

Hannover Life Reassurance (UK) Ltd

**Annual FSA Insurance Returns for the year ended
31st December 2010**



(Appendices 9.1, 9.3, 9.4, 9.6)

Hannover Life Reassurance (UK) Ltd

Year ended 31st December 2010

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Statement of solvency - long-term insurance business
Form 2

 Name of insurer **Hannover Life Reassurance (UK) Ltd**

Global business

 Financial year ended **31st December 2010**

Solo solvency calculation

	Company registration number	GL/ UK/ CM	day	month	year	units	
	R2	1752067	GL	31	12	2010	£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	9656	1632
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	12	40481	39749
Capital resources available to cover long-term insurance business capital resources requirement (11+12)	13	50137	41381

Guarantee fund

Guarantee fund requirement	21	6556	5725
Excess (deficiency) of available capital resources to cover guarantee fund requirement	22	43581	35656

Minimum capital requirement (MCR)

Long-term insurance capital requirement	31	19667	17175
Resilience capital requirement	32	669	4333
Base capital resources requirement	33	3040	3128
Individual minimum capital requirement	34	20336	21508
Capital requirements of regulated related undertakings	35		
Minimum capital requirement (34+35)	36	20336	21508
Excess (deficiency) of available capital resources to cover 50% of MCR	37	33477	30627
Excess (deficiency) of available capital resources to cover 75% of MCR	38	28393	25250

Enhanced capital requirement

With-profits insurance capital component	39		
Enhanced capital requirement	40	20336	21508

Capital resources requirement (CRR)

Capital resources requirement (greater of 36 and 40)	41	20336	21508
Excess (deficiency) of available capital resources to cover long-term insurance business CRR (13-41)	42	29801	19873

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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Covering sheet to Form 2

Form 2

Name of insurer **Hannover Life Reassurance (UK) Ltd**

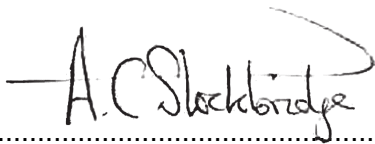
Global business

Financial year ended **31st December 2010**



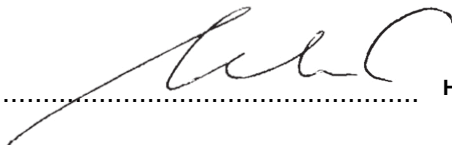
.....
D S BRAND

Chief Executive Director



.....
A C STOCKBRIDGE

Director



.....
H SCHENK

Director

Components of capital resources
**Form 3
(Sheet 1)**

 Name of insurer **Hannover Life Reassurance (UK) Ltd**

Global business

 Financial year ended **31st December 2010**

	Company registration number	GL/UK/CM	day	month	year	units	
	R3	1752067	GL	31	12	2010	£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		30000	30000	30000
Profit and loss account and other reserves	12		10509	10509	10970
Share premium account	13				
Positive valuation differences	14		3136	3136	2952
Fund for future appropriations	15				
Core tier one capital in related undertakings	16				
Core tier one capital (sum of 11 to 16)	19		43645	43645	43922

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		43645	43645	43922
Investments in own shares	32				
Intangible assets	33				
Amounts deducted from technical provisions for discounting	34				
Other negative valuation differences	35				
Deductions in related undertakings	36				
Deductions from tier one (32 to 36)	37				
Total tier one capital after deductions (31-37)	39		43645	43645	43922

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

 Name of insurer **Hannover Life Reassurance (UK) Ltd**

Global business

 Financial year ended **31st December 2010**

	Company registration number	GL/ UK/ CM	day	month	year	units	
	R3	1752067	GL	31	12	2010	£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		18000	18000	8000	
Lower tier two capital in related undertakings	53					
Lower tier two capital (51+52+53)	59		18000	18000	8000	

Total tier two capital before restrictions (49+59)	61		18000	18000	8000	
Excess tier two capital	62					
Further excess lower tier two capital	63					
Total tier two capital after restrictions, before deductions (61-62-63)	69		18000	18000	8000	

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

 Name of insurer **Hannover Life Reassurance (UK) Ltd**

Global business

 Financial year ended **31st December 2010**

	Company registration number	GL/UK/CM	day	month	year	units	
	R3	1752067	GL	31	12	2010	£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		61645	61645		51922
Inadmissible assets other than intangibles and own shares	73		11508	11508		10541
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		50137	50137		41381

Available capital resources for GENPRU/INSRU tests

Available capital resources for guarantee fund requirement	81		50137	50137		41381
Available capital resources for 50% MCR requirement	82		43645	43645		41381
Available capital resources for 75% MCR requirement	83		43645	43645		41381

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 **Hannover Life Reassurance (UK) Ltd**

Global business

Financial year ended **31st December 2010**

Long-term insurance business

	Company registration number	GL/UK/CM	day	month	year	units	
	R11	1752067	GL	31	12	2010	£000
			This financial year		Previous year		
			1		2		
Gross premiums written	11			82816		85777	
Premiums taxes and levies (included in line 11)	12						
Premiums written net of taxes and levies (11-12)	13			82816		85777	
Premiums for classes 11, 12 or 13 (included in line 13)	14						
Premiums for "actuarial health insurance" (included in line 13)	15			607		706	
Sub-total A (13 + 1/2 14 - 2/3 15)	16			82411		85306	
Gross premiums earned	21			82816		85777	
Premium taxes and levies (included in line 21)	22						
Premiums earned net of taxes and levies (21-22)	23			82816		85777	
Premiums for classes 11, 12 or 13 (included in line 23)	24						
Premiums for "actuarial health insurance" (included in line 23)	25			607		706	
Sub-total H (23 + 1/2 24 - 2/3 25)	26			82411		85306	
Sub-total I (higher of sub-total A and sub-total H)	30			82411		85306	
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		14834		15355	
	Excess (if any) over 57.5M EURO x 0.02	33		649		678	
Sub-total J (32-33)	34			14185		14677	
Claims paid in period of 3 financial years	41			136740		126217	
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		26943		28944	
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		28037		24899	
Sub-total C (41+42+43-44-45)	46			135646		130262	
Amounts recoverable from reinsurers in respect of claims included in Sub-total C	47			62164		64055	
Sub-total D (46-47)	48			73482		66207	
Reinsurance ratio (Sub-total D / sub-total C or, if more, 0.50 or, if less, 1.00)	49			0.54		0.51	
Premiums amount (Sub-total J x reinsurance ratio)	50			7684		7460	
Provisions for claims outstanding (before discounting and net of reinsurance)	51			13616		14746	
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			6888		6802	
Greater of lines 50 and 53	54			7684		7460	

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

 Name of insurer **Hannover Life Reassurance (UK) Ltd**

Global business

 Financial year ended **31st December 2010**

Long-term insurance business

		Company registration number	GL/ UK/ CM	day	month	year	units	
		R12	1752067	GL	31	12	2010	£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		136740		126217		
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		26943		28944		
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		28037		24899		
Claims incurred in reference period (21+22+23-24-25)		26		135646		130262		
Claims incurred for classes 11, 12 or 13 (included in 26)		27						
Claims incurred for "actuarial health insurance" (included in 26)		28		1158		2076		
Sub-total E (26 + 1/2 27 - 2/3 28)		29		134874		128878		
Sub-total F - Conversion of sub-total E to annual figure (multiply by 12 and divide by number of months in the reference period)		31		44958		42959		
Division of sub-total F (gross adjusted claims amount)	X 0.26	32		11689		11169		
	Excess (if any) over 40.3M EURO x 0.03	33		299		208		
Sub-total G (32 - 33)		39		11390		10961		
Claims amount Sub-total G x reinsurance ratio (11.49)		41		6170		5571		
Higher of premiums amount and brought forward amount (11.54)		42		7684		7460		
General insurance capital requirement (higher of lines 41 and 42)		43		7684		7460		

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

 Name of insurer **Hannover Life Reassurance (UK) Ltd**

Global business

 Financial year ended **31st December 2010**

 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	1752067	GL	31	12	2010	£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	1833	1803	
Other shares and other variable yield participations	42			
Holdings in collective investment schemes	43	1744	1529	
Rights under derivative contracts	44			
Fixed interest securities	Approved	45	16970	20744
	Other	46	18627	13857
Variable interest securities	Approved	47		
	Other	48		
Participation in investment pools	49			
Loans secured by mortgages	50	14	17	
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	450	450
Other financial investments	56			

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

 Name of insurer **Hannover Life Reassurance (UK) Ltd**

Global business

 Financial year ended **31st December 2010**

 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	1752067	GL	31	12	2010	£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	
	due in more than 12 months						79	

Other assets

Tangible assets							80	
Deposits not subject to time restriction on withdrawal with approved institutions						126	81	947
Cash in hand							82	
Other assets (particulars to be specified by way of supplementary note)							83	
Accrued interest and rent						1016	84	1026
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)						40780	89	40373
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Analysis of admissible assets
**Form 13
(Sheet 3)**

 Name of insurer **Hannover Life Reassurance (UK) Ltd**

Global business

 Financial year ended **31st December 2010**

 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	1752067	GL	31	12	2010	£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	40780	40373
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		
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	40780	40373
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 2)**

 Name of insurer **Hannover Life Reassurance (UK) Ltd**

Global business

 Financial year ended **31st December 2010**

 Category of assets **Total Long-term insurance business assets**

	Company registration number	GL/UK/CM	day	month	year	units	Category of assets	
	R13	1752067	GL	31	12	2010	£000	10
						As at end of this financial year	As at end of the previous year	
						1	2	
Deposits with ceding undertakings			57			64634		38665
Assets held to match linked liabilities	Index linked		58			8992		6427
	Property linked		59			56		45

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	10563	7783
	Ceded	75	10885	261
Dependants	due in 12 months or less	76		
	due in more than 12 months	77		
Other	due in 12 months or less	78	541	328
	due in more than 12 months	79	584	

Other assets

Tangible assets	80	1453	561
Deposits not subject to time restriction on withdrawal with approved institutions	81	7939	5868
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	11160	9963
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	617473	510770
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Analysis of admissible assets
**Form 13
(Sheet 3)**

 Name of insurer **Hannover Life Reassurance (UK) Ltd**

Global business

 Financial year ended **31st December 2010**

 Category of assets **Total Long-term insurance business assets**

	Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets	
	R13	1752067	GL	31	12	2010	£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	617473	510770
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	11508	10541
Reinsurers' share of technical provisions excluded from line 89	100	269384	256706
Other asset adjustments (may be negative)	101	(149)	(12)
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	898216	778005
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103	1125	328

