

The Royal London Mutual Insurance Society Limited

Annual FSA Insurance Returns for the year ended

31 December 2010

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

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Statement of solvency - long-term insurance businessName of insurer **The Royal London Mutual Insurance Society Limited**

Global business

Financial year ended **31 December 2010**

Adjusted solo solvency calculation

Company registration number	GL/UK/CM	day	month	year	Units	
R2	99064	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	3890020	2734009
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	12		
Capital resources available to cover long-term insurance business capital resources requirement (11+12)	13	3890020	2734009

Guarantee fund

Guarantee fund requirement	21	230229	235044
Excess (deficiency) of available capital resources to cover guarantee fund requirement	22	3659792	2498965

Minimum capital requirement (MCR)

Long-term insurance capital requirement	31	624204	642943
Resilience capital requirement	32		
Base capital resources requirement	33	2280	2346
Individual minimum capital requirement	34	624204	642943
Capital requirements of regulated related undertakings	35	22161	20731
Minimum capital requirement (34+35)	36	646364	663674
Excess (deficiency) of available capital resources to cover 50% of MCR	37	3275554	2148503
Excess (deficiency) of available capital resources to cover 75% of MCR	38	3405247	2236254

Enhanced capital requirement

With-profits insurance capital component	39	1646422	1044293
Enhanced capital requirement	40	2292786	1707967

Capital resources requirement (CRR)

Capital resources requirement (greater of 36 and 40)	41	2292786	1707967
Excess (deficiency) of available capital resources to cover long-term insurance business CRR (13-41)	42	1597234	1026043

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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Name of insurer **The Royal London Mutual Insurance Society Limited**

Global business

Financial year ended **31 December 2010**

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M Yardley

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S Shone

.....

A Carter

30th March 2011

Components of capital resources

Name of insurer **The Royal London Mutual Insurance Society Limited**

Global business

Financial year ended **31 December 2010**

	Company registration number	GL/UK/CM	day	month	year	Units	
	R3	99064	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					
Profit and loss account and other reserves	12					
Share premium account	13					
Positive valuation differences	14			2567601	2567601	1552202
Fund for future appropriations	15			2299838	2299838	2110905
Core tier one capital in related undertakings	16			(5296)	(5296)	(7695)
Core tier one capital (sum of 11 to 16)	19			4862142	4862142	3655412

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			4862142	4862142	3655412
Investments in own shares	32					
Intangible assets	33			982186	982186	1100142
Amounts deducted from technical provisions for discounting	34					
Other negative valuation differences	35					
Deductions in related undertakings	36			93621	93621	74930
Deductions from tier one (32 to 36)	37			1075806	1075806	1175072
Total tier one capital after deductions (31-37)	39			3786336	3786336	2480340

Components of capital resources

Name of insurer **The Royal London Mutual Insurance Society Limited**

Global business

Financial year ended **31 December 2010**

	Company registration number	GL/UK/CM	day	month	year	Units	
	R3	99064	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		397761	397761	397313
Upper tier two capital in related undertakings	47				
Upper tier two capital (44 to 47)	49		397761	397761	397313

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

Total tier two capital before restrictions (49+59)	61		397761	397761	397313
Excess tier two capital	62				
Further excess lower tier two capital	63				
Total tier two capital after restrictions, before deductions (61-62-63)	69		397761	397761	397313

Components of capital resources

Name of insurer **The Royal London Mutual Insurance Society Limited**

Global business

Financial year ended **31 December 2010**

	Company registration number	GL/UK/CM	day	month	year	Units	
	R3	99064	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		4184097	4184097	2877653
Inadmissible assets other than intangibles and own shares	73		250274	250274	96623
Assets in excess of market risk and counterparty limits	74				2003
Deductions for related ancillary services undertakings	75		43803	43803	45018
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		3890020	3890020	2734009

Available capital resources for GENPRU/INSRU tests

Available capital resources for guarantee fund requirement	81		3890020	3890020	2734009
Available capital resources for 50% MCR requirement	82		3786336	3786336	2480340
Available capital resources for 75% MCR requirement	83		3890020	3890020	2734009

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

Name of insurer **The Royal London Mutual Insurance Society Limited**

Global business

Financial year ended **31 December 2010**

Long term insurance business

		Company registration number	GL/UK/CM	day	month	year	Units	
		R11	99064	GL	31	12	2010	£000
				This financial year 1			Previous year 2	
Gross premiums written				11		85273	86655	
Premiums taxes and levies (included in line 11)				12				
Premiums written net of taxes and levies (11-12)				13		85273	86655	
Premiums for classes 11, 12 or 13 (included in line 13)				14				
Premiums for "actuarial health insurance" (included in line 13)				15		4604	4798	
Sub-total A (13 + 1/2 14 - 2/3 15)				16		82204	83456	
Gross premiums earned				21		85273	86655	
Premium taxes and levies (included in line 21)				22				
Premiums earned net of taxes and levies (21-22)				23		85273	86655	
Premiums for classes 11, 12 or 13 (included in line 23)				24				
Premiums for "actuarial health insurance" (included in line 23)				25		4604	4798	
Sub-total H (23 + 1/2 24 - 2/3 25)				26		82204	83456	
Sub-total I (higher of sub-total A and sub-total H)				30		82204	83456	
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		14797	15022	
	Excess (if any) over 57.5M EURO x 0.02			33		645	641	
Sub-total J (32-33)				34		14152	14381	
Claims paid in period of 3 financial years				41		252746	336956	
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		61917	77216	
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		112126	117603	
Sub-total C (41+42+43-44-45)				46		202537	296570	
Amounts recoverable from reinsurers in respect of claims included in Sub-total C				47		183344	191758	
Sub-total D (46-47)				48		19193	104811	
Reinsurance Ratio (Sub-total D /sub-total C or, if more, 0.50 or, if less, 1.00)				49		0.50	0.50	
Premiums amount (Sub-total J x reinsurance ratio)				50		7076	7190	
Provision for claims outstanding (before discounting and net of reinsurance)				51		12641	18392	
Provision 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		4989	7259	
Greater of lines 50 and 53				54		7076	7259	

Calculation of general insurance capital requirement - claims amount and result

Name of insurer **The Royal London Mutual Insurance Society Limited**

Global business

Financial year ended **31 December 2010**

Long term insurance business

		Company registration number	GL/ UK/ CM	day month year			Units	
		R12	99064	GL	31	12	2010	£000
				This financial year 1			Previous year 2	
Reference period (No. of months) See INSPRU 1.1.63R				11	36			36
Claims paid in reference period				21	252746			336956
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	61917			77216
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	112126			117603
Claims incurred in reference period (21+22+23-24-25)				26	202537			296570
Claims incurred for classes 11, 12 or 13 (included in 26)				27				
Claims incurred for "actuarial health insurance" (included in 26)				28	77601			207530
Sub-total E (26 +1/2 27 - 2/3 28)				29	150803			158216
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	50268			52739
Division of sub-total F (gross adjusted claims amount)	x 0.26			32	13070			13712
	Excess (if any) over 40.3M EURO x 0.03			33	458			502
Sub-total G (32-33)				39	12612			13210
Claims amount Sub-total G x reinsurance ratio (11.49)				41	6306			6605
Higher of premiums amount and brought forward amount (11.54)				42	7076			7259
General insurance capital requirement (higher of lines 41 and 42)				43	7076			7259

Analysis of admissible assets

Name of insurer **The Royal London Mutual Insurance Society Limited**

Global business

Financial year ended **31 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	99064	GL	31	12	2010	£000	10
						As at end of this financial year	As at end of the previous year	
						1	2	
Land and buildings			11			1054324	1064858	

Investments in group undertakings and participating interests

UK insurance dependants	Shares	21	19088	16405
	Debts and loans	22		
Other insurance dependants	Shares	23	65771	68349
	Debts and loans	24		
Non-insurance dependants	Shares	25	34970	28565
	Debts and loans	26	2933	2240
Other group undertakings	Shares	27	18011	35723
	Debts and loans	28	9208	26025
Participating interests	Shares	29		
	Debts and loans	30		

Other financial investments

Equity shares	41	3130871	2843092	
Other shares and other variable yield participations	42	40958	37251	
Holdings in collective investment schemes	43	296950	280719	
Rights under derivative contracts	44	429140	570030	
Fixed interest securities	Approved	45	4211619	4034653
	Other	46	2364738	2346078
Variable interest securities	Approved	47	282461	276433
	Other	48	404472	408346
Participation in investment pools	49	141782	123928	
Loans secured by mortgages	50	90	86	
Loans to public or local authorities and nationalised industries or undertakings	51			
Loans secured by policies of insurance issued by the company	52	12630	14935	
Other loans	53			
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	142757	529316
	More than one month withdrawal	55	276890	349262
Other financial investments	56			
Deposits with ceding undertakings	57			
Assets held to match linked liabilities	Index linked	58	98401	98622
	Property linked	59	11877261	10109852

Analysis of admissible assets

Name of insurer **The Royal London Mutual Insurance Society Limited**

Global business

Financial year ended **31 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	99064	GL	31	12	2010	£000	10
						As at end of this financial year	As at end of the previous year	
						1	2	

Reinsurers' share of technical provisions

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

Debtors and salvage

Direct insurance business	Policyholders	71	13718	18787
	Intermediaries	72		
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74		
	Ceded	75	27783	32380
Dependants	due in 12 months or less	76	107472	32178
	due in more than 12 months	77		
Other	due in 12 months or less	78	163030	124650
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	456129	525307
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84		
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	25683453	23998069
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Analysis of admissible assets

Name of insurer **The Royal London Mutual Insurance Society Limited**

Global business

Financial year ended **31 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	99064	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	25683453	23998069
Admissible assets in excess of market and counterparty limits	92		869
Inadmissible assets directly held	93	842717	875760
Capital resources requirement deduction of regulated related undertakings	94	22161	20730
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	95		
Inadmissible assets of regulated related undertakings	96	44852	30146
Book value of related ancillary services undertakings	97	43803	45018
Other differences in the valuation of assets (other than for assets not valued above)	98	56304	54878
Deferred acquisition costs excluded from line 89	99	374680	306102
Reinsurers' share of technical provisions excluded from line 89	100	712686	657757
Other asset adjustments (may be negative)	101	716152	544334
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	28496808	26533664
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		

Analysis of admissible assets

Name of insurer **The Royal London Mutual Insurance Society Limited**

Global business

Financial year ended **31 December 2010**

Category of assets **Royal London Other Long Term Funds**

	Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
	R13	99064	GL	31	12	2010	£000	11
						As at end of this financial year	As at end of the previous year	
						1	2	
Land and buildings						11	1009766	

Investments in group undertakings and participating interests

UK insurance dependants	Shares	21		16405
	Debts and loans	22		
Other insurance dependants	Shares	23		68349
	Debts and loans	24		
Non-insurance dependants	Shares	25		28565
	Debts and loans	26		2240
Other group undertakings	Shares	27		35539
	Debts and loans	28		
Participating interests	Shares	29		
	Debts and loans	30		

Other financial investments

Equity shares		41		2367696
Other shares and other variable yield participations		42		19087
Holdings in collective investment schemes		43		163206
Rights under derivative contracts		44		525164
Fixed interest securities	Approved	45		2564681
	Other	46		1461009
Variable interest securities	Approved	47		246644
	Other	48		224930
Participation in investment pools		49		123928
Loans secured by mortgages		50		44
Loans to public or local authorities and nationalised industries or undertakings		51		
Loans secured by policies of insurance issued by the company		52		13785
Other loans		53		
Bank and approved credit & financial institution deposits	One month or less withdrawal	54		345134
	More than one month withdrawal	55		227732
Other financial investments		56		
Deposits with ceding undertakings		57		
Assets held to match linked liabilities	Index linked	58		98622
	Property linked	59		10012693

Analysis of admissible assets

Name of insurer **The Royal London Mutual Insurance Society Limited**

Global business

Financial year ended **31 December 2010**

Category of assets **Royal London Other Long Term Funds**

	Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
	R13	99064	GL	31	12	2010	£000	11
						As at end of this financial year	As at end of the previous year	
						1	2	

Reinsurers' share of technical provisions

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

Debtors and salvage

Direct insurance business	Policyholders	71		18423
	Intermediaries	72		
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74		
	Ceded	75		32380
Dependants	due in 12 months or less	76		20851
	due in more than 12 months	77		
Other	due in 12 months or less	78		107442
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81		286601
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84		
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		20020915
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Analysis of admissible assets

Name of insurer **The Royal London Mutual Insurance Society Limited**

Global business

Financial year ended **31 December 2010**

Category of assets **Royal London Other Long Term Funds**

	Company registration number	GL/UK/CM	day	month	year	Units	Category of assets
R13	99064	GL	31	12	2010	£000	11
						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		20020915
Admissible assets in excess of market and counterparty limits	92		869
Inadmissible assets directly held	93		875760
Capital resources requirement deduction of regulated related undertakings	94		20730
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	95		
Inadmissible assets of regulated related undertakings	96		30146
Book value of related ancillary services undertakings	97		45018
Other differences in the valuation of assets (other than for assets not valued above)	98		54878
Deferred acquisition costs excluded from line 89	99		306102
Reinsurers' share of technical provisions excluded from line 89	100		648551
Other asset adjustments (may be negative)	101		552643
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		22555612
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		

Analysis of admissible assets

Name of insurer **The Royal London Mutual Insurance Society Limited**

Global business

Financial year ended **31 December 2010**

Category of assets **Royal London IB & OB Subfund**

	Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
	R13	99064	GL	31	12	2010	£000	21
						As at end of this financial year		As at end of the previous year
						1		2
Land and buildings						11	666778	

Investments in group undertakings and participating interests

UK insurance dependants	Shares	21	19088
	Debts and loans	22	
Other insurance dependants	Shares	23	65771
	Debts and loans	24	
Non-insurance dependants	Shares	25	34970
	Debts and loans	26	2933
Other group undertakings	Shares	27	17877
	Debts and loans	28	
Participating interests	Shares	29	
	Debts and loans	30	

Other financial investments

Equity shares	41	1811137	
Other shares and other variable yield participations	42	15666	
Holdings in collective investment schemes	43	161392	
Rights under derivative contracts	44	351457	
Fixed interest securities	Approved	45	1678879
	Other	46	920046
Variable interest securities	Approved	47	206096
	Other	48	164527
Participation in investment pools	49	93012	
Loans secured by mortgages	50	12	
Loans to public or local authorities and nationalised industries or undertakings	51		
Loans secured by policies of insurance issued by the company	52	4267	
Other loans	53		
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	39975
	More than one month withdrawal	55	83356
Other financial investments	56		
Deposits with ceding undertakings	57		
Assets held to match linked liabilities	Index linked	58	98401
	Property linked	59	11766817

Analysis of admissible assets

Name of insurer **The Royal London Mutual Insurance Society Limited**

Global business

Financial year ended **31 December 2010**

Category of assets **Royal London IB & OB Subfund**

	Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
	R13	99064	GL	31	12	2010	£000	21
						As at end of this financial year	As at end of the previous year	
						1	2	

Reinsurers' share of technical provisions

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

Debtors and salvage

Direct insurance business	Policyholders	71	11705
	Intermediaries	72	
Salvage and subrogation recoveries		73	
Reinsurance	Accepted	74	
	Ceded	75	27783
Dependants	due in 12 months or less	76	2206
	due in more than 12 months	77	
Other	due in 12 months or less	78	133509
	due in more than 12 months	79	

Other assets

Tangible assets	80	
Deposits not subject to time restriction on withdrawal with approved institutions	81	28303
Cash in hand	82	
Other assets (particulars to be specified by way of supplementary note)	83	
Accrued interest and rent	84	
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	18405962
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Analysis of admissible assets

Name of insurer **The Royal London Mutual Insurance Society Limited**

Global business

Financial year ended **31 December 2010**

Category of assets **Royal London IB & OB Subfund**

	Company registration number	GL/UK/CM	day	month	year	Units	Category of assets
R13	99064	GL	31	12	2010	£000	21
						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	18405962	
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	828456	
Capital resources requirement deduction of regulated related undertakings	94	22161	
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	95		
Inadmissible assets of regulated related undertakings	96	44852	
Book value of related ancillary services undertakings	97	43803	
Other differences in the valuation of assets (other than for assets not valued above)	98	56304	
Deferred acquisition costs excluded from line 89	99	374680	
Reinsurers' share of technical provisions excluded from line 89	100	705852	
Other asset adjustments (may be negative)	101	716391	
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	21198461	
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		

Analysis of admissible assets

Name of insurer **The Royal London Mutual Insurance Society Limited**

Global business

Financial year ended **31 December 2010**

Category of assets **Refuge Assurance IB Subfund**

	Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
	R13	99064	GL	31	12	2010	£000	23
						As at end of this financial year	As at end of the previous year	
						1	2	
Land and buildings						11	37369	

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	71937	
Other shares and other variable yield participations	42	1247	
Holdings in collective investment schemes	43	2062	
Rights under derivative contracts	44	540	
Fixed interest securities	Approved	45	149029
	Other	46	73536
Variable interest securities	Approved	47	7563
	Other	48	7572
Participation in investment pools	49	5213	
Loans secured by mortgages	50	36	
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	1840
	More than one month withdrawal	55	4361
Other financial investments	56		
Deposits with ceding undertakings	57		
Assets held to match linked liabilities	Index linked	58	
	Property linked	59	

Analysis of admissible assets

Name of insurer **The Royal London Mutual Insurance Society Limited**

Global business

Financial year ended **31 December 2010**

Category of assets **Refuge Assurance IB Subfund**

	Company registration number	GL/UK/CM	day	month	year	Units	Category of assets
R13	99064	GL	31	12	2010	£000	23
						As at end of this financial year	As at end of the previous year
						1	2

Reinsurers' share of technical provisions

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

Debtors and salvage

Direct insurance business	Policyholders	71	96
	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	1616
	due in more than 12 months	79	

Other assets

Tangible assets	80	
Deposits not subject to time restriction on withdrawal with approved institutions	81	3645
Cash in hand	82	
Other assets (particulars to be specified by way of supplementary note)	83	
Accrued interest and rent	84	
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	367662
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Analysis of admissible assets

Name of insurer **The Royal London Mutual Insurance Society Limited**

Global business

Financial year ended **31 December 2010**

Category of assets **Refuge Assurance IB Subfund**

	Company registration number	GL/UK/CM	day	month	year	Units	Category of assets
R13	99064	GL	31	12	2010	£000	23
						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	367662	
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	3330	
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	370992	
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		

Analysis of admissible assets

Name of insurer **The Royal London Mutual Insurance Society Limited**

Global business

Financial year ended **31 December 2010**

Category of assets **United Friendly OB Subfund**

	Company registration number	GL/UK/CM	day	month	year	Units	Category of assets
	R13		31	12	2010	£000	
	99064	GL					24
						As at end of this financial year	As at end of the previous year
						1	2
Land and buildings						201065	

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	322317	
Other shares and other variable yield participations	42	6365	
Holdings in collective investment schemes	43	9093	
Rights under derivative contracts	44	2700	
Fixed interest securities	Approved	45	759821
	Other	46	328158
Variable interest securities	Approved	47	39318
	Other	48	33881
Participation in investment pools	49	28048	
Loans secured by mortgages	50		
Loans to public or local authorities and nationalised industries or undertakings	51		
Loans secured by policies of insurance issued by the company	52	4371	
Other loans	53		
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	10226
	More than one month withdrawal	55	23835
Other financial investments	56		
Deposits with ceding undertakings	57		
Assets held to match linked liabilities	Index linked	58	
	Property linked	59	

Analysis of admissible assets

Name of insurer **The Royal London Mutual Insurance Society Limited**

Global business

Financial year ended **31 December 2010**

Category of assets **United Friendly OB Subfund**

	Company registration number	GL/UK/CM	day	month	year	Units	Category of assets
R13	99064	GL	31	12	2010	£000	24
						As at end of this financial year	As at end of the previous year
						1	2

Reinsurers' share of technical provisions

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

Debtors and salvage

Direct insurance business	Policyholders	71	270
	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	8107
	due in more than 12 months	79	

Other assets

Tangible assets	80	
Deposits not subject to time restriction on withdrawal with approved institutions	81	129880
Cash in hand	82	
Other assets (particulars to be specified by way of supplementary note)	83	
Accrued interest and rent	84	
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	1907453
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Analysis of admissible assets

Name of insurer **The Royal London Mutual Insurance Society Limited**

Global business

Financial year ended **31 December 2010**

Category of assets **United Friendly OB Subfund**

	Company registration number	GL/UK/CM	day	month	year	Units	Category of assets
R13	99064	GL	31	12	2010	£000	24
						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	1907453	
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	2437	
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	(975)	
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	1908916	
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		

Analysis of admissible assets

Name of insurer **The Royal London Mutual Insurance Society Limited**

Global business

Financial year ended **31 December 2010**

Category of assets **United Friendly IB Subfund**

	Company registration number	GL/UK/CM	day	month	year	Units	Category of assets
	R13		31	12	2010	£000	25
						As at end of this financial year	As at end of the previous year
						1	2
Land and buildings			11			111181	

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			384406
Other shares and other variable yield participations		42			3514
Holdings in collective investment schemes		43			6343
Rights under derivative contracts		44			962
Fixed interest securities	Approved	45			241061
	Other	46			181348
Variable interest securities	Approved	47			20688
	Other	48			18723
Participation in investment pools		49			15509
Loans secured by mortgages		50			
Loans to public or local authorities and nationalised industries or undertakings		51			
Loans secured by policies of insurance issued by the company		52			3220
Other loans		53			
Bank and approved credit & financial institution deposits	One month or less withdrawal	54			1724
	More than one month withdrawal	55			5018
Other financial investments		56			
Deposits with ceding undertakings		57			
Assets held to match linked liabilities	Index linked	58			
	Property linked	59			

Analysis of admissible assets

Name of insurer **The Royal London Mutual Insurance Society Limited**

Global business

Financial year ended **31 December 2010**

Category of assets **United Friendly IB Subfund**

	Company registration number	GL/UK/CM	day	month	year	Units	Category of assets
R13	99064	GL	31	12	2010	£000	25
						As at end of this financial year	As at end of the previous year
						1	2

Reinsurers' share of technical provisions

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

Debtors and salvage

Direct insurance business	Policyholders	71	150
	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	3955
	due in more than 12 months	79	

Other assets

Tangible assets	80	
Deposits not subject to time restriction on withdrawal with approved institutions	81	14232
Cash in hand	82	
Other assets (particulars to be specified by way of supplementary note)	83	
Accrued interest and rent	84	
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	1012034
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Analysis of admissible assets

Name of insurer **The Royal London Mutual Insurance Society Limited**

Global business

Financial year ended **31 December 2010**

Category of assets **United Friendly IB Subfund**

	Company registration number	GL/UK/CM	day	month	year	Units	Category of assets
R13	99064	GL	31	12	2010	£000	25
						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	1012034	
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	8494	
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	1020528	
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		

Analysis of admissible assets

Name of insurer **The Royal London Mutual Insurance Society Limited**

Global business

Financial year ended **31 December 2010**

Category of assets **Scottish Life Fund**

	Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
	R13	99064	GL	31	12	2010	£000	26
						As at end of this financial year	As at end of the previous year	
						1	2	
Land and buildings						11	37931	55093

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	134	184
	Debts and loans	28	9208	26025
Participating interests	Shares	29		
	Debts and loans	30		

Other financial investments

Equity shares	41	268622	198458	
Other shares and other variable yield participations	42	14165	18164	
Holdings in collective investment schemes	43	86321	87123	
Rights under derivative contracts	44	71937	42916	
Fixed interest securities	Approved	45	1255976	1292558
	Other	46	639593	684108
Variable interest securities	Approved	47	2208	9737
	Other	48	179155	182695
Participation in investment pools	49			
Loans secured by mortgages	50	43	43	
Loans to public or local authorities and nationalised industries or undertakings	51			
Loans secured by policies of insurance issued by the company	52	772	1150	
Other loans	53			
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	71022	150048
	More than one month withdrawal	55	127947	99008
Other financial investments	56			
Deposits with ceding undertakings	57			
Assets held to match linked liabilities	Index linked	58		
	Property linked	59	110443	97159

Analysis of admissible assets

Name of insurer **The Royal London Mutual Insurance Society Limited**

Global business

Financial year ended **31 December 2010**

Category of assets **Scottish Life Fund**

	Company registration number	GL/UK/CM	day	month	year	Units	Category of assets
R13	99064	GL	31	12	2010	£000	26
						As at end of this financial year	As at end of the previous year
						1	2

Reinsurers' share of technical provisions

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

Debtors and salvage

Direct insurance business	Policyholders	71	1497	364
	Intermediaries	72		
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74		
	Ceded	75		
Dependants	due in 12 months or less	76	105266	11327
	due in more than 12 months	77		
Other	due in 12 months or less	78	11047	16697
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	242035	195930
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84		
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	3235322	3168786
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Analysis of admissible assets

Name of insurer **The Royal London Mutual Insurance Society Limited**

Global business

Financial year ended **31 December 2010**

Category of assets **Scottish Life Fund**

	Company registration number	GL/UK/CM	day	month	year	Units	Category of assets
R13	99064	GL	31	12	2010	£000	26
						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	3235322	3168786
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	6834	9206
Other asset adjustments (may be negative)	101	735	(8309)
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	3242891	3169683
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		

Analysis of admissible assets

Name of insurer **The Royal London Mutual Insurance Society Limited**

Global business

Financial year ended **31 December 2010**

Category of assets **PLAL With-Profits Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	99064	GL	31	12	2010	£000	27
					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	272452	276938	
Other shares and other variable yield participations	42			
Holdings in collective investment schemes	43	31740	30390	
Rights under derivative contracts	44	1544	1950	
Fixed interest securities	Approved	45	126854	177413
	Other	46	222056	200961
Variable interest securities	Approved	47	6588	20051
	Other	48	613	721
Participation in investment pools	49			
Loans secured by mortgages	50			
Loans to public or local authorities and nationalised industries or undertakings	51			
Loans secured by policies of insurance issued by the company	52			
Other loans	53			
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	17970	34133
	More than one month withdrawal	55	32373	22522
Other financial investments	56			
Deposits with ceding undertakings	57			
Assets held to match linked liabilities	Index linked	58		
	Property linked	59		

Analysis of admissible assets

Name of insurer **The Royal London Mutual Insurance Society Limited**

Global business

Financial year ended **31 December 2010**

Category of assets **PLAL With-Profits Fund**

	Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
	R13	99064	GL	31	12	2010	£000	27
						As at end of this financial year	As at end of the previous year	
						1	2	

Reinsurers' share of technical provisions

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

Debtors and salvage

Direct insurance business	Policyholders	71		
	Intermediaries	72		
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74		
	Ceded	75		
Dependants	due in 12 months or less	76		
	due in more than 12 months	77		
Other	due in 12 months or less	78	4795	512
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	38034	42776
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84		
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	755020	808368
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Analysis of admissible assets

