corporate bonds, convert foreign currency receipts into sterling or manage duration and inflation risks.
- (ii) A number of restrictions on the use of derivatives have been set:
 - All derivatives that impose obligations on the fund must be strictly covered.
 - All derivative contracts must satisfy the definition of approved under INSPRU 3.2.5R.
 - All derivative positions such as interest rate swaps, inflation rate swaps and credit default swaps must be collateralised no less frequently than weekly.
- (iii) During the year the company has used interest rate, inflation-linked, credit default, and currency swaps in the long term business fund.

(b) Derivatives where exercise is unlikely

No provision was made in the investment guidelines to prohibit such contracts.

(c) Effect on Form 13 at 31 December 2013 of exercising derivatives where it would be prudent to assume options would be exercised

No material difference would be made to the figures in Form 13.

(d) Effect on Form 13 at 31 December 2013 of exercising all derivatives

The situation would not have been materially different.

ROTHESAY ASSURANCE LIMITED

For the year ended 31 December 2014

ADDITIONAL INFORMATION ON DERIVATIVE CONTRACTS

Statement required by Rule 9.29 of the Prudential Sourcebook for Insurers

(e) Effect on Form 13 under the conditions noted in (c) and (d) above at any other time during the year.

The situation would not have been materially different at any time during the financial year.

(f) Maximum Exposure

All derivative contracts are collateralised on a daily basis under industry standard (ISDA) documentation. There is therefore normally no material exposure to counterparties in respect of derivative contracts.

The maximum loss which could be incurred would be in the event of a large market movement at a time of failure of a counterparty requiring replacement of the derivative at an unfavourable time. In addition maximum loss could also be impacted by ongoing margin disputes.

The situation would not have been significantly different at any other time in the financial year.

(g) Derivatives not covered by the definition of an admissible derivative contract in the Prudential Sourcebook.

The company did not enter into any derivative or quasi-derivative contracts during the year which did not meet the conditions referred to under INSPRU 3.2.17R or the definition of a permitted derivative.

All derivative contracts held during 2013 were covered.

(h) Consideration for granting rights under derivative contracts

The insurer received no fixed consideration in the financial year for granting rights under derivative contracts.

ROTHESAY ASSURANCE LIMITED

For the period ended 31 December 2014

ADDITIONAL INFORMATION ON CONTROLLERS

Statement required by Rule 9.30 of the Prudential Sourcebook for Insurers

The following is a statement of:

- a) Each person who at any time during the period ended 31 December 2014, was a controller of Rothesay Assurance Limited (“RAL”);

MetLife European Holdings, LLC
MetLife Insurance Company of
Connecticut
MetLife, Inc.
MetLife Investors Group, Inc.
Rothesay Life (Cayman) Limited
Rothesay Life Limited
Rothesay Life Holdco Limited
Blackstone Tactical Opportunities Fund
Cambourne Life Investment Pte Ltd

- b) In the case of each person so named, a statement of -
- i) the percentage of shares held in RAL, or another company of which RAL was a subsidiary undertaking as at 31st December 2014; and
- ii) the percentage of voting power which he was entitled to exercise, or control the exercise of, at any general meeting of RAL, or another company which it is a subsidiary undertaking at 31st December 2014,

in each case, either alone or with any associate or associates.

ROTHESAY ASSURANCE LIMITED

For the period ended 31 December 2014

ADDITIONAL INFORMATION ON CONTROLLERS

Statement required by Rule 9.30 of the Prudential Sourcebook for Insurers

<u>Controller</u>	<u>Percentage of Shares</u>	<u>Percentage of Voting Power</u>
Rothesay Life Limited <i>Immediate Parent</i>	100%	100%
Rothesay Life Holdco Limited <i>Ultimate Parent</i>	100%	100%
Rothesay Life (Cayman) Limited <i>Shareholder of the ultimate parent</i>	36%	38%
Blackstone Tactical Opportunities Fund <i>Shareholder of the ultimate parent</i>	28.5%	20%
Cambourne Life Investment Pte Ltd <i>Shareholder of the ultimate parent</i>	28.5%	25%

ROTHESAY ASSURANCE LIMITED

For the period ended 31 December 2014

Appendix 9.4 report

Abstract of valuation report pursuant to the Interim Prudential Sourcebook: Insurers (IPRU(INS)) rules 9.4 and 9.31 and Appendix 9.4

Valuation Report as at 31 December 2014

1. Introduction

- (1) The date to which the actuarial investigation relates (“the valuation date”) is 31 December 2014.
- (2) The date to which the previous actuarial investigation related was 31 December 2013.
- (3) There have been no interim valuations (for the purpose of rule 9.4) carried out since the previous valuation date.