Long-term insurance business liabilities and margins
Form 14

 Name of insurer **Hannover Life Reassurance (UK) Ltd**

Global business

 Financial year ended **31st December 2010**

 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	425406	336842
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12		
Balance of surplus / (valuation deficit)	13	9656	1632
Long term insurance business fund carried forward (11 to 13)	14	435062	338474
Claims outstanding	Gross	24296	21190
	Reinsurers' share	10483	10280
	Net (15-16)	13813	10910
Provisions	Taxation	2	10
	Other risks and charges		
Deposits received from reinsurers	23	137752	146009
Creditors	Direct insurance business		
	Reinsurance accepted	2162	672
	Reinsurance ceded	28509	13962
Debenture loans	Secured		
	Unsecured		
Amounts owed to credit institutions	36		
Creditors	Taxation	165	463
	Other		263
Accruals and deferred income	39	8	7
Provision for "reasonably foreseeable adverse variations"	41		
Total other insurance and non-insurance liabilities (17 to 41)	49	182411	172296
Excess of the value of net admissible assets	51		
Total liabilities and margins	59	617473	510770
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61		
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62	62	50
Total liabilities (11+12+49)	71	607817	509138
Increase to liabilities – DAC related	72		
Reinsurers' share of technical provisions	73	269384	256706
Other adjustments to liabilities (may be negative)	74	3136	2952
Capital and reserves and fund for future appropriations	75	18028	9222
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	898365	778018

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

 Name of insurer **Hannover Life Reassurance (UK) Ltd**

Global business

 Financial year ended **31st December 2010**

	Company registration number	GL/UK/CM	day	month	year	units	
	R15	1752067	GL	31	12	2010	£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		125	150
	Foreseeable dividend	48			
	Other	49		149	462
Accruals and deferred income		51		25	12
Total (19 to 51)		59		299	624
Provision for "reasonably foreseeable adverse variations"		61			
Cumulative preference share capital		62			
Subordinated loan capital		63		18000	8000
Total (59 to 63)		69		18299	8624

Amounts included in line 69 attributable to liabilities to related insurers, other than those under contracts of insurance or reinsurance	71		18025	8474
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Amounts deducted from technical provisions for discounting	82			
Other adjustments (may be negative)	83		(149)	(12)
Capital and reserves	84		22481	31748
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		40631	40360

Profit and loss account (non-technical account)

Form 16

Name of insurer **Hannover Life Reassurance (UK) Ltd**

Global business

Financial year ended **31st December 2010**

		Company registration number	GL/ UK/ CM	day	month	year	units	
		R16	1752067	GL	31	12	2010	£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			(10000)			
Investment income	Income	14			1531		1742	
	Value re-adjustments on investments	15			144		974	
	Gains on the realisation of investments	16			32			
Investment charges	Investment management charges, including interest	17			572		479	
	Value re-adjustments on investments	18						
	Loss on the realisation of investments	19			190		103	
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			(9055)		2134	
Tax on profit or loss on ordinary activities		31			212		514	
Profit or loss on ordinary activities after tax (29-31)		39			(9267)		1620	
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			(9267)		1620	
Dividends (paid or foreseeable)		51						
Profit or loss retained for the financial year (49-51)		59			(9267)		1620	

Long-term insurance business: Revenue account

Form 40

Name of insurer **Hannover Life Reassurance (UK) Ltd**
 Name and number of fund/Summary **Total Long-term insurance business**
 Financial year ended **31st December 2010**
 Units **£000**

	Financial year	Previous year
	1	2

Income

Earned premiums	11	124328	103404
Investment income receivable before deduction of tax	12	18849	15389
Increase (decrease) in the value of non-linked assets brought into account	13	9665	(4974)
Increase (decrease) in the value of linked assets	14	11	14
Other income	15	241	
Total income	19	153094	113833

Expenditure

Claims incurred	21	60480	48692
Expenses payable	22	6398	24819
Interest payable before deduction of tax	23	404	639
Taxation	24	(776)	(2071)
Other expenditure	25		512
Transfer to (from) non technical account	26	(10000)	
Total expenditure	29	56506	72591

Business transfers-in	31		
Business transfers-out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	96588	41242
Fund brought forward	49	338474	297232
Fund carried forward (39+49)	59	435062	338474

Long-term insurance business: Analysis of premiums

Form 41

Name of insurer **Hannover Life Reassurance (UK) Ltd**

Total business / subfund **Total Long-term insurance business**

Financial year ended **31st December 2010**

Units **£000**

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

Gross

Regular premiums	11	81488	18215	12094	111797	110494
Single premiums	12	55	57944		57999	53155

Reinsurance - external

Regular premiums	13	12472	2	889	13363	15604
Single premiums	14					

Reinsurance - intra-group

Regular premiums	15	27618	3441	95	31154	32798
Single premiums	16		951		951	11843

Net of reinsurance

Regular premiums	17	41398	14772	11110	67280	62092
Single premiums	18	55	56993		57048	41312

Total

Gross	19	81543	76159	12094	169796	163649
Reinsurance	20	40090	4394	984	45468	60245
Net	21	41453	71765	11110	124328	103404

Long-term insurance business: Analysis of claims

Form 42

Name of insurer **Hannover Life Reassurance (UK) Ltd**
 Total business / subfund **Total Long-term insurance business**
 Financial year ended **31st December 2010**
 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	43681	2407	5238	51326	47904
Disability periodic payments	12	285		57	342	589
Surrender or partial surrender	13	4			4	9
Annuity payments	14	2770	37743	3744	44257	35392
Lump sums on maturity	15	7			7	5
Total	16	46747	40150	9039	95936	83899

Reinsurance - external

Death or disability lump sums	21	6786	257	394	7437	7244
Disability periodic payments	22	162		13	175	390
Surrender or partial surrender	23					
Annuity payments	24					
Lump sums on maturity	25					
Total	26	6948	257	407	7612	7634

Reinsurance - intra-group

Death or disability lump sums	31	14223	15	26	14264	15448
Disability periodic payments	32	27		1	28	62
Surrender or partial surrender	33					
Annuity payments	34	983	12569		13552	12063
Lump sums on maturity	35					
Total	36	15233	12584	27	27844	27573

Net of reinsurance

Death or disability lump sums	41	22672	2135	4818	29625	25212
Disability periodic payments	42	96		43	139	137
Surrender or partial surrender	43	4			4	9
Annuity payments	44	1787	25174	3744	30705	23329
Lump sums on maturity	45	7			7	5
Total	46	24566	27309	8605	60480	48692

Long-term insurance business: Analysis of expenses

Form 43

Name of insurer **Hannover Life Reassurance (UK) Ltd**
 Total business / subfund **Total Long-term insurance business**
 Financial year ended **31st December 2010**
 Units **£000**

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

Gross

Commission - acquisition	11	5203	319	856	6378	21671
Commission - other	12	99	(322)	526	303	2017
Management - acquisition	13	1793	371	1279	3443	3255
Management - maintenance	14	2691	1598	326	4615	3742
Management - other	15					
Total	16	9786	1966	2987	14739	30685

Reinsurance - external

Commission - acquisition	21	60		2	62	23
Commission - other	22	3207		1	3208	850
Management - acquisition	23					
Management - maintenance	24					
Management - other	25					
Total	26	3267		3	3270	873

Reinsurance - intra-group

Commission - acquisition	31	328	(32)		296	1044
Commission - other	32	1962	2811	2	4775	3950
Management - acquisition	33					
Management - maintenance	34					
Management - other	35					
Total	36	2290	2779	2	5071	4994

Net of reinsurance

Commission - acquisition	41	4815	351	854	6020	20604
Commission - other	42	(5070)	(3133)	523	(7680)	(2783)
Management - acquisition	43	1793	371	1279	3443	3255
Management - maintenance	44	2691	1598	326	4615	3742
Management - other	45					
Total	46	4229	(813)	2982	6398	24819

Long-term insurance business: Summary of new business

Form 46

Name of insurer **Hannover Life Reassurance (UK) Ltd**

Total business

Financial year ended **31st December 2010**

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				
Single premium business	12				
Total	13				

Amount of new regular premiums

Direct insurance business	21				
External reinsurance	22	5147	360	7927	13434
Intra-group reinsurance	23				
Total	24	5147	360	7927	13434

Amount of new single premiums

Direct insurance business	25				
External reinsurance	26	55	57944	57999	53079
Intra-group reinsurance	27				
Total	28	55	57944	57999	53079

Long-term insurance business: Analysis of new business

**Form 47
(Sheet 1)**

Name of insurer **Hannover Life Reassurance (UK) Ltd**

Total business

Financial year ended **31st December 2010**

Units **£000**

UK Life / Reinsurance accepted external

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		1146		6
336	Mortality risk premium reinsurance		1472		
340	Accelerated critical illness (guaranteed premiums)		260		
340	Accelerated critical illness (guaranteed premiums) - Risk Premium		2022		
350	Stand-alone critical illness (guaranteed premiums) - Risk Premium		23		
360	Income protection non-profit (guaranteed premiums) - Risk Premium		166		
395	Annuity non-profit (PLA) - Risk Premium		42		
410	Group Life		4		49
435	Miscellaneous non-profit		12		

Long-term insurance business: Analysis of new business

**Form 47
(Sheet 2)**

Name of insurer **Hannover Life Reassurance (UK) Ltd**

Total business

Financial year ended **31st December 2010**

Units **£000**

UK Pension / Reinsurance accepted external

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
400	Annuity non-profit (CPA)				36246
400	Annuity non-profit (CPA) - Risk Premium		360		
405	Annuity non-profit (CPA impaired life)				19830
905	Index linked annuity				1333
905	Index linked annuity - Impaired				535

Long-term insurance business: Analysis of new business

**Form 47
(Sheet 3)**

Name of insurer **Hannover Life Reassurance (UK) Ltd**

Total business

Financial year ended **31st December 2010**

Units **£000**

Overseas / Reinsurance accepted external

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
325	Level term assurance (Other)		693		
336	Mortality risk premium reinsurance (Other)		186		
340	Accelerated critical illness (guaranteed premiums) (Other)		404		
340	Accelerated critical illness (guaranteed premiums) - Risk Premium		32		
350	Stand-alone critical illness (guaranteed premiums) (Other)		1710		
400	Annuity non-profit (CPA) - Risk Premium (Other)		4892		
435	Miscellaneous non-profit		10		