Name of insurer **The Royal London Mutual Insurance Society Limited**

Global business

Financial year ended **31 December 2010**

Category of assets **PLAL With-Profits Fund**

	Company registration number	GL/UK/CM	day	month	year	Units	Category of assets
R13	99064	GL	31	12	2010	£000	27
						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	755020	808368
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	755020	808368
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		

Long term insurance business liabilities and margins

Name of insurer **The Royal London Mutual Insurance Society Limited**

Global business

Financial year ended **31 December 2010**Total business/Sub fund **10 Summary**Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Mathematical reserves, after distribution of surplus		11	21223939	20272799
Cash bonuses which had not been paid to policyholders prior to end of the financial year		12		
Balance of surplus/(valuation deficit)		13		
Long term insurance business fund carried forward (11 to 13)		14	21223939	20272799
Claims outstanding	Gross	15	137603	136916
	Reinsurers' share	16	11238	11375
	Net (15-16)	17	126366	125540
Provisions	Taxation	21		8000
	Other risks and charges	22	9312	16173
Deposits received from reinsurers		23		
Creditors	Direct insurance business	31	66622	93818
	Reinsurance accepted	32		
	Reinsurance ceded	33	17112	17710
Debenture loans	Secured	34		
	Unsecured	35	1935	12897
Amounts owed to credit institutions		36	44523	615187
Creditors	Taxation	37	18846	4392
	Other	38	690240	501127
Accruals and deferred income		39	14458	14460
Provision for "reasonably foreseeable adverse variations"		41		
Total other insurance and non-insurance liabilities (17 to 41)		49	989415	1409304
Excess of the value of net admissible assets		51	3470099	2315967
Total liabilities and margins		59	25683453	23998069

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance		61	121846	15125
Amounts included in line 59 attributable to liabilities in respect of property linked benefits		62	11876058	10108126

Total liabilities (11+12+49)		71	22213354	21682103
Increase to liabilities - DAC related		72		
Reinsurers' share of technical provisions		73	712686	657757
Other adjustments to liabilities (may be negative)		74	3270929	2082899
Capital and reserves and fund for future appropriations		75	2299838	2110905
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose its external financial reporting (71 to 75)		76	28496808	26533664

Long term insurance business liabilities and marginsName of insurer **The Royal London Mutual Insurance Society Limited**

Global business

Financial year ended **31 December 2010**Total business/Sub fund **11 Royal London Other Long Term Funds**Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Mathematical reserves, after distribution of surplus		11		16774661
Cash bonuses which had not been paid to policyholders prior to end of the financial year		12		
Balance of surplus/(valuation deficit)		13		
Long term insurance business fund carried forward (11 to 13)		14		16774661
Claims outstanding	Gross	15		124357
	Reinsurers' share	16		11349
	Net (15-16)	17		113009
Provisions	Taxation	21		8000
	Other risks and charges	22		14996
Deposits received from reinsurers		23		
Creditors	Direct insurance business	31		83539
	Reinsurance accepted	32		
	Reinsurance ceded	33		17700
Debenture loans	Secured	34		
	Unsecured	35		12897
Amounts owed to credit institutions		36		615187
Creditors	Taxation	37		
	Other	38		469163
Accruals and deferred income		39		13732
Provision for "reasonably foreseeable adverse variations"		41		
Total other insurance and non-insurance liabilities (17 to 41)		49		1348224
Excess of the value of net admissible assets		51		1898030
Total liabilities and margins		59		20020915

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance		61		15112
Amounts included in line 59 attributable to liabilities in respect of property linked benefits		62		10010967

Total liabilities (11+12+49)		71		18122885
Increase to liabilities - DAC related		72		
Reinsurers' share of technical provisions		73		
Other adjustments to liabilities (may be negative)		74		
Capital and reserves and fund for future appropriations		75		
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose its external financial reporting (71 to 75)		76		

Long term insurance business liabilities and marginsName of insurer **The Royal London Mutual Insurance Society Limited**

Global business

Financial year ended **31 December 2010**Total business/Sub fund **21 Royal London IB & OB Subfund**Units **£000**

As at end of this financial year	As at end of the previous year
1	2

Mathematical reserves, after distribution of surplus		11	15991635	14656880
Cash bonuses which had not been paid to policyholders prior to end of the financial year		12		
Balance of surplus/(valuation deficit)		13		
Long term insurance business fund carried forward (11 to 13)		14	15991635	14656880
Claims outstanding	Gross	15	121954	121714
	Reinsurers' share	16	11215	11349
	Net (15-16)	17	110739	110365
Provisions	Taxation	21	(34931)	
	Other risks and charges	22	7172	9455
Deposits received from reinsurers		23		
Creditors	Direct insurance business	31	46725	70547
	Reinsurance accepted	32		
	Reinsurance ceded	33	17106	17700
Debenture loans	Secured	34		
	Unsecured	35	1269	7742
Amounts owed to credit institutions		36	42783	614776
Creditors	Taxation	37		
	Other	38	603891	460531
Accruals and deferred income		39	9913	8243
Provision for "reasonably foreseeable adverse variations"		41		
Total other insurance and non-insurance liabilities (17 to 41)		49	804667	1299358
Excess of the value of net admissible assets		51	1609660	1042517
Total liabilities and margins		59	18405962	16998755

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance		61	121828	15112
Amounts included in line 59 attributable to liabilities in respect of property linked benefits		62	11765615	10010967

Total liabilities (11+12+49)		71	16796302	15956238
Increase to liabilities - DAC related		72		
Reinsurers' share of technical provisions		73		
Other adjustments to liabilities (may be negative)		74		
Capital and reserves and fund for future appropriations		75		
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose its external financial reporting (71 to 75)		76		

Long term insurance business liabilities and marginsName of insurer **The Royal London Mutual Insurance Society Limited**

Global business

Financial year ended **31 December 2010**Total business/Sub fund **23 Refuge Assurance IB Subfund**Units **£000**

As at end of this financial year	As at end of the previous year
1	2

Mathematical reserves, after distribution of surplus		11	216444	241342
Cash bonuses which had not been paid to policyholders prior to end of the financial year		12		
Balance of surplus/(valuation deficit)		13		
Long term insurance business fund carried forward (11 to 13)		14	216444	241342
Claims outstanding	Gross	15	743	1233
	Reinsurers' share	16		
	Net (15-16)	17	743	1233
Provisions	Taxation	21	5315	1679
	Other risks and charges	22	122	628
Deposits received from reinsurers		23		
Creditors	Direct insurance business	31	4884	5438
	Reinsurance accepted	32		
	Reinsurance ceded	33		
Debenture loans	Secured	34		
	Unsecured	35	71	585
Amounts owed to credit institutions		36	1741	411
Creditors	Taxation	37	2981	
	Other	38	3331	1196
Accruals and deferred income		39	442	622
Provision for "reasonably foreseeable adverse variations"		41		
Total other insurance and non-insurance liabilities (17 to 41)		49	19630	11793
Excess of the value of net admissible assets		51	131587	111292
Total liabilities and margins		59	367662	364427

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

Total liabilities (11+12+49)		71	236075	253135
Increase to liabilities - DAC related		72		
Reinsurers' share of technical provisions		73		
Other adjustments to liabilities (may be negative)		74		
Capital and reserves and fund for future appropriations		75		
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose its external financial reporting (71 to 75)		76		

Long term insurance business liabilities and marginsName of insurer **The Royal London Mutual Insurance Society Limited**

Global business

Financial year ended **31 December 2010**Total business/Sub fund **24 United Friendly OB Subfund**Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Mathematical reserves, after distribution of surplus	11	1371676	1308660	
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12			
Balance of surplus/(valuation deficit)	13			
Long term insurance business fund carried forward (11 to 13)	14	1371676	1308660	
Claims outstanding	Gross	15	30	1411
	Reinsurers' share	16		
	Net (15-16)	17	30	1411
Provisions	Taxation	21	2868	1516
	Other risks and charges	22	656	3114
Deposits received from reinsurers	23			
Creditors	Direct insurance business	31	4847	6143
	Reinsurance accepted	32		
	Reinsurance ceded	33		
Debenture loans	Secured	34		
	Unsecured	35	383	2898
Amounts owed to credit institutions	36			
Creditors	Taxation	37	4652	
	Other	38	16638	5066
Accruals and deferred income	39	2381	3085	
Provision for "reasonably foreseeable adverse variations"	41			
Total other insurance and non-insurance liabilities (17 to 41)	49	32455	23234	
Excess of the value of net admissible assets	51	503322	372034	
Total liabilities and margins	59	1907453	1703928	

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

Total liabilities (11+12+49)	71	1404131	1331894
Increase to liabilities - DAC related	72		
Reinsurers' share of technical provisions	73		
Other adjustments to liabilities (may be negative)	74		
Capital and reserves and fund for future appropriations	75		
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose its external financial reporting (71 to 75)	76		

Long term insurance business liabilities and marginsName of insurer **The Royal London Mutual Insurance Society Limited**

Global business

Financial year ended **31 December 2010**Total business/Sub fund **25 United Friendly IB Subfund**Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Mathematical reserves, after distribution of surplus		11	538203	567779
Cash bonuses which had not been paid to policyholders prior to end of the financial year		12		
Balance of surplus/(valuation deficit)		13		
Long term insurance business fund carried forward (11 to 13)		14	538203	567779
Claims outstanding	Gross	15		
	Reinsurers' share	16		
	Net (15-16)	17		
Provisions	Taxation	21	25915	4805
	Other risks and charges	22	363	1798
Deposits received from reinsurers		23		
Creditors	Direct insurance business	31	981	1411
	Reinsurance accepted	32		
	Reinsurance ceded	33		
Debenture loans	Secured	34		
	Unsecured	35	212	1673
Amounts owed to credit institutions		36		
Creditors	Taxation	37	9068	
	Other	38	5885	2370
Accruals and deferred income		39	1317	1781
Provision for "reasonably foreseeable adverse variations"		41		
Total other insurance and non-insurance liabilities (17 to 41)		49	43739	13839
Excess of the value of net admissible assets		51	430092	372187
Total liabilities and margins		59	1012034	953805

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

Total liabilities (11+12+49)		71	581942	581618
Increase to liabilities - DAC related		72		
Reinsurers' share of technical provisions		73		
Other adjustments to liabilities (may be negative)		74		
Capital and reserves and fund for future appropriations		75		
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose its external financial reporting (71 to 75)		76		

Long term insurance business liabilities and marginsName of insurer **The Royal London Mutual Insurance Society Limited**

Global business

Financial year ended **31 December 2010**Total business/Sub fund **26 Scottish Life Fund**Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Mathematical reserves, after distribution of surplus		11	2509753	2800132
Cash bonuses which had not been paid to policyholders prior to end of the financial year		12		
Balance of surplus/(valuation deficit)		13		
Long term insurance business fund carried forward (11 to 13)		14	2509753	2800132
Claims outstanding	Gross	15	14876	12558
	Reinsurers' share	16	22	27
	Net (15-16)	17	14854	12532
Provisions	Taxation	21	677	
	Other risks and charges	22	1000	1177
Deposits received from reinsurers		23		
Creditors	Direct insurance business	31	9186	10278
	Reinsurance accepted	32		
	Reinsurance ceded	33	6	10
Debenture loans	Secured	34		
	Unsecured	35		
Amounts owed to credit institutions		36		
Creditors	Taxation	37		
	Other	38	52327	27712
Accruals and deferred income		39	406	728
Provision for "reasonably foreseeable adverse variations"		41		
Total other insurance and non-insurance liabilities (17 to 41)		49	78455	52436
Excess of the value of net admissible assets		51	647114	316218
Total liabilities and margins		59	3235322	3168786

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance		61	18	13
Amounts included in line 59 attributable to liabilities in respect of property linked benefits		62	110443	97159

Total liabilities (11+12+49)		71	2588208	2852568
Increase to liabilities - DAC related		72		
Reinsurers' share of technical provisions		73		
Other adjustments to liabilities (may be negative)		74		
Capital and reserves and fund for future appropriations		75		
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose its external financial reporting (71 to 75)		76		

Long term insurance business liabilities and marginsName of insurer **The Royal London Mutual Insurance Society Limited**

Global business

Financial year ended **31 December 2010**Total business/Sub fund **27 PLAL With-Profits Fund**Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Mathematical reserves, after distribution of surplus		11	596227	698006
Cash bonuses which had not been paid to policyholders prior to end of the financial year		12		
Balance of surplus/(valuation deficit)		13		
Long term insurance business fund carried forward (11 to 13)		14	596227	698006
Claims outstanding	Gross	15		
	Reinsurers' share	16		
	Net (15-16)	17		
Provisions	Taxation	21	156	
	Other risks and charges	22		
Deposits received from reinsurers		23		
Creditors	Direct insurance business	31		
	Reinsurance accepted	32		
	Reinsurance ceded	33		
Debenture loans	Secured	34		
	Unsecured	35		
Amounts owed to credit institutions		36		
Creditors	Taxation	37	2145	4392
	Other	38	8167	4251
Accruals and deferred income		39		
Provision for "reasonably foreseeable adverse variations"		41		
Total other insurance and non-insurance liabilities (17 to 41)		49	10468	8644
Excess of the value of net admissible assets		51	148325	101719
Total liabilities and margins		59	755020	808368

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

Total liabilities (11+12+49)		71	606695	706650
Increase to liabilities - DAC related		72		
Reinsurers' share of technical provisions		73		
Other adjustments to liabilities (may be negative)		74		
Capital and reserves and fund for future appropriations		75		
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose its external financial reporting (71 to 75)		76		

Analysis of derivative contracts

Name of insurer **The Royal London Mutual Insurance Society Limited**

Global business

Financial year ended **31 December 2010**Category of assets **Total Long Term Insurance Business Assets**

		Company registration number	GL/ UK/ CM	day month year			Units	Category of assets	
		R17	99064	GL	31	12	2010	£000	10
Derivative contracts		Value as at the end of this financial year			Notional amount as at the end of this financial year				
		Assets		Liabilities		Bought / Long		Sold / Short	
		1		2		3		4	
Futures and contracts for differences	Fixed-interest securities	11							
	Interest rates	12	382126		42426		2398755		873413
	Inflation	13			16998		25000		
	Credit index / basket	14							
	Credit single name	15		275					10650
	Equity index	16							
	Equity stock	17							
	Land	18							
	Currencies	19							
	Mortality	20							
	Other	21		7334		7134		282153	
In the money options	Swaptions	31	38130				1925696		
	Equity index calls	32	236				202		
	Equity stock calls	33							
	Equity index puts	34	1038						20186
	Equity stock puts	35							
	Other	36							
Out of the money options	Swaptions	41							
	Equity index calls	42							
	Equity stock calls	43							
	Equity index puts	44							
	Equity stock puts	45							
	Other	46							
Total (11 to 46)		51	429140		66557		4631806		1273344
Adjustment for variation margin		52	(433397)		(59269)				
Total (51 + 52)		53	(4257)		7288				

Analysis of derivative contracts

Name of insurer **The Royal London Mutual Insurance Society Limited**

Global business

Financial year ended **31 December 2010**Category of assets **21 Royal London IB & OB Subfund**

		Company registration number	GL/ UK/ CM	day month year			Units	Category of assets	
		R17	99064	GL	31	12	2010	£000	21
Derivative contracts		Value as at the end of this financial year			Notional amount as at the end of this financial year				
		Assets		Liabilities		Bought / Long		Sold / Short	
		1		2		3		4	
Futures and contracts for differences	Fixed-interest securities	11							
	Interest rates	12	347708		3897		535042		203391
	Inflation	13			6241		9180		
	Credit index / basket	14							
	Credit single name	15		111					4162
	Equity index	16							
	Equity stock	17							
	Land	18							
	Currencies	19							
	Mortality	20							
	Other	21		3402		3253		138537	
In the money options	Swaptions	31							
	Equity index calls	32		236			202		
	Equity stock calls	33							
	Equity index puts	34							
	Equity stock puts	35							
	Other	36							
Out of the money options	Swaptions	41							
	Equity index calls	42							
	Equity stock calls	43							
	Equity index puts	44							
	Equity stock puts	45							
	Other	46							
Total (11 to 46)		51	351457		13392		682961		387747
Adjustment for variation margin		52	(352861)		(10082)				
Total (51 + 52)		53	(1404)		3310				

Analysis of derivative contracts

Name of insurer **The Royal London Mutual Insurance Society Limited**

Global business

Financial year ended **31 December 2010**Category of assets **23 Refuge Assurance IB Subfund**

		Company registration number	GL/ UK/ CM	day month year			Units	Category of assets	
		R17	99064	GL	31	12	2010	£000	23
Derivative contracts		Value as at the end of this financial year			Notional amount as at the end of this financial year				
		Assets		Liabilities		Bought / Long		Sold / Short	
		1		2		3		4	
Futures and contracts for differences	Fixed-interest securities	11							
	Interest rates	12	97			1615			
	Inflation	13			499	734			
	Credit index / basket	14							
	Credit single name	15	9					333	
	Equity index	16							
	Equity stock	17							
	Land	18							
	Currencies	19							
	Mortality	20							
	Other	21	434		441	15589		20754	
In the money options	Swaptions	31							
	Equity index calls	32							
	Equity stock calls	33							
	Equity index puts	34							
	Equity stock puts	35							
	Other	36							
Out of the money options	Swaptions	41							
	Equity index calls	42							
	Equity stock calls	43							
	Equity index puts	44							
	Equity stock puts	45							
	Other	46							
Total (11 to 46)		51	540		940	17938		21087	
Adjustment for variation margin		52	(83)		(495)				
Total (51 + 52)		53	457		446				

Analysis of derivative contracts

Name of insurer **The Royal London Mutual Insurance Society Limited**

Global business

Financial year ended **31 December 2010**Category of assets **24 United Friendly OB Subfund**

		Company registration number	GL/ UK/ CM	day month year			Units	Category of assets	
		R17	99064	GL	31	12	2010	£000	24
Derivative contracts		Value as at the end of this financial year			Notional amount as at the end of this financial year				
		Assets		Liabilities		Bought / Long		Sold / Short	
		1		2		3		4	
Futures and contracts for differences	Fixed-interest securities	11							
	Interest rates	12	434			7207			
	Inflation	13			2227	3276			
	Credit index / basket	14							
	Credit single name	15	40					1485	
	Equity index	16							
	Equity stock	17							
	Land	18							
	Currencies	19							
	Mortality	20							
	Other	21	2226		2256	80074		105540	
In the money options	Swaptions	31							
	Equity index calls	32							
	Equity stock calls	33							
	Equity index puts	34							
	Equity stock puts	35							
	Other	36							
Out of the money options	Swaptions	41							
	Equity index calls	42							
	Equity stock calls	43							
	Equity index puts	44							
	Equity stock puts	45							
	Other	46							
Total (11 to 46)		51	2700		4483	90557		107025	
Adjustment for variation margin		52	(371)		(2207)				
Total (51 + 52)		53	2328		2276				

Analysis of derivative contracts

Name of insurer **The Royal London Mutual Insurance Society Limited**

Global business

Financial year ended **31 December 2010**Category of assets **25 United Friendly IB Subfund**

		Company registration number	GL/ UK/ CM	day month year			Units	Category of assets	
		R17	99064	GL	31	12	2010	£000	25
Derivative contracts		Value as at the end of this financial year			Notional amount as at the end of this financial year				
		Assets 1		Liabilities 2		Bought / Long 3		Sold / Short 4	
Futures and contracts for differences	Fixed-interest securities	11							
	Interest rates	12	240			3983			
	Inflation	13			1231	1810			
	Credit index / basket	14							
	Credit single name	15	22					821	
	Equity index	16							
	Equity stock	17							
	Land	18							
	Currencies	19							
	Mortality	20							
	Other	21	700		699	26295		35385	
In the money options	Swaptions	31							
	Equity index calls	32							
	Equity stock calls	33							
	Equity index puts	34							
	Equity stock puts	35							
	Other	36							
Out of the money options	Swaptions	41							
	Equity index calls	42							
	Equity stock calls	43							
	Equity index puts	44							
	Equity stock puts	45							
	Other	46							
Total (11 to 46)		51	962		1930	32088		36205	
Adjustment for variation margin		52	(205)		(1220)				
Total (51 + 52)		53	757		710				

Analysis of derivative contracts

Name of insurer **The Royal London Mutual Insurance Society Limited**

Global business

Financial year ended **31 December 2010**Category of assets **26 Scottish Life Fund**

		Company registration number	GL/ UK/ CM	day month year			Units	Category of assets	
		R17	99064	GL	31	12	2010	£000	12
Derivative contracts		Value as at the end of this financial year			Notional amount as at the end of this financial year				
		Assets 1		Liabilities 2		Bought / Long 3		Sold / Short 4	
Futures and contracts for differences	Fixed-interest securities	11							
	Interest rates	12	33584	36648	1835573	653467			
	Inflation	13		6799	10000				
	Credit index / basket	14							
	Credit single name	15	94				3850		
	Equity index	16							
	Equity stock	17							
	Land	18							
	Currencies	19							
	Mortality	20							
	Other	21	129	35	7631	5669			
In the money options	Swaptions	31	38130		1925696				
	Equity index calls	32							
	Equity stock calls	33							
	Equity index puts	34							
	Equity stock puts	35							
	Other	36							
Out of the money options	Swaptions	41							
	Equity index calls	42							
	Equity stock calls	43							
	Equity index puts	44							
	Equity stock puts	45							
	Other	46							
Total (11 to 46)		51	71937	43482	3778900	662986			
Adjustment for variation margin		52	(78776)	(43386)					
Total (51 + 52)		53	(6839)	97					

Analysis of derivative contracts

Name of insurer **The Royal London Mutual Insurance Society Limited**

Global business

Financial year ended **31 December 2010**Category of assets **27 PLAL With-Profits Fund**

		Company registration number	GL/ UK/ CM	day month year			Units	Category of assets	
		R17	99064	GL	31	12	2010	£000	13
Derivative contracts		Value as at the end of this financial year			Notional amount as at the end of this financial year				
		Assets 1		Liabilities 2		Bought / Long 3		Sold / Short 4	
Futures and contracts for differences	Fixed-interest securities	11							
	Interest rates	12	62		1880	15336	16554		
	Inflation	13							
	Credit index / basket	14							
	Credit single name	15							
	Equity index	16							
	Equity stock	17							
	Land	18							
	Currencies	19							
	Mortality	20							
	Other	21	443		449	14027	21554		
In the money options	Swaptions	31							
	Equity index calls	32							
	Equity stock calls	33							
	Equity index puts	34	1038				20186		
	Equity stock puts	35							
	Other	36							
Out of the money options	Swaptions	41							
	Equity index calls	42							
	Equity stock calls	43							
	Equity index puts	44							
	Equity stock puts	45							
	Other	46							
Total (11 to 46)		51	1544		2329	29362	58293		
Adjustment for variation margin		52	(1100)		(1880)				
Total (51 + 52)		53	443		449				

With-profits insurance capital component for the fundName of insurer **The Royal London Mutual Insurance Society Limited**With-profits fund **10 Total Long Term Insurance Business Assets**Financial year ended **31 December 2010**Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Regulatory excess capital

Regulatory value of assets	Long-term admissible assets of the fund	11	25683453	23998069
	Implicit items allocated to the fund	12		
	Mathematical reserves in respect of the fund's non-profit insurance contracts	13	12637494	11188678
	Long-term admissible assets of the fund covering the LTICR of the fund's non-profit insurance contracts	14	275516	274537
	Long-term admissible assets of the fund covering the RCR of the fund's non-profit insurance contracts	15		
	Total (11+12-(13+14+15))	19	12770443	12534854
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profits insurance contracts	21	8586446	9084121
	Regulatory current liabilities of the fund	22	989415	1409304
	Total (21+22)	29	9575860	10493425
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		31	348687	368405
Resilience capital requirement in respect of the fund's with-profits insurance contracts		32		
Sum of regulatory value of liabilities, LTICR and RCR (29+31+32)		39	9924547	10861830
Regulatory excess capital (19-39)		49	2845895	1673024

Realistic excess capital

Realistic excess capital	51	1802297	1622770
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Excess assets allocated to with-profits insurance business

Excess (deficiency) of assets allocated to with-profits insurance business in fund (49-51)	61		
Face amount of capital instruments attributed to the fund and included in capital resources (unstressed)	62	397761	397313
Realistic amount of capital instruments attributed to the fund and included in capital resources (stressed)	63	285178	241592
Present value of future shareholder transfers arising from distribution of surplus	64		
Present value of other future internal transfers not already taken into account	65		
With-profits insurance capital component for fund (if 62 exceeds 63, greater of 61+62-63-64-65 and zero, else greater of 61-64-65 and zero)	66	1646422	1044293

With-profits insurance capital component for the fund

Name of insurer **The Royal London Mutual Insurance Society Limited**
 With-profits fund **11 Royal London Other Long Term Funds**
 Financial year ended **31 December 2010**
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Regulatory excess capital

Regulatory value of assets	Long-term admissible assets of the fund	11	20020915
	Implicit items allocated to the fund	12	
	Mathematical reserves in respect of the fund's non-profit insurance contracts	13	10820955
	Long-term admissible assets of the fund covering the LTICR of the fund's non-profit insurance contracts	14	257806
	Long-term admissible assets of the fund covering the RCR of the fund's non-profit insurance contracts	15	
	Total (11+12-(13+14+15))	19	8942154
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profits insurance contracts	21	5953706
	Regulatory current liabilities of the fund	22	1348224
	Total (21+22)	29	7301930
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts	31	242720	
Resilience capital requirement in respect of the fund's with-profits insurance contracts	32		
Sum of regulatory value of liabilities, LTICR and RCR (29+31+32)	39	7544650	
Regulatory excess capital (19-39)	49	1397504	

Realistic excess capital

Realistic excess capital	51	1622770
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Excess assets allocated to with-profits insurance business

Excess (deficiency) of assets allocated to with-profits insurance business in fund (49-51)	61	
Face amount of capital instruments attributed to the fund and included in capital resources (unstressed)	62	397313
Realistic amount of capital instruments attributed to the fund and included in capital resources (stressed)	63	241592
Present value of future shareholder transfers arising from distribution of surplus	64	
Present value of other future internal transfers not already taken into account	65	
With-profits insurance capital component for fund (if 62 exceeds 63, greater of 61+62-63-64-65 and zero, else greater of 61-64-65 and zero)	66	768773

With-profits insurance capital component for the fund

Name of insurer **The Royal London Mutual Insurance Society Limited**
 With-profits fund **21 Royal London IB & OB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Regulatory excess capital