2. Product Range

During the twelve month period ended 31 December 2014, the company has not transacted new business. However existing buy-in contracts have been converted into individual buy-out contracts.

3. Discretionary charges and benefits

- (1) - (10) Not applicable.

4. Valuation Basis

- (1) The mathematical reserves for the immediate and deferred annuities have been determined, using a gross premium method, as the present value of benefits and expected future expenses of administering the contracts in force and investment expenses using prudent assumptions. For index linked benefits (shown in Form 54), an explicit allowance is made for future changes in the Retail Price Index (“RPI”), Consumer Price Index (“CPI”) or Average Weekly Earnings (“AWE”), as appropriate, to allow for increases in benefits consistent with terms and conditions of the annuities.

The calculations are performed on an individual policy basis.

Additional expense reserves are held for short term maintenance expense overrun, to provide for expected project costs, and for the contingency of closure to new business as set out in 4(6) below.

All business is pensions business and has been valued gross of tax.

- (2) The interest rates used in the calculation of the mathematical reserves are shown in the table below.

ROTHESAY ASSURANCE LIMITED

For the period ended 31 December 2014

Appendix 9.4 report

The PRA, on the application of the firm, made a direction under section 138 of the Financial Services and Markets Act 2000 in October 2013. The effect of the direction is to modify the provisions of INSPRU 3.1.35R and IPRU(INS) Appendix 9.3 so that a more appropriate rate of interest is used for assets taken in combination.

Non-linked

Product Group	31 December 2014	31 December 2013
GBP denominated	2.82%pa	3.43%pa
Euro denominated	2.82%pa	2.44%pa
Additional reserves	2.82%pa	3.43%pa

Index-linked

Product Group	31 December 2014	31 December 2013
GBP denominated	2.82%pa	3.43%pa
Euro denominated	2.82%pa	2.44%pa
Additional reserves	2.82%pa	3.43%pa

The company held no equity shares or property at the valuation date. In accordance with the terms of the waiver, the valuation interest rate is based on the internal rate of return on the basket of assets matching the mathematical reserves. The asset yield used to calculate the valuation discount rate has been reduced to reflect counterparty default risk; where applicable adjusted for the prudent expected recoveries in the event of default. This reduction in yield is determined separately for each individual asset reflecting the risk to the return being achieved on the asset.

The average yield deduction at 31 December 2014 was 22bps compared to 54bps as at 31 December 2013. The driver of the reduction in the yield has been a move away from an unsecured credit portfolio. The table below shows the average yield deduction at 31st December 2014 by asset category.

ROTHESAY ASSURANCE LIMITED

For the period ended 31 December 2014

Appendix 9.4 report

Asset class	Average yield reduction 31 December 2014
UK Sovereign	0bps
Supranationals/Other	20bps
Sovereign/Sub-sovereign	
Secured Residential Lending	51bps
Infrastructure	84bps
Other	21bps
Overall	22bps

Overall, the deduction for counterparty default risk on the assets held by Rothesay Assurance Limited are generally lower than the corresponding credit default deduction on a typical unsecured credit portfolio. This is due to either the expectation of higher recovery in the event of default through collateralisation, recourse to specific assets or credit default swap protection or through a low probability of default due to government guarantees.

- (3) Mortality bases have been determined separately for each pension scheme and the average, weighted by the valuation of annuity benefits for each pension scheme, are as follows:

	31 December 2014		Product Code
	Males	Females	
Base Mortality	86.6% S1PMA	86.6% S1PFA	All
Future mortality improvements	CMI_2012_M[2.7%]	CMI_2012_F[2.2%]	All

ROTHESAY ASSURANCE LIMITED

For the period ended 31 December 2014

Appendix 9.4 report

For the previous valuation the tables used were as follows

	31 December 2013		Product Code
	Males	Females	
Mortality tables in payment	86% S1NMA_H	94% S1PFL	All
	86% S1PML	86% S1NFA	
	93% S1NMA_L	89% S1DFL	
	93% PNMA00	100% PNFA00	
Future mortality improvements in payment	CMI_2013_M[1.8%]	CMI_2013_F[1.6%]	All
Mortality tables in deferment	90% AFC00 improving at 2% per year	90% AMC00 improving at 2% per year	All

Notes:

1. Ultimate mortality has been used in all cases.
2. The mortality basis is set at a prudent margin relative to the recent mortality specific to the population of annuitants involved where the data is statistically credible or based on additional analysis where the data is not statistically credible.