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

Form 48

Name of insurer **Hannover Life Reassurance (UK) Ltd**
 Financial year ended **31st December 2010**
 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	260730	260730	11496	3.94	
Other fixed interest securities	13	246608	246608	12499	4.54	
Variable interest securities	14	4488	4488	96	(1.20)	
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18	96599	96599	2913	3.02	
Total	19	608425	608425	27004	4.00	

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

Form 49

Name of insurer **Hannover Life Reassurance (UK) Ltd**
 Financial year ended **31st December 2010**
 Category of assets **Total Long-term insurance business assets**
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK government approved fixed interest securities	11	59048	15.93	4.16	4.16
Other approved fixed interest securities	21	201681	12.92	3.88	3.88
Other fixed interest securities					
AAA/Aaa	31	50652	9.17	3.98	3.33
AA/Aa	32	55086	9.85	4.25	3.20
A/A	33	130511	10.14	4.76	3.33
BBB/Baa	34	9081	8.72	5.71	3.78
BB/Ba	35	393	4.65	11.36	2.51
B/B	36				
CCC/Caa	37				
Other (including unrated)	38	885	7.96	8.02	3.62
Total other fixed interest securities	39	246608	9.81	4.54	3.32
Approved variable interest securities	41	4488	8.99	(1.20)	(1.20)
Other variable interest securities	51				
Total (11+21+39+41+51)	61	511825	11.73	4.19	3.60

Long-term insurance business: Summary of mathematical reserves

Form 50

Name of insurer **Hannover Life Reassurance (UK) Ltd**
 Total business / subfund **Total Long-term insurance business**
 Financial year ended **31st December 2010**
 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	265		265	345
Form 51 - non-profit	12	210365	428869	26843	666077
Form 52	13				
Form 53 - linked	14	56		56	45
Form 53 - non-linked	15	7		7	5
Form 54 - linked	16	3031	14871	17902	15434
Form 54 - non-linked	17				
Total	18	213724	443740	26843	684307

Reinsurance - external

Form 51 - with-profits	21				
Form 51 - non-profit	22	24560	28	798	25386
Form 52	23				
Form 53 - linked	24				
Form 53 - non-linked	25				
Form 54 - linked	26	644		644	624
Form 54 - non-linked	27				
Total	28	25204	28	798	26030

Reinsurance - intra-group

Form 51 - with-profits	31				
Form 51 - non-profit	32	83345	142626	106	226077
Form 52	33				
Form 53 - linked	34				
Form 53 - non-linked	35				
Form 54 - linked	36	1055	5739	6794	6555
Form 54 - non-linked	37				
Total	38	84400	148365	106	232871

Net of reinsurance

Form 51 - with-profits	41	265		265	345
Form 51 - non-profit	42	102460	286215	25939	414614
Form 52	43				
Form 53 - linked	44	56		56	45
Form 53 - non-linked	45	7		7	5
Form 54 - linked	46	1332	9132	10464	8255
Form 54 - non-linked	47				
Total	48	104120	295347	25939	425406

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

**Form 51
(Sheet 1)**

Name of insurer **Hannover Life Reassurance (UK) Ltd**

Total business / subfund **Total Long-term insurance business**

Financial year ended **31st December 2010**

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
205	Miscellaneous conventional with-profits		309	4	n/a	n/a	n/a	265
300	Regular premium non-profit WL/EA OB		149468	5843	n/a	n/a	n/a	33214
325	Level term assurance		9527170	23765	n/a	n/a	n/a	56428
330	Decreasing term assurance		2366031	8419	n/a	n/a	n/a	7687
336	Mortality risk premium reinsurance		13242300	27080	n/a	n/a	n/a	29538
340	Accelerated critical illness (guaranteed premiums)		711516	5352	n/a	n/a	n/a	19297
340	Accelerated critical illness (guaranteed premiums) - Risk Premium		3607622	8585	n/a	n/a	n/a	19152
345	Accelerated critical illness (reviewable premiums) - Risk Premium		167287	933	n/a	n/a	n/a	583
350	Stand-alone critical illness (guaranteed premiums)		167768	775	n/a	n/a	n/a	3939
350	Stand-alone critical illness (guaranteed premiums) - Risk Premium		305446	1232	n/a	n/a	n/a	2114
355	Stand-alone critical illness (reviewable premiums) - Risk Premium		53239	178	n/a	n/a	n/a	224
360	Income protection non-profit (guaranteed premiums)		7285	218	n/a	n/a	n/a	572
360	Income protection non-profit (guaranteed premiums) - Risk Premium		45320	813	n/a	n/a	n/a	1479
365	Income protection non-profit (reviewable premiums)		36	1	n/a	n/a	n/a	2
365	Income protection non-profit (reviewable premiums) - Risk Premium		2518	30	n/a	n/a	n/a	72
385	Income protection claims in payment		173		n/a	n/a	n/a	1635
395	Annuity non-profit (PLA)		21		n/a	n/a	n/a	167
395	Annuity non-profit (PLA - Impaired Life)		987		n/a	n/a	n/a	5033
395	Annuity non-profit (PLA) - Risk Premium		848	954	n/a	n/a	n/a	1024
410	Group Life		614412	662	n/a	n/a	n/a	1886
425	Group Income Protection claims in payment		222		n/a	n/a	n/a	1802
435	Miscellaneous non-profit		173936	166	n/a	n/a	n/a	21917
440	Additional reserves non-profit OB				n/a	n/a	n/a	2600

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

**Form 51
(Sheet 2)**

Name of insurer **Hannover Life Reassurance (UK) Ltd**

Total business / subfund **Total Long-term insurance business**

Financial year ended **31st December 2010**

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
300	Regular premium non-profit WL/EA OB		450		n/a	n/a	n/a	1
325	Level term assurance		290090	816	n/a	n/a	n/a	3971
330	Decreasing term assurance		11234	62	n/a	n/a	n/a	(72)
336	Mortality risk premium reinsurance		4213967	10722	n/a	n/a	n/a	8172
340	Accelerated critical illness (guaranteed premiums)		54510	404	n/a	n/a	n/a	1539
340	Accelerated critical illness (guaranteed premiums) - Risk Premium		122259	617	n/a	n/a	n/a	1200
345	Accelerated critical illness (reviewable premiums) - Risk Premium		1149	5	n/a	n/a	n/a	3
350	Stand-alone critical illness (guaranteed premiums)		14317	102	n/a	n/a	n/a	435
350	Stand-alone critical illness (guaranteed premiums) - Risk Premium		43896	232	n/a	n/a	n/a	436
355	Stand-alone critical illness (reviewable premiums) - Risk Premium		5514	14	n/a	n/a	n/a	19
360	Income protection non-profit (guaranteed premiums)		185	1	n/a	n/a	n/a	5
360	Income protection non-profit (guaranteed premiums) - Risk Premium		3749	78	n/a	n/a	n/a	152
365	Income protection non-profit (reviewable premiums) - Risk Premium		265	3	n/a	n/a	n/a	7
385	Income protection claims in payment		14		n/a	n/a	n/a	166
410	Group Life		140967	134	n/a	n/a	n/a	1347
425	Group Income Protection claims in payment		171		n/a	n/a	n/a	1372
435	Miscellaneous non-profit		9269	36	n/a	n/a	n/a	5807

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

**Form 51
(Sheet 3)**

Name of insurer **Hannover Life Reassurance (UK) Ltd**

Total business / subfund **Total Long-term insurance business**

Financial year ended **31st December 2010**

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
300	Regular premium non-profit WL/EA OB		128068	5003	n/a	n/a	n/a	28674
325	Level term assurance		4957063	14016	n/a	n/a	n/a	25482
330	Decreasing term assurance		400329	1972	n/a	n/a	n/a	124
336	Mortality risk premium reinsurance		333790	932	n/a	n/a	n/a	704
340	Accelerated critical illness (guaranteed premiums)		596379	4262	n/a	n/a	n/a	17539
340	Accelerated critical illness (guaranteed premiums) - Risk Premium		9202	46	n/a	n/a	n/a	90
345	Accelerated critical illness (reviewable premiums) - Risk Premium		86		n/a	n/a	n/a	
350	Stand-alone critical illness (guaranteed premiums)		75138	549	n/a	n/a	n/a	2585
350	Stand-alone critical illness (guaranteed premiums) - Risk Premium		3304	17	n/a	n/a	n/a	33
355	Stand-alone critical illness (reviewable premiums) - Risk Premium		415	1	n/a	n/a	n/a	1
360	Income protection non-profit (guaranteed premiums)		4805	103	n/a	n/a	n/a	274
360	Income protection non-profit (guaranteed premiums) - Risk Premium		282	6	n/a	n/a	n/a	11
365	Income protection non-profit (reviewable premiums) - Risk Premium		20		n/a	n/a	n/a	1
385	Income protection claims in payment		7		n/a	n/a	n/a	63
395	Annuity non-profit (PLA - Impaired Life)		493		n/a	n/a	n/a	2005
410	Group Life		10610	10	n/a	n/a	n/a	10
425	Group Income Protection claims in payment		13		n/a	n/a	n/a	103
435	Miscellaneous non-profit		698	3	n/a	n/a	n/a	5646

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

**Form 51
(Sheet 4)**

Name of insurer **Hannover Life Reassurance (UK) Ltd**

Total business / subfund **Total Long-term insurance business**

Financial year ended **31st December 2010**

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		1317210	2840	n/a	n/a	n/a	12303
330	Decreasing term assurance		102736	255	n/a	n/a	n/a	646
336	Mortality risk premium reinsurance		175185	245	n/a	n/a	n/a	277
390	Deferred annuity non-profit				n/a	n/a	n/a	5
395	Annuity non-profit (PLA)		100		n/a	n/a	n/a	1189
400	Annuity non-profit (CPA)		20165		n/a	n/a	n/a	340963
400	Annuity non-profit (CPA) - Risk Premium		8727	8553	n/a	n/a	n/a	14202
405	Annuity non-profit (CPA impaired life)		4025		n/a	n/a	n/a	54743
405	Annuity non-profit (CPA impaired life) - Risk Premium		3394	3602	n/a	n/a	n/a	3986
435	Miscellaneous non-profit				n/a	n/a	n/a	555

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

**Form 51
(Sheet 5)**

Name of insurer **Hannover Life Reassurance (UK) Ltd**

Total business / subfund **Total Long-term insurance business**

Financial year ended **31st December 2010**

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
336	Mortality risk premium reinsurance		37176	44	n/a	n/a	n/a	21
435	Miscellaneous non-profit				n/a	n/a	n/a	7