Regulatory value of assets	Long-term admissible assets of the fund	11	18405962	16998755
	Implicit items allocated to the fund	12		
	Mathematical reserves in respect of the fund's non-profit insurance contracts	13	12268009	10791477
	Long-term admissible assets of the fund covering the LTICR of the fund's non-profit insurance contracts	14	259018	256627
	Long-term admissible assets of the fund covering the RCR of the fund's non-profit insurance contracts	15		
	Total (11+12-(13+14+15))	19	5878935	5950651
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profits insurance contracts	21	3723626	3865403
	Regulatory current liabilities of the fund	22	804667	1299358
	Total (21+22)	29	4528293	5164761
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		31	151169	157159
Resilience capital requirement in respect of the fund's with-profits insurance contracts		32		
Sum of regulatory value of liabilities, LTICR and RCR (29+31+32)		39	4679462	5321920
Regulatory excess capital (19-39)		49	1199473	628731

Realistic excess capital

Realistic excess capital	51	1802297	1622770
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Excess assets allocated to with-profits insurance business

Excess (deficiency) of assets allocated to with-profits insurance business in fund (49-51)	61	(602824)	(994039)
Face amount of capital instruments attributed to the fund and included in capital resources (unstressed)	62	397761	397313
Realistic amount of capital instruments attributed to the fund and included in capital resources (stressed)	63	285178	241592
Present value of future shareholder transfers arising from distribution of surplus	64		
Present value of other future internal transfers not already taken into account	65		
With-profits insurance capital component for fund (if 62 exceeds 63, greater of 61+62-63-64-65 and zero, else greater of 61-64-65 and zero)	66		

With-profits insurance capital component for the fundName of insurer **The Royal London Mutual Insurance Society Limited**With-profits fund **23 Refuge Assurance IB Subfund**Financial year ended **31 December 2010**Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Regulatory excess capital

Regulatory value of assets	Long-term admissible assets of the fund	11	367662	364427
	Implicit items allocated to the fund	12		
	Mathematical reserves in respect of the fund's non-profit insurance contracts	13	29368	29478
	Long-term admissible assets of the fund covering the LTICR of the fund's non-profit insurance contracts	14	1175	1179
	Long-term admissible assets of the fund covering the RCR of the fund's non-profit insurance contracts	15		
	Total (11+12-(13+14+15))	19	337119	333770
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profits insurance contracts	21	187077	211864
	Regulatory current liabilities of the fund	22	19630	11793
	Total (21+22)	29	206707	223657
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		31	7769	8836
Resilience capital requirement in respect of the fund's with-profits insurance contracts		32		
Sum of regulatory value of liabilities, LTICR and RCR (29+31+32)		39	214476	232493
Regulatory excess capital (19-39)		49	122643	101277

Realistic excess capital

Realistic excess capital	51		
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Excess assets allocated to with-profits insurance business

Excess (deficiency) of assets allocated to with-profits insurance business in fund (49-51)	61	122643	101277
Face amount of capital instruments attributed to the fund and included in capital resources (unstressed)	62		
Realistic amount of capital instruments attributed to the fund and included in capital resources (stressed)	63		
Present value of future shareholder transfers arising from distribution of surplus	64		
Present value of other future internal transfers not already taken into account	65		
With-profits insurance capital component for fund (if 62 exceeds 63, greater of 61+62-63-64-65 and zero, else greater of 61-64-65 and zero)	66	122643	101277

With-profits insurance capital component for the fundName of insurer **The Royal London Mutual Insurance Society Limited**With-profits fund **24 United Friendly OB Subfund**Financial year ended **31 December 2010**Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Regulatory excess capital

Regulatory value of assets	Long-term admissible assets of the fund	11	1907453	1703928
	Implicit items allocated to the fund	12		
	Mathematical reserves in respect of the fund's non-profit insurance contracts	13		
	Long-term admissible assets of the fund covering the LTICR of the fund's non-profit insurance contracts	14		
	Long-term admissible assets of the fund covering the RCR of the fund's non-profit insurance contracts	15		
	Total (11+12-(13+14+15))	19	1907453	1703928
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profits insurance contracts	21	1371676	1308660
	Regulatory current liabilities of the fund	22	32455	23234
	Total (21+22)	29	1404131	1331894
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		31	55640	53202
Resilience capital requirement in respect of the fund's with-profits insurance contracts		32		
Sum of regulatory value of liabilities, LTICR and RCR (29+31+32)		39	1459771	1385096
Regulatory excess capital (19-39)		49	447681	318832

Realistic excess capital

Realistic excess capital	51		
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Excess assets allocated to with-profits insurance business

Excess (deficiency) of assets allocated to with-profits insurance business in fund (49-51)	61	447681	318832
Face amount of capital instruments attributed to the fund and included in capital resources (unstressed)	62		
Realistic amount of capital instruments attributed to the fund and included in capital resources (stressed)	63		
Present value of future shareholder transfers arising from distribution of surplus	64		
Present value of other future internal transfers not already taken into account	65		
With-profits insurance capital component for fund (if 62 exceeds 63, greater of 61+62-63-64-65 and zero, else greater of 61-64-65 and zero)	66	447681	318832

With-profits insurance capital component for the fundName of insurer **The Royal London Mutual Insurance Society Limited**With-profits fund **25 United Friendly IB Subfund**Financial year ended **31 December 2010**Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Regulatory excess capital

Regulatory value of assets	Long-term admissible assets of the fund	11	1012034	953805
	Implicit items allocated to the fund	12		
	Mathematical reserves in respect of the fund's non-profit insurance contracts	13		
	Long-term admissible assets of the fund covering the LTICR of the fund's non-profit insurance contracts	14		
	Long-term admissible assets of the fund covering the RCR of the fund's non-profit insurance contracts	15		
	Total (11+12-(13+14+15))	19	1012034	953805
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profits insurance contracts	21	538203	567779
	Regulatory current liabilities of the fund	22	43739	13839
	Total (21+22)	29	581942	581618
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		31	22271	23523
Resilience capital requirement in respect of the fund's with-profits insurance contracts		32		
Sum of regulatory value of liabilities, LTICR and RCR (29+31+32)		39	604213	605141
Regulatory excess capital (19-39)		49	407821	348664

Realistic excess capital

Realistic excess capital	51		
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Excess assets allocated to with-profits insurance business

Excess (deficiency) of assets allocated to with-profits insurance business in fund (49-51)	61	407821	348664
Face amount of capital instruments attributed to the fund and included in capital resources (unstressed)	62		
Realistic amount of capital instruments attributed to the fund and included in capital resources (stressed)	63		
Present value of future shareholder transfers arising from distribution of surplus	64		
Present value of other future internal transfers not already taken into account	65		
With-profits insurance capital component for fund (if 62 exceeds 63, greater of 61+62-63-64-65 and zero, else greater of 61-64-65 and zero)	66	407821	348664

With-profits insurance capital component for the fund

Name of insurer **The Royal London Mutual Insurance Society Limited**
 With-profits fund **26 Scottish Life Fund**
 Financial year ended **31 December 2010**
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Regulatory excess capital

Regulatory value of assets	Long-term admissible assets of the fund	11	3235322	3168786
	Implicit items allocated to the fund	12		
	Mathematical reserves in respect of the fund's non-profit insurance contracts	13	340117	367723
	Long-term admissible assets of the fund covering the LTICR of the fund's non-profit insurance contracts	14	15323	16731
	Long-term admissible assets of the fund covering the RCR of the fund's non-profit insurance contracts	15		
	Total (11+12-(13+14+15))	19	2879882	2784332
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profits insurance contracts	21	2169637	2432409
	Regulatory current liabilities of the fund	22	78455	52436
	Total (21+22)	29	2248092	2484845
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		31	87989	97765
Resilience capital requirement in respect of the fund's with-profits insurance contracts		32		
Sum of regulatory value of liabilities, LTICR and RCR (29+31+32)		39	2336081	2582610
Regulatory excess capital (19-39)		49	543801	201722

Realistic excess capital

Realistic excess capital	51		
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Excess assets allocated to with-profits insurance business

Excess (deficiency) of assets allocated to with-profits insurance business in fund (49-51)	61	543801	201722
Face amount of capital instruments attributed to the fund and included in capital resources (unstressed)	62		
Realistic amount of capital instruments attributed to the fund and included in capital resources (stressed)	63		
Present value of future shareholder transfers arising from distribution of surplus	64		
Present value of other future internal transfers not already taken into account	65		
With-profits insurance capital component for fund (if 62 exceeds 63, greater of 61+62-63-64-65 and zero, else greater of 61-64-65 and zero)	66	543801	201722

With-profits insurance capital component for the fund

Name of insurer **The Royal London Mutual Insurance Society Limited**
 With-profits fund **27 PLAL With-Profits Fund**
 Financial year ended **31 December 2010**
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Regulatory excess capital

Regulatory value of assets	Long-term admissible assets of the fund	11	755020	808368
	Implicit items allocated to the fund	12		
	Mathematical reserves in respect of the fund's non-profit insurance contracts	13		
	Long-term admissible assets of the fund covering the LTICR of the fund's non-profit insurance contracts	14		
	Long-term admissible assets of the fund covering the RCR of the fund's non-profit insurance contracts	15		
	Total (11+12-(13+14+15))	19	755020	808368
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profits insurance contracts	21	596227	698006
	Regulatory current liabilities of the fund	22	10468	8644
	Total (21+22)	29	606695	706650
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		31	23849	27920
Resilience capital requirement in respect of the fund's with-profits insurance contracts		32		
Sum of regulatory value of liabilities, LTICR and RCR (29+31+32)		39	630544	734570
Regulatory excess capital (19-39)		49	124476	73798

Realistic excess capital

Realistic excess capital	51		
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Excess assets allocated to with-profits insurance business

Excess (deficiency) of assets allocated to with-profits insurance business in fund (49-51)	61	124476	73798
Face amount of capital instruments attributed to the fund and included in capital resources (unstressed)	62		
Realistic amount of capital instruments attributed to the fund and included in capital resources (stressed)	63		
Present value of future shareholder transfers arising from distribution of surplus	64		
Present value of other future internal transfers not already taken into account	65		
With-profits insurance capital component for fund (if 62 exceeds 63, greater of 61+62-63-64-65 and zero, else greater of 61-64-65 and zero)	66	124476	73798

Realistic balance sheet

Name of insurer **The Royal London Mutual Insurance Society Limited**
 With-profits fund **10 Total Long Term Insurance Business Assets**
 Financial year ended **31 December 2010**
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Realistic value of assets available to the fund

Regulatory value of assets	11	12770443	12534854
Implicit items allocated to the fund	12		
Value of shares in subsidiaries held in fund (regulatory)	13	66784	74897
Excess admissible assets	21		
Present value of future profits (or losses) on non-profit insurance contracts written in the fund	22	1461128	1465852
Value of derivatives and quasi-derivatives not already reflected in lines 11 to 22	23	3214	12080
Value of shares in subsidiaries held in fund (realistic)	24	149575	150852
Prepayments made from the fund	25		
Realistic value of assets of fund (11+21+22+23+24+25-(12+13))	26	14317576	14088741
Support arrangement assets	27		
Assets available to the fund (26+27)	29	14317576	14088741

Realistic value of liabilities of fund

With-profits benefit reserve	31	9951606	9635411	
Future policy related liabilities	Past miscellaneous surplus attributed to with-profits benefits reserve	32		
	Past miscellaneous deficit attributed to with-profits benefits reserve	33		
	Planned enhancements to with-profits benefits reserve	34	752293	618902
	Planned deductions for the costs of guarantees, options and smoothing from with-profits benefits reserve	35	14091	21781
	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	36	83152	89939
	Future costs of contractual guarantees (other than financial options)	41	483011	562260
	Future costs of non-contractual commitments	42		
	Future costs of financial options	43	373808	366308
	Future costs of smoothing (possibly negative)	44	95171	(35613)
	Financing costs	45		
	Any other liabilities related to regulatory duty to treat customers fairly	46		
	Other long-term insurance liabilities	47	81306	114542
Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49	1688346	1514679	
Realistic current liabilities of the fund	51	875327	1251142	
Realistic value of liabilities of fund (31+49+51)	59	12515279	12401232	

Realistic balance sheet

Name of insurer **The Royal London Mutual Insurance Society Limited**
 With-profits fund **10 Total Long Term Insurance Business Assets**
 Financial year ended **31 December 2010**
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Realistic excess capital and additional capital available

Value of relevant assets before applying the most adverse scenario other than the present value of future profits arising from business outside with-profits funds	62	12515279	12465971
Amount of present value of future profits (or losses) on long-term insurance contracts written outside the fund included in the value of relevant assets before applying most adverse scenario	63		
Value of relevant assets before applying the most adverse scenario (62+63)	64	12515279	12465971
Risk capital margin for fund (62-59)	65		64739
Realistic excess capital for fund (26-(59+65))	66	1802297	1622770
Realistic excess available capital for fund (29-(59+65))	67	1802297	1622770
Working capital for fund (29-59)	68	1802297	1687509
Working capital ratio for fund (68/29)	69	12.59%	11.98%

Other assets potentially available if required to cover the fund's risk capital margin

Additional amount potentially available for inclusion in line 62	81		
Additional amount potentially available for inclusion in line 63	82		

Realistic balance sheet

Name of insurer **The Royal London Mutual Insurance Society Limited**
 With-profits fund **11 Royal London Other Long Term Funds**
 Financial year ended **31 December 2010**
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Realistic value of assets available to the fund

Regulatory value of assets	11		8942154
Implicit items allocated to the fund	12		
Value of shares in subsidiaries held in fund (regulatory)	13		74897
Excess admissible assets	21		
Present value of future profits (or losses) on non-profit insurance contracts written in the fund	22		1383132
Value of derivatives and quasi-derivatives not already reflected in lines 11 to 22	23		12080
Value of shares in subsidiaries held in fund (realistic)	24		150852
Prepayments made from the fund	25		
Realistic value of assets of fund (11+21+22+23+24+25-(12+13))	26		10413321
Support arrangement assets	27		
Assets available to the fund (26+27)	29		10413321

Realistic value of liabilities of fund

With-profits benefit reserve	31		6605991	
Future policy related liabilities	Past miscellaneous surplus attributed to with-profits benefits reserve	32		
	Past miscellaneous deficit attributed to with-profits benefits reserve	33		
	Planned enhancements to with-profits benefits reserve	34		303826
	Planned deductions for the costs of guarantees, options and smoothing from with-profits benefits reserve	35		
	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	36		42484
	Future costs of contractual guarantees (other than financial options)	41		475261
	Future costs of non-contractual commitments	42		
	Future costs of financial options	43		127765
	Future costs of smoothing (possibly negative)	44		(26853)
	Financing costs	45		
	Any other liabilities related to regulatory duty to treat customers fairly	46		
Other long-term insurance liabilities	47		92244	
Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49		929759	
Realistic current liabilities of the fund	51		1190062	
Realistic value of liabilities of fund (31+49+51)	59		8725812	

Realistic balance sheet

Name of insurer **The Royal London Mutual Insurance Society Limited**
 With-profits fund **11 Royal London Other Long Term Funds**
 Financial year ended **31 December 2010**
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Realistic excess capital and additional capital available

Value of relevant assets before applying the most adverse scenario other than the present value of future profits arising from business outside with-profits funds	62		8790551
Amount of present value of future profits (or losses) on long-term insurance contracts written outside the fund included in the value of relevant assets before applying most adverse scenario	63		
Value of relevant assets before applying the most adverse scenario (62+63)	64		8790551
Risk capital margin for fund (62-59)	65		64739
Realistic excess capital for fund (26-(59+65))	66		1622770
Realistic excess available capital for fund (29-(59+65))	67		1622770
Working capital for fund (29-59)	68		1687509
Working capital ratio for fund (68/29)	69		16.21%

Other assets potentially available if required to cover the fund's risk capital margin

Additional amount potentially available for inclusion in line 62	81		
Additional amount potentially available for inclusion in line 63	82		

Realistic balance sheet

Name of insurer **The Royal London Mutual Insurance Society Limited**
 With-profits fund **21 Royal London IB & OB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Realistic value of assets available to the fund

Regulatory value of assets	11	5878935	5950651
Implicit items allocated to the fund	12		
Value of shares in subsidiaries held in fund (regulatory)	13	66784	74897
Excess admissible assets	21		
Present value of future profits (or losses) on non-profit insurance contracts written in the fund	22	1394123	1382963
Value of derivatives and quasi-derivatives not already reflected in lines 11 to 22	23	3214	12080
Value of shares in subsidiaries held in fund (realistic)	24	149575	150852
Prepayments made from the fund	25		
Realistic value of assets of fund (11+21+22+23+24+25-(12+13))	26	7359063	7421649
Support arrangement assets	27		
Assets available to the fund (26+27)	29	7359063	7421649

Realistic value of liabilities of fund

With-profits benefit reserve	31	4372343	4121161	
Future policy related liabilities	Past miscellaneous surplus attributed to with-profits benefits reserve	32		
	Past miscellaneous deficit attributed to with-profits benefits reserve	33		
	Planned enhancements to with-profits benefits reserve	34		
	Planned deductions for the costs of guarantees, options and smoothing from with-profits benefits reserve	35		
	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	36	50073	42484
	Future costs of contractual guarantees (other than financial options)	41	259199	311146
	Future costs of non-contractual commitments	42		
	Future costs of financial options	43	127499	127765
	Future costs of smoothing (possibly negative)	44	73567	(21802)
	Financing costs	45		
	Any other liabilities related to regulatory duty to treat customers fairly	46		
Other long-term insurance liabilities	47	74139	91407	
Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49	484331	466032	
Realistic current liabilities of the fund	51	700092	1146947	
Realistic value of liabilities of fund (31+49+51)	59	5556766	5734140	

Realistic balance sheet

Name of insurer **The Royal London Mutual Insurance Society Limited**
 With-profits fund **21 Royal London IB & OB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Realistic excess capital and additional capital available

Value of relevant assets before applying the most adverse scenario other than the present value of future profits arising from business outside with-profits funds	62	5556766	5798879
Amount of present value of future profits (or losses) on long-term insurance contracts written outside the fund included in the value of relevant assets before applying most adverse scenario	63		
Value of relevant assets before applying the most adverse scenario (62+63)	64	5556766	5798879
Risk capital margin for fund (62-59)	65		64739
Realistic excess capital for fund (26-(59+65))	66	1802297	1622770
Realistic excess available capital for fund (29-(59+65))	67	1802297	1622770
Working capital for fund (29-59)	68	1802297	1687509
Working capital ratio for fund (68/29)	69	24.49%	22.74%

Other assets potentially available if required to cover the fund's risk capital margin

Additional amount potentially available for inclusion in line 62	81		
Additional amount potentially available for inclusion in line 63	82		

Realistic balance sheet

Name of insurer **The Royal London Mutual Insurance Society Limited**
 With-profits fund **23 Refuge Assurance IB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Realistic value of assets available to the fund

Regulatory value of assets	11	337119	333770
Implicit items allocated to the fund	12		
Value of shares in subsidiaries held in fund (regulatory)	13		
Excess admissible assets	21		
Present value of future profits (or losses) on non-profit insurance contracts written in the fund	22	683	169
Value of derivatives and quasi-derivatives not already reflected in lines 11 to 22	23		
Value of shares in subsidiaries held in fund (realistic)	24		
Prepayments made from the fund	25		
Realistic value of assets of fund (11+21+22+23+24+25-(12+13))	26	337802	333939
Support arrangement assets	27		
Assets available to the fund (26+27)	29	337802	333939

Realistic value of liabilities of fund

With-profits benefit reserve	31	238612	234716	
Future policy related liabilities	Past miscellaneous surplus attributed to with-profits benefits reserve	32		
	Past miscellaneous deficit attributed to with-profits benefits reserve	33		
	Planned enhancements to with-profits benefits reserve	34	55234	64892
	Planned deductions for the costs of guarantees, options and smoothing from with-profits benefits reserve	35		
	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	36		
	Future costs of contractual guarantees (other than financial options)	41	13224	21002
	Future costs of non-contractual commitments	42		
	Future costs of financial options	43		
	Future costs of smoothing (possibly negative)	44	12887	2743
	Financing costs	45		
	Any other liabilities related to regulatory duty to treat customers fairly	46		
Other long-term insurance liabilities	47			
Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49	81345	88637	
Realistic current liabilities of the fund	51	17845	10586	
Realistic value of liabilities of fund (31+49+51)	59	337802	333939	

Realistic balance sheet

Name of insurer **The Royal London Mutual Insurance Society Limited**
 With-profits fund **23 Refuge Assurance IB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Realistic excess capital and additional capital available

Value of relevant assets before applying the most adverse scenario other than the present value of future profits arising from business outside with-profits funds	62	337802	333939
Amount of present value of future profits (or losses) on long-term insurance contracts written outside the fund included in the value of relevant assets before applying most adverse scenario	63		
Value of relevant assets before applying the most adverse scenario (62+63)	64	337802	333939
Risk capital margin for fund (62-59)	65		
Realistic excess capital for fund (26-(59+65))	66		
Realistic excess available capital for fund (29-(59+65))	67		
Working capital for fund (29-59)	68		
Working capital ratio for fund (68/29)	69	0.00%	0.00%

Other assets potentially available if required to cover the fund's risk capital margin

Additional amount potentially available for inclusion in line 62	81		
Additional amount potentially available for inclusion in line 63	82		

Realistic balance sheet

Name of insurer **The Royal London Mutual Insurance Society Limited**
 With-profits fund **24 United Friendly OB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Realistic value of assets available to the fund

Regulatory value of assets	11	1907453	1703928
Implicit items allocated to the fund	12		
Value of shares in subsidiaries held in fund (regulatory)	13		
Excess admissible assets	21		
Present value of future profits (or losses) on non-profit insurance contracts written in the fund	22		
Value of derivatives and quasi-derivatives not already reflected in lines 11 to 22	23		
Value of shares in subsidiaries held in fund (realistic)	24		
Prepayments made from the fund	25		
Realistic value of assets of fund (11+21+22+23+24+25-(12+13))	26	1907453	1703928
Support arrangement assets	27		
Assets available to the fund (26+27)	29	1907453	1703928

Realistic value of liabilities of fund

With-profits benefit reserve	31	1708655	1532193	
Future policy related liabilities	Past miscellaneous surplus attributed to with-profits benefits reserve	32		
	Past miscellaneous deficit attributed to with-profits benefits reserve	33		
	Planned enhancements to with-profits benefits reserve	34	76839	57226
	Planned deductions for the costs of guarantees, options and smoothing from with-profits benefits reserve	35		
	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	36		
	Future costs of contractual guarantees (other than financial options)	41	99096	100345
	Future costs of non-contractual commitments	42		
	Future costs of financial options	43		
	Future costs of smoothing (possibly negative)	44	(9320)	(8817)
	Financing costs	45		
	Any other liabilities related to regulatory duty to treat customers fairly	46		
	Other long-term insurance liabilities	47	747	837
Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49	167362	149591	
Realistic current liabilities of the fund	51	31436	22144	
Realistic value of liabilities of fund (31+49+51)	59	1907453	1703928	

Realistic balance sheet

Name of insurer **The Royal London Mutual Insurance Society Limited**
 With-profits fund **24 United Friendly OB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Realistic excess capital and additional capital available

Value of relevant assets before applying the most adverse scenario other than the present value of future profits arising from business outside with-profits funds	62	1907453	1703928
Amount of present value of future profits (or losses) on long-term insurance contracts written outside the fund included in the value of relevant assets before applying most adverse scenario	63		
Value of relevant assets before applying the most adverse scenario (62+63)	64	1907453	1703928
Risk capital margin for fund (62-59)	65		
Realistic excess capital for fund (26-(59+65))	66		
Realistic excess available capital for fund (29-(59+65))	67		
Working capital for fund (29-59)	68		
Working capital ratio for fund (68/29)	69	0.00%	0.00%

Other assets potentially available if required to cover the fund's risk capital margin

Additional amount potentially available for inclusion in line 62	81		
Additional amount potentially available for inclusion in line 63	82		

Realistic balance sheet

Name of insurer **The Royal London Mutual Insurance Society Limited**
 With-profits fund **25 United Friendly IB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Realistic value of assets available to the fund

Regulatory value of assets	11	1012034	953805
Implicit items allocated to the fund	12		
Value of shares in subsidiaries held in fund (regulatory)	13		
Excess admissible assets	21		
Present value of future profits (or losses) on non-profit insurance contracts written in the fund	22		
Value of derivatives and quasi-derivatives not already reflected in lines 11 to 22	23		
Value of shares in subsidiaries held in fund (realistic)	24		
Prepayments made from the fund	25		
Realistic value of assets of fund (11+21+22+23+24+25-(12+13))	26	1012034	953805
Support arrangement assets	27		
Assets available to the fund (26+27)	29	1012034	953805

Realistic value of liabilities of fund

With-profits benefit reserve	31	760616	717921	
Future policy related liabilities	Past miscellaneous surplus attributed to with-profits benefits reserve	32		
	Past miscellaneous deficit attributed to with-profits benefits reserve	33		
	Planned enhancements to with-profits benefits reserve	34	181311	181708
	Planned deductions for the costs of guarantees, options and smoothing from with-profits benefits reserve	35		
	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	36		
	Future costs of contractual guarantees (other than financial options)	41	35406	42768
	Future costs of non-contractual commitments	42		
	Future costs of financial options	43		
	Future costs of smoothing (possibly negative)	44	(2566)	1023
	Financing costs	45		
	Any other liabilities related to regulatory duty to treat customers fairly	46		
Other long-term insurance liabilities	47			
Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49	214151	225499	
Realistic current liabilities of the fund	51	37268	10385	
Realistic value of liabilities of fund (31+49+51)	59	1012034	953805	

Realistic balance sheet

Name of insurer **The Royal London Mutual Insurance Society Limited**
 With-profits fund **25 United Friendly IB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Realistic excess capital and additional capital available

Value of relevant assets before applying the most adverse scenario other than the present value of future profits arising from business outside with-profits funds	62	1012034	953805
Amount of present value of future profits (or losses) on long-term insurance contracts written outside the fund included in the value of relevant assets before applying most adverse scenario	63		
Value of relevant assets before applying the most adverse scenario (62+63)	64	1012034	953805
Risk capital margin for fund (62-59)	65		
Realistic excess capital for fund (26-(59+65))	66		
Realistic excess available capital for fund (29-(59+65))	67		
Working capital for fund (29-59)	68		
Working capital ratio for fund (68/29)	69	0.00%	0.00%

Other assets potentially available if required to cover the fund's risk capital margin

Additional amount potentially available for inclusion in line 62	81		
Additional amount potentially available for inclusion in line 63	82		

Realistic balance sheet

Name of insurer **The Royal London Mutual Insurance Society Limited**
 With-profits fund **26 Scottish Life Fund**
 Financial year ended **31 December 2010**
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Realistic value of assets available to the fund