For all annuitant mortality bases covered by this paragraph, complete expectations of life on the valuation mortality basis have been calculated in years for males (weighted by the valuation of annuity benefits for each pension scheme), and are:

	Annuities in payment		Deferred annuities: life expectation at age 65	
	Age 65	Age 75	Age 45	Age 55
31 December 2014	25.6	15.6	29.9	27.8
31 December 2013	24.4	15.0	26.4	25.0

For all annuitant mortality bases covered by this paragraph, complete expectations of life on the valuation mortality basis have been calculated in years for females (weighted by the valuation of annuity benefits for each pension scheme), and are:

ROTHESAY ASSURANCE LIMITED

For the period ended 31 December 2014

Appendix 9.4 report

	Annuities in payment		Deferred annuities: life expectation at age 65	
	Age 65	Age 75	Age 45	Age 55
31 December 2014	27.5	17.4	31.2	29.4
31 December 2013	25.4	16.1	28.4	27.1

The complete expectations of life for males and females have increased at 31 December 2014 compared to those at 31 December 2013 due to revisions to the base mortality and improvements basis.

No further allowance is made, and no reserve is held, for any possible detrimental impact of significant changes in the incidence of disease or developments in medical science on the mortality experience of the company in the tables of mortality used in the valuation.

- (4) Not applicable.
- (5) Expenses have been assumed to be as follows:

Product Group	Per annuity (£ p.a.)		% of Assets under Management (p.a.)		Product Code
	2014	2013	2014	2013	
Immediate annuities	55.19	59.79	0.031	0.200	400
Index linked annuities	55.19	59.79	0.031	0.200	905

The per annuity expenses are in respect of the overhead maintenance expenses. They include an allowance to provide for the Third Party Administrator (“TPA”) charges including a prudent margin

No tax relief on expenses has been assumed in the valuation as all contracts are pensions business.

- (6) At 31 December 2014, it has been assumed that the future rate of maintenance expense inflation is 0.25% per annum above the future rates of RPI implied by the RPI swap curve for the overhead (i.e. non TPA) expenses and 1.00% per annum above the future rates of RPI implied by the RPI swap curve for TPA expenses.
- (7) Not applicable.
- (8) No future lapses have been allowed for in the valuation.
- (9) Deferred annuity contract policyholders who have passed the scheme normal retirement date are assumed to retire immediately.

ROTHESAY ASSURANCE LIMITED

For the period ended 31 December 2014

Appendix 9.4 report

- (10) Various derivative contracts are held by the company. These include inflation swaps, interest rate swaps, credit default swaps and exchange rate swaps. All liabilities linked to RPI, CPI or AWE are covered by inflation linked swaps of appropriate durations. The approach to valuing the liabilities has been to project the cashflows allowing for the level of the RPI at each future date implied by swap prices. To be consistent with this, the yield on the assets has been determined allowing for this same level of the RPI at each future date.

The yields shown in Form 48 column 4 were determined in accordance with the requirements of INSPRU 3.1.33R.

- (11) There were no changes in valuation methodology at 31st December 2014 arising from changes in INSPRU valuation rules effective from 31 December 2006.

5. Options and Guarantees

- (1) No guaranteed annuity rate options have been granted.
- (2) No guaranteed surrender values or maturity values have been granted within the policy contracts. However, by reason of pensions legislation, transfer values that have been quoted to members are required to be honoured for at least a specified time interval. Where applicable allowance has been made for the cost of such short term options within the transfer values.
- (3) No guaranteed insurability options have been granted.
- (4) An option exists for deferred annuity contracts bought out under a flexible contract by a pension scheme, to increase, decrease or re-allocate benefits between categories of members. Changes in benefits may result in an additional premium being paid or an amount being refunded to the scheme. For the purposes of the valuation an additional reserve is held.

No additional allowance has been made for early or late retirements. At retirement, members are assumed to take part of their benefits immediately in the form of cash by commuting 50% of the maximum tax-free lump sum to which they are entitled. Deferred annuitants are assumed to retire at their normal retirement date. The adjustments to benefits made on early or late retirements, commutation terms for benefits on vesting and determination of transfer values are (subject to 5(2) above) not made on guaranteed terms and are assumed to be cost neutral.

ROTHESAY ASSURANCE LIMITED

For the period ended 31 December 2014

Appendix 9.4 report

6. Expense Reserves

- (1) The aggregate amount of expense loadings, grossed up for taxation where appropriate, expected to arise during the twelve months after the valuation date from implicit and explicit reserves made at the valuation date to meet expenses in fulfilling contracts in force at the valuation date is £2.6million.