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

**Form 51
(Sheet 6)**

Name of insurer **Hannover Life Reassurance (UK) Ltd**

Total business / subfund **Total Long-term insurance business**

Financial year ended **31st December 2010**

Units **£000**

UK Pension / 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
336	Mortality risk premium reinsurance		2798	3	n/a	n/a	n/a	2
395	Annuity non-profit (PLA)		50		n/a	n/a	n/a	588
400	Annuity non-profit (CPA)		8980		n/a	n/a	n/a	140186
405	Annuity non-profit (CPA impaired life) - Risk Premium		1697	1801	n/a	n/a	n/a	1849
435	Miscellaneous non-profit				n/a	n/a	n/a	1

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

**Form 51
(Sheet 7)**

Name of insurer **Hannover Life Reassurance (UK) Ltd**

Total business / subfund **Total Long-term insurance business**

Financial year ended **31st December 2010**

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
325	Level term assurance (USA)		251937	974	n/a	n/a	n/a	1939
325	Level term assurance (Holland)		38988	203	n/a	n/a	n/a	538
325	Level term assurance (Other)		853959	757	n/a	n/a	n/a	4350
330	Decreasing term assurance (Holland)		1619	14	n/a	n/a	n/a	13
336	Mortality risk premium reinsurance (USA)		287972	1683	n/a	n/a	n/a	2299
336	Mortality risk premium reinsurance (Other)		2627979	2543	n/a	n/a	n/a	2778
340	Accelerated critical illness (guaranteed premiums) (Other)		131100	605	n/a	n/a	n/a	1662
340	Accelerated critical illness (guaranteed premiums) - Risk Premium		354495	1182	n/a	n/a	n/a	633
350	Stand-alone critical illness (guaranteed premiums) (Other)		325309	1710	n/a	n/a	n/a	3719
350	Stand-alone critical illness (guaranteed premiums) - Risk Premium		6313	35	n/a	n/a	n/a	38
360	Income protection non-profit (guaranteed premiums)		45	2	n/a	n/a	n/a	5
360	Income protection non-profit (guaranteed premiums) - Risk Premium		4298	124	n/a	n/a	n/a	124
365	Income protection non-profit (reviewable premiums) - Risk Premium		702	20	n/a	n/a	n/a	20
370	Long term care policy		2356	24	n/a	n/a	n/a	462
400	Annuity non-profit (CPA) - Risk Premium (Other)		4892	4896	n/a	n/a	n/a	6468
425	Group Income Protection claims in payment		16		n/a	n/a	n/a	261
435	Miscellaneous non-profit				n/a	n/a	n/a	1534

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

**Form 51
(Sheet 8)**

Name of insurer **Hannover Life Reassurance (UK) Ltd**

Total business / subfund **Total Long-term insurance business**

Financial year ended **31st December 2010**

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
325	Level term assurance (Holland)		1197	7	n/a	n/a	n/a	26
325	Level term assurance (Other)		107086	92	n/a	n/a	n/a	62
330	Decreasing term assurance (Holland)		125	1	n/a	n/a	n/a	2
336	Mortality risk premium reinsurance (Other)		314888	423	n/a	n/a	n/a	173
340	Accelerated critical illness (guaranteed premiums) - Risk Premium		101848	368	n/a	n/a	n/a	194
350	Stand-alone critical illness (guaranteed premiums) - Risk Premium		972	5	n/a	n/a	n/a	6
360	Income protection non-profit (guaranteed premiums)		21	1	n/a	n/a	n/a	2
360	Income protection non-profit (guaranteed premiums) - Risk Premium		244	9	n/a	n/a	n/a	8
425	Group Income Protection claims in payment		10		n/a	n/a	n/a	150
435	Miscellaneous non-profit				n/a	n/a	n/a	175

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

**Form 51
(Sheet 9)**

Name of insurer **Hannover Life Reassurance (UK) Ltd**

Total business / subfund **Total Long-term insurance business**

Financial year ended **31st December 2010**

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
325	Level term assurance (Holland)		90	1	n/a	n/a	n/a	2
325	Level term assurance (Other)		8060	7	n/a	n/a	n/a	5
330	Decreasing term assurance (Holland)		9		n/a	n/a	n/a	
336	Mortality risk premium reinsurance (USA)		1438	31	n/a	n/a	n/a	39
336	Mortality risk premium reinsurance (Other)		24487	38	n/a	n/a	n/a	19
340	Accelerated critical illness (guaranteed premiums) - Risk Premium		7666	28	n/a	n/a	n/a	15
350	Stand-alone critical illness (guaranteed premiums) - Risk Premium		73		n/a	n/a	n/a	
360	Income protection non-profit (guaranteed premiums)		2		n/a	n/a	n/a	
360	Income protection non-profit (guaranteed premiums) - Risk Premium		18	1	n/a	n/a	n/a	1
425	Group Income Protection claims in payment		1		n/a	n/a	n/a	11
435	Miscellaneous non-profit				n/a	n/a	n/a	14

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

**Form 53
(Sheet 1)**

Name of insurer **Hannover Life Reassurance (UK) Ltd**

Total business / subfund **Total Long-term insurance business**

Financial year ended **31st December 2010**

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
795	Miscellaneous property linked		56		56	56	7	63

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

**Form 54
(Sheet 1)**

Name of insurer **Hannover Life Reassurance (UK) Ltd**

Total business / subfund **Total Long-term insurance business**

Financial year ended **31st December 2010**

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
901	Index Linked income protection claims in payment		92			1027		1027
905	Index linked annuity - Impaired		411			2004		2004

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

**Form 54
(Sheet 2)**

Name of insurer **Hannover Life Reassurance (UK) Ltd**

Total business / subfund **Total Long-term insurance business**

Financial year ended **31st December 2010**

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
901	Index Linked income protection claims in payment		48			644		644

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

**Form 54
(Sheet 3)**

Name of insurer **Hannover Life Reassurance (UK) Ltd**

Total business / subfund **Total Long-term insurance business**

Financial year ended **31st December 2010**

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
901	Index Linked income protection claims in payment		4			49		49
905	Index linked annuity - Impaired		205			1006		1006

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

**Form 54
(Sheet 4)**

Name of insurer **Hannover Life Reassurance (UK) Ltd**

Total business / subfund **Total Long-term insurance business**

Financial year ended **31st December 2010**

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
905	Index linked annuity		377			13847		13847
905	Index linked annuity - Risk Premium		9	7		75		75
905	Index linked annuity - Impaired		49			949		949

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

**Form 54
(Sheet 5)**

Name of insurer **Hannover Life Reassurance (UK) Ltd**

Total business / subfund **Total Long-term insurance business**

Financial year ended **31st December 2010**

Units **£000**

UK Pension / 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
905	Index linked annuity		176			5739		5739

Long-term insurance business - analysis of valuation interest rate

**Form 57
(Sheet 1)**

Name of insurer **Hannover Life Reassurance (UK) Ltd**

Total business / subfund **Total Long-term insurance business**

Financial year ended **31st December 2010**

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 L&GA NP Form 51 assurances	15784			1.99
UK L&GA NP Form 51 assurances	3028	1.55	1.55	1.95
UK L&GA NP Form 51 assurances	60228	2.00	2.00	2.99
UK L&GA NP Form 51 assurances	1417	3.00	3.00	3.91
UK L&GA NP Form 51 assurances	889	3.46	3.46	3.72
UK Pens NP Form 51 assurances	13204	2.00	2.00	2.99
UK Pens NP Form 51 assurances	14202	3.46	3.46	3.72
UK Pens NP Form 51 assurances	5405	3.70	3.70	3.79
UK Pens NP Form 51 assurances	201382	3.90	3.90	4.36
UK Pens NP Form 51 assurances	34144	4.92	4.92	5.05
UK Pens NP Form 51 assurances	15189	5.40	5.40	5.54
OS L&GA NP Form 51 assurances	17667	2.00	2.00	2.97
OS L&GA NP Form 51 assurances	6468	2.85	2.85	3.39
UK Pens NP Form 54 assurances	8108	(1.62)	(1.62)	(1.30)
Misc	28291			
TOTAL	425406	n/a	n/a	n/a

Long-term insurance business: distribution of surplus

Form 58

Name of insurer **Hannover Life Reassurance (UK) Ltd**
 Total business / subfund **Total Long-term insurance business**
 Financial year ended **31st December 2010**
 Units **£000**

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

Valuation result

Fund carried forward	11	435062	338474
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	435062	338474
Mathematical reserves	21	425406	336842
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	9656	1632

Composition of surplus

Balance brought forward	31	1632	6917
Transfer from non-technical account	32	10000	
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	(1976)	(5285)
Total	39	9656	1632

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	9656	1632
Total (48+49)	59	9656	1632

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 **Hannover Life Reassurance (UK) Ltd**

Global business

 Financial year ended **31st December 2010**

 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%	37306466	25459582		
Classes I (other), II and IX	12	0.1%	116297	16455	0.50	58
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		37422763	25476037		58

Insurance health risk and life protection reinsurance capital component

Class IV, supplementary classes 1 and 2 and life protection reinsurance	21					7684
						7460

Insurance expense risk capital component

Life protection and permanent health reinsurance	31	0%				
Classes I (other), II and IX	32	1%	456987	285303	0.62	2853
Classes III, VII and VIII (investment risk)	33	1%	15068	9229	0.61	92
Classes III, VII and VIII (expenses fixed 5 yrs +)	34	1%	63	63	1.00	1
Classes III, VII and VIII (other)	35	25%				
Class IV (other)	36	1%	6078	3551	0.58	36
Class V	37	1%				
Class VI	38	1%				
Total	39					2982

Insurance market risk capital component

Life protection and permanent health reinsurance	41	0%	206112	127260		
Classes I (other), II and IX	42	3%	456987	285303	0.62	8559
Classes III, VII and VIII (investment risk)	43	3%	15068	9229	0.61	277
Classes III, VII and VIII (expenses fixed 5 yrs +)	44	0%	63	63		
Classes III, VII and VIII (other)	45	0%				
Class IV (other)	46	3%	6078	3551	0.58	107
Class V	47	0%				
Class VI	48	3%				
Total	49		684307	425406		8943

Long term insurance capital requirement	51					19667
						17175

Abstract of the Valuation Report

1. Introduction

- (1) The date of the valuation was 31 December 2010.
- (2) The date of the previous valuation was 31 December 2009.
- (3) There were no interim valuation dates for the purposes of Rule 9.4.

2. Product Range

There were no significant changes to products during the financial year.