Regulatory value of assets	11	2879882	2784332
Implicit items allocated to the fund	12		
Value of shares in subsidiaries held in fund (regulatory)	13		
Excess admissible assets	21		
Present value of future profits (or losses) on non-profit insurance contracts written in the fund	22	66322	82720
Value of derivatives and quasi-derivatives not already reflected in lines 11 to 22	23		
Value of shares in subsidiaries held in fund (realistic)	24		
Prepayments made from the fund	25		
Realistic value of assets of fund (11+21+22+23+24+25-(12+13))	26	2946204	2867052
Support arrangement assets	27		
Assets available to the fund (26+27)	29	2946204	2867052

Realistic value of liabilities of fund

With-profits benefit reserve	31	2154763	2257188	
Future policy related liabilities	Past miscellaneous surplus attributed to with-profits benefits reserve	32		
	Past miscellaneous deficit attributed to with-profits benefits reserve	33		
	Planned enhancements to with-profits benefits reserve	34	419370	298688
	Planned deductions for the costs of guarantees, options and smoothing from with-profits benefits reserve	35	14091	21781
	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	36	33079	47455
	Future costs of contractual guarantees (other than financial options)	41	67756	75923
	Future costs of non-contractual commitments	42		
	Future costs of financial options	43	246309	238543
	Future costs of smoothing (possibly negative)	44	20603	(8760)
	Financing costs	45		
	Any other liabilities related to regulatory duty to treat customers fairly	46		
	Other long-term insurance liabilities	47	6335	22270
Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49	713203	557428	
Realistic current liabilities of the fund	51	78238	52436	
Realistic value of liabilities of fund (31+49+51)	59	2946204	2867052	

Realistic balance sheet

Name of insurer **The Royal London Mutual Insurance Society Limited**
 With-profits fund **26 Scottish Life Fund**
 Financial year ended **31 December 2010**
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Realistic excess capital and additional capital available

Value of relevant assets before applying the most adverse scenario other than the present value of future profits arising from business outside with-profits funds	62	2946204	2867052
Amount of present value of future profits (or losses) on long-term insurance contracts written outside the fund included in the value of relevant assets before applying most adverse scenario	63		
Value of relevant assets before applying the most adverse scenario (62+63)	64	2946204	2867052
Risk capital margin for fund (62-59)	65		
Realistic excess capital for fund (26-(59+65))	66		
Realistic excess available capital for fund (29-(59+65))	67		
Working capital for fund (29-59)	68		
Working capital ratio for fund (68/29)	69	0.00%	0.00%

Other assets potentially available if required to cover the fund's risk capital margin

Additional amount potentially available for inclusion in line 62	81		
Additional amount potentially available for inclusion in line 63	82		

Realistic balance sheet

Name of insurer **The Royal London Mutual Insurance Society Limited**
 With-profits fund **27 PLAL With-Profits Fund**
 Financial year ended **31 December 2010**
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Realistic value of assets available to the fund

Regulatory value of assets	11	755020	808368
Implicit items allocated to the fund	12		
Value of shares in subsidiaries held in fund (regulatory)	13		
Excess admissible assets	21		
Present value of future profits (or losses) on non-profit insurance contracts written in the fund	22		
Value of derivatives and quasi-derivatives not already reflected in lines 11 to 22	23		
Value of shares in subsidiaries held in fund (realistic)	24		
Prepayments made from the fund	25		
Realistic value of assets of fund (11+21+22+23+24+25-(12+13))	26	755020	808368
Support arrangement assets	27		
Assets available to the fund (26+27)	29	755020	808368

Realistic value of liabilities of fund

With-profits benefit reserve	31	716618	772232	
Future policy related liabilities	Past miscellaneous surplus attributed to with-profits benefits reserve	32		
	Past miscellaneous deficit attributed to with-profits benefits reserve	33		
	Planned enhancements to with-profits benefits reserve	34	19539	16388
	Planned deductions for the costs of guarantees, options and smoothing from with-profits benefits reserve	35		
	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	36		
	Future costs of contractual guarantees (other than financial options)	41	8330	11076
	Future costs of non-contractual commitments	42		
	Future costs of financial options	43		
	Future costs of smoothing (possibly negative)	44		
	Financing costs	45		
	Any other liabilities related to regulatory duty to treat customers fairly	46		
Other long-term insurance liabilities	47	85	28	
Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49	27954	27492	
Realistic current liabilities of the fund	51	10448	8644	
Realistic value of liabilities of fund (31+49+51)	59	755020	808368	

Realistic balance sheet

Name of insurer **The Royal London Mutual Insurance Society Limited**
 With-profits fund **27 PLAL With-Profits Fund**
 Financial year ended **31 December 2010**
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Realistic excess capital and additional capital available

Value of relevant assets before applying the most adverse scenario other than the present value of future profits arising from business outside with-profits funds	62	755020	808368
Amount of present value of future profits (or losses) on long-term insurance contracts written outside the fund included in the value of relevant assets before applying most adverse scenario	63		
Value of relevant assets before applying the most adverse scenario (62+63)	64	755020	808368
Risk capital margin for fund (62-59)	65		
Realistic excess capital for fund (26-(59+65))	66		
Realistic excess available capital for fund (29-(59+65))	67		
Working capital for fund (29-59)	68		
Working capital ratio for fund (68/29)	69	0.00%	0.00%

Other assets potentially available if required to cover the fund's risk capital margin

Additional amount potentially available for inclusion in line 62	81		
Additional amount potentially available for inclusion in line 63	82		

Long-term insurance business : Revenue account

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **10 Summary**
 Financial year ended **31 December 2010**
 Units **£000**

Financial year	Previous year
1	2

Income

Earned premiums	11	2426374	1961592
Investment income receivable before deduction of tax	12	908176	964890
Increase (decrease) in the value of non-linked assets brought into account	13	(465985)	(654347)
Increase (decrease) in the value of linked assets	14	999005	1415829
Other income	15	14727	32615
Total income	19	3882297	3720578

Expenditure

Claims incurred	21	2471773	2439289
Expenses payable	22	429151	466830
Interest payable before the deduction of tax	23	31568	44456
Taxation	24	(1335)	12328
Other expenditure	25		
Transfer to (from) non technical account	26		
Total expenditure	29	2931157	2962903

Business transfers - in	31		
Business transfers - out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	951140	757675
Fund brought forward	49	20272799	19515124
Fund carried forward (39+49)	59	21223939	20272799

Long-term insurance business : Revenue account

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **11 Royal London Other Long Term Funds**
 Financial year ended **31 December 2010**
 Units **£000**

Financial year	Previous year
1	2

Income

Earned premiums	11		1893775
Investment income receivable before deduction of tax	12		779149
Increase (decrease) in the value of non-linked assets brought into account	13		(296420)
Increase (decrease) in the value of linked assets	14		1387789
Other income	15		49255
Total income	19		3813548

Expenditure

Claims incurred	21		2076975
Expenses payable	22		434514
Interest payable before the deduction of tax	23		43919
Taxation	24		7512
Other expenditure	25		1948
Transfer to (from) non technical account	26		
Total expenditure	29		2564868

Business transfers - in	31		48255
Business transfers - out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39		1296935
Fund brought forward	49		15477726
Fund carried forward (39+49)	59		16774661

Long-term insurance business : Revenue account

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **21 Royal London IB & OB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**

Financial year	Previous year
1	2

Income

Earned premiums	11	2281972	1778500
Investment income receivable before deduction of tax	12	599364	634886
Increase (decrease) in the value of non-linked assets brought into account	13	(266905)	(154659)
Increase (decrease) in the value of linked assets	14	981144	1387789
Other income	15	37266	51921
Total income	19	3632842	3698437

Expenditure

Claims incurred	21	1989086	1894878
Expenses payable	22	391264	403844
Interest payable before the deduction of tax	23	29655	43864
Taxation	24	(53078)	1812
Other expenditure	25	7572	2066
Transfer to (from) non technical account	26		
Total expenditure	29	2364499	2346463

Business transfers - in	31	66512	48255
Business transfers - out	32	99	
Increase (decrease) in fund in financial year (19-29+31-32)	39	1334756	1400228
Fund brought forward	49	14656880	13256651
Fund carried forward (39+49)	59	15991635	14656880

Long-term insurance business : Revenue account

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **23 Refuge Assurance IB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**

Financial year	Previous year
1	2

Income

Earned premiums	11	11885	10685
Investment income receivable before deduction of tax	12	16871	18293
Increase (decrease) in the value of non-linked assets brought into account	13	3623	(13707)
Increase (decrease) in the value of linked assets	14		
Other income	15	(19)	45
Total income	19	32359	15316

Expenditure

Claims incurred	21	39802	43538
Expenses payable	22	9741	10303
Interest payable before the deduction of tax	23	522	6
Taxation	24	6658	679
Other expenditure	25	534	396
Transfer to (from) non technical account	26		
Total expenditure	29	57257	54921

Business transfers - in	31		
Business transfers - out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(24898)	(39605)
Fund brought forward	49	241342	280948
Fund carried forward (39+49)	59	216444	241342

Long-term insurance business : Revenue account

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **24 United Friendly OB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**

Financial year	Previous year
1	2

Income

Earned premiums	11	75507	82059
Investment income receivable before deduction of tax	12	79808	77083
Increase (decrease) in the value of non-linked assets brought into account	13	(19406)	(112295)
Increase (decrease) in the value of linked assets	14		
Other income	15	1963	590
Total income	19	137873	47438

Expenditure

Claims incurred	21	58913	66065
Expenses payable	22	7876	7065
Interest payable before the deduction of tax	23	688	31
Taxation	24	6337	1773
Other expenditure	25	1043	897
Transfer to (from) non technical account	26		
Total expenditure	29	74856	75831

Business transfers - in	31		
Business transfers - out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	63016	(28394)
Fund brought forward	49	1308660	1337053
Fund carried forward (39+49)	59	1371676	1308660

Long-term insurance business : Revenue account

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **25 United Friendly IB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**

Financial year	Previous year
1	2

Income

Earned premiums	11	17569	22531
Investment income receivable before deduction of tax	12	42063	48887
Increase (decrease) in the value of non-linked assets brought into account	13	18669	(15759)
Increase (decrease) in the value of linked assets	14		
Other income	15	(15)	128
Total income	19	78286	55787

Expenditure

Claims incurred	21	63713	72495
Expenses payable	22	13147	13303
Interest payable before the deduction of tax	23	146	18
Taxation	24	29109	3248
Other expenditure	25	1747	2019
Transfer to (from) non technical account	26		
Total expenditure	29	107862	91081

Business transfers - in	31		
Business transfers - out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(29576)	(35295)
Fund brought forward	49	567779	603074
Fund carried forward (39+49)	59	538203	567779

Long-term insurance business : Revenue account

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **26 Scottish Life Fund**
 Financial year ended **31 December 2010**
 Units **£000**

Financial year	Previous year
1	2

Income

Earned premiums	11	34584	43722
Investment income receivable before deduction of tax	12	141633	159468
Increase (decrease) in the value of non-linked assets brought into account	13	(192388)	(355540)
Increase (decrease) in the value of linked assets	14	17861	28040
Other income	15	7718	2442
Total income	19	9408	(121868)

Expenditure

Claims incurred	21	205462	266748
Expenses payable	22	6960	32202
Interest payable before the deduction of tax	23	399	479
Taxation	24	5537	234
Other expenditure	25	15014	9912
Transfer to (from) non technical account	26		
Total expenditure	29	233373	309574

Business transfers - in	31	125	
Business transfers - out	32	66538	48255
Increase (decrease) in fund in financial year (19-29+31-32)	39	(290378)	(479696)
Fund brought forward	49	2800132	3279827
Fund carried forward (39+49)	59	2509753	2800131

Long-term insurance business : Revenue account

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **27 PLAL With-Profits Fund**
 Financial year ended **31 December 2010**
 Units **£000**

Financial year	Previous year
1	2

Income

Earned premiums	11	22294	24095
Investment income receivable before deduction of tax	12	28436	26273
Increase (decrease) in the value of non-linked assets brought into account	13	(9578)	(2387)
Increase (decrease) in the value of linked assets	14		
Other income	15		
Total income	19	41152	47980

Expenditure

Claims incurred	21	132234	95566
Expenses payable	22	163	114
Interest payable before the deduction of tax	23	157	58
Taxation	24	4101	4582
Other expenditure	25	6276	7224
Transfer to (from) non technical account	26		
Total expenditure	29	142931	107544

Business transfers - in	31		
Business transfers - out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(101779)	(59564)
Fund brought forward	49	698006	757570
Fund carried forward (39+49)	59	596227	698006

Long-term insurance business : Analysis of premiums

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **10 Summary**
 Financial year ended **31 December 2010**
 Units **£000**

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

Gross

Regular premiums	11	686963	471552	3930	1162445	1186307
Single premiums	12	1619	1717268	2491	1721379	1321976

Reinsurance - external

Regular premiums	13	196671	355	1477	198503	197031
Single premiums	14	160	258787		258947	349661

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16					

Net of reinsurance

Regular premiums	17	490292	471197	2453	963942	989276
Single premiums	18	1460	1458481	2491	1462432	972316

Total

Gross	19	688583	2188820	6421	2883824	2508284
Reinsurance	20	196831	259142	1477	457450	546692
Net	21	491752	1929678	4944	2426374	1961592

Long-term insurance business : Analysis of premiums

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **11 Royal London Other Long Term Funds**
 Financial year ended **31 December 2010**
 Units **£000**

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

Gross

Regular premiums	11					1124259
Single premiums	12					1316112

Reinsurance - external

Regular premiums	13					196935
Single premiums	14					349661

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16					

Net of reinsurance

Regular premiums	17					927324
Single premiums	18					966451

Total

Gross	19					2440371
Reinsurance	20					546596
Net	21					1893775

Long-term insurance business : Analysis of premiums

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **21 Royal London IB & OB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**

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

Gross

Regular premiums	11	614944	452260	3930	1071133	1080379
Single premiums	12	1619	1664093	2491	1668204	1244717

Reinsurance - external

Regular premiums	13	196591	351	1477	198419	196935
Single premiums	14	160	258787		258947	349661

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16					

Net of reinsurance

Regular premiums	17	418353	451909	2453	872715	883444
Single premiums	18	1460	1405307	2491	1409258	895056

Total

Gross	19	616563	2116354	6421	2739338	2325096
Reinsurance	20	196751	259137	1477	457365	546596
Net	21	419812	1857216	4944	2281972	1778500

Long-term insurance business : Analysis of premiums

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **23 Refuge Assurance IB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**

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

Gross

Regular premiums	11	11885			11885	10685
Single premiums	12					

Reinsurance - external

Regular premiums	13					
Single premiums	14					

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16					

Net of reinsurance

Regular premiums	17	11885			11885	10685
Single premiums	18					

Total

Gross	19	11885			11885	10685
Reinsurance	20					
Net	21	11885			11885	10685

Long-term insurance business : Analysis of premiums

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **24 United Friendly OB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**

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

Gross

Regular premiums	11	5695	2999		8695	10664
Single premiums	12		66812		66812	71395

Reinsurance - external

Regular premiums	13					
Single premiums	14					

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16					

Net of reinsurance

Regular premiums	17	5695	2999		8695	10664
Single premiums	18		66812		66812	71395

Total

Gross	19	5695	69812		75507	82059
Reinsurance	20					
Net	21	5695	69812		75507	82059

Long-term insurance business : Analysis of premiums

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **25 United Friendly IB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**

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

Gross

Regular premiums	11	17569			17569	22531
Single premiums	12					

Reinsurance - external

Regular premiums	13					
Single premiums	14					

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16					

Net of reinsurance

Regular premiums	17	17569			17569	22531
Single premiums	18					

Total

Gross	19	17569			17569	22531
Reinsurance	20					
Net	21	17569			17569	22531

Long-term insurance business : Analysis of premiums

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **26 Scottish Life Fund**
 Financial year ended **31 December 2010**
 Units **£000**

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

Gross

Regular premiums	11	18713	12156		30870	37953
Single premiums	12		3799		3799	5865

Reinsurance - external

Regular premiums	13	80	5		85	96
Single premiums	14					

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16					

Net of reinsurance

Regular premiums	17	18633	12152		30785	37857
Single premiums	18		3799		3799	5865

Total

Gross	19	18713	15955		34669	43818
Reinsurance	20	80	5		85	96
Net	21	18633	15951		34584	43722

Long-term insurance business : Analysis of premiums

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **27 PLAL With-Profits Fund**
 Financial year ended **31 December 2010**
 Units **£000**

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

Gross

Regular premiums	11	18158	4137		22294	24095
Single premiums	12					0

Reinsurance - external

Regular premiums	13					
Single premiums	14					

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16					

Net of reinsurance

Regular premiums	17	18158	4137		22294	24095
Single premiums	18					0

Total

Gross	19	18158	4137		22294	24095
Reinsurance	20					
Net	21	18158	4137		22294	24095

Long-term insurance business : Analysis of claims

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **10 Summary**
 Financial year ended **31 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	296726	40365	1264	338355	376654
Disability periodic payments	12	46153			46153	49857
Surrender or partial surrender	13	306766	1086337	22224	1415326	1364446
Annuity payments	14		46067		46067	52726
Lump sums on maturity	15	562183	241556		803738	774574
Total	16	1211827	1414324	23488	2649640	2618257

Reinsurance - external

Death or disability lump sums	21	134161	19	1084	135263	142663
Disability periodic payments	22	4496			4496	4061
Surrender or partial surrender	23	542			542	582
Annuity payments	24		37380		37380	31504
Lump sums on maturity	25	185			185	158
Total	26	139384	37399	1084	177867	178968

Reinsurance - intra-group

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

Net of reinsurance

Death or disability lump sums	41	162565	40346	181	203092	233991
Disability periodic payments	42	41657			41657	45796
Surrender or partial surrender	43	306224	1086337	22224	1414784	1363863
Annuity payments	44		8687		8687	21222
Lump sums on maturity	45	561998	241556		803553	774416
Total	46	1072444	1376925	22404	2471773	2439289

Long-term insurance business : Analysis of claims

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **11 Royal London Other Long Term Funds**
 Financial year ended **31 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				355630
Disability periodic payments	12				48676
Surrender or partial surrender	13				1168776
Annuity payments	14				41038
Lump sums on maturity	15				640220
Total	16				2254340

Reinsurance - external

Death or disability lump sums	21				142298
Disability periodic payments	22				2880
Surrender or partial surrender	23				526
Annuity payments	24				31504
Lump sums on maturity	25				158
Total	26				177365

Reinsurance - intra-group

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

Net of reinsurance

Death or disability lump sums	41				213332
Disability periodic payments	42				45796
Surrender or partial surrender	43				1168250
Annuity payments	44				9534
Lump sums on maturity	45				640063
Total	46				2076975

Long-term insurance business : Analysis of claims

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **21 Royal London IB & OB Subfund**
 Financial year ended **31 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	234888	31729	1264	267881	300376
Disability periodic payments	12	44971			44971	48658
Surrender or partial surrender	13	170268	1015263	22224	1207755	1129193
Annuity payments	14		46067		46067	41038
Lump sums on maturity	15	388712	210152		598864	552979
Total	16	838840	1303210	23488	2165538	2072242

Reinsurance - external

Death or disability lump sums	21	133990	19	1084	135093	142298
Disability periodic payments	22	3314			3314	2880
Surrender or partial surrender	23	506			506	526
Annuity payments	24		37380		37380	31504
Lump sums on maturity	25	158			158	158
Total	26	137969	37399	1084	176452	177365

Reinsurance - intra-group

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

Net of reinsurance

Death or disability lump sums	41	100899	31709	181	132789	158078
Disability periodic payments	42	41657			41657	45777
Surrender or partial surrender	43	169762	1015263	22224	1207248	1128667
Annuity payments	44		8686		8686	9534
Lump sums on maturity	45	388554	210152		598706	552821
Total	46	700872	1265810	22404	1989086	1894878

Long-term insurance business : Analysis of claims

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **23 Refuge Assurance IB Subfund**
 Financial year ended **31 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	11566			11566	11702
Disability periodic payments	12					
Surrender or partial surrender	13	3195			3195	3092
Annuity payments	14					
Lump sums on maturity	15	25041			25041	28743
Total	16	39802			39802	43538

Reinsurance - external

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

Reinsurance - intra-group

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

Net of reinsurance

Death or disability lump sums	41	11566			11566	11702
Disability periodic payments	42					
Surrender or partial surrender	43	3195			3195	3092
Annuity payments	44					
Lump sums on maturity	45	25041			25041	28743
Total	46	39802			39802	43538

Long-term insurance business : Analysis of claims

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **24 United Friendly OB Subfund**
 Financial year ended **31 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	2130	3415		5545	5240
Disability periodic payments	12					18
Surrender or partial surrender	13	3735	21375		25110	26691
Annuity payments	14					
Lump sums on maturity	15	19698	8559		28258	34116
Total	16	25563	33350		58913	66065

Reinsurance - external

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

Reinsurance - intra-group

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

Net of reinsurance

Death or disability lump sums	41	2130	3415		5545	5240
Disability periodic payments	42					18
Surrender or partial surrender	43	3735	21375		25110	26691
Annuity payments	44					
Lump sums on maturity	45	19698	8559		28258	34116
Total	46	25563	33350		58913	66065

Long-term insurance business : Analysis of claims

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **25 United Friendly IB Subfund**
 Financial year ended **31 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	36060			36060	38312
Disability periodic payments	12					
Surrender or partial surrender	13	9541			9541	9799
Annuity payments	14					
Lump sums on maturity	15	18112			18112	24383
Total	16	63713			63713	72495

Reinsurance - external

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

Reinsurance - intra-group

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

Net of reinsurance

Death or disability lump sums	41	36060			36060	38312
Disability periodic payments	42					
Surrender or partial surrender	43	9541			9541	9799
Annuity payments	44					
Lump sums on maturity	45	18112			18112	24383
Total	46	63713			63713	72495

Long-term insurance business : Analysis of claims

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **26 Scottish Life Fund**
 Financial year ended **31 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	5088	5032		10119	12437
Disability periodic payments	12	1182			1182	1181
Surrender or partial surrender	13	17911	40386		58297	122981
Annuity payments	14		17437		17437	11688
Lump sums on maturity	15	96997	22845		119842	120063
Total	16	121178	85700		206877	268351

Reinsurance - external

Death or disability lump sums	21	171			171	365
Disability periodic payments	22	1182			1182	1181
Surrender or partial surrender	23	36			36	57
Annuity payments	24					
Lump sums on maturity	25	27			27	
Total	26	1415			1415	1603

Reinsurance - intra-group

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

Net of reinsurance

Death or disability lump sums	41	4917	5032		9948	12072
Disability periodic payments	42					
Surrender or partial surrender	43	17875	40386		58262	122925
Annuity payments	44		17437		17437	11688
Lump sums on maturity	45	96970	22845		119815	120063
Total	46	119762	85700		205462	266748

Long-term insurance business : Analysis of claims

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **27 PLAL With-Profits Fund**
 Financial year ended **31 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	6994	190		7184	8587
Disability periodic payments	12					
Surrender or partial surrender	13	102116	9312		111428	72688
Annuity payments	14					
Lump sums on maturity	15	13622			13622	14290
Total	16	122732	9502		132234	95566

Reinsurance - external

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

Reinsurance - intra-group

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

Net of reinsurance

Death or disability lump sums	41	6994	190		7184	8587
Disability periodic payments	42					
Surrender or partial surrender	43	102116	9312		111428	72688
Annuity payments	44					
Lump sums on maturity	45	13622			13622	14290
Total	46	122732	9502		132234	95566

Long-term insurance business : Analysis of expenses

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **10 Summary**
 Financial year ended **31 December 2010**
 Units **£000**

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

Gross

Commission - acquisition	11	86886	63992	2249	153128	160483
Commission - other	12	10440	14538	71	25048	19528
Management - acquisition	13	59821	55570	627	116018	109859
Management - maintenance	14	69231	65208	1270	135708	133410
Management - other	15	(273)	(478)		(751)	43549
Total	16	226105	198830	4216	429151	466830

Reinsurance - external

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

Reinsurance - intra-group

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

Net of reinsurance

Commission - acquisition	41	86886	63992	2249	153128	160483
Commission - other	42	10440	14538	71	25048	19528
Management - acquisition	43	59821	55570	627	116018	109859
Management - maintenance	44	69231	65208	1270	135708	133410
Management - other	45	(273)	(478)		(751)	43549
Total	46	226105	198830	4216	429151	466830

Long-term insurance business : Analysis of expenses

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **11 Royal London Other Long Term Funds**
 Financial year ended **31 December 2010**
 Units **£000**

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

Gross

Commission - acquisition	11				160428
Commission - other	12				19168
Management - acquisition	13				109859
Management - maintenance	14				126986
Management - other	15				18072
Total	16				434514

Reinsurance - external

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

Reinsurance - intra-group

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

Net of reinsurance

Commission - acquisition	41				160428
Commission - other	42				19168
Management - acquisition	43				109859
Management - maintenance	44				126986
Management - other	45				18072
Total	46				434514

Long-term insurance business : Analysis of expenses

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **21 Royal London IB & OB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**

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

Gross

Commission - acquisition	11	86888	63969	2249	153106	160428
Commission - other	12	10183	14582	71	24836	19168
Management - acquisition	13	59821	55570	627	116018	109859
Management - maintenance	14	42344	54441	1270	98055	96317
Management - other	15	(273)	(478)		(751)	18072
Total	16	198963	188085	4216	391264	403844

Reinsurance - external

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

Reinsurance - intra-group

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

Net of reinsurance

Commission - acquisition	41	86888	63969	2249	153106	160428
Commission - other	42	10183	14582	71	24836	19168
Management - acquisition	43	59821	55570	627	116018	109859
Management - maintenance	44	42344	54441	1270	98055	96317
Management - other	45	(273)	(478)		(751)	18072
Total	46	198963	188085	4216	391264	403844

Long-term insurance business : Analysis of expenses

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **23 Refuge Assurance IB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**

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

Gross

Commission - acquisition	11				
Commission - other	12				
Management - acquisition	13				
Management - maintenance	14	9741		9741	10303
Management - other	15				
Total	16	9741		9741	10303

Reinsurance - external

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

Reinsurance - intra-group

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

Net of reinsurance

Commission - acquisition	41				
Commission - other	42				
Management - acquisition	43				
Management - maintenance	44	9741		9741	10303
Management - other	45				
Total	46	9741		9741	10303

Long-term insurance business : Analysis of expenses

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **24 United Friendly OB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**

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

Gross

Commission - acquisition	11				
Commission - other	12				
Management - acquisition	13				
Management - maintenance	14	2084	5792	7876	7065
Management - other	15				
Total	16	2084	5792	7876	7065