	Explicit allowances (investment management)	Explicit allowances (per annuity expenses)	Release of short term expense overrun reserve	Total (£million)
All immediate and deferred annuities	£0.8m	£1.1m	£0.7m	£2.6m

- (2) There is an implicit expense allowance for investment expenses. This has been allowed for by a reduction in the valuation rate of interest of 3.1 basis points.
- (3) The actual maintenance expenses incurred during 2014 as shown at line 14 of Form 43 are higher than the projected 2015 expected expense loadings in 6(1) due to cost savings that will be achieved post business transformation during 2014.
- (4) A prudent estimate of acquisition expenses for the twelve months following the valuation date has been made based on budgeted expenses for that year. An estimate of the margins available in new business premiums has also been made, based on prudent estimates of projected new business volumes at levels lower than planned and initial mathematical reserves compared with premiums. The projected new business acquisition expenses allow for the cost of quoting on all business. No new business expense overrun arises since the expected acquisition expense loadings generated by the prudent new business volumes exceed the projected new business acquisition expenses.
- (5) A short term maintenance expense overrun reserve of £0.9million has been established to provide for expected project costs. This ensures that the total allowance for expenses is sufficient to provide for the expenses likely to be incurred in the future in fulfilling the contracts in-force at the valuation date. This has been derived with reference to the expected annual maintenance costs including the effect of assumed inflation and a margin for prudence required to administer the contracts in force at the valuation date.

ROTHESAY ASSURANCE LIMITED

For the period ended 31 December 2014

Appendix 9.4 report

An additional reserve of £2.6million is required to satisfy the requirements of INSPRU 1.2.50R in respect of the additional costs of closure to new business if the company were to cease to transact business twelve months after the valuation date. The projected discontinuance costs allow for the costs of terminating management agreements, the costs of administering the closed book and oversight management costs.

(6) Not applicable as all expenses are attributable.

7. Mismatching Reserves

- (1) The mathematical reserves and corresponding matching assets are denominated in sterling. There are some US Dollar and Euro denominated assets which, in conjunction with specific currency derivative contracts, produce returns in sterling.
- (2) Not applicable.
- (3) Not applicable.
- (4) The market risk scenarios applied to the long term insurance assets invested in the U.K. 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 under INSPRU 3.1.16R was that which assumed an increase in the yields on all fixed interest securities by a percentage point amount equal to 20% of the long term gilt yield at the valuation date (i.e. 0.44%). The company held no equity shares or property at the valuation date. The increase in the yield has been taken to apply to all interest related assets at all durations.
- (5) Not applicable.
- (6) In respect of the most onerous scenario described in 7(4) above:
 - a. The resilience capital requirement is £1.1million.
 - b. The change in the aggregate amount of the long-term insurance liabilities is an increase of £225.0million.
 - c. The aggregate amount by which the assets allocated to match such liabilities have changed in value from the amount of those assets shown in Form 13 is a £223.9million increase.
- (7) No further reserve was required arising from the test on assets in INSPRU 1.1.34R as the calculation of the valuation rate of interest ensures that all requirements are fully met.

ROTHESAY ASSURANCE LIMITED

For the period ended 31 December 2014

Appendix 9.4 report

8. Other Special Reserves

Additional reserves of £23.1million are held at the valuation date, of which the two most significant contributors are if legislation changes to force the equalisation of guaranteed minimum pensions, the company would incur the cost of paying increased benefits on certain pension schemes and a data risk provision.

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)

(d) **Pacific Life Re Limited.**

(e) The treaty is a quota share longevity swap arrangement providing mortality cover in respect of the business reassured.

(f) The premiums payable by the company under the treaty during the report period were £5.1million.

(g) There is no deposit back arrangement.

(h) The treaty is closed to new business.

(i) There is no undischarged obligation of Rothesay Life Limited.

(j) The amount of mathematical reserves ceded under the treaty as at 31 December 2014 was £12.5million.

(k) The treaty is closed to new business.

(l) The reinsurer is authorised to carry on insurance business in the United Kingdom.

(m) The company and the reinsurer are not connected companies.

(n) There are no material contingencies, such as credit or legal risk, to which the treaty is subject.