3. Discretionary charges and benefits

- (1) Not applicable
- (2) The Company has a total inforce premium of £20,218,000 where it has the right to review at any time. There were no premium rate increases as a result of rate reviews since the previous valuation date.
- (3) – (10) Not applicable

4. Valuation basis (other than for special reserves)

- (1) The business of the Company consists entirely of cessions from other assurers or reinsurers.

The expression "bulk" is used where information is not available for each individual policy insured, but data is supplied by the Ceding Office on an aggregate portfolio basis.

On certain bulk business the Ceding Company advises a liability determined on a basis approved by the relevant supervisory authority and making good sufficient provision for emerging liabilities and maintenance expenses. Reserves were set at least equal to this amount.

Reserves on other risk premium business (including group risks) were determined by projecting future cashflows to the end of the rate guarantee period, with reference to model points. Where this resulted in a negative reserve, a minimum reserve was held equal to the unearned premium reserve plus a margin. The total reserve was expressed as a multiple of in force premium. The multiple varied with the nature of the underlying risk.

Reserves on with profit endowment individual life risks were determined by a net premium valuation method.

Reserves on non-profit whole life, endowment and individual life term assurance risks and bulk risks with adequate data available were determined by a gross premium valuation method with explicit allowance for future expenses and commission and a prudent lapse assumption.

Reserves on annuities and PHI and waiver of premium claims in payment (where data was available) were determined by discounting projected cashflows on a per policy basis. Where the PHI claim was expected to cease before the policy expiry date, a reserve equal to the expected outstanding benefit was held. This was in line with conservative estimates made of recovery, otherwise no recovery was assumed.

Otherwise reserves were determined as a multiple of annualised in force premium that varied with the nature of the underlying risk. The reserves were tested for adequacy

against a gross premium valuation using model points and the basis documented in table 4.4 for similar risks.

Under-average lives were treated as follows:

- Where an extra premium was imposed in the form of a loading on the underlying mortality rate or an addition to age over the full premium term, the calculation of the liability under the policy reflected the extra mortality or the addition to age.
- Where an extra premium was imposed in the form of a fixed monetary extra premium, the valuation mortality assumption was increased by a loading based on the relationship between the extra premium and the standard premium.
- The mortality rates for impaired annuity contracts are derived for each life based on an assessment of the expected and maximum life expectancy and a further valuation loading.

Reassurances ceded were valued on the same principles as for reassurances accepted.

Negative reserves are permitted under UK term assurance and whole life contracts reassured on an original terms basis. For other business the reserve was constrained to be at least as great as the unearned office premium.

Reserves for the enhanced annuity deposit back arrangements are calculated on a consistent basis with the assets held plus a margin.

- (2) The rates of interest assumed in the valuation have regard to the yields on the assets and INSPRU 3.1.45R and 3.1.47R. The valuation rates of interest used for the current and previous financial year are shown in the table on the following page:

Product Code	Description	Current Financial Year	Previous Financial year
205	Miscellaneous conventional with-profits	2.50%	2.50%
300	Regular premium non-profit Whole life/endowment	2.00%	3.00%
325	Level term assurance	2.00%	3.00%
325	Level term assurance - Overseas (USA)	2.00%	2.00%
325	Level term assurance - Overseas (Holland)	2.00%	2.00%
330	Decreasing term assurance - UK Life	2.00%	3.00%
330	Decreasing term assurance - Overseas (Holland)	2.00%	2.00%
336	Mortality risk premium reinsurance - UK Life	2.00%	3.00%
336	Mortality risk premium reinsurance - UK Pension	2.00%	3.00%
340	Accelerated critical illness (guaranteed premiums)	2.00%	3.00%
345	Accelerated critical illness (reviewable premiums) - Risk Premium	0.00%	0.00%
350	Stand-alone critical illness (guaranteed premiums)	2.00%	3.00%
355	Stand-alone critical illness (reviewable premiums) - Risk Premium	0.00%	0.00%
385	Income protection claims in payment - UK Life	2.00%	3.00%
395	Annuity non-profit (PLA) - UK Life	3.90%	4.17%
395	Annuity non-profit (PLA) - Impaired - UK Life	1.55%	2.42%
395	Annuity non-profit (PLA) - Risk Premium - UK Life	3.46%	3.62%
400	Annuity non-profit (CPA) - UK Pension	3.90%	4.17%
400	Annuity non-profit (CPA) - Risk Premium - UK Pension	3.46%	3.62%
400	Annuity non-profit (CPA) - Risk Premium- Overseas (Other)	2.85%	-
405	Annuity non-profit (CPA Impaired Life)	5.40%	5.40%
405	Annuity non-profit (CPA Impaired Life)	4.92%	5.07%
425	Group Income Protection claims in payment - UK Life	3.00%	3.00%
425	Group Income Protection claims in payment - Overseas	2.00%	2.00%
905	Index linked annuity - Impaired - UK Life	-0.94%	-0.09%
905	Index linked annuity - UK Pension	-1.62%	-0.59%
910	Miscellaneous index linked - UK Life	0.50%	0.50%

The valuation interest rates for the reserves in respect of the deposit back arrangements are consistent with the assets held plus a margin.

Where negative reserves arise the valuation rate is increased by 3.7%.

- (3) The yields on non-approved assets have been adjusted in accordance with INSPRU 3.1.41R to exclude that part that represents compensation for credit risk arising from the asset. The yield is adjusted by restricting the market yield on a stock by stock basis to a maximum of 15 basis points above the UK Government Gilt yield (or government benchmark stocks for Overseas assets) of a similar maturity date. There is no adjustment applied to guaranteed assets.
- (4) The mortality bases used at the current and previous financial year end are shown in the table at the end of this section. For some product lines, the assumptions vary by cession treaty according to the nature of the underlying risks – for these cases a range is shown.

For UK business additional reserves based on 33% of projection R6A have been added for male lives in respect of AIDS risk for Whole Life, Endowment Assurance, and Term Assurance.

Products which are not valued on a flat percentage of a standard table are described below.

300 Regular premium non-profit WL/EA OB

Whole life assurance contracts with accidental death cover only in the early policy years have been valued using adjusted mortality rates during this period. The mortality rates are derived from population statistics for accidental causes of death.

Sample ultimate non-smoker rates are shown below for ages 55 – 85 as the contract does not apply to younger lives:

Age	Current Year		Previous Year	
	Males	Females	Males	Females
55	0.00539	0.00377	0.00513	0.00359
65	0.01718	0.01025	0.01636	0.00976
75	0.05071	0.02817	0.04829	0.02683
85	0.13338	0.07683	0.12701	0.07320

Smoker rates are 2 x non-smoker rates.

325 Level term assurance

330 Decreasing term assurance - UK Life

The mortality basis is derived from the "00" CMI tables, company and client specific information.

Sample ultimate base rates are included below:

Age	Males		Females	
	non-smokers	smokers	non-smokers	smokers
25	0.000398	0.000741	0.000255	0.000311
35	0.000515	0.000941	0.000428	0.000539
45	0.000940	0.001912	0.000822	0.001470
55	0.002423	0.005764	0.002079	0.004800

Adjustments to the base tables to allow for the benefits covered were in the range 74.3 - 212.2% for both non-smokers and smokers.

336 Mortality Risk Premium

This product includes the deposit of reserves under the financing arrangement. Reserves are calculated by the Ceding Company on conservative valuation assumptions.

395 Annuity non-profit (PLA) - Impaired - UK Life

Impaired annuity contracts are reviewed by the underwriters and an assessment is made of the maximum life expectancy and expected life expectancy based on the nature and duration of the disability. A mortality curve is fitted based on the IMA92(sel)/IFA92(sel) standard tables and a valuation loading applied to the calculated mortality rates. All cases are individually underwritten and no standard rates apply.

395 Annuity non-profit (PLA) - UK Life and

400 Annuity non-profit (CPA) - UK Pension

400 Annuity non-profit (CPA) – Risk Premium - UK Pension

400 Annuity non-profit (CPA) – Risk Premium – Overseas (Other)

The annuitant mortality tables used are the average of the full projected double entry versions as described in the CMI medium and long cohort projections for males and females subject to a minimum rate of 1.5% per annum with an age adjustment as shown in table 4.4. The expectation of life at ages 65 and 75 is shown below:

	Male		Female	
	Age 65	Age 75	Age 65	Age 75
395 Annuity non-profit (PLA) - UK Life	24.744	15.519	27.906	17.803
400 Annuity non-profit (CPA) - UK Pension	23.522	14.720	26.030	16.484
400 Annuity non-profit (CPA) – Risk Premium – UK Pension	29.037	19.080	28.803	18.688
400 Annuity non-profit (CPA) – Risk Premium – Overseas (Other)	25.615	16.378	28.160	18.387

405 Annuity non-profits (CPA Impaired life) UK Pension

Enhanced annuity contracts are individually underwritten and a maximum and expected life expectancy is assessed based on the nature and duration of the disability. A mortality curve is fitted based on the PNMA00/PNFA00 standard tables and a valuation loading is applied to the calculated mortality rates.