Reinsurance - external

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

Reinsurance - intra-group

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

Net of reinsurance

Commission - acquisition	41				
Commission - other	42				
Management - acquisition	43				
Management - maintenance	44	2084	5792	7876	7065
Management - other	45				
Total	46	2084	5792	7876	7065

Long-term insurance business : Analysis of expenses

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **25 United Friendly IB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**

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

Gross

Commission - acquisition	11				
Commission - other	12				
Management - acquisition	13				
Management - maintenance	14	13147		13147	13303
Management - other	15				
Total	16	13147		13147	13303

Reinsurance - external

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

Reinsurance - intra-group

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

Net of reinsurance

Commission - acquisition	41				
Commission - other	42				
Management - acquisition	43				
Management - maintenance	44	13147		13147	13303
Management - other	45				
Total	46	13147		13147	13303

Long-term insurance business : Analysis of expenses

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **26 Scottish Life Fund**
 Financial year ended **31 December 2010**
 Units **£000**

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

Gross

Commission - acquisition	11	(1)	24		22	55
Commission - other	12	257	(45)		212	360
Management - acquisition	13					
Management - maintenance	14	1798	4928		6726	6310
Management - other	15					25477
Total	16	2053	4907		6960	32202

Reinsurance - external

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

Reinsurance - intra-group

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

Net of reinsurance

Commission - acquisition	41	(1)	24		22	55
Commission - other	42	257	(45)		212	360
Management - acquisition	43					
Management - maintenance	44	1798	4928		6726	6310
Management - other	45					25477
Total	46	2053	4907		6960	32202

Long-term insurance business : Analysis of expenses

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **27 PLAL With-Profits Fund**
 Financial year ended **31 December 2010**
 Units **£000**

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

Gross

Commission - acquisition	11				
Commission - other	12				
Management - acquisition	13				
Management - maintenance	14	117	46	163	114
Management - other	15				
Total	16	117	46	163	114

Reinsurance - external

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

Reinsurance - intra-group

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

Net of reinsurance

Commission - acquisition	41				
Commission - other	42				
Management - acquisition	43				
Management - maintenance	44	117	46	163	114
Management - other	45				
Total	46	117	46	163	114

Long-term insurance business : Linked funds balance sheet

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business
 Financial year ended **31 December 2010**
 Units **£000**

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

Directly held assets (excluding collective investment schemes)	11	4913438	3881136
Directly held assets in collective investment schemes of connected companies	12	7204674	6395711
Directly held assets in other collective investment schemes	13	74946	75016
Total assets (excluding cross investment) (11+12+ 13)	14	12193058	10351863
Provision for tax on unrealised capital gains	15	2396	327
Secured and unsecured loans	16		
Other liabilities	17	125461	62658
Total net assets (14-15-16-17)	18	12065201	10288878

Directly held linked assets

Value of directly held linked assets	21	3144	3643
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Total

Value of directly held linked assets and units held (18+21)	31	12068345	10292521
Surplus units	32	191084	191297
Deficit units	33		8628
Net unit liability (31-32+33)	34	11877261	10109852

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

Name of insurer **The Royal London Mutual Insurance Society Limited**

Total business

Financial year ended **31 December 2010**Units **£000**

Financial year	Previous year
1	2

Income

Value of total creation of units	11	1487579	690436
Investment income attributable to the funds before deduction of tax	12	261617	152789
Increase (decrease) in the value of investments in the financial year	13	999005	1415829
Other income	14	426	981
Total income	19	2748627	2260035

Expenditure

Value of total cancellation of units	21	943212	417556
Charges for management	22	20122	23383
Charges in respect of tax on investment income	23	2878	2747
Taxation on realised capital gains	24	1976	(7080)
Increase (decrease) in amount set aside for tax on capital gains not yet realised	25	2273	20063
Other expenditure	26	1843	1368
Total expenditure	29	972304	458037

Increase (decrease) in funds in financial year (19-29)	39	1776323	1801998
Internal linked fund brought forward	49	10288878	8486880
Internal linked funds carried forward (39+49)	59	12065201	10288878

Long-term insurance business : Summary of new businessName of insurer **The Royal London Mutual Insurance Society Limited**

Total business

Financial year ended **31 December 2010**Units **£000**

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

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

Regular premium business	11	125182	30890	958	157030	164642
Single premium business	12	67	23185	46	23298	24100
Total	13	125249	54075	1004	180328	188742

**Amount of new regular
premiums**

Direct insurance business	21	67554	125449	627	193630	177188
External reinsurance	22					
Intra-group reinsurance	23					
Total	24	67554	125449	627	193630	177188

**Amount of new single
premiums**

Direct insurance business	25	1620	1734705	2491	1738816	1321976
External reinsurance	26					
Intra-group reinsurance	27					
Total	28	1620	1734705	2491	1738816	1321976

Long-term insurance business : Analysis of new business

Name of insurer

The Royal London Mutual Insurance Society Limited

Total business

Financial year ended

31 December 2010

Units

£000

UK Life / Direct Insurance Business

Product code number 1	Product description 2	Regular premium business		Single premium business	
		Number of policyholders / scheme members 3	Amount of premiums 4	Number of policyholders / scheme members 5	Amount of premiums 6
300	Regular premium non-profit WL/EA OB	11324	2670		
325	Level term assurance	46458	17859		
330	Decreasing term assurance	20301	6534		
340	Accelerated critical illness (guaranteed premiums)	33686	22138		
345	Accelerated critical illness (reviewable premiums)	5937	4548		
350	Stand-alone critical illness (guaranteed premiums)	1083	1780		
355	Stand-alone critical illness (reviewable premiums)	295	714		
360	Income protection non-profit (guaranteed premiums)	2962	2522		
365	Income protection non-profit (reviewable premiums)	172	163		
380	Miscellaneous protection rider		760		
500	Life UWP single premium			18	922
505	Life UWP whole life regular premium	176	126		
506	Life UWP whole life regular premium (ISA)		78		
510	Life UWP endowment regular premium - savings		1		
515	Life UWP endowment regular premium - target cash		1		

Long-term insurance business : Analysis of new business

Name of insurer

The Royal London Mutual Insurance Society Limited

Total business

Financial year ended

31 December 2010

Units

£000

UK Life / Direct Insurance Business

Product code number 1	Product description 2	Regular premium business		Single premium business	
		Number of policyholders / scheme members 3	Amount of premiums 4	Number of policyholders / scheme members 5	Amount of premiums 6
575	Miscellaneous UWP (single premium ISA)			39	86
700	Life property linked single premium			10	612
710	Life property linked whole life regular premium	1366	6947		
715	Life property linked endowment regular premium - savings	14	28		
720	Life property linked endowment regular premium - target cash		15		
790	Miscellaneous protection rider		0		
910	Miscellaneous index linked	1408	669		

Long-term insurance business : Analysis of new business

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business
 Financial year ended **31 December 2010**
 Units **£000**
 UK Pension / Direct Insurance Business

Product code number 1	Product description 2	Regular premium business		Single premium business	
		Number of policyholders / scheme members 3	Amount of premiums 4	Number of policyholders / scheme members 5	Amount of premiums 6
160	Conventional pensions endowment with-profits - increments		7		66812
390	Deferred annuity non-profit				43
400	Annuity non-profit (CPA)			8719	140842
410	Group life		8		
420	Group income protection		9		
525	Individual pensions UWP		176		1285
530	Individual pensions UWP- increments		951		1335
535	Group money purchase pensions UWP		28		961
540	Group money purchase pensions UWP - increments		71		371
550	Individual deposit administration with-profits - increments		13		23
555	Group deposit administration with-profits	13	30		685
560	Group deposit administration with-profits - increments		56		
565	DWP national insurance rebates UWP				62893
580	Term assurance rider		607		
605	Miscellaneous protection rider		237		

Long-term insurance business : Analysis of new business

Name of insurer

The Royal London Mutual Insurance Society Limited

Total business

Financial year ended

31 December 2010

Units

£000

UK Pension / Direct Insurance Business

Product code number 1	Product description 2	Regular premium business		Single premium business	
		Number of policyholders / scheme members 3	Amount of premiums 4	Number of policyholders / scheme members 5	Amount of premiums 6
725	Individual pensions property linked	30236	86231	13746	777896
730	Individual pensions property linked - increments		32335		531209
735	Group money purchase pensions property linked	641	3842	543	39819
740	Group money purchase pensions property linked - increments		850		16650
745	DWP national insurance rebates property linked			61	88669
750	Income drawdown property linked			91	4406
905	Index linked annuity			25	805

Long-term insurance business : Analysis of new business

Name of insurer

The Royal London Mutual Insurance Society Limited

Total business

Financial year ended

31 December 2010

Units

£000

Overseas / Direct Insurance Business

Product code number 1	Product description 2	Regular premium business		Single premium business	
		Number of policyholders / scheme members 3	Amount of premiums 4	Number of policyholders / scheme members 5	Amount of premiums 6
325	Level term assurance	428	267		
330	Decreasing term assurance	333	117		
340	Accelerated critical illness (guaranteed premiums)	114	142		
345	Accelerated critical illness (reviewable premiums)	44	54		
350	Stand-alone critical illness (guaranteed premiums)		0		
355	Stand-alone critical illness (reviewable premiums)	4	11		
360	Income protection non-profit (guaranteed premiums)	12	12		
380	Miscellaneous protection rider		6		
500	Life UWP single premium (European Bond)			46	2483
700	Life property linked single premium				8
910	Miscellaneous index linked	23	17		

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

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Category of assets **Total Long Term Insurance Business Assets**
 Financial year ended **31 December 2010**
 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	(30292)	(29530)	(1431)	4.85	
Approved fixed interest securities	12	153908	154049	6411	4.14	
Other fixed interest securities	13	469014	474679	41811	6.11	
Variable interest securities	14	34300	33075	454	3.79	
UK listed equity shares	15	(61871)	(60909)	(1909)	6.50	
Non-UK listed equity shares	16	2658	5049	108	4.00	
Unlisted equity shares	17		789			
Other assets	18	370834	361349	120	31.67	
Total	19	938550	938550	45564	15.55	

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

Land and buildings	21	1084616	1369383	66514	4.86	15.17
Approved fixed interest securities	22	4057712	4070077	165601	3.97	9.22
Other fixed interest securities	23	1895724	2072729	202031	6.58	11.06
Variable interest securities	24	652633	623789	12994	6.44	9.82
UK listed equity shares	25	2712401	2768623	75595	5.89	14.92
Non-UK listed equity shares	26	477683	566779	12173	3.57	14.98
Unlisted equity shares	27	137839	165033			6.35
Other assets	28	1750635	1132827	5751	0.47	0.60
Total	29	12769241	12769241	540660	4.65	11.83

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 : Assets not held to match linked liabilities

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Category of assets **Royal London IB & OB Subfund**
 Financial year ended **31 December 2010**
 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	(38710)	(38710)	(2092)	5.43	
Approved fixed interest securities	12	40042	40042	1690	4.21	
Other fixed interest securities	13	391030	391030	34685	6.02	
Variable interest securities	14	11283	11283	179	0.50	
UK listed equity shares	15	(82878)	(82878)	(2539)	6.50	
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18	342243	342243		33.41	
Total	19	663011	663011	31923	19.93	

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

Land and buildings	21	705487	914755	41924	4.58	16.29
Approved fixed interest securities	22	1638837	1648813	66210	3.89	9.01
Other fixed interest securities	23	529016	591042	72009	7.10	11.14
Variable interest securities	24	359340	354597	9142	8.02	9.01
UK listed equity shares	25	1596506	1643267	44004	5.73	15.33
Non-UK listed equity shares	26	297509	313772	7104	3.53	15.45
Unlisted equity shares	27	137705	140397			6.35
Other assets	28	613332	271090	1050	0.40	0.56
Total	29	5877732	5877732	241443	4.81	13.23

Overall return on with-profits assets

Post investment costs but pre-tax	31					13.14
Return allocated to non taxable 'asset shares'	32					13.14
Return allocated to taxable 'asset shares'	33					11.36

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

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Category of assets **Refuge Assurance IB Subfund**
 Financial year ended **31 December 2010**
 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	4452	4452	241	5.43	
Approved fixed interest securities	12	11693	11693	495	4.22	
Other fixed interest securities	13	6688	6688	872	7.37	
Variable interest securities	14					
UK listed equity shares	15	7708	7708	240	9.44	
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18					
Total	19	30542	30542	1848	6.40	

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

Land and buildings	21	32917	39018	1984	5.08	16.29
Approved fixed interest securities	22	137336	137336	5675	4.05	9.18
Other fixed interest securities	23	66848	70817	7592	6.64	10.79
Variable interest securities	24	15135	13152	222	3.25	9.01
UK listed equity shares	25	54915	54513	1526	8.52	13.63
Non-UK listed equity shares	26	9314	9359	221	3.52	15.81
Unlisted equity shares	27		1247			6.35
Other assets	28	20656	11677	49	0.42	0.56
Total	29	337120	337120	17269	5.25	11.93

Overall return on with-profits assets

Post investment costs but pre-tax	31					11.84
Return allocated to non taxable 'asset shares'	32					11.84
Return allocated to taxable 'asset shares'	33					10.06

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

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Category of assets **United Friendly OB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**

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

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

Land and buildings	11					
Approved fixed interest securities	12					
Other fixed interest securities	13					
Variable interest securities	14					
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18					
Total	19					

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

Land and buildings	21	201065	233310	11948	5.12	16.31
Approved fixed interest securities	22	759821	759821	31420	4.06	9.18
Other fixed interest securities	23	328158	345870	37770	6.70	11.09
Variable interest securities	24	73199	64351	1077	3.02	9.01
UK listed equity shares	25	283543	281565	7944	7.63	14.15
Non-UK listed equity shares	26	38774	38976	925	3.51	15.89
Unlisted equity shares	27		6365			6.35
Other assets	28	222893	177196	1142	0.64	0.56
Total	29	1907453	1907453	92225	4.82	11.59

Overall return on with-profits assets

Post investment costs but pre-tax	31					11.50
Return allocated to non taxable 'asset shares'	32					11.50
Return allocated to taxable 'asset shares'	33					9.70

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

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Category of assets **United Friendly IB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**

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

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

Land and buildings	11					
Approved fixed interest securities	12					
Other fixed interest securities	13					
Variable interest securities	14					
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18					
Total	19					

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

Land and buildings	21	111181	130958	6676	5.10	16.30
Approved fixed interest securities	22	241061	241061	9851	3.96	9.18
Other fixed interest securities	23	181348	191136	20872	6.70	11.11
Variable interest securities	24	39411	34522	574	3.06	9.01
UK listed equity shares	25	319565	317646	8882	6.30	15.15
Non-UK listed equity shares	26	64841	65148	1536	3.60	15.47
Unlisted equity shares	27		3514			6.35
Other assets	28	54627	28049	343	1.22	0.56
Total	29	1012034	1012034	48734	5.22	13.01

Overall return on with-profits assets

Post investment costs but pre-tax	31					12.92
Return allocated to non taxable 'asset shares'	32					12.92
Return allocated to taxable 'asset shares'	33					11.18

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

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Category of assets **Scottish Life Fund**
 Financial year ended **31 December 2010**
 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	3965	4727	421	8.90	
Approved fixed interest securities	12	102172	102313	4226	4.10	
Other fixed interest securities	13	71295	76960	6253	6.49	
Variable interest securities	14	23017	21792	276	5.49	
UK listed equity shares	15	13299	14260	389	4.92	
Non-UK listed equity shares	16	2658	5049	108	4.00	
Unlisted equity shares	17		789			
Other assets	18	28591	19106	120	0.51	
Total	19	244997	244997	11793	4.82	

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

Land and buildings	21	33966	48811	3882	7.95	(6.13)
Approved fixed interest securities	22	1153804	1156193	47746	4.10	9.56
Other fixed interest securities	23	568298	651808	50085	6.17	11.34
Variable interest securities	24	158346	149965	1897	5.49	11.34
UK listed equity shares	25	209449	225741	5959	4.72	15.58
Non-UK listed equity shares	26	43216	83756	1740	3.91	13.46
Unlisted equity shares	27	134	13510			
Other assets	28	712670	550098	2726	0.40	0.51
Total	29	2879882	2879882	114036	4.02	9.40

Overall return on with-profits assets

Post investment costs but pre-tax	31					9.38
Return allocated to non taxable 'asset shares'	32					9.38
Return allocated to taxable 'asset shares'	33					7.50

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

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Category of assets **PLAL With-Profits Fund**
 Financial year ended **31 December 2010**
 Units **£000**

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

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

Land and buildings	11					
Approved fixed interest securities	12					
Other fixed interest securities	13					
Variable interest securities	14					
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18					
Total	19					

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

Land and buildings	21		2531	100	3.96	3.80
Approved fixed interest securities	22	126854	126854	4699	3.33	8.19
Other fixed interest securities	23	222056	222056	13702	6.02	10.07
Variable interest securities	24	7202	7202	83	1.11	1.09
UK listed equity shares	25	248423	245892	7280	4.95	13.00
Non-UK listed equity shares	26	24029	55769	647	3.33	13.58
Unlisted equity shares	27					
Other assets	28	126456	94717	442	0.47	0.71
Total	29	755020	755020	26953	4.27	9.49

Overall return on with-profits assets

Post investment costs but pre-tax	31					9.45
Return allocated to non taxable 'asset shares'	32					9.45
Return allocated to taxable 'asset shares'	33					8.48

Long-term insurance business : Fixed and variable interest assets

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Category of assets **Total Long Term Insurance Business Assets**
 Financial year ended **31 December 2010**
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK Government approved fixed interest securities	11	3685064	17.29	4.15	4.15
Other approved fixed interest securities	21	539062	7.93	2.85	2.85
Other fixed interest securities					
AAA/Aaa	31	228550	7.42	4.95	4.75
AA/Aa	32	266078	9.75	5.29	4.81
A/A	33	833456	8.97	5.98	5.33
BBB/Baa	34	498430	7.53	6.26	5.15
BB/Ba	35	195507	6.90	9.82	7.15
B/B	36	15007	4.92	11.57	4.64
CCC/Caa	37	25835	8.13	16.72	4.96
Other (including unrated)	38	484545	7.22	6.94	4.21
Total other fixed interest securities	39	2547408	8.10	6.49	5.11
Approved variable interest securities	41	302595	13.32	0.46	0.46
Other variable interest securities	51	354269	6.87	11.30	3.89
Total (11+21+39+41+51)	61	7428397	12.80	5.05	4.22

Long-term insurance business : Fixed and variable interest assets

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Category of assets **Royal London IB & OB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK Government approved fixed interest securities	11	1401321	17.07	4.16	4.16
Other approved fixed interest securities	21	287534	7.71	2.62	2.62
Other fixed interest securities					
AAA/Aaa	31	85633	6.42	4.72	4.54
AA/Aa	32	102410	9.43	5.16	4.69
A/A	33	322515	8.88	5.92	5.27
BBB/Baa	34	194043	7.18	6.32	5.19
BB/Ba	35	80396	6.38	9.71	7.07
B/B	36	8284	4.89	11.56	4.40
CCC/Caa	37	10879	6.91	16.46	4.73
Other (including unrated)	38	177914	5.43	8.02	4.23
Total other fixed interest securities	39	982073	7.50	6.67	5.08
Approved variable interest securities	41	226148	13.53	0.39	0.39
Other variable interest securities	51	139732	0.52	19.77	2.38
Total (11+21+39+41+51)	61	3036808	12.06	5.26	3.95

Long-term insurance business : Fixed and variable interest assets

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Category of assets **Refuge Assurance IB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK Government approved fixed interest securities	11	132524	16.11	4.18	4.18
Other approved fixed interest securities	21	16505	9.08	3.09	3.09
Other fixed interest securities					
AAA/Aaa	31	6796	6.41	4.73	4.55
AA/Aa	32	8124	9.41	5.17	4.70
A/A	33	25570	8.89	5.92	5.28
BBB/Baa	34	15400	7.18	6.32	5.20
BB/Ba	35	6369	6.38	9.72	7.08
B/B	36	648	4.91	11.44	4.39
CCC/Caa	37	863	6.95	16.43	4.73
Other (including unrated)	38	13737	5.49	8.25	4.37
Total other fixed interest securities	39	77505	7.52	6.70	5.11
Approved variable interest securities	41	7563	14.19	0.66	0.66
Other variable interest securities	51	5589	0.68	6.76	4.70
Total (11+21+39+41+51)	61	239687	12.43	4.87	4.31

Long-term insurance business : Fixed and variable interest assets

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Category of assets **United Friendly OB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK Government approved fixed interest securities	11	677724	16.11	4.18	4.18
Other approved fixed interest securities	21	82097	9.08	3.04	3.04
Other fixed interest securities					
AAA/Aaa	31	30324	6.41	4.73	4.55
AA/Aa	32	36251	9.41	5.17	4.70
A/A	33	114127	8.89	5.92	5.28
BBB/Baa	34	68714	7.18	6.32	5.20
BB/Ba	35	28419	6.38	9.72	7.08
B/B	36	2890	4.91	11.44	4.39
CCC/Caa	37	3849	6.95	16.43	4.73
Other (including unrated)	38	61294	5.49	8.25	4.37
Total other fixed interest securities	39	345869	7.52	6.70	5.11
Approved variable interest securities	41	39318	14.22	0.65	0.65
Other variable interest securities	51	25033	0.71	6.75	4.69
Total (11+21+39+41+51)	61	1170041	12.68	4.78	4.27

Long-term insurance business : Fixed and variable interest assets

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Category of assets **United Friendly IB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK Government approved fixed interest securities	11	200026	16.11	4.18	4.18
Other approved fixed interest securities	21	41035	8.32	2.90	2.90
Other fixed interest securities					
AAA/Aaa	31	16758	6.41	4.73	4.55
AA/Aa	32	20033	9.41	5.17	4.70
A/A	33	63070	8.89	5.92	5.28
BBB/Baa	34	37973	7.18	6.32	5.20
BB/Ba	35	15705	6.38	9.72	7.08
B/B	36	1597	4.91	11.44	4.39
CCC/Caa	37	2127	6.95	16.43	4.73
Other (including unrated)	38	33873	5.49	8.25	4.37
Total other fixed interest securities	39	191136	7.52	6.70	5.11
Approved variable interest securities	41	20688	13.85	0.59	0.59
Other variable interest securities	51	13834	0.71	6.75	4.69
Total (11+21+39+41+51)	61	466718	11.35	5.02	4.30

Long-term insurance business : Fixed and variable interest assets

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Category of assets **Scottish Life Fund**
 Financial year ended **31 December 2010**
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK Government approved fixed interest securities	11	1180692	19.18	4.17	4.17
Other approved fixed interest securities	21	77815	6.90	3.02	3.02
Other fixed interest securities					
AAA/Aaa	31	66028	9.28	5.43	5.21
AA/Aa	32	63649	11.07	5.65	5.14
A/A	33	225560	9.46	6.19	5.53
BBB/Baa	34	133453	8.84	6.13	5.04
BB/Ba	35	53994	8.19	10.16	7.40
B/B	36	843	5.01	11.77	6.37
CCC/Caa	37	6569	11.83	17.73	5.59
Other (including unrated)	38	178671	10.04	5.13	3.94
Total other fixed interest securities	39	728769	9.53	6.21	5.13
Approved variable interest securities	41	2289	5.65	1.55	1.51
Other variable interest securities	51	169467	13.75	5.54	4.93
Total (11+21+39+41+51)	61	2159032	15.04	4.92	4.51

Long-term insurance business : Fixed and variable interest assets

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Category of assets **PLAL With-Profits Fund**
 Financial year ended **31 December 2010**
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK Government approved fixed interest securities	11	92778	9.53	3.19	3.19
Other approved fixed interest securities	21	34076	8.35	3.71	3.71
Other fixed interest securities					
AAA/Aaa	31	23012	8.21	4.93	4.72
AA/Aa	32	35610	8.90	5.27	4.78
A/A	33	82615	8.17	5.78	5.18
BBB/Baa	34	48847	6.19	6.25	5.10
BB/Ba	35	10623	6.73	9.40	6.83
B/B	36	746	5.30	12.34	7.18
CCC/Caa	37	1547	6.20	15.55	4.90
Other (including unrated)	38	19057	7.28	6.31	5.54
Total other fixed interest securities	39	222056	7.69	6.02	5.16
Approved variable interest securities	41	6588	0.92	0.80	0.80
Other variable interest securities	51	613	0.00	4.48	4.19
Total (11+21+39+41+51)	61	356112	8.10	4.96	4.42

Long-term insurance business : Summary of mathematical reserves

Name of insurer **The Royal London Mutual Insurance Society Limited**Total business / subfund **10 Summary**Financial year ended **31 December 2010**Units **£000**

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

Gross

Form 51 - with-profits	11	2275087	2893366		5168453	5429383
Form 51 - non-profit	12	167867	1067728	(3454)	1232141	1395772
Form 52	13	673648	2573719	133881	3381249	3619916
Form 53 - linked	14	1672385	11031750	22612	12726747	10646957
Form 53 - non-linked	15	55413	66962	49	122424	221528
Form 54 - linked	16	89741	16753	(198)	106297	106488
Form 54 - non-linked	17	1018			1018	2106
Total	18	4935160	17650278	152890	22738328	21422151

Reinsurance - external

Form 51 - with-profits	21	982			982	1018
Form 51 - non-profit	22	109207	573559	241	683007	628097
Form 52	23	8	15		23	21
Form 53 - linked	24		850689		850689	538830
Form 53 - non-linked	25	9501	40		9541	9380
Form 54 - linked	26	(385)	8293	(12)	7896	7867
Form 54 - non-linked	27					
Total	28	119312	1432595	229	1552137	1185212

Reinsurance - intra-group

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

Net of reinsurance

Form 51 - with-profits	41	2274105	2893366		5167471	5428366
Form 51 - non-profit	42	58661	494169	(3695)	549134	767675
Form 52	43	673640	2573704	133881	3381226	3619895
Form 53 - linked	44	1672385	10181061	22612	11876058	10108126
Form 53 - non-linked	45	45912	66921	49	112882	212149
Form 54 - linked	46	90126	8461	(186)	98401	98622
Form 54 - non-linked	47	1018			1018	2106
Total	48	4815847	16217683	152660	21186190	20236939

Long-term insurance business : Summary of mathematical reserves

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **11 Royal London Other Long Term Funds**
 Financial year ended **31 December 2010**
 Units **£000**

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

Gross

Form 51 - with-profits	11				3778228
Form 51 - non-profit	12				1155695
Form 52	13				2141916
Form 53 - linked	14				10549797
Form 53 - non-linked	15				182893
Form 54 - linked	16				106488
Form 54 - non-linked	17				2106
Total	18				17917123

Reinsurance - external

Form 51 - with-profits	21				
Form 51 - non-profit	22				619948
Form 52	23				9
Form 53 - linked	24				538830
Form 53 - non-linked	25				9380
Form 54 - linked	26				7867
Form 54 - non-linked	27				
Total	28				1176033