(o) No commission is payable

ROTHESAY ASSURANCE LIMITED

For the period ended 31 December 2014

Appendix 9.4 report

- (d) **Prudential Financial Inc.**
- (e) The treaty is a quota share longevity swap arrangement providing mortality cover in respect of the business reassured.
- (f) The premiums payable by the company under the treaty during the report period were £44.2million.
- (g) There is no deposit back arrangement.
- (h) The treaty is closed to new business.
- (i) There is no undischarged obligation of Rothesay Life Limited.
- (j) The amount of mathematical reserves ceded under the treaty as at 31 December 2014 was £42.1million.
- (k) The treaty is closed to new business.
- (l) The reinsurer is not authorised to carry on insurance business in the United Kingdom.
- (m) The company and the reinsurer are not connected companies.
- (n) There are no material contingencies, such as credit or legal risk, to which the treaty is subject.
- (o) No commission is payable.

There are no financing arrangements.

10. Reversionary (or annual) bonus

Not applicable

ROTHESAY ASSURANCE LIMITED

For the year ended 31 December 2014

DIRECTORS' CERTIFICATE

Directors' Certificate required by Rule 9.34 (1) of the Prudential Sourcebook for Insurers in accordance with Appendix 9.6

We certify that:

- 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 the insurer has complied in all material respects with the requirements in SYSC as well as the provisions of IPRU(INS), GENPRU and INSPRU;
 - ii) from the beginning of the financial year in question until 18 June 2014, the insurer has complied in all material respects with the requirements of PRIN; from 19 June 2014 until the end of the financial year in question, the insurer has complied in all material respects with the Fundamental Rules; and
 - iii) it is reasonable to believe that the insurer has continued so to comply subsequently with the requirements of SYSC, the Fundamental Rules and the provisions of IPRU(INS), GENPRU and INSPRU and will continue so to comply in future;
- c) in our 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 meet its obligations in respect of those contracts and, in particular, to establish adequate mathematical reserves;
- d) the mathematical reserves 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;
- e) in preparing the return, the directors have 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.

ROTHESAY ASSURANCE LIMITED
For the year ended 31 December 2014

DIRECTORS' CERTIFICATE

Directors' Certificate required by Rule 9.34 (1) of the Prudential Sourcebook for Insurers in accordance with Appendix 9.6



Keith Satchell,
Chairman



Addy Loudiadis,
Chief Executive



Ray King,
Director

Level 25, The Leadenhall Building
122 Leadenhall Street
London
EC3V 4AB

25 March 2015

Auditors' report: Regulatory Return for a life insurance company

ROTHESAY ASSURANCE LIMITED

Global business

Financial year ended 31 December 2014

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

We have audited the following documents prepared by the insurer pursuant to the Accounts and Statements Rules set out in Part I and Part IV of Chapter 9 to 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 Prudential Regulation Authority under section 137G of the Financial Services and Markets Act 2000:

- Forms 2, 3, 13 to 17, 40 to 43, 48, 49, 56, 58 and 60, (including the supplementary notes) on pages 1, 2, 5, 11, 12, 13, 14, 16, 17, 18, 19, 23, 24, 34, 36, 37, 38, 39, 40, 41, 42, 43 and 44 ('the Forms');
- the statement required by IPRU(INS) rule 9.29 on pages 45 to 46 ('the statement'); and
- the valuation report required by IPRU(INS) rule 9.31(a) on pages 49 to 58 ('the valuation report').

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

- Forms 46, 47, 50, 51, 54 and 57 (including the supplementary notes) on pages 20, 21, 25, 26, 30, 35, 43, and 44;
- the statements required by IPRU(INS) rules 9.30 on pages 47 to 48; and
- the certificate required by IPRU(INS) rule 9.34(1) on pages 59 to 60.

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 directions issued under section 138A of the Financial Services and Markets Act 2000 on October 2013. 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 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:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the Forms, the statement and the valuation report are not in agreement with the accounting records and returns; or
- we have not received all the information we require for our audit.

This report has been prepared for the directors of the insurer to comply with their obligations under IPRU(INS) rule 9.35 and for no other purpose. We do not, in providing this report, accept or assume responsibility for any other purpose save where expressly agreed by our prior consent in writing.

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. It also included an assessment of the significant estimates and judgements made by the insurer in the preparation of the Forms, the statement and the valuation report.

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


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

Opinion

In our opinion:

(i) the Forms, the statement and the valuation report fairly state the information provided on the basis required by the Rules as modified and have been properly prepared in accordance with the provisions of those Rules; and

(ii) the methods and assumptions determined by the insurer and used to perform the actuarial investigation as set out in the valuation report appropriately reflect the requirements of INSPRU 1.2.


PricewaterhouseCoopers LLP
Chartered Accountants

25 March 2015