Table 4.4 Mortality Assumptions

Product Code	Description	Current Financial Year	Previous Financial Year
300	Regular premium non-profit WL/EA OB	See notes on page 49	See notes
300	Regular premium non-profit WL/EA OB	Modified AM92Ult/AF92Ult	Modified AM92Ult/AF92Ult
325	Level term assurance	See notes on page 49	See notes
325	Level term assurance - Overseas (USA)	CSO58 or CSO80	CSO58 or CSO80
325	Level term assurance - Overseas (Holland)	See notes on page 49	See notes
325	Level term assurance - Overseas (Other)	100% AM80ult	100% AM80ult
330	Decreasing term assurance - UK Life	See notes on page 49	See notes
330	Decreasing term assurance - Overseas (Holland)	See notes on page 49	See notes
336	Mortality risk premium reinsurance	Reserves are a multiple of the inforce Premium (25%-856%)	Reserves are a multiple of the inforce Premium (25%-744%)
340	Accelerated critical illness (guaranteed premiums)	See section 4.5 as combined Mortality and Morbidity rates are used	See section 4.5 as combined Mortality and Morbidity rates are used
340	Accelerated critical illness (guaranteed premiums) - Risk Premium	Reserves are a multiple of the inforce Premium (63%-422%)	Reserves are a multiple of the inforce Premium (63%-294%)
345	Accelerated critical illness (reviewable premiums) - Risk Premium	Reserves are a multiple of the inforce Premium (63%)	Reserves are a multiple of the inforce Premium (63%)
51 385	Income protection claims in payment	100% AM80ult	100% AM80ult
395	Annuity non-profit (PLA) – UK Life	100% IML00-1 or 100% IFL00-1	100% IML00-1 or 100% IFL00-1
395	Annuity non-profit (PLA) - Impaired - UK Life	Modified IMA92/IFA92	Modified IMA92/IFA92
400	Annuity non-profit (CPA) – UK Pension	100% RMC00+0 or 100% RFC00+1	100% RMC00-2 or 100% RFC00-1
400	Annuity non-profit (CPA) - Risk Premium - UK Pension	54-75% IML00-2 or 101-144% IFL00-2	54-75% IML00-3 or 101-144% IFL00-3
400	Annuity non-profit (CPA) – Risk Premium – Overseas (Other)	100% PCMA00 -2 or 100% PCFA00-2	
410	Group Life	Reserves are a multiple of the inforce Premium (75%-100%) plus an allowance for spouses benefits	Reserves are a multiple of the inforce Premium (75%-100%) plus an allowance for spouses benefits
425	Group Income Protection claims in payment	100% AM80ult	100% AM80ult
905	Index linked annuity - Impaired - UK Life	Modified IMA92/IFA92	Modified IMA92/IFA92
905	Index linked annuity - UK Pension	100% RMC00+0 or 100% RFC00+1	100% RMC00-2 or 100% RFC00-1

- (5) The morbidity bases used at the current and previous financial year end are shown in the table at the end of this section. For some product lines, the assumptions vary by cession treaty according to the nature of the underlying risks – for these cases a range is shown.

Products which are not valued on a flat percentage of a standard table are described below. These assumptions are unchanged from the previous financial year.

**340 Accelerated critical illness (guaranteed premiums) and
350 Stand-alone critical illness (guaranteed premiums)**

Critical illness rates are derived from industry and population experience allowing for the risk of each critical illness condition of an insured population. Base tables were constructed for a set of standard conditions and adjusted as necessary according to the conditions covered by each contract. Indicative base rates are given in the table below.

Age	Accelerated CI		Stand-alone CI	
	Male	Females	Males	Females
25	0.001216	0.000527	0.001252	0.000543
35	0.001104	0.001337	0.001137	0.001377
45	0.002718	0.003050	0.002800	0.003140
55	0.007396	0.007576	0.007617	0.007801

Adjustments to the base tables to allow for the benefits covered were in the range 75% - 131% for all non-smokers; 150% - 262% for male smokers and 120% - 210% for female smokers.

Allowance was also made for future deterioration in experience equivalent to 1.5% (males) or 2% (females) per annum for accelerated benefits and 2% (males) or 2.5% (females) per annum for stand-alone. A further 0.5% deterioration per annum was included for certain treaties.

Table 4.5 Morbidity Assumptions

Product Code	Description	Current Financial Year	Previous Financial Year
340	Accelerated critical illness (guaranteed premiums)	See notes on page 52	See notes
340	Accelerated critical illness (guaranteed premiums) - Risk Premium	Reserves are a multiple of the inforce Premium (63%-422%)	Reserves are a multiple of the inforce Premium (63%-294%)
345	Accelerated critical illness (reviewable premiums) - Risk Premium	Reserves are a multiple of the inforce Premium (63%)	Reserves are a multiple of the inforce Premium (63%)
350	Stand-alone critical illness (guaranteed premiums)	See notes on page 52	See notes
350	Stand-alone critical illness (guaranteed premiums) - Risk Premium	Reserves are a multiple of the inforce Premium (100%-381%)	Reserves are a multiple of the inforce Premium (100%-330%)
355	Stand-alone critical illness (reviewable premiums) - Risk Premium	Reserves are a multiple of the inforce Premium (100%-140%)	Reserves are a multiple of the inforce Premium (100%-135%)
385	Income protection claims in payment	Claims are assessed on an individual basis by the underwriters to determine the expected duration of the claim	Claims are assessed on an individual basis by the underwriters to determine the expected duration of the claim
420	Group Income Protection	Reserves are a multiple of the inforce Premium (100%)	Reserves are a multiple of the inforce Premium (100%)
425	Group Income Protection claims in payment	Claims are assessed on an individual basis by the underwriters to determine the expected duration of the claim	Claims are assessed on an individual basis by the underwriters to determine the expected duration of the claim

- (6) Expenses were allowed for in the valuation as a proportion of future premiums or on a fixed per policy basis depending on the nature of the contract. No zillmerisation modification was made.

Details of the expense assumptions are given in the table below:

Table 4.6 Expense Assumptions

Product Code	Description	Current Financial Year	Previous Financial Year
300	Regular premium non-profit WL/EA OB	3-5% of premiums	3-5% of premiums
325	Level term assurance	2-6% of premiums	2-6% of premiums
330	Decreasing term assurance	2-6% of premiums	2-6% of premiums
336	Mortality risk premium reinsurance	6% of premiums	6% of premiums
340	Accelerated critical illness (guaranteed premiums)	2-6% of premiums	2-6% of premiums
340	Accelerated critical illness (guaranteed premiums) - Risk Premium	3% of premiums	3% of premiums
350	Stand-alone critical illness (guaranteed premiums)	2% of premiums	2% of premiums
350	Stand-alone critical illness (guaranteed premiums) - Risk Premium	3% of premiums	3% of premiums
385	Income protection claims in payment	£364 per annum escalating at 4% per annum	£350 per annum escalating at 4% per annum
395	Annuity non-profit (PLA) - UK Life	£22.53 per annum escalating at 4% per annum	£21.66 per annum escalating at 4% per annum
395	Annuity non-profit (PLA) - Impaired - UK Life	£53.12 per annum escalating at 4% per annum	£51.07 per annum escalating at 4% per annum
400	Annuity non-profit (CPA) - UK Pension	£22.53 per annum escalating at 4% per annum	£21.66 per annum escalating at 4% per annum
400	Annuity non-profit (CPA) – Risk Premium – UK Pension	2.5% of premiums	2.5% of premiums
405	Annuity non-profit (CPA Impaired life)	3.3% of annuity payments	0.3% of reserves
425	Group Income Protection claims in payment	£364 per annum escalating at 4% per annum	£350 per annum escalating at 4% per annum
905	Index linked annuity - Impaired - UK Life	£53.12 per annum escalating at 4% per annum	£51.07 per annum escalating at 4% per annum
905	Index linked annuity - UK Pension	£22.53 per annum escalating at 4% per annum	£21.66 per annum escalating at 4% per annum

An additional allowance was included for investment expenses through a reduction in the valuation rate of 0.175%-0.35% for annuity business and 0.2% for regular premium business.

- (7) A benefit inflation rate of 2.5% per annum is incorporated on index-linked contracts.
- (8) For Low Cost Endowment business, the bonuses valued are vested bonuses and guaranteed future bonuses advised to the Company by the Ceding Offices.
- (9) Details of the average lapse assumptions are shown in the table below:

Table 4.9 Lapse Assumptions

Product	Average lapse rate for the policy years			
	1-5	6-10	11-15	16-20
Level term	6.00%	5.20%	4.10%	4.10%
Decreasing term	7.50%	5.00%	4.00%	4.00%
Accelerated critical illness	5.80%	5.70%	5.50%	5.50%

Where negative reserves are permitted, the lapse rates are increased by 100%. Reserves are calculated at policy level using the assumptions for positive and negative reserves and the reported reserve set equal to the greater of the two calculations.

- (10)-(12) Not applicable

5. Options and guarantees

- (1) Not applicable
- (2) Not applicable
- (3) (a) Under certain policies, guarantees of insurability, conversion and continuation are granted. Generally these are considered in the determination of the assumptions of tables 4.4 and 4.5. Explicit provision is made in three specific ways:

The provision for options on individual term contracts was calculated as 10% of office premiums payable to date for those contracts which incorporate options to renew, convert or increase cover other than cost of living increases on risk premium contracts. The provision was increased by 10% of office premiums payable to date to cover the impact of the AIDS risk.

The provision for options on certain bulk contracts was calculated as 5% of premiums paid from 2001 onwards for a guaranteed insurability option on life cover, and 9% of premiums for other options to increase benefits.

For Overseas business the provision for conversion options on bulk term contracts was calculated as the sum of option premiums paid to date.

- (b) Not applicable
- (4) The reserve in respect of a reinstatement option on critical illness cover has been setup as the sum of premiums received to date. The annual inforce premium in respect of this business is £0.1m and the cover reinstatement option reserve is equal to £1.3m.

6. Expense reserves

- (1) The aggregate amount of expense allowances projected to emerge from the in force business during the twelve months following the valuation date is £5,634,000 assuming experience on the valuation basis. This amount is arising from the valuation expense loadings described in (4.6) above and expense allowances received through retrocession arrangements. The amount of expenses projected to emerge in respect of the inforce business is £994,000 relating to investment expenses and £4,214,000 relating to other maintenance expenses. The difference in allowances compared to expenses is due to the need to cover future expenses of maintaining the business, with an appropriate allowance for inflation.
- (2) Where reserves are set equal to the unearned premium plus a margin, part of the margin is to cover expenses and is included in the expense allowances stated above.
- (3) Not applicable
- (4) Based on the business plan, the expected new business expense loadings have been compared with the expected new business expenses based on the 2011 budget. Reducing this overrun by a prudent estimate of the cash flow arising from the existing business leads to no further reserving requirement in respect of new business expense overrun reserve.
- (5) For the purposes of testing the adequacy of the reserves to satisfy *INSPRU* 1.2.55R, the cost of closure of the Company was estimated based on the redundancy costs of the existing workforce, the salary and associated costs and general office costs. Expenses were assumed to inflate at 4% per annum.

Based on the level of margins arising in (1) above, projected expense margins were not sufficient to cover all the expenses of running off the Company's existing long-term

insurance business therefore an additional £1.3m expense reserve is required for year end 2010.

(6) Not applicable

7. Mismatching

(1) The Company's sum of mathematical reserves (other than liabilities for property linked benefits) and the liabilities in respect of deposits received from reinsurers, are as follows:

Currency	Mathematical Reserves £000	Matching Assets £000
UK Pounds Sterling	542,886	542,895
US Dollars	5,873	5,873
Euros	20,009	20,009
Other Currencies	220	211
Total	568,988	568,988

(2) 95.45% of liabilities included in the "other currencies" group are matched by assets of the same currency.

(3) The resilience capital requirement was increased by an amount of 25% of mathematical reserves which were not invested in assets in the same currency, which amounted to £2,200.