Reinsurance - intra-group

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

Net of reinsurance

Form 51 - with-profits	41				3778228
Form 51 - non-profit	42				535747
Form 52	43				2141907
Form 53 - linked	44				10010967
Form 53 - non-linked	45				173513
Form 54 - linked	46				98622
Form 54 - non-linked	47				2106
Total	48				16741091

Long-term insurance business : Summary of mathematical reserves

Name of insurer **The Royal London Mutual Insurance Society Limited**Total business / subfund **21 Royal London IB & OB Subfund**Financial year ended **31 December 2010**Units **£000**

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

Gross

Form 51 - with-profits	11	1012030	585357		1597387	1698088
Form 51 - non-profit	12	131167	871669	(3454)	999382	1126216
Form 52	13	232483	1739029	133881	2105394	2141916
Form 53 - linked	14	1672351	10921341	22612	12616304	10549797
Form 53 - non-linked	15	55403	34874	49	90326	182893
Form 54 - linked	16	89741	16753	(198)	106297	106488
Form 54 - non-linked	17	1018			1018	2106
Total	18	3194194	14169023	152890	17516107	15807505

Reinsurance - external

Form 51 - with-profits	21					
Form 51 - non-profit	22	103399	573552	241	677192	619948
Form 52	23	8	0		8	9
Form 53 - linked	24		850689		850689	538830
Form 53 - non-linked	25	9501	40		9541	9380
Form 54 - linked	26	(385)	8293	(12)	7896	7867
Form 54 - non-linked	27					
Total	28	112523	1432574	229	1545326	1176033

Reinsurance - intra-group

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

Net of reinsurance

Form 51 - with-profits	41	1012030	585357		1597387	1698088
Form 51 - non-profit	42	27769	298117	(3695)	322190	506269
Form 52	43	232475	1739029	133881	2105386	2141907
Form 53 - linked	44	1672351	10070652	22612	11765615	10010967
Form 53 - non-linked	45	45902	34834	49	80785	173513
Form 54 - linked	46	90126	8461	(186)	98401	98622
Form 54 - non-linked	47	1018			1018	2106
Total	48	3081671	12736450	152660	15970781	14631472

Long-term insurance business : Summary of mathematical reserves

Name of insurer **The Royal London Mutual Insurance Society Limited**Total business / subfund **23 Refuge Assurance IB Subfund**Financial year ended **31 December 2010**Units **£000**

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

Gross

Form 51 - with-profits	11	186120			186120	210765
Form 51 - non-profit	12	29368			29368	29478
Form 52	13					
Form 53 - linked	14					
Form 53 - non-linked	15					
Form 54 - linked	16					
Form 54 - non-linked	17					
Total	18	215488			215488	240243

Reinsurance - external

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

Reinsurance - intra-group

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

Net of reinsurance

Form 51 - with-profits	41	186120			186120	210765
Form 51 - non-profit	42	29368			29368	29478
Form 52	43					
Form 53 - linked	44					
Form 53 - non-linked	45					
Form 54 - linked	46					
Form 54 - non-linked	47					
Total	48	215488			215488	240243

Long-term insurance business : Summary of mathematical reserves

Name of insurer **The Royal London Mutual Insurance Society Limited**Total business / subfund **24 United Friendly OB Subfund**Financial year ended **31 December 2010**

Units

£000

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

Gross

Form 51 - with-profits	11	128799	1237102		1365902	1302760
Form 51 - non-profit	12					
Form 52	13					
Form 53 - linked	14					
Form 53 - non-linked	15					
Form 54 - linked	16					
Form 54 - non-linked	17					
Total	18	128799	1237102		1365902	1302760

Reinsurance - external

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

Reinsurance - intra-group

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

Net of reinsurance

Form 51 - with-profits	41	128799	1237102		1365902	1302760
Form 51 - non-profit	42					
Form 52	43					
Form 53 - linked	44					
Form 53 - non-linked	45					
Form 54 - linked	46					
Form 54 - non-linked	47					
Total	48	128799	1237102		1365902	1302760

Long-term insurance business : Summary of mathematical reserves

Name of insurer **The Royal London Mutual Insurance Society Limited**Total business / subfund **25 United Friendly IB Subfund**Financial year ended **31 December 2010**Units **£000**

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

Gross

Form 51 - with-profits	11	537127			537127	566616
Form 51 - non-profit	12					
Form 52	13					
Form 53 - linked	14					
Form 53 - non-linked	15					
Form 54 - linked	16					
Form 54 - non-linked	17					
Total	18	537127			537127	566616

Reinsurance - external

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

Reinsurance - intra-group

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

Net of reinsurance

Form 51 - with-profits	41	537127			537127	566616
Form 51 - non-profit	42					
Form 52	43					
Form 53 - linked	44					
Form 53 - non-linked	45					
Form 54 - linked	46					
Form 54 - non-linked	47					
Total	48	537127			537127	566616

Long-term insurance business : Summary of mathematical reserves

Name of insurer **The Royal London Mutual Insurance Society Limited**Total business / subfund **26 Scottish Life Fund**Financial year ended **31 December 2010**

Units

£000

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

Gross

Form 51 - with-profits	11	411010	1070907		1481918	1651155
Form 51 - non-profit	12	7332	196059		203392	240078
Form 52	13	18082	661546		679628	779994
Form 53 - linked	14	34	110409		110443	97159
Form 53 - non-linked	15	10	32087		32097	38636
Form 54 - linked	16					
Form 54 - non-linked	17					
Total	18	436468	2071009		2507477	2807022

Reinsurance - external

Form 51 - with-profits	21	982			982	1018
Form 51 - non-profit	22	5808	7		5815	8150
Form 52	23		15		15	12
Form 53 - linked	24					
Form 53 - non-linked	25					
Form 54 - linked	26					
Form 54 - non-linked	27					
Total	28	6790	22		6812	9179

Reinsurance - intra-group

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

Net of reinsurance

Form 51 - with-profits	41	410028	1070907		1480936	1650137
Form 51 - non-profit	42	1524	196052		197576	231928
Form 52	43	18082	661532		679613	779982
Form 53 - linked	44	34	110409		110443	97159
Form 53 - non-linked	45	10	32087		32097	38636
Form 54 - linked	46					
Form 54 - non-linked	47					
Total	48	429678	2070987		2500665	2797842

Long-term insurance business : Summary of mathematical reserves

Name of insurer **The Royal London Mutual Insurance Society Limited**Total business / subfund **27 PLAL With-Profits Fund**Financial year ended **31 December 2010**Units **£000**

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

Gross

Form 51 - with-profits	11				
Form 51 - non-profit	12				
Form 52	13	423083	173144	596227	698006
Form 53 - linked	14				
Form 53 - non-linked	15				
Form 54 - linked	16				
Form 54 - non-linked	17				
Total	18	423083	173144	596227	698006

Reinsurance - external

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

Reinsurance - intra-group

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

Net of reinsurance

Form 51 - with-profits	41				
Form 51 - non-profit	42				
Form 52	43	423083	173144	596227	698006
Form 53 - linked	44				
Form 53 - non-linked	45				
Form 54 - linked	46				
Form 54 - non-linked	47				
Total	48	423083	173144	596227	698006

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

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **21 Royal London IB & OB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**
 UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
100	Ex RA Conventional whole life with-profits OB	4605	18012	652				10040
100	RL Conventional whole life with-profits OB	6828	30835	571				17339
100	RL Conventional whole life with-profits OB (with critical illness)	130	1139	40				369
105	RL Conventional whole life with-profits IB	290703	201841	5590				137175
120	Ex RA Conventional endowment with-profits OB savings	15033	105913	5187				82636
120	RL Conventional endowment with-profits OB savings	19965	192779	8355				140646
125	Ex RA Conventional endowment with-profits OB target cash	7782	202966	4053				85442
125	RL Conventional endowment with-profits OB target cash	27597	535835	17725				393549
130	RL Conventional endowment with-profits IB	71876	192930	8643				144265
210	Ex RA Additional reserves with-profits OB (options and guarantees)							250
210	RL Additional reserves with-profits OB (options and guarantees)							320
300	Ex CL Regular premium non-profit WL/EA OB	765	6339	58				2018
300	Ex RA Regular premium non-profit WL/EA OB	8314	20015	82				16461
300	Ex SL Regular premium non-profit WL/EA OB	7920	15969	144				12479
300	Ex UFI Regular premium non-profit WL/EA OB	15696	37473	560				17700

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

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **21 Royal London IB & OB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**
 UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
300	RL Regular premium non-profit WL/EA OB	3184	12938	50				9841
300	RL Regular premium non-profit WL/EA OB (Bancassurance)	10750	52611	2884				(9631)
305	Ex PLAL Single premium WL/EA OB	5985	328340					337518
305	RL Single premium non-profit WL/EA OB	1	60					37
305	RL Single premium non-profit WL/EA OB (Bancassurance)	80	4634					4725
310	RL Non-profit IB	426602	51038	725				40243
325	Ex CL Level term assurance	25	657	3				1
325	Ex PLAL Level term assurance	36337	2134905	8779				490
325	Ex RA Level term assurance	3191	109340	384				101
325	Ex SL Level term assurance	2418	82414	267				440
325	Ex SMA Level term assurance	66861	9433914	20977				(24308)
325	Ex SMA Level term assurance (per annum)	3459	77341	1437				(4182)
325	Ex SPL Level term assurance	20578	2606364	6071				1553
325	Ex SPL Level term assurance (per annum)	2016	37322	766				(2404)
325	Ex UFI Level term assurance	975	51898	265				106

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

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **21 Royal London IB & OB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**
 UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
325	Ex UFLA Level term assurance	12	382	1				0
325	RL Level term assurance	13632	452696	1724				851
325	RL Level term assurance (Bancassurance)	7745	721131	2434				(4931)
325	RL Level term assurance (Bright Grey)	113197	18040467	40473				(29146)
325	RL Level term assurance (per annum) (Scottish Provident)	7912	235881	3104				(3452)
325	RL Level term assurance (Scottish Provident)	20850	5064576	8798				(6506)
330	Ex CL Decreasing term assurance	1	7	0				0
330	Ex PLAL Decreasing term assurance	52190	2826566	13850				(25701)
330	Ex RA Decreasing term assurance	437	8080	37				35
330	Ex SL Decreasing term assurance	1079	16979	122				19
330	Ex SMA Decreasing term assurance	35101	2989989	9329				(11296)
330	Ex SPL Decreasing term assurance	8938	613235	2189				(1976)
330	Ex UFI Decreasing term assurance	473	5663	37				51
330	RL Decreasing term assurance	2551	113677	442				115
330	RL Decreasing term assurance (Bancassurance)	10677	943401	3539				(10050)

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

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **21 Royal London IB & OB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**
 UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
330	RL Decreasing term assurance (Bright Grey)	59759	7609634	19158				(23601)
330	RL Decreasing term assurance (Scottish Provident)	8867	1485503	2852				(2499)
335	Ex RA Decreasing term assurance (rider benefits)		8	1				
335	Ex UFI Decreasing term assurance (rider benefits)		1061	18				0
335	RL Decreasing term assurance (rider benefits)		164414	749				654
340	Ex PLAL Accelerated critical illness (guaranteed premiums)	69005	3904386	30442				(40132)
340	Ex SMA Accelerated critical illness (guaranteed premiums)	147194	14885808	80979				15507
340	Ex SMA Accelerated critical illness (guaranteed premiums) (per annum)	1623	31385	1528				(3621)
340	Ex SPL Accelerated critical illness (guaranteed premiums)	27280	2010594	12178				21617
340	Ex SPL Accelerated critical illness (guaranteed premiums) (per annum)	425	6895	304				(549)
340	RL Accelerated critical illness (guaranteed premiums) (Bancassurance)	18828	1135281	9198				(25618)
340	RL Accelerated critical illness (guaranteed premiums) (Bright Grey)	37315	5433181	25956				(33191)
340	RL Accelerated critical illness (guaranteed premiums) (per annum) (Scottish Provident)	1008	21691	1026				(1998)
340	RL Accelerated critical illness (guaranteed premiums) (Scottish Provident)	25176	3542745	18397				(29588)
340	RL Accelerated critical illness (guaranteed premiums) (Swiss Life)	599	18624	161				613

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

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **21 Royal London IB & OB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**
 UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
345	Ex SMA Accelerated critical illness (reviewable premiums)	14355	1684826	9333				(1575)
345	Ex SMA Accelerated critical illness (reviewable premiums) (per annum)	84	1629	84				(255)
345	Ex SPL Accelerated critical illness (reviewable premiums)	419	34016	222				399
345	Ex SPL Accelerated critical illness (reviewable premiums) (per annum)	9	126	4				(6)
345	RL Accelerated critical illness (reviewable premiums) (Bright Grey)	34030	4081855	20801				(16663)
345	RL Accelerated critical illness (reviewable premiums) (per annum) (Scottish Provident)	114	1958	104				(184)
345	RL Accelerated critical illness (reviewable premiums) (Scottish Provident)	4292	592059	3066				(4478)
345	RL Accelerated critical illness (reviewable premiums) (Swiss Life)	3	116	2				3
350	Ex PLAL Stand-alone critical illness (guaranteed premiums)	913	47699	295				(267)
350	Ex SMA Stand-alone critical illness (guaranteed premiums)	11577	2496659	13646				61
350	Ex SMA Stand-alone critical illness (guaranteed premiums) (per annum)	236	8177	371				(789)
350	Ex SPL Stand-alone critical illness (guaranteed premiums)	4989	1168598	5229				12287
350	Ex SPL Stand-alone critical illness (guaranteed premiums) (per annum)	61	2860	129				(255)
350	RL Stand-alone critical illness (guaranteed premiums) (Bright Grey)	36	7970	67				(52)
350	RL Stand-alone critical illness (guaranteed premiums) (per annum) (Scottish Provident)	68	2270	110				(173)

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

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **21 Royal London IB & OB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**
 UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
350	RL Stand-alone critical illness (guaranteed premiums) (Scottish Provident)	2458	620311	3618				(5478)
350	RL Stand-alone critical illness (guaranteed premiums) (Swiss Life)	482	17341	122				746
355	Ex SMA Stand-alone critical illness (reviewable premiums)	694	127408	726				(247)
355	Ex SMA Stand-alone critical illness (reviewable premiums) (per annum)	12	277	15				(27)
355	Ex SPL Stand-alone critical illness (reviewable premiums)	119	19948	92				246
355	Ex SPL Stand-alone critical illness (reviewable premiums) (per annum)	4	98	4				(7)
355	RL Stand-alone critical illness (reviewable premiums) (Bright Grey)	1313	569515	3026				(3355)
355	RL Stand-alone critical illness (reviewable premiums) (per annum) (Scottish Provident)	15	342	21				(27)
355	RL Stand-alone critical illness (reviewable premiums) (Scottish Provident)	227	50884	298				(387)
355	RL Stand-alone critical illness (reviewable premiums) (Swiss Life)	6	125	1				8
360	Ex SMA Income protection non-profit (guaranteed premiums)	19881	565620	17056				(56505)
360	Ex SPL Income protection non-profit (guaranteed premiums)	1368	62541	1779				(6322)
360	RL Income protection non-profit (guaranteed premiums)	199	1457	40				305
360	RL Income protection non-profit (guaranteed premiums) (Bright Grey)	6536	139815	3699				(6835)
360	RL Income protection non-profit (guaranteed premiums) (Scottish Provident)	3803	139127	3560				(8444)

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

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **21 Royal London IB & OB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**
 UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
360	RL Income protection non-profit (guaranteed premiums) (Swiss Life)	63	547	20				50
365	Ex SMA Income protection non-profit (reviewable premiums)	1316	35577	1019				(2649)
365	Ex SPL Income protection non-profit (reviewable premiums)	77	2638	82				(249)
365	RL Income protection non-profit (reviewable premiums) (Scottish Provident)	341	12113	302				(594)
380	Ex RA Miscellaneous protection rider		2655	3				3
380	Ex SMA Miscellaneous protection rider	60	2148					208
380	Ex SMA Miscellaneous protection rider (per annum)		74804	3740				0
380	Ex SPL Miscellaneous protection rider (per annum)		15100	755				
380	RL Miscellaneous protection rider (Bright Grey)		42478	1868				
380	RL Miscellaneous protection rider (per annum) (Scottish Provident)		8670	434				3
380	RL Miscellaneous protection rider (Swiss Life)	646	208	8				2
385	Ex PLAL Income protection claims in payment		206					1135
385	Ex SMA Income protection claims in payment		138					10167
385	Ex SPL Income protection claims in payment							2909
385	RL Income protection claims in payment	15						403

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

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **21 Royal London IB & OB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**
 UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
385	RL Income protection claims in payment (Bright Grey)							2042
395	Ex RA Annuity non-profit (PLA)	265	158					1063
395	Ex SL Annuity non-profit (PLA) (individual)	122	264					2267
395	RL Annuity non-profit (PLA)	152	93					684
395	RL Annuity non-profit (PLA) (Intermediary) (individual)	4	3					28
400	Ex SL Annuity non-profit (CPA) (group)	90	48					468
400	Ex SL Annuity non-profit (CPA) (individual)	116	621					4683
400	RL Annuity non-profit (CPA) (Intermediary) (group)	5	6					57
400	RL Annuity non-profit (CPA) (Intermediary) (individual)	5	14					111
410	Ex SL Group life	1	2385	5				1
420	Ex SL Group income protection	11	3963	274				83
425	Ex SL Group income protection claims in payment							17583
435	Ex SMA Miscellaneous non-profit	284	545	34				176
435	Ex SPL Miscellaneous non-profit		24	1				2
440	Ex CL Additional reserves non-profit OB (extra premiums)							0

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

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **21 Royal London IB & OB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**
 UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
440	Ex CL Additional reserves non-profit OB (LAPR)							1
440	Ex UFI Additional reserves non-profit OB (options and guarantees)							12

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

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **21 Royal London IB & OB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**
 UK Life / Reinsurance ceded external

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
300	Ex SL Regular premium non-profit WL/EA OB		206	4				125
300	RL Regular premium non-profit WL/EA OB (Bancassurance)		47350	45				1104
325	Ex PLAL Level term assurance		1057298	3273				5995
325	Ex SL Level term assurance		2883	12				7
325	Ex SMA Level term assurance		3151758	6099				(2538)
325	Ex SMA Level term assurance (per annum)		30832	501				(1211)
325	Ex SPL Level term assurance		1971073	3835				5515
325	Ex SPL Level term assurance (per annum)		29049	503				(1331)
325	Ex UFLA Level term assurance		306					
325	RL Level term assurance (Bancassurance)		540811	443				1070
325	RL Level term assurance (Bright Grey)		16323169	17972				15466
330	Ex PLAL Decreasing term assurance		1776929	5724				(5201)
330	Ex SL Decreasing term assurance		664	4				
330	Ex SMA Decreasing term assurance		710200	2153				(261)
330	Ex SPL Decreasing term assurance		442587	1312				(80)

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

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **21 Royal London IB & OB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**
 UK Life / Reinsurance ceded external

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
330	RL Decreasing term assurance (Bancassurance)		707542	820				(138)
330	RL Decreasing term assurance (Bright Grey)		6475072	8572				(1629)
336	Ex SMA Mortality risk premium reinsurance		6582986	7014				378
336	Ex SMA Mortality risk premium reinsurance (per annum)		33741	222				131
336	Ex SPL Mortality risk premium reinsurance		93543	109				93
336	Ex SPL Mortality risk premium reinsurance (per annum)		410	3				(3)
336	RL Mortality risk premium reinsurance (per annum) (Scottish Provident)		212446	1014				2412
336	RL Mortality risk premium reinsurance (Scottish Provident)		5946847	3466				7965
340	Ex PLAL Accelerated critical illness (guaranteed premiums)		2831059	15387				(16143)
340	Ex SMA Accelerated critical illness (guaranteed premiums)		9591390	35354				54015
340	Ex SMA Accelerated critical illness (guaranteed premiums) (per annum)		23165	762				(696)
340	Ex SPL Accelerated critical illness (guaranteed premiums)		1564214	8218				24209
340	Ex SPL Accelerated critical illness (guaranteed premiums) (per annum)		5880	233				(289)
340	RL Accelerated critical illness (guaranteed premiums) (Bancassurance)		920975	1895				(1265)
340	RL Accelerated critical illness (guaranteed premiums) (Bright Grey)		4136371	9139				336

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

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **21 Royal London IB & OB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**
 UK Life / Reinsurance ceded external

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
340	RL Accelerated critical illness (guaranteed premiums) (per annum) (Scottish Provident)		17240	389				(256)
340	RL Accelerated critical illness (guaranteed premiums) (Scottish Provident)		2456181	4868				(2218)
340	RL Accelerated critical illness (guaranteed premiums) (Swiss Life)		18624	161				613
345	Ex SMA Accelerated critical illness (reviewable premiums)		1008010	3680				(34)
345	Ex SMA Accelerated critical illness (reviewable premiums) (per annum)		1157	35				(41)
345	Ex SPL Accelerated critical illness (reviewable premiums)		26516	153				431
345	Ex SPL Accelerated critical illness (reviewable premiums) (per annum)		107	3				(3)
345	RL Accelerated critical illness (reviewable premiums) (Bright Grey)		3114800	13097				(1943)
345	RL Accelerated critical illness (reviewable premiums) (per annum) (Scottish Provident)		1566	41				(16)
345	RL Accelerated critical illness (reviewable premiums) (Scottish Provident)		415823	854				(183)
345	RL Accelerated critical illness (reviewable premiums) (Swiss Life)		116	2				3
350	Ex PLAL Stand-alone critical illness (guaranteed premiums)		23849	98				(195)
350	Ex SMA Stand-alone critical illness (guaranteed premiums)		1480800	5405				7202
350	Ex SMA Stand-alone critical illness (guaranteed premiums) (per annum)		5467	165				(126)
350	Ex SPL Stand-alone critical illness (guaranteed premiums)		916021	3664				12667

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

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **21 Royal London IB & OB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**
 UK Life / Reinsurance ceded external

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
350	Ex SPL Stand-alone critical illness (guaranteed premiums) (per annum)		2452	107				(171)
350	RL Stand-alone critical illness (guaranteed premiums) (Bright Grey)		6478	35				(6)
350	RL Stand-alone critical illness (guaranteed premiums) (per annum) (Scottish Provident)		1563	35				27
350	RL Stand-alone critical illness (guaranteed premiums) (Scottish Provident)		412244	778				755
350	RL Stand-alone critical illness (guaranteed premiums) (Swiss Life)		17341	122				746
355	Ex SMA Stand-alone critical illness (reviewable premiums)		68960	217				237
355	Ex SMA Stand-alone critical illness (reviewable premiums) (per annum)		167	5				0
355	Ex SPL Stand-alone critical illness (reviewable premiums)		15720	65				247
355	Ex SPL Stand-alone critical illness (reviewable premiums) (per annum)		78	3				(4)
355	RL Stand-alone critical illness (reviewable premiums) (Bright Grey)		432837	1794				(1003)
355	RL Stand-alone critical illness (reviewable premiums) (per annum) (Scottish Provident)		246	8				5
355	RL Stand-alone critical illness (reviewable premiums) (Scottish Provident)		33810	71				65
355	RL Stand-alone critical illness (reviewable premiums) (Swiss Life)		125	1				8
360	Ex SMA Income protection non-profit (guaranteed premiums)		448833	7122				(24581)
360	Ex SPL Income protection non-profit (guaranteed premiums)		47800	847				(2626)

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

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **21 Royal London IB & OB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**
 UK Life / Reinsurance ceded external

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
360	RL Income protection non-profit (guaranteed premiums) (Bright Grey)		71197	686				234
360	RL Income protection non-profit (guaranteed premiums) (Scottish Provident)		111106	1057				(1163)
360	RL Income protection non-profit (guaranteed premiums) (Swiss Life)		547	20				50
365	Ex SMA Income protection non-profit (reviewable premiums)		28639	363				(539)
365	Ex SPL Income protection non-profit (reviewable premiums)		2051	37				(99)
365	RL Income protection non-profit (reviewable premiums) (Scottish Provident)		9566	85				21
380	Ex SMA Miscellaneous protection rider		1249					125
380	RL Miscellaneous protection rider (Swiss Life)		208	8				2
385	Ex SMA Income protection claims in payment		13					57
385	Ex SMA Income protection claims in payment (per annum)							6438
385	Ex SPL Income protection claims in payment							1949
385	RL Income protection claims in payment (Bright Grey)							938
400	RL Annuity non-profit (CPA) (Intermediary)		3					26
425	Ex SL Group income protection claims in payment							17583
435	Ex SMA Miscellaneous non-profit		434					141

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

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **21 Royal London IB & OB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**
 UK Pension / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
155	Ex RA Conventional pensions endowment with-profits	23832	343327	5277				149393
155	Ex RA Conventional pensions endowment with-profits (with GAR)	15142	203016	1476				133486
165	Ex RA Conventional deferred annuity with-profits	25612	41457	2166				307181
165	RL Conventional deferred annuity with-profits	136	163					2098
210	Ex RA Additional reserves with-profits OB (pension review)							8253
210	Ex SL Additional reserves with-profits OB (asset share charges)							(44088)
210	Ex SL Additional reserves with-profits OB (expenses)							14495
210	RL Additional reserves with-profits OB (UFI pension review)							14538
305	RL Single premium non-profit WL/EA OB (intermediary)		112					66
325	Ex CL Level term assurance	10	232	1				2
325	Ex PLAL Level term assurance	5267	165017	810				(921)
325	Ex RA Level term assurance	2390	44370	237				436
325	Ex SL Level term assurance	232	9624	30				106
325	Ex SMA Level term assurance	509	94444	238				(457)
325	Ex UFI Level term assurance	35	1448	6				9

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

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **21 Royal London IB & OB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**
 UK Pension / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
325	Ex UFLA Level term assurance	45	3912	14				46
325	RL Level term assurance	1256	54421	221				262
325	RL Level term assurance (Bright Grey)	924	166312	386				(505)
330	Ex SL Decreasing term assurance	6	606	1				3
330	Ex SMA Decreasing term assurance	154	21771	44				(94)
330	RL Decreasing term assurance (Bright Grey)	500	65929	171				(259)
380	RL Miscellaneous protection rider		6216	126				177
390	Ex RA Deferred annuity non-profit	5749	1847					17984
390	Ex SL Deferred annuity non-profit		43219	123				43422
390	Ex SL Deferred annuity non-profit (with GAR)		36354	78				36518
390	RL Deferred annuity non-profit (Intermediary)		1570					20807
390	RL Deferred annuity non-profit (Intermediary) (with GAR)		206					1287
400	Ex CL Annuity non-profit (CPA)	21	2					23
400	Ex PLAL Annuity non-profit (CPA)	10357	6196					89456
400	Ex RA Annuity non-profit (CPA)	1378	377					4404