(4) For the purposes of calculating the resilience capital requirement in INSPRU 3.1.10R for assets that fall under INSPRU 3.1.16R, consideration was given to the effect on the valuation of assets and liabilities of increasing or decreasing current interest rates (non-linked and index-linked) by 20% of the long-term gilt yield. An amount was included in the resilience capital requirement to cover the effect of such interest rate movements.

These tests were conducted in accordance with INSPRU 3.1.10R and the market risk scenarios set out in INSPRU 3.1.16R. The most onerous scenario was a fall in yields.

(5) For the purposes of calculating the resilience capital requirement in INSPRU 3.1.10R for assets that fall under INSPRU 3.1.23R, consideration was given to the effect on the valuation of assets and liabilities of increasing or decreasing current interest rates (non-linked and index-linked) by 20% of a benchmark stock approximately equivalent to the long-term gilt yield. An amount was included in the resilience capital requirement to cover the effect of such interest rate movements. This was assessed by currency.

These tests were conducted in accordance with INSPRU 3.1.10R and the market risk scenarios set out in INSPRU 3.1.23R.

The most onerous scenario was a fall in yields for Swiss Franc and Euro business and a rise in yields for US Dollar business.

(6) (a) The total amount of the resilience capital requirement is £668,900 including £2,200 required as a result of the currency mismatch described in (3) above. The capital requirement was calculated by changing the interest assumptions on each category of liability as shown in Form 57 and calculating the difference between the revised asset and liability values. Overall in the worst case scenario the EUR, USD and CHF denominated liabilities require a resilience reserve. No other assumptions were changed in this calculation.

(b) In total the aggregate amount by which the liabilities changed was £29,660,000. The non-GBP liabilities increased by £2,922,000.

(c) In total the aggregate amount by which the matching assets changed was £31,466,000. The non-GBP assets increased by £2,255,000.

(7) Further tests were carried out in accordance with INSPRU 1.1.34R to ensure that the cash inflows from the assets allocated to cover the Company's technical provisions would meet the expected cash outflows from the liabilities as they fall due. Assets and liabilities were projected on the valuation assumptions and where reinvestment was required a yield below the valuation rate was assumed whilst disinvestment occurs at yields with a similar margin above the valuation rate. No additional cashflow mismatch reserve was required to cover this risk.

8. Other special reserves

(1) Additional reserves were held for incurred but not reported claims (IBNR) and are included within product code 435 "miscellaneous non-profit". IBNR reserves were generally calculated as a proportion of regular premium inforce at the valuation date excluding overseas business written under bulk arrangements where the reserves advised by the Ceding Company already include an IBNR provision. The basis was set with regard to the historic experience of late claims and varied by type of business as follows:

Nature of risk	Multiple of annualised in force premium
Critical illness business	25%
Other business	16.6%

No allowance for discounting was made in these calculations.

The above IBNR reserves were adjusted for certain treaties where the incidence of claims in the calendar year was affected by events that were not reflected in the run-off triangle from prior years' experience. Total reserves for IBNR amount to £23.2m gross of retrocession and £11.7m net of retrocession.

(2) Additional reserves were held for inadequacy of data and are included within line 440 "Additional reserves non-profit OB". This has been calculated as a proportion of the net account life and health reserves in respect of treaties where there is a risk due to incomplete data. The total additional data inadequacy reserves amounted to £2.6m.

9. Reinsurance

- (1) Not applicable
- (2) See table at end of this section.

Notes to the table:

Treaty (1)

The Company has a treaty with a pool of Reinsurers who are not authorised to carry on life insurance business in the United Kingdom. None of the Reinsurers are connected to the Company. The treaty does not involve any financing arrangements.

Under the treaty, in the event of lapse or surrender, repayments of reinsurance commissions (if any) are covered by repayment due to the Company.

Treaty (2)

The Company has the above retrocession treaty with Hannover Rückversicherung AG, which is not authorised to carry on life insurance business in the United Kingdom. This Reinsurer and the Company are connected. The treaty does not involve any financing arrangements.

In the event of lapse or surrender, repayments of reinsurance commission (if any) are covered by repayment due to the Company.

Treaties (3) - (4)

The Company has two retrocession treaties with Hannover Life Reassurance (Ireland) Ltd, which is not authorised to carry on life insurance business in the United Kingdom. This Reinsurer and the Company are connected. None of the treaties involve financing arrangements.

In the event of lapse or surrender, repayments of reinsurance commission (if any) are covered by repayment due to the Company.

Table 9.2 Retrocession Treaties

	Treaty Type	Name of Reinsurer	Nature and extent of cover	Premiums payable	Amount deposited back	Open to New Business	Undischarged obligation	Mathematical reserves	Retention limits for new business
1	Quota share agreement	Pool of retrocessionaires	93% of surplus risks above the Company's retention, except where covered by other treaties	12,815,000	5,151,000	No	0	23,052,000	n/a
2	Quota share agreement	Hannover Rückversicherung AG	7% of surplus risks above the Company's retention, except where covered by other treaties	952,000	459,000	No	0	1,737,000	n/a
3	Quota share agreement	Hannover Life Reassurance (Ireland) Ltd	To cover retrocession risks from particular Ceding Companies	29,453,000	3,026,000	Yes	0	84,165,000	Annuity business - 50% Other business - £0
4	Quota share agreement	Hannover Life Reassurance (Ireland) Ltd	To cover annuity retrocession risks from particular Ceding Companies	951,000	134,725,000	No	0	146,514,000	n/a

10. Reversionary (or annual) bonus

Not applicable

RETURNS UNDER INSURANCE COMPANIES LEGISLATION

NOTES TO THE RETURN

HANNOVER LIFE REASSURANCE (UK) LIMITED

GLOBAL BUSINESS

YEAR ENDED 31 DECEMBER 2010

***0301* Reconciliation of Net Admissible Assets to Total Capital Resources**

Values £'000	2010	2009
Net Admissible Assets (Form 13 Line 89) Ordinary Long Term	617,473	510,770
Net Admissible Assets (Form 13 Line 89) Other Than Ordinary Long Term	40,780	40,373
Net Admissible Liabilities (Form 14 Lines 11+12+49)	(607,817)	(509,138)
Net Admissible Liabilities (Form 15 Line 69)	(18,299)	(8,624)
Subordinated Loan	18,000	8,000
Total Capital Resources after deductions	50,137	41,381

***0310* Details of Positive and Negative Valuation Differences**

The amount of positive valuation differences included in line 14 is £3,136,000 in respect of a liability for deferred taxation on the deferred acquisition costs included in the Company's stand-alone accounts.

***0313* Reconciliation of the Profit and Loss Account and Other Reserves**

	£000s
Profit and loss account and other reserves brought forward (Form 3 Line 12, Column 4)	10,970
Profit or loss retained for the financial year (Form 16 Line 59)	(9,267)
Transfer from non-technical account (Form 58 Line 32)	10,000
Surplus arising since the last valuation (Form 58 Line 34)	(1,976)
Change in positive valuation differences (Form 3 Line 14, Column 4 minus Column 3)	(184)
Change in deferred acquisition costs (Form 3 Line 73, Column 3 minus Column 4)	967
Rounding	(1)
Profit and loss account and other reserves carried forward (Form 3 Line 12, Column 3)	10,509

***1100* Calculation of General Insurance Capital Requirement**

Whole life risk premium contracts which are reinsurance acceptances of risk premium business falling within long-term insurance business class I or class III (and providing index-linked benefits) are included as life protection reinsurance business.

***1301* OLTB: Aggregate value of unlisted investments**

There were no amounts held in unlisted investments or investments that are not readily realisable.

RETURNS UNDER INSURANCE COMPANIES LEGISLATION

NOTES TO THE RETURN

HANNOVER LIFE REASSURANCE (UK) LIMITED

GLOBAL BUSINESS

YEAR ENDED 31 DECEMBER 2010

***1304* OLTB: Amounts Offset**

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

***1305* OLTB: Maximum Counterparty Limit**

The Company's current investment policy is to invest primarily in fixed interest investments. Exposure is limited to a percentage of the total investment fund depending on counterparty risk. Fixed interest investments are limited to a proportion of the fund depending upon issuer and rating. Investment in equities, unit trusts and short term deposits are permitted up to the market risk and counterparty limits, subject to a maximum total percentage invested in such assets.

The Company is also holding £0.9m of stock in Juneau Investments and £0.4m in the ING Group which were rated below the Company's guidelines of a minimum rating of BBB. This was discussed and the Board agreed that the Company could continue to hold these investments.

***1306* OLTB - Year end exposure to counterparties**

As at 31 December 2010, there was no exposure to large counterparties with a market value that exceeded 5% of the sum of the base capital resources requirement and the net long term insurance liabilities excluding index-linked liabilities.

***1308* LTB: Aggregate value of unlisted investments**

There were no amounts held in unlisted investments or investments that are not readily realisable.

***1310* LTB: Amounts Offset**

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

***1312* LTB – Year end exposure to counterparties**

As at 31 December 2010, there was no exposure to large counterparties with a market value that exceeded 5% of the sum of the base capital resources requirement and the net long term insurance liabilities excluding index-linked liabilities.

RETURNS UNDER INSURANCE COMPANIES LEGISLATION

NOTES TO THE RETURN

HANNOVER LIFE REASSURANCE (UK) LIMITED

GLOBAL BUSINESS

YEAR ENDED 31 DECEMBER 2010

***1318* Other Asset Adjustments**

A temporary inter-company balance between the Policyholder fund and Shareholder fund of £149,000 has arisen due to the recharging of investment and tax expenses, paid out by the Policyholder fund but recharged through to the Shareholder fund.

***1319* LTB - Maximum Counterparty Limit**

The Company's current investment policy is to invest primarily in fixed interest investments. Exposure is limited to a percentage of the total investment fund depending on counterparty risk. Fixed interest investments are limited to a proportion of the fund depending upon issuer and rating.

The Company is also holding £0.9m of stock in Juneau Investments and £0.4m in the ING Group which were rated below the Company's guidelines of a minimum rating of BBB. This was discussed and the Board agreed that the Company could continue to hold these investments.

***1401* Provision for Adverse Changes**

It is Company policy and practice is to use neither derivatives nor quasi-derivatives. No provision for adverse changes is deemed to be required.

***1402* Long Term Business Assets/Liabilities**

- a) The Company has irrevocable letters of credit in force at the year end amounting to £4,746,000 (2009 £5,167,000). These letters of credit represent reserves, which are included in the long term business fund.
- b) The Company has made no provisions for any potential liability to tax on capital gains which might arise if the Company disposed of its assets.
- c) The Company is holding £179.2m of its fixed income securities (market value) in a separate "trust account". Hannover Life Re (UK) Ltd remains the beneficial owner of these assets unless the unlikely event occurs whereby the Company becomes insolvent. In such an eventuality the beneficial ownership of the assets passes substantially, or in full to another party to the trust.
- d) There were no other charges over assets, contingent liabilities, nor guarantees as at 31 December 2010.

RETURNS UNDER INSURANCE COMPANIES LEGISLATION

NOTES TO THE RETURN

HANNOVER LIFE REASSURANCE (UK) LIMITED

GLOBAL BUSINESS

YEAR ENDED 31 DECEMBER 2010

***1405* Other Adjustments to Liabilities** **£'000**

Deferred tax liabilities on deferred acquisition cost included in Line 75 (Acquisition cost is not deferred under FSA) 3,136

***1501* Provision for Adverse Changes**

It is Company policy and practice is to use neither derivatives nor quasi-derivatives. No provision for adverse changes is deemed to be required.

***1502* Shareholder Assets/Liabilities**

- a) The Company has made a provision of £125,000 for any potential liability to tax on capital gains which might arise if the Company disposed of its assets.
- b) The Company has issued a sub-ordinated loan of £8m repayable on or before 20th December 2030, to Hannover Rückversicherung AG. The agreement was dated 9th December 2004 and updated by an addendum dated 18th December 2008. In November 2010 the Company issued a further sub-ordinated loan of £10m repayable on or before December 2040, to Hannover Rückversicherung AG.
- c) There were no other charges over assets, contingent liabilities, nor guarantees as at 31 December 2010.

***1507* Other Adjustments**

Investment and tax expenses of the Company are initially paid out by the Policyholder fund and recharged through to the Shareholder fund. The intercompany balance this causes is then settled by cash transfer. Due to settlement timing differences this has caused a temporary intercompany balance between the funds at the 31 December 2010.

***1601* Basis of Foreign Currency Conversion**

Assets and liabilities held in foreign currencies are translated to sterling at rates of exchange ruling at the end of the year. Income and expenditure denominated in foreign currencies are translated at an average rate of exchange.

***1700* Derivatives**

Form omitted because all entries (including comparatives) would be blank.

***4002* Other Income and Expenditure**

The amount of £241,000 relates to a gain due to retranslations to sterling at the end of the year of the assets representing the opening foreign currency reserves and a transactional element of premiums and claims settled periodically. In 2009 the amount was a loss of £512,000.

RETURNS UNDER INSURANCE COMPANIES LEGISLATION

NOTES TO THE RETURN

HANNOVER LIFE REASSURANCE (UK) LIMITED

GLOBAL BUSINESS

YEAR ENDED 31 DECEMBER 2010

***4008* Management Services**

Hannover Services (UK) Limited provides management services to the Company under a service agreement dated 14th March 2008 and effective from 1st January 2008.

AmpegaGerling Asset Management provides investment management services to the Company and operates to guidelines approved by the Company. The Investment Management agreement was dated 16th April 2010 and effective from 1st January 2010. The latest guidelines are effective from 5th August 2010.

***4009* Material Connected Party Transactions**

Material transactions were carried out in 2010 with Hannover Life Reassurance (Ireland) Ltd. The Company and the transacting party are both members of the Hannover Re Group.

The transactions were in respect of premiums, claims, commission payments and investment return due under two treaties. The first treaty is a quota share treaty to cover retrocession risks from particular Ceding Companies. The second treaty is a treaty commencing 31st December 2004 and covers annuity risks from particular Ceding Companies. The treaties operate on a funds withheld basis for annuity business and amounts due up to the value of the retroceded statutory reserves are retained by the Company. The aggregate of all amounts payable was £9,840,000 in 2010.

4400

Form omitted because all entries would be blank.

4500

Form omitted because all entries would be blank.

4803

Securities which may be redeemed over a period of time at the option of the guarantor are treated as being redeemed at the latest possible date, unless the price is above par, when the earliest date will be assumed.

4804

Other assets includes deposits held with Ceding Companies and the expected income is calculated from the deposit rate applicable at the last account date.

4901

The credit ratings for the fixed interest stocks are determined as the lower of the ratings set by Moodys and Standard & Poors.

RETURNS UNDER INSURANCE COMPANIES LEGISLATION

NOTES TO THE RETURN

HANNOVER LIFE REASSURANCE (UK) LIMITED

GLOBAL BUSINESS

YEAR ENDED 31 DECEMBER 2010

5103

The amount of reserves reported under product code 435 "miscellaneous non profit" exceed 1% of the gross reserves as a result of the inclusion of reserves in respect of incurred but not reported claims (IBNR). Total reserves for IBNR amount to £23.2m gross of retrocession and £11.7m net of retrocession.

5200

Form omitted because all entries would be blank.

5600

Form omitted because index-linked assets shown in line 58 of Form 13 are less than £100 million.

5701

There are no instances where negative reserves on one group of products have been offset against positive reserves on another group of products.

RETURNS UNDER THE INSURANCE COMPANIES LEGISLATION

INFORMATION REQUIRED BY RULE 9.29 OF THE *INTERIM PRUDENTIAL SOURCEBOOK FOR INSURERS*

HANNOVER LIFE REASSURANCE (UK) LIMITED

GLOBAL BUSINESS

YEAR ENDED 31 DECEMBER 2010

The policy and practice of the Company is to use neither derivatives nor quasi-derivatives.

RETURNS UNDER THE INSURANCE COMPANIES LEGISLATION

INFORMATION REQUIRED BY RULE 9.30 OF THE *INTERIM PRUDENTIAL SOURCEBOOK FOR INSURERS*

HANNOVER LIFE REASSURANCE (UK) LIMITED

GLOBAL BUSINESS

YEAR ENDED 31 DECEMBER 2010

- a) The Shareholder Controller of the Company throughout the year was Hannover Finance (UK) Limited, a subsidiary of Hannover Rückversicherung AG.
- b) The Shareholding of the Company is as follows :
- HDI Haftpflichtverband der Deutschen Industrie V.a.G. holds 100% of Talanx AG.
Talanx AG holds 50.22% of Hannover Rückversicherung AG.
Hannover Rückversicherung AG holds 100% of Hannover Finance (UK) Ltd.
Hannover Finance (UK) Ltd holds 100% of Hannover Life Re (UK) Ltd.
- Of the other 49.78% shareholding in Hannover Rückversicherung AG no one holds more than 10%.
- c) The Shareholder Controller held 100% of the share capital of the Company and was entitled to exercise 100% of the votes at any general meeting of the Company.

RETURNS UNDER INSURANCE COMPANIES LEGISLATION

CERTIFICATE REQUIRED BY RULE 9.34 OF THE *INTERIM PRUDENTIAL SOURCEBOOK FOR INSURERS*

HANNOVER LIFE REASSURANCE (UK) LIMITED

GLOBAL BUSINESS

YEAR ENDED 31ST DECEMBER 2010

We certify :

1. (a) that the return has been properly prepared in accordance with the requirements in *IPRU(INS)*, *GENPRU* and *INSPRU* and :
 - (b) we are satisfied that :
 - (i) throughout the financial year in question, the insurer has complied in all material respects with the requirements of *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) that 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 enable the insurer to meet its obligations in respect of those contracts and, in particular, to establish adequate mathematical reserves;
 - (b) that the sum of the mathematical reserves and the deposits received from reinsurers as shown in Form 14 constitute proper provision at the end of the financial year in question for the long term insurance liabilities (including all liabilities arising from deposit back arrangements, but excluding other liabilities which had fallen due before the end of the financial year) including any increase in those liabilities arising from a distribution of surplus as a result of an actuarial investigation as at that date into the financial condition of the long-term insurance business;
 - (c) that we have, in preparing the return, taken and paid due regard to advice in preparing the return from every actuary appointed by the insurer to perform the actuarial function in accordance with SUP 4.3.13R

D S BRAND
Chief Executive Director



H SCHENK
Director



A C STOCKBRIDGE
Director



22 March 2011

RETURNS UNDER INSURANCE COMPANIES LEGISLATION

REPORT OF THE AUDITORS TO THE DIRECTORS PURSUANT TO RULE 9.35 OF *IPRU(INS)* THE *INTERIM PRUDENTIAL SOURCEBOOK FOR INSURERS*

HANNOVER LIFE REASSURANCE (UK) LIMITED

GLOBAL BUSINESS

FINANCIAL YEAR ENDED 31 DECEMBER 2010

We have examined 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 *Insurance Prudential Sourcebook* ("the Rules") made by the Financial Services Authority (FSA) under section 138 of the Financial Services and Markets Act 2000:

- Forms 2, 3, 11 to 16, 40 to 43, 48 to 49, 58 and 60 (including the supplementary notes) on pages 1 to 20, 25 to 26 and 44 to 45 ("the Forms");
- the statement required by *IPRU(INS)* rule 9.29 on page 67 ("the Statement"); and
- the valuation report required by *IPRU(INS)* rule 9.31(a) on pages 46 to 60 ("the valuation report").

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

- Forms 46 to 47, 50, 51, 53 to 54 and 57 (including the supplementary notes) on pages 21 to 24 and 27 to 43;
- The statement required by *IPRU(INS)* rule 9.30 on page 68;
- The certificate required by *IPRU(INS)* rule 9.34 on pages 69 to 70 ("the certificate").

This report is made solely to the Insurer's directors, as a body, in accordance with the requirements of *IPRU(INS)* rule 9.35. We acknowledge that the directors are required to submit this report to the FSA, to enable the FSA to verify that an auditor's report has been commissioned by the Insurer's directors and issued in accordance with the requirements of *IPRU(INS)* rule 9.35 and to facilitate the discharge by the FSA of its regulatory functions in respect of the Insurer, conferred on the FSA by or under the Financial Services and Markets Act 2000. Our work (including our examination) has been undertaken so that we might state to the Insurer's directors, as a body, those matters we are required to state to them in an auditor's report issued pursuant to *IPRU(INS)* rule 9.35 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 and the Insurer's directors as a body, for our work (including 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, valuation report, the forms and statement not examined by us and the certificate 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 opinions 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;
- 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 examination.

Bases 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 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.



Chris Moulder (Senior Statutory Auditor)

for and on behalf of KPMG Audit Plc, Statutory Auditor

15 Canada Square
London E14 5GL

22 March 2011