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

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **21 Royal London IB & OB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**
 UK Pension / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
400	Ex RIL Annuity non-profit (CPA)	27	10					137
400	Ex SL Annuity non-profit (CPA) (group)	1112	1183					10520
400	Ex SL Annuity non-profit (CPA) (individual)	152	565					5901
400	Ex UFI Annuity non-profit (CPA)	4	1					21
400	Ex UFLA Annuity non-profit (CPA)	1	0					3
400	RL Annuity non-profit (CPA)	147	117					1553
400	RL Annuity non-profit (CPA) (Bancassurance)	3106	1611					26307
400	RL Annuity non-profit (CPA) (Intermediary) (group)	7981	10841					134661
400	RL Annuity non-profit (CPA) (Intermediary) (individual)	29567	38208					478095
410	Ex SL Group life	935	26816	56				58
410	RL Group life		54					0
435	Ex SL Miscellaneous non-profit	1241	36	46				1199
440	Ex CL Additional reserves non-profit OB (extra premiums)							0
440	RL Additional reserves non-profit OB (DWP redress)							439

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

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **21 Royal London IB & OB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**
 UK Pension / Reinsurance ceded external

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
325	Ex PLAL Level term assurance		1720	10				33
325	Ex SL Level term assurance		30	0				0
325	Ex SMA Level term assurance		87208	87				96
325	Ex UFLA Level term assurance		3129					
325	RL Level term assurance (Bright Grey)		150144	253				(40)
330	Ex SL Decreasing term assurance		305	0				2
330	Ex SMA Decreasing term assurance		19569	15				4
330	RL Decreasing term assurance (Bright Grey)		54003	76				(40)
380	RL Miscellaneous protection rider		5416	66				88
400	Ex PLAL Annuity non-profit (CPA)		159					2370
400	Ex SL Annuity non-profit (CPA) (group)		230					2540
400	Ex SL Annuity non-profit (CPA) (individual)		193					1912
400	RL Annuity non-profit (CPA) (Intermediary) (group)		10054					119698
400	RL Annuity non-profit (CPA) (Intermediary) (individual)		37441					446888

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

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **21 Royal London IB & OB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**
 Overseas / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
325	RL Level term assurance (Bright Grey)	2471	544090	1242				(733)
330	RL Decreasing term assurance (Bright Grey)	2948	592441	1254				(1472)
340	RL Accelerated critical illness (guaranteed premiums) (Bright Grey)	869	167837	835				(1041)
345	RL Accelerated critical illness (reviewable premiums) (Bright Grey)	541	98034	565				(393)
350	RL Stand-alone critical illness (guaranteed premiums) (Bright Grey)	1	197	3				(2)
355	RL Stand-alone critical illness (reviewable premiums) (Bright Grey)	35	27874	144				(155)
360	RL Income protection non-profit (guaranteed premiums) (Bright Grey)	52	1552	47				(90)
380	RL Miscellaneous protection rider (Bright Grey)		1462	64				
385	RL Income protection claims in payment (Bright Grey)							432

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

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **21 Royal London IB & OB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**
 Overseas / Reinsurance ceded external

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
325	RL Level term assurance (Bright Grey)		495626	667				429
330	RL Decreasing term assurance (Bright Grey)		508626	605				(271)
340	RL Accelerated critical illness (guaranteed premiums) (Bright Grey)		130464	307				12
345	RL Accelerated critical illness (reviewable premiums) (Bright Grey)		77426	371				(94)
350	RL Stand-alone critical illness (guaranteed premiums) (Bright Grey)		148	2				(0)
355	RL Stand-alone critical illness (reviewable premiums) (Bright Grey)		21625	85				(54)
360	RL Income protection non-profit (guaranteed premiums) (Bright Grey)		832	10				3
385	RL Income protection claims in payment (Bright Grey)							216

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

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **23 Refuge Assurance IB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**
 UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
105	Ex RA Conventional whole life with-profits IB	132598	124805	3452				94250
105	Ex RA Conventional whole life with-profits IB (with non-profit recurring endowments)	2244	455	7				398
105	Ex RA Conventional whole life with-profits IB (with with-profit recurring endowments)	6164	5237	112				3096
130	Ex RA Conventional endowment with-profits IB	28885	75989	3829				60157
130	Ex RA Conventional endowment with-profits IB (with additional death benefits)	4529	39552	586				7889
130	Ex RA Conventional endowment with-profits IB (with non-profit recurring endowments)	7406	24909	1540				20329
310	Ex RA Non-profit IB	453888	19179					29368

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

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **24 United Friendly OB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**
 UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
100	Ex UFI Conventional whole life with-profits OB	23607	103852	1809				51688
120	Ex UFI Conventional endowment with-profits OB savings	10557	50898	1865				42684
125	Ex UFI Conventional endowment with-profits OB target cash	4263	70487	1579				33680
210	Ex UFI Additional reserves with-profits OB (options and guarantees)							747

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

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **24 United Friendly OB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**
 UK Pension / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
155	Ex UFI Conventional pensions endowment with-profits	187104	2286232	3244				1237102

155

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

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **25 United Friendly IB Subfund**
 Financial year ended **31 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
105	Ex UFI Conventional whole life with-profits IB	570336	612684	12672				412793
105	Ex UFI Conventional whole life with-profits IB (with with-profit recurring endowments)	274563	107375	2995				84717
130	Ex UFI Conventional endowment with-profits IB	32285	45662	2365				39618

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

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **26 Scottish Life Fund**
 Financial year ended **31 December 2010**
 Units **£000**
 UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
100	Ex SL Conventional whole life with-profits OB	1448	9590	55				6608
120	Ex SL Conventional endowment with-profits OB savings	2156	18605	178				16758
125	Ex SL Conventional endowment with-profits OB target cash	29514	436841	13369				387607
165	Ex SL Conventional deferred annuity with-profits	4	3					37
205	Ex SL Miscellaneous conventional with-profits		31					0
300	Ex SL Regular premium non-profit WL/EA OB	175	2					14
325	Ex SL Level term assurance		8358	31				37
330	Ex SL Decreasing term assurance		2	1				0
335	Ex SL Decreasing term assurance (rider benefits)		376733	1388				1189
390	Ex SL Deferred annuity non-profit	200	29					270
410	Ex SL Group life		17637	36				9
420	Ex SL Group income protection	43	637	20				9
425	Ex SL Group income protection claims in payment							5805
435	Ex SL Miscellaneous non-profit	72	13					

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

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **26 Scottish Life Fund**
 Financial year ended **31 December 2010**
 Units **£000**
 UK Life / Reinsurance ceded external

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
100	Ex SL Conventional whole life with-profits OB		117	0				94
120	Ex SL Conventional endowment with-profits OB savings		18	1				11
125	Ex SL Conventional endowment with-profits OB target cash		944	28				877
205	Ex SL Miscellaneous conventional with-profits		659	50				
325	Ex SL Level term assurance		115	0				0
335	Ex SL Decreasing term assurance (rider benefits)		725	3				3
425	Ex SL Group income protection claims in payment							5805

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

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **26 Scottish Life Fund**
 Financial year ended **31 December 2010**
 Units **£000**
 UK Pension / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
155	Ex SL Conventional pensions endowment with-profits		514346	3627				420084
155	Ex SL Conventional pensions endowment with-profits (with GAR)	1259	553850	2668				514859
155	RL Conventional pensions endowment with-profits (Intermediary)		80					77
175	Ex SL Group conventional deferred annuity with-profits	916	4111	253				68175
185	Ex SL Group conventional pensions endowment with-profits		43178	524				34118
185	Ex SL Group conventional pensions endowment with-profits (with GAR)	307	31163	139				33573
205	Ex SL Miscellaneous conventional with-profits	7	1349	1				22
300	Ex SL Regular premium non-profit WL/EA OB	53	12860					11206
300	Ex SL Regular premium non-profit WL/EA OB (with GAR)							10712
325	Ex SL Level term assurance	71	4287	5				44
335	Ex SL Decreasing term assurance (rider benefits)		168	12				3
380	Ex SL Miscellaneous protection rider		45	1				1
390	Ex SL Deferred annuity non-profit	7160	11722	178				130461
390	Ex SL Deferred annuity non-profit (with GAR)	3409	3497	35				42088
410	Ex SL Group life	69	198274	416				16

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

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **26 Scottish Life Fund**
 Financial year ended **31 December 2010**
 Units **£000**
 UK Pension / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
435	Ex SL Miscellaneous non-profit	76	128	107				1529

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

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **26 Scottish Life Fund**
 Financial year ended **31 December 2010**
 Units **£000**
 UK Pension / Reinsurance ceded external

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
325	Ex SL Level term assurance		655	1				7

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

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **21 Royal London IB & OB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**
 UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
500	Ex PLAL Life UWP single premium		1713				4	4
500	Ex RA Life UWP single premium		21030		20822	19447		19447
500	RL Life UWP single premium	8826	110163		109072	109768		109768
500	RL Life UWP single premium (Intermediary)	44	3663		3627	3593		3593
505	RL Life UWP whole life regular premium	3271	14590	2034	14590	14477		14477
506	RL Life UWP whole life regular premium (ISA)	16263	73669	7772	73669	72504		72504
510	Ex SL Life UWP endowment regular premium - savings		7	1	14	13	281	294
510	RL Life UWP endowment regular premium - savings (Intermediary)		2040	178	1328	1328	3	1331
515	Ex SL Life UWP endowment regular premium – target cash	488	52	3	344	259	1822	2082
515	RL Life UWP endowment regular premium – target cash (Intermediary)	236	8530	395	2365	2357	13	2370
516	Ex PLAL Life UWP endowment regular premium (ISA)						440	440
575	RL Miscellaneous UWP (single premium ISA)	6069	8153		8153	8148		8148
610	Ex SL Additional reserves UWP (asset share charges)						(1975)	(1975)

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

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **21 Royal London IB & OB Subfund**
 Financial year ended **31 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
510	Ex SL Life UWP endowment regular premium - savings						0	0
515	Ex SL Life UWP endowment regular premium – target cash		5				7	7
515	RL Life UWP endowment regular premium – target cash (Intermediary)		3732				1	1

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

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **21 Royal London IB & OB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**
 UK Pension / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
525	Ex RA Individual pensions UWP	8175	30807	1947	30807	30685	1	30686
525	Ex SL Individual pensions UWP		173637	3870	173637	173490	3849	177338
525	RL Individual pensions UWP	178674	1288765	12734	1288765	1222558	170	1222728
525	RL Individual pensions UWP (Intermediary)		135816	3633	139738	139401	114	139514
525	RL Individual pensions UWP (with GAR)	11790	110969	1799	110969	85747	8958	94704
535	Ex SL Group money purchase pensions UWP		10504	474	10504	10474	6659	17132
535	Ex SL Group money purchase pensions UWP (final salary)		2545	247	2545	2545	700	3245
535	RL Group money purchase pensions UWP (Intermediary)		12776	491	12779	12743	261	13003
535	RL Group money purchase pensions UWP (Intermediary) (final salary)		1871	42	1871	1871	111	1981
580	Ex SL Term assurance rider		27787	110			37	37
580	RL Term assurance rider (Intermediary)		90551	266			66	66
595	RL Income protection rider (Intermediary)			28			7	7
605	Ex SL Miscellaneous protection rider		786	114			173	173
605	RL Miscellaneous protection rider (Intermediary)			1			1	1
610	Ex SL Additional reserves UWP (asset share charges)						(20501)	(20501)

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

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **21 Royal London IB & OB Subfund**
 Financial year ended **31 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
610	Ex SL Additional reserves UWP (expenses)						2720	2720
610	RL Additional reserves UWP (pension review)						56193	56193

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

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **21 Royal London IB & OB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**
 UK Pension / Reinsurance ceded external

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
580	Ex SL Term assurance rider		115	0			0	0
580	RL Term assurance rider (Intermediary)		124	0			0	0

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

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **21 Royal London IB & OB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**
 Overseas / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
500	RL UWP single premium (Intermediary)	2293	159297		155724	133881		133881

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

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **26 Scottish Life Fund**
 Financial year ended **31 December 2010**
 Units **£000**
 UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
510	Ex SL Life UWP endowment regular premium - savings		6269	450	4381	4354		4354
515	Ex SL Life UWP endowment regular premium – target cash		57122	1596	13761	13727		13727

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

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **26 Scottish Life Fund**
 Financial year ended **31 December 2010**
 Units **£000**
 UK Life / Reinsurance ceded external

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
510	Ex SL Life UWP endowment regular premium - savings		6					
515	Ex SL Life UWP endowment regular premium – target cash		22776					

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

Name of insurer **The Royal London Mutual Insurance Society Limited**
Total business / subfund **26 Scottish Life Fund**
Financial year ended **31 December 2010**
Units **£000**
UK Pension / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
525	Ex SL Individual pensions UWP		77063	1274	77985	77511		77511
525	Ex SL Individual pensions UWP (with GAR)				12367	12367	21523	33890
525	RL Individual pensions UWP (Intermediary)		1120	11	1120	1111		1111
535	Ex SL Group money purchase pensions UWP		58623	219	61059	60844		60844
535	Ex SL Group money purchase pensions UWP (with GAR)				126	126	72	197
545	Ex SL Individual deposit administration with-profits	87	5683	34	7088	6990	406	7396
545	Ex SL Individual deposit administration with-profits (with GAR)		75014	22	87468	83618	10962	94580
555	Ex SL Group deposit administration with-profits	42651	276227	542	363711	372524	6052	378576
555	Ex SL Group deposit administration with-profits (with GAR)		1109		1381	1382		1382
580	Ex SL Term assurance rider		111136	547			706	706
580	RL Term assurance rider (Intermediary)		1237	3			18	18
605	Ex SL Miscellaneous protection rider		674	182			454	454
610	Ex SL Additional reserves UWP		4880	16	4880	4880		4880

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

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **26 Scottish Life Fund**
 Financial year ended **31 December 2010**
 Units **£000**
 UK Pension / Reinsurance ceded external

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
580	Ex SL Term assurance rider		1208	7			8	8
605	Ex SL Miscellaneous protection rider						7	7

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

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **27 PLAL With-Profits Fund**
 Financial year ended **31 December 2010**
 Units **£000**
 UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
500	Ex PLAL Life UWP single premium	8798	171292		171292	170222		170222
505	Ex PLAL Life UWP whole life regular premium		2694	563	2694	2694		2694
510	Ex PLAL Life UWP endowment regular premium - savings		220840	17725	220840	220926		220926
516	Ex PLAL Life UWP endowment regular premium (ISA)	11765	28601	2813	28601	28599		28599
575	Ex PLAL Miscellaneous UWP		643	167	643	643		643

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

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **27 PLAL With-Profits Fund**
 Financial year ended **31 December 2010**
 Units **£000**
 UK Pension / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
525	Ex PLAL Individual pensions UWP		173116	5543	173116	173132		173132
535	Ex PLAL Group money purchase pensions UWP		11		11	11		11

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

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **21 Royal London IB & OB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**
 UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
700	Ex CL Life property linked single premium	8	45		42	42	0	42
700	Ex PLAL Life property linked single premium	34659	644720		638336	638336	120	638457
700	Ex RA Life property linked single premium	9562	43347		42043	42043	402	42445
700	Ex SL Life property linked single premium	2595	68671		65699	65699	1058	66756
700	Ex UFI Life property linked single premium	642	4409		4409	4409	43	4452
700	Ex UFLA Life property linked single premium	425	14269		12951	12951	49	13000
700	Ex UFLA Life property linked single premium (with mortality gtee)	456	14619		14474	14474	320	14795
700	RL Life property linked single premium	37	239		239	239	0	239
700	RL Life property linked single premium (Bancassurance)	1	23		22	22		22
700	RL Life property linked single premium (Intermediary)	1628	70506		67268	67268	22	67291
710	Ex CL Life property linked whole life regular premium	300	14114	67	806	806	46	851
710	Ex PLAL Life property linked whole life regular premium	6534	157942	1037	5689	5689	339	6029
710	Ex RA Life property linked whole life regular premium	2945	116798	971	7588	7588	494	8081
710	Ex SL Life property linked whole life regular premium	922	34445	301	3489	3489	60	3549
710	Ex SMA Life property linked whole life regular premium	90767	15306754	73796	92452	92452	31682	124134

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

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **21 Royal London IB & OB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**
 UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
710	Ex UFI Life property linked whole life regular premium	1790	31431	388	4781	4781	17	4797
710	Ex UFI Life property linked whole life regular premium (with critical illness cover option)	339	9364	77	1005	1005	2	1007
710	Ex UFLA Life property linked whole life regular premium	5337	250383	2060	16845	16845	1557	18402
710	RL Life property linked whole life regular premium (Bancassurance)	18	148	1	0	0	2	2
710	RL Life property linked whole life regular premium (Scottish Provident)	2713	1464131	2621	368	368	634	1001
715	Ex CL Life property linked endowment regular premium - savings	552	5901	240	5491	5491	17	5508
715	Ex PLAL Life property linked endowment regular premium - savings	61788	1320874	21521	354318	354318	5828	360146
715	Ex RA Life property linked endowment regular premium - savings	50	434	10	434	434		434
715	Ex SL Life property linked endowment regular premium - savings	1389	12260	325	9597	9597	61	9658
715	Ex UFI Life property linked endowment regular premium - savings	854	3500	148	3498	3498		3498
715	Ex UFLA Life property linked endowment regular premium - savings	186	3412	39	3412	3412	11	3423
715	RL Life property linked endowment regular premium - savings	332	3594	81	3527	3527	0	3527
715	RL Life property linked endowment regular premium - savings (Intermediary)	400	3501	233	1243	1243	31	1274
720	Ex CL Life property linked endowment regular premium - target cash	416	13034	228	7792	7792	747	8540
720	Ex SL Life property linked endowment regular premium – target cash	21886	658472	13821	276122	276122	3694	279815

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

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **21 Royal London IB & OB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**
 UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
720	Ex UFI Life property linked endowment regular premium - target cash	149	4045	122	2111	2111	0	2111
720	Ex UFLA Life property linked endowment regular premium - target cash	686	25562	475	14361	14361	40	14401
720	RL Life property linked endowment regular premium – target cash (Intermediary)	672	23163	860	5355	5355	104	5459
775	Ex SL Accelerated critical illness rider		135489				376	376
775	RL Accelerated critical illness rider (Intermediary)		22496				52	52
780	Ex SL Stand-alone critical illness rider		17113				80	80
780	Ex UFI Stand-alone critical illness rider	31	680	8	82	82		82
780	Ex UFLA Stand-alone critical illness rider		34411					
780	RL Stand-alone critical illness rider (Intermediary)		719				2	2
785	Ex UFI Income protection rider	7	15	1	18	18	0	18
785	Ex UFLA Income protection rider		26306					
790	Ex SL Miscellaneous protection rider			107			340	340
790	Ex UFI Miscellaneous protection rider		169	6			6	6
790	Ex UFLA Miscellaneous protection rider		1479	37			4817	4817
790	RL Miscellaneous protection rider (Intermediary)			23			18	18

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

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **21 Royal London IB & OB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**
 UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
795	Ex SMA Miscellaneous property linked (term assurance)	2726	278411	1444	6483	6483	1502	7986
800	Ex CL Additional reserves property linked (extra premiums)						1	1
800	Ex SMA Additional reserves property linked (extra premiums & IBNR)			670			670	670
800	RL Additional reserves property linked (contingency)						161	161

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

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **21 Royal London IB & OB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**
 UK Life / Reinsurance ceded external

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
710	Ex PLAL Life property linked whole life regular premium		52545	191				
710	Ex SL Life property linked whole life regular premium		2316				3	3
710	Ex SMA Life property linked whole life regular premium		8111765				4088	4088
710	Ex UFI Life property linked whole life regular premium		21320					
710	Ex UFI Life property linked whole life regular premium (with critical illness cover option)		6688					
710	Ex UFLA Life property linked whole life regular premium		186830					
710	RL Life property linked whole life regular premium (Scottish Provident)		854108				178	178
715	Ex PLAL Life property linked endowment regular premium - savings		420169	1536				
715	Ex SL Life property linked endowment regular premium - savings		56				0	0
715	Ex UFI Life property linked endowment regular premium - savings		2					
715	RL Life property linked endowment regular premium - savings (Intermediary)		13				0	0
720	Ex SL Life property linked endowment regular premium – target cash		62028				24	24
720	Ex UFI Life property linked endowment regular premium - target cash		1548					
720	Ex UFLA Life property linked endowment regular premium - target cash		8960					
720	RL Life property linked endowment regular premium – target cash (Intermediary)		11008				3	3

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

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **21 Royal London IB & OB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**
 UK Life / Reinsurance ceded external

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
775	Ex SL Accelerated critical illness rider		107065				298	298
775	RL Accelerated critical illness rider (Intermediary)		17136				40	40
780	Ex SL Stand-alone critical illness rider		13357				63	63
780	Ex UFI Stand-alone critical illness rider		478					
780	Ex UFLA Stand-alone critical illness rider		27529					
780	RL Stand-alone critical illness rider (Intermediary)		575				2	2
785	Ex UFLA Income protection rider		21045					
790	Ex SL Miscellaneous protection rider			29			107	107
790	Ex UFI Miscellaneous protection rider		135				5	5
790	Ex UFLA Miscellaneous protection rider		1183				3760	3760
790	RL Miscellaneous protection rider (Intermediary)			17			13	13
795	Ex SMA Miscellaneous property linked (term assurance)		151962				600	600
800	Ex SMA Additional reserves property linked (extra premiums & IBNR)		320				320	320

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

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **21 Royal London IB & OB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**
 UK Pension / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
725	Ex CL Individual pensions property linked	3087	34402	121	32763	32763	499	33262
725	Ex CL Individual pensions property linked (with GAR)	247	1546	12	1546	1546	843	2390
725	Ex PLAL Individual pensions property linked	121512	622541	28393	618783	618783	4463	623246
725	Ex RIL Individual pensions property linked	101786	1054605	1614	1054605	1054605	2129	1056734
725	Ex SL Individual pensions property linked	94283	831477	15439	974326	974326	(8394)	965932
725	Ex SL Individual pensions property linked (with GAR)	48070	470277	2993	470277	470277	(11112)	459165
725	Ex UFI Individual pensions property linked	21636	271765	2569	271765	271765	5694	277459
725	Ex UFLA Individual pensions property linked	8600	132633	1366	120735	120735	476	121211
725	RL Individual pensions property linked	8649	64728	2399	64728	64728	864	65592
725	RL Individual pensions property linked (Bancassurance)	2031	10960	2174	10960	10960	3	10963
725	RL Individual pensions property linked (Intermediary)	255158	5225746	336523	5614392	5614392	20291	5634683
735	Ex PLAL Group money purchase pensions property linked	20018	86591	1808	86592	86592	132	86724
735	Ex SL Group money purchase pensions property linked	34430	245850	2838	283227	283227	(411)	282817
735	Ex SL Group money purchase pensions property linked (final salary)	6059	183771	3772	183771	183771	2590	186361
735	Ex SL Group money purchase pensions property linked (with GAR)	1064	18245	226	18245	18245	(123)	18122

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

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **21 Royal London IB & OB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**
 UK Pension / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
735	RL Group money purchase pensions property linked (Bancassurance)	1694	2472	144	2472	2472	2	2474
735	RL Group money purchase pensions property linked (Intermediary)	31090	374029	20853	441991	441991	2584	444575
735	RL Group money purchase pensions property linked (Intermediary) (final salary)	563	395313	7639	395313	395313	5571	400885
750	Ex SL Income drawdown property linked	518	34373		33627	33627	(585)	33042
750	RL Income drawdown property linked (Intermediary)	5799	242596		235882	235882	(2152)	233730
755	Ex SL Trustee investment plan		1822		1822	1822		1822
755	Ex UFLA Trustee investment plan		358		358	358	1	358
770	Ex UFI Term assurance rider	1	40719	109	3160	3160	87	3247
790	Ex SL Miscellaneous protection rider			0			0	0
790	Ex UFI Miscellaneous protection rider		822	28			29	29
790	Ex UFLA Miscellaneous protection rider		428	21			21	21
800	Ex CL Additional reserves property linked (extra premiums)						0	0
800	Ex RIL Additional reserves property linked (pension review)						6719	6719
800	Ex UFI Additional reserves property linked (pension review)						4422	4422
800	Ex UFLA Additional reserves property linked (pension review)						142	142

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

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **21 Royal London IB & OB Subfund**
 Financial year ended **31 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
800	RL Additional reserves property linked (contingency)						89	89

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

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **21 Royal London IB & OB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**
 UK Pension / Reinsurance ceded external

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
725	Ex PLAL Individual pensions property linked		68					
725	Ex SL Individual pensions property linked				3349	3349		3349
725	Ex UFLA Individual pensions property linked		9518					
725	RL Individual pensions property linked (Intermediary)				646599	646599		646599
735	Ex SL Group money purchase pensions property linked				37125	37125		37125
735	RL Group money purchase pensions property linked (Intermediary)				157449	157449		157449
750	Ex SL Income drawdown property linked				510	510		510
750	RL Income drawdown property linked (Intermediary)				5656	5656		5656
770	Ex UFI Term assurance rider		30048					
790	Ex UFI Miscellaneous protection rider		657				23	23
790	Ex UFLA Miscellaneous protection rider		342				17	17

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

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **21 Royal London IB & OB Subfund**
 Financial year ended **31 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
700	RL Life property linked single premium (Intermediary)	222	22906		22678	22612	49	22660

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

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **26 Scottish Life Fund**
 Financial year ended **31 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
715	Ex SL Life property linked endowment regular premium - savings	5	37	0	34	34	10	44

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

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **26 Scottish Life Fund**
 Financial year ended **31 December 2010**
 Units **£000**
 UK Pension / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
725	Ex SL Individual pensions property linked (with GAR)				105447	105447	31715	137162
735	Ex SL Group money purchase pensions property linked (with GAR)				4962	4962	372	5334

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

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **21 Royal London IB & OB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**
 UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
900	Ex PLAL Life index linked single premium	3799	94532		94542	94542	1018	95559
901	RL Index linked income protection claims in payment (Swiss Life)				208	208		208
905	Ex SL Index linked annuity (individual)	5	15		160	160		160
910	RL Miscellaneous index linked (Bright Grey)	8953	186122	4446	(5368)	(5368)		(5368)
910	RL Miscellaneous index linked (Swiss Life)	394	2068	90	199	199		199

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

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **21 Royal London IB & OB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**
 UK Life / Reinsurance ceded external

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
901	RL Index linked income protection claims in payment (Swiss Life)				208	208		208
910	RL Miscellaneous index linked (Bright Grey)		124623	1576	(792)	(792)		(792)
910	RL Miscellaneous index linked (Swiss Life)		2068	90	199	199		199

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

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **21 Royal London IB & OB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**
 UK Pension / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
905	Ex SL Index linked annuity (group)	3	373		3970	3970		3970
905	Ex SL Index linked annuity (individual)	3	255		2326	2326		2326
905	RL Index linked annuity (Intermediary) (group)	22	91		1478	1478		1478
905	RL Index linked annuity (Intermediary) (individual)	294	346		7326	7326		7326
910	RL Miscellaneous index linked	2207	23799		1654	1654		1654

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

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **21 Royal London IB & OB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**
 UK Pension / Reinsurance ceded external

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
905	Ex SL Index linked annuity (group)		57		658	658		658
905	Ex SL Index linked annuity (individual)		120		945	945		945
905	RL Index linked annuity (Intermediary) (group)		4		90	90		90
905	RL Index linked annuity (Intermediary) (individual)		303		6600	6600		6600

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

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **21 Royal London IB & OB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**
 Overseas / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
910	RL Miscellaneous index linked (Bright Grey)	168	4509	123	(198)	(198)		(198)

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

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **21 Royal London IB & OB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**
 Overseas / Reinsurance ceded external

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
910	RL Miscellaneous index linked (Bright Grey)		2843	39	(12)	(12)		(12)

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

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business
 Financial year ended **31 December 2010**
 Units **£000**

Fund name 1	Type of fund 2	Net assets 3	Main series 4	Unit management charge 5	Price at previous valuation date 6	Price at current valuation date 7	Change in price during year 8
Royal London ANL Managed Fund	02 - life - balanced managed fund	962864		1.00	2.330552	2.624325	12.61
SL Managed Fund	02 - life - balanced managed fund	278536		0.75	6.030937	6.743351	11.81
SL Global Managed Pension Fund	11 - individual pension - stock market managed fund	614533		1.00	6.004008	6.876449	14.53
Royal London ANL Pension Managed Fund	12 - individual pension - balanced managed fund	312562		1.00	2.783982	3.130167	12.43
Royal London Stakeholder Managed Fund	12 - individual pension - balanced managed fund	235493		1.00	2.737182	3.073018	12.27
RIL Pension Managed Fund	12 - individual pension - balanced managed fund	800357	Series 1	1.05	7.042750	7.922787	12.50
RIL Pension Managed Fund	12 - individual pension - balanced managed fund	123274	Series 2	1.05	7.042750	7.922787	12.50
SL Adventurous Managed Pension Fund	12 - individual pension - balanced managed fund	325950		1.00	1.390060	1.551960	11.65
SL Managed Pension Fund	12 - individual pension - balanced managed fund	2106894		1.00	7.342883	8.200828	11.68
UFI Series 1 - Pension UK Managed Fund	12 - individual pension - balanced managed fund	225688	UFI Policyholders	0.25	7.117791	8.010744	12.55
UFLA Series 2 - Pension Managed Fund	12 - individual pension - balanced managed fund	114408		1.00	7.974726	9.028484	13.21
SL Defensive Managed Pension Fund	13 - individual pension - defensive managed fund	452238		1.00	2.067479	2.265319	9.57
SL UK Equity Pension Fund	15 - individual pension - UK equity	1031653		1.00	10.120039	11.778243	16.39
SL UK Mid Cap Pension Fund	15 - individual pension - UK equity	106654		1.00	1.517479	1.998608	31.71
SL European Pension Fund	16 - individual pension - overseas equity	143435		1.00	17.536855	18.268346	4.17
SL Property Pension Fund	17 - individual pension - property	530196		1.00	5.664922	6.185444	9.19

Long-term insurance business: Analysis of valuation interest rate

Name of insurer **The Royal London Mutual Insurance Society Limited**

Subfund **21 Royal London IB & OB Subfund**

Financial year ended **31 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 RL OB and ex RA OB WP Form 51 Assurances (excl Option and Guarantee)	733801	4.10	4.74	4.89
UK L&GA RL IB WP Form 51 Assurances	282496	4.10	4.74	4.89
UK L&GA RL IB NP Form 51 Assurances	40243	4.10	4.74	4.89
UK L&GA RL, ex CL, ex RA, ex SL, ex UFI, ex UFLA, ex SMA, ex SPL and ex PLAL NP Form 51 Assurances (except RL and ex PLAL code 305 and PHI)	(317734)	4.10	4.74	4.89
UK L&GA RL and ex PLAL code 305	342243	25.97	32.46	33.41
UK L&GA OB WP Form 52 Unit Reserves (excl ISA and RL Life UWP single premium (Intermediary))	147700	4.10	4.74	4.89
UK L&GA RLOB WP Form 52 ISA	80653		4.63	4.83
UK L&GA OB WP Form 52 Non-Unit Reserves (excl PLAL ISA)	140	2.80	3.50	4.21
UK L&GA OB NP Form 53 Non-Unit Reserves (excl Contingency and PHI reserves)	37659	2.80	3.50	4.21
UK L&GA OB NP Form 54 Non-Unit Reserves	1018	2.80	3.50	4.21
UK Pens RL OB and ex RA OB WP Form 51 Assurances and Deferred Annuities (excl Pens Review)	595236		4.63	4.83
UK Pens ex SL OB WP Form 51 Expense Provision	14495		3.50	4.21
UK Pens RL, ex CL, ex PLAL, ex RA, ex SMA, ex UFI and ex UFLA OB NP Form 51 Assurances	39051		4.63	4.83
UK Pens OB NP Form 51 Annuities in Payment and RL Misc Protection Rider	177762		5.13	5.36
UK Pens WP Form 52 Unit Reserves and GAR Reserve	1701358		4.63	4.83
UK Pens OB WP Form 52 Non-Unit Reserves (excl GAR and Pens Review)	418		3.50	4.21
UK Pens OB NP Form 53 Non-Unit Reserves (excl Pens Review and Contingency)	23462		3.50	4.21
Misc	227618	n/a	n/a	3.32
Total	4127619			

Long-term insurance business: Analysis of valuation interest rate

Name of insurer **The Royal London Mutual Insurance Society Limited**

Subfund **23 Refuge Assurance IB Subfund**

Financial year ended **31 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 ex RA IB WP Form 51 Assurances	187077	4.10	4.82	4.98
UK L&GA ex RA IB NP Form 51 Assurances	29368	4.10	4.82	4.98
Total	216444			

Long-term insurance business: Analysis of valuation interest rate

Name of insurer **The Royal London Mutual Insurance Society Limited**

Subfund **24 United Friendly OB Subfund**

Financial year ended **31 December 2010**

Units **£000**

Product group	Net mathematical reserves	Net valuation interest rate	Gross valuation interest rate	Risk adjusted yield on matching assets
1	2	3	4	5
UK L&GA ex UFI OB WP Form 51 Assurances	128414	3.90	4.66	4.79
UK Pens ex UFI OB WP Form 51 Assurances	1242515		4.63	4.79
Misc	747	n/a	n/a	4.79
Total	1371676			

Long-term insurance business: Analysis of valuation interest rate

Name of insurer **The Royal London Mutual Insurance Society Limited**Subfund **25 United Friendly IB Subfund**Financial year ended **31 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 ex UFI IB WP Form 51 Assurances	538203	4.40	4.90	5.11
Total	538203			

Long-term insurance business: Analysis of valuation interest rate

Name of insurer **The Royal London Mutual Insurance Society Limited**

Subfund **26 Scottish Life Fund**

Financial year ended **31 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 WP Form 51 excluding £0.037m reserve and UK L&GA WP Form 52	428519	3.40	4.19	4.45
UK Pens WP Form 51 and UK Pens Form 52 excluding deposit administration	1251878		4.13	4.44
UK Pens NP Form 51 and UK Pens Form 53 other liabilities	228139		4.13	4.44
UK Pens WP Form 52 deposit administration	489203		4.13	4.44
Misc	1571	n/a	n/a	4.45
Total	2399310			

Long-term insurance business: Analysis of valuation interest rate

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Subfund **27 PLAL With-Profits Fund**
 Financial year ended **31 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 OB WP Form 52 Unit Reserves (excl ISA)	394485	3.70	4.17	4.53
UK L&GA WP Form 52 ISA	28599		4.25	4.53
UK Pens WP Form 52 Unit Reserves	173144		4.25	4.53
Total	596227			

Long-term insurance business : Distribution of surplus

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **10 Summary**
 Financial year ended **31 December 2010**
 Units **£000**

Financial year 1	Previous year 2
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Valuation result

Fund carried forward	11	21223939	20272799
Bonus payments in anticipation of a surplus	12	126236	135257
Transfer to non-technical account	13		
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	21350175	20408056
Mathematical reserves	21	21186190	20236939
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	163985	171117

Composition of surplus

Balance brought forward	31		
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	163985	171117
Total	39	163985	171117

Distribution of surplus

Bonus paid in anticipation of a surplus	41	126236	135257
Cash bonuses	42		
Reversionary bonuses	43	37749	35860
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	163985	171117
Net transfer out of fund / part of fund	47		
Total distributed surplus (46+47)	48	163985	171117
Surplus carried forward	49		
Total (48+49)	59	163985	171117

Percentage of distributed surplus allocated to policyholders

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

Long-term insurance business : Distribution of surplus

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **11 Royal London Other Long Term Funds**
 Financial year ended **31 December 2010**
 Units **£000**

Financial year 1	Previous year 2
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Valuation result

Fund carried forward	11		16774661
Bonus payments in anticipation of a surplus	12		108264
Transfer to non-technical account	13		
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15		16882925
Mathematical reserves	21		16741091
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29		141834

Composition of surplus

Balance brought forward	31		
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34		141834
Total	39		141834

Distribution of surplus

Bonus paid in anticipation of a surplus	41		108264
Cash bonuses	42		
Reversionary bonuses	43		33570
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46		141834
Net transfer out of fund / part of fund	47		
Total distributed surplus (46+47)	48		141834
Surplus carried forward	49		
Total (48+49)	59		141834

Percentage of distributed surplus allocated to policyholders

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

Long-term insurance business : Distribution of surplus

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **21 Royal London IB & OB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**

Financial year 1	Previous year 2
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Valuation result

Fund carried forward	11	15991635	14656880
Bonus payments in anticipation of a surplus	12	63340	86626
Transfer to non-technical account	13		
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	16054975	14743506
Mathematical reserves	21	15970781	14631472
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	84194	112034

Composition of surplus

Balance brought forward	31		
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33	3323	3311
Surplus arising since the last valuation	34	80871	108723
Total	39	84194	112034

Distribution of surplus

Bonus paid in anticipation of a surplus	41	63340	86626
Cash bonuses	42		
Reversionary bonuses	43	20854	25408
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	84194	112034
Net transfer out of fund / part of fund	47		
Total distributed surplus (46+47)	48	84194	112034
Surplus carried forward	49		
Total (48+49)	59	84194	112034

Percentage of distributed surplus allocated to policyholders

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

Long-term insurance business : Distribution of surplus

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **23 Refuge Assurance IB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**

Financial year 1	Previous year 2
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Valuation result

Fund carried forward	11	216444	241342
Bonus payments in anticipation of a surplus	12	3850	2461
Transfer to non-technical account	13		
Transfer to other funds / parts of funds	14	534	396
Subtotal (11 to 14)	15	220829	244199
Mathematical reserves	21	215488	240243
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	5341	3956

Composition of surplus

Balance brought forward	31		
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	5341	3956
Total	39	5341	3956

Distribution of surplus

Bonus paid in anticipation of a surplus	41	3850	2461
Cash bonuses	42		
Reversionary bonuses	43	957	1099
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	4807	3560
Net transfer out of fund / part of fund	47	534	396
Total distributed surplus (46+47)	48	5341	3956
Surplus carried forward	49		
Total (48+49)	59	5341	3956

Percentage of distributed surplus allocated to policyholders

Current year	61	90.00	90.00
Current year - 1	62	90.00	90.00
Current year - 2	63	90.00	90.00
Current year - 3	64	90.00	90.00

Long-term insurance business : Distribution of surplus

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **24 United Friendly OB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**

Financial year 1	Previous year 2
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Valuation result

Fund carried forward	11	1371676	1308660
Bonus payments in anticipation of a surplus	12	3608	2173
Transfer to non-technical account	13		
Transfer to other funds / parts of funds	14	1043	897
Subtotal (11 to 14)	15	1376327	1311730
Mathematical reserves	21	1365902	1302760
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	10426	8970

Composition of surplus

Balance brought forward	31		
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	10426	8970
Total	39	10426	8970

Distribution of surplus

Bonus paid in anticipation of a surplus	41	3608	2173
Cash bonuses	42		
Reversionary bonuses	43	5775	5900
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	9383	8073
Net transfer out of fund / part of fund	47	1043	897
Total distributed surplus (46+47)	48	10426	8970
Surplus carried forward	49		
Total (48+49)	59	10426	8970

Percentage of distributed surplus allocated to policyholders

Current year	61	90.00	90.00
Current year - 1	62	90.00	90.00
Current year - 2	63	90.00	90.00
Current year - 3	64	90.00	90.00

Long-term insurance business : Distribution of surplus

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **25 United Friendly IB Subfund**
 Financial year ended **31 December 2010**
 Units **£000**

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

Valuation result

Fund carried forward	11	538203	567779
Bonus payments in anticipation of a surplus	12	14645	17003
Transfer to non-technical account	13		
Transfer to other funds / parts of funds	14	1747	2019
Subtotal (11 to 14)	15	554594	586801
Mathematical reserves	21	537127	566616
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	17467	20186

Composition of surplus

Balance brought forward	31		
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	17467	20186
Total	39	17467	20186

Distribution of surplus

Bonus paid in anticipation of a surplus	41	14645	17003
Cash bonuses	42		
Reversionary bonuses	43	1076	1164
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	15720	18167
Net transfer out of fund / part of fund	47	1747	2019
Total distributed surplus (46+47)	48	17467	20186
Surplus carried forward	49		
Total (48+49)	59	17467	20186

Percentage of distributed surplus allocated to policyholders

Current year	61	90.00	90.00
Current year - 1	62	90.00	90.00
Current year - 2	63	90.00	90.00
Current year - 3	64	90.00	90.00

Long-term insurance business : Distribution of surplus

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **26 Scottish Life Fund**
 Financial year ended **31 December 2010**
 Units **£000**

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

Valuation result

Fund carried forward	11	2509753	2800131
Bonus payments in anticipation of a surplus	12	33406	26418
Transfer to non-technical account	13		
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	2543160	2826549
Mathematical reserves	21	2500665	2797842
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	42494	28707

Composition of surplus

Balance brought forward	31		
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	42494	28707
Total	39	42494	28707

Distribution of surplus

Bonus paid in anticipation of a surplus	41	33406	26418
Cash bonuses	42		
Reversionary bonuses	43	9088	2289
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	42494	28707
Net transfer out of fund / part of fund	47		
Total distributed surplus (46+47)	48	42494	28707
Surplus carried forward	49		
Total (48+49)	59	42494	28707

Percentage of distributed surplus allocated to policyholders

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

Long-term insurance business : Distribution of surplus

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Total business / subfund **27 PLAL With-Profits Fund**
 Financial year ended **31 December 2010**
 Units **£000**

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

Valuation result

Fund carried forward	11	596227	698006
Bonus payments in anticipation of a surplus	12	7387	575
Transfer to non-technical account	13		
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	603614	698582
Mathematical reserves	21	596227	698006
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	7387	575

Composition of surplus

Balance brought forward	31		
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	7387	575
Total	39	7387	575

Distribution of surplus

Bonus paid in anticipation of a surplus	41	7387	575
Cash bonuses	42		
Reversionary bonuses	43		
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	7387	575
Net transfer out of fund / part of fund	47		
Total distributed surplus (46+47)	48	7387	575
Surplus carried forward	49		
Total (48+49)	59	7387	575

Percentage of distributed surplus allocated to policyholders

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

Long-term insurance business : With-profits payouts on maturity (normal retirement)Name of insurer **The Royal London Mutual Insurance Society Limited**Original insurer **Royal London Mutual Insurance Society**Date of maturity value / open market option **01 March 2011**

Category of with-profits policy 1	Original term (years) 2	Maturity value / open market option 3	Terminal bonus 4	MVA 5	CWP / UWP 6	MVA permitted? 7	Death benefit 8
Endowment assurance	10	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	15	12074	1784	n/a	CWP	N	12074
Endowment assurance	20	20472	2858	n/a	CWP	N	20472
Endowment assurance	25	34304	6438	n/a	CWP	N	34304
Regular premium pension	5	13149	565	n/a	UWP	N	13149
Regular premium pension	10	30254	3500	n/a	UWP	N	30254
Regular premium pension	15	48539	9583	n/a	CWP	N	50040
Regular premium pension	20	87028	27623	n/a	CWP	N	89720
Single premium pension	5	11715	557	n/a	UWP	N	11715
Single premium pension	10	12997	0	n/a	UWP	N	12997
Single premium pension	15	25059	10641	n/a	CWP	N	25834
Single premium pension	20	47044	26784	n/a	CWP	N	48499

Long-term insurance business : With-profits payouts on surrender

Name of insurer **The Royal London Mutual Insurance Society Limited**
Original insurer **Royal London Mutual Insurance Society**
Date of surrender value **01 March 2011**

Category of with-profits policy 1	Duration at surrender (years) 2	Surrender value 3	Terminal bonus 4	MVA 5	CWP / UWP 6	MVA permitted? 7	Death benefit 8
Endowment assurance	5	1846	87	0	UWP	Y	11250
Endowment assurance	10	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	15	9508	1046	n/a	CWP	N	21530
Endowment assurance	20	18257	2112	n/a	CWP	N	26506
With-profits bond	2	9786	0	0	UWP	Y	10538
With-profits bond	3	8898	0	(989)	UWP	Y	10242
With-profits bond	5	9258	0	(1029)	UWP	Y	10494
With-profits bond	10	13176	627	n/a	UWP	N	13302
Single premium pension	2	11193	1004	0	UWP	Y	11193
Single premium pension	3	10809	330	0	UWP	Y	10809
Single premium pension	5	11715	557	0	UWP	Y	11715
Single premium pension	10	12672	0	(325)	UWP	Y	12997

Long-term insurance business : With-profits payouts on maturity (normal retirement)

Name of insurer **The Royal London Mutual Insurance Society Limited**Original insurer **Refuge Assurance**Date of maturity value / open market option **01 March 2011**

Category of with-profits policy 1	Original term (years) 2	Maturity value / open market option 3	Terminal bonus 4	MVA 5	CWP / UWP 6	MVA permitted? 7	Death benefit 8
Endowment assurance	10	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	15	11342	1330	n/a	CWP	N	11342
Endowment assurance	20	18801	1589	n/a	CWP	N	18801
Endowment assurance	25	30984	2199	n/a	CWP	N	30984
Regular premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Regular premium pension	10	n/a	n/a	n/a	n/a	n/a	n/a
Regular premium pension	15	45157	2358	n/a	CWP	N	45157
Regular premium pension	20	88813	515	n/a	CWP	N	73007
Single premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	10	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	15	29999	464	n/a	CWP	N	29999
Single premium pension	20	54698	314	n/a	CWP	N	21911

Long-term insurance business : With-profits payouts on surrender

Name of insurer **The Royal London Mutual Insurance Society Limited**
 Original insurer **Refuge Assurance**
 Date of surrender value **01 March 2011**

Category of with-profits policy 1	Duration at surrender (years) 2	Surrender value 3	Terminal bonus 4	MVA 5	CWP / UWP 6	MVA permitted? 7	Death benefit 8
Endowment assurance	5	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	10	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	15	9485	894	n/a	CWP	N	18913
Endowment assurance	20	17275	1316	n/a	CWP	N	23476
With-profits bond	2	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	3	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	5	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	10	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	2	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	3	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	10	n/a	n/a	n/a	n/a	n/a	n/a

Long-term insurance business : With-profits payouts on maturity (normal retirement)

Name of insurer **The Royal London Mutual Insurance Society Limited**Original insurer **United Friendly Insurance**Date of maturity value / open market option **01 March 2011**

Category of with-profits policy 1	Original term (years) 2	Maturity value / open market option 3	Terminal bonus 4	MVA 5	CWP / UWP 6	MVA permitted? 7	Death benefit 8
Endowment assurance	10	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	15	10327	740	n/a	CWP	N	10327
Endowment assurance	20	18370	2775	n/a	CWP	N	18370
Endowment assurance	25	31086	4777	n/a	CWP	N	31086
Regular premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Regular premium pension	10	n/a	n/a	n/a	n/a	n/a	n/a
Regular premium pension	15	39282	389	n/a	CWP	N	39282
Regular premium pension	20	68382	1992	n/a	CWP	N	68382
Single premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	10	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	15	21432	0	n/a	CWP	N	21432
Single premium pension	20	34601	844	n/a	CWP	N	34601

Long-term insurance business : With-profits payouts on surrender

Name of insurer **The Royal London Mutual Insurance Society Limited**
Original insurer **United Friendly Insurance**
Date of surrender value **01 March 2011**

Category of with-profits policy 1	Duration at surrender (years) 2	Surrender value 3	Terminal bonus 4	MVA 5	CWP / UWP 6	MVA permitted? 7	Death benefit 8
Endowment assurance	5	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	10	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	15	9441	657	n/a	CWP	N	18352
Endowment assurance	20	18073	2739	n/a	CWP	N	24181
With-profits bond	2	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	3	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	5	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	10	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	2	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	3	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	10	n/a	n/a	n/a	n/a	n/a	n/a

Long-term insurance business : With-profits payouts on maturity (normal retirement)

Name of insurer **The Royal London Mutual Insurance Society Limited**Original insurer **Scottish Life**Date of maturity value / open market option **01 March 2011**

Category of with-profits policy 1	Original term (years) 2	Maturity value / open market option 3	Terminal bonus 4	MVA 5	CWP / UWP 6	MVA permitted? 7	Death benefit 8
Endowment assurance	10	6564	1045	n/a	UWP	N	6564
Endowment assurance	15	10416	1240	n/a	CWP	N	10416
Endowment assurance	20	17029	2779	n/a	CWP	N	17029
Endowment assurance	25	29008	5424	n/a	CWP	N	29008
Regular premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Regular premium pension	10	28300	2526	n/a	UWP	N	28300
Regular premium pension	15	47390	6601	n/a	CWP	N	47390
Regular premium pension	20	76075	9253	n/a	CWP	N	76075
Single premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	10	12911	184	n/a	UWP	N	12911
Single premium pension	15	21872	2821	n/a	CWP	N	21872
Single premium pension	20	38431	3726	n/a	CWP	N	38431

Long-term insurance business : With-profits payouts on surrender

Name of insurer **The Royal London Mutual Insurance Society Limited**
Original insurer **Scottish Life**
Date of surrender value **01 March 2011**

Category of with-profits policy 1	Duration at surrender (years) 2	Surrender value 3	Terminal bonus 4	MVA 5	CWP / UWP 6	MVA permitted? 7	Death benefit 8
Endowment assurance	5	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	10	6564	1045	0	UWP	Y	11250
Endowment assurance	15	9496	996	n/a	CWP	N	16633
Endowment assurance	20	16478	2510	n/a	CWP	N	20808
With-profits bond	2	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	3	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	5	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	10	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	2	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	3	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	10	12911	184	0	UWP	Y	12911

Long-term insurance business : With-profits payouts on maturity (normal retirement)

Name of insurer **The Royal London Mutual Insurance Society Limited**
Original insurer **Phoenix Life Assurance Limited / Abbey National Life**
Date of maturity value / open market option **01 March 2011**

Category of with-profits policy 1	Original term (years) 2	Maturity value / open market option 3	Terminal bonus 4	MVA 5	CWP / UWP 6	MVA permitted? 7	Death benefit 8
Endowment assurance	10	n/a	n/a	n/a	n/a	N	n/a
Endowment assurance	15	11424	1904	n/a	UWP	N	11424
Endowment assurance	20	n/a	n/a	n/a	n/a	N	n/a
Endowment assurance	25	n/a	n/a	n/a	n/a	N	n/a
Regular premium pension	5	n/a	n/a	n/a	n/a	N	n/a
Regular premium pension	10	32599	7903	n/a	UWP	N	32599
Regular premium pension	15	50556	11667	n/a	UWP	N	50556
Regular premium pension	20	n/a	n/a	n/a	n/a	N	n/a
Single premium pension	5	n/a	n/a	n/a	n/a	N	n/a
Single premium pension	10	14572	3007	n/a	UWP	N	14572
Single premium pension	15	23295	6774	n/a	UWP	N	23295
Single premium pension	20	n/a	n/a	n/a	n/a	N	n/a

Long-term insurance business : With-profits payouts on surrender

Name of insurer **The Royal London Mutual Insurance Society Limited**
Original insurer **Phoenix Life Assurance Limited / Abbey National Life**
Date of surrender value **01 March 2011**

Category of with-profits policy 1	Duration at surrender (years) 2	Surrender value 3	Terminal bonus 4	MVA 5	CWP / UWP 6	MVA permitted? 7	Death benefit 8
Endowment assurance	5	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	10	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	15	10980	1830	0	UWP	Y	27948
Endowment assurance	20	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	2	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	3	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	5	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	10	13032	1988	n/a	UWP	N	13032
Single premium pension	2	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	3	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	10	14572	3007	0	UWP	Y	14572

Long-term insurance capital requirementName of insurer **The Royal London Mutual Insurance Society Limited**

Global business

Financial year ended **31 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%				
Classes I (other), II and IX	12	0.1%	286886	258193		143
Classes I (other), II and IX	13	0.15%	498152	72449	0.50	374
Classes I (other), II and IX	14	0.3%	103581251	25013648		155372
Classes III, VII and VIII	15	0.3%	19691113	11173881	0.57	33522
Total	16		124057402	36518170		189411

Insurance health risk and life protection reinsurance capital component

Class IV supplementary classes 1 and 2 and life protection reinsurance	21					7076
						7259

Insurance expense risk capital component

Life protection and permanent health reinsurance	31	0%				
Classes I (other), II and IX	32	1%	7795889	7136414	0.92	71364
Classes III, VII and VIII (investment risk)	33	1%	2896006	2888186	1.00	28882
Classes III, VII and VIII (expenses fixed 5 yrs +)	34	1%	1841787	1841787	1.00	18418
Classes III, VII and VIII (other)	35	25%				10019
Class IV (other)	36	1%	(8434)	(42587)	5	(426)
Class V	37	1%				
Class VI	38	1%				
Total	39					128257

Insurance market risk capital component

Life protection and permanent health reinsurance	41	0%				
Classes I (other), II and IX	42	3%	7795889	7136414	0.92	214092
Classes III, VII and VIII (investment risk)	43	3%	2896006	2888186	1.00	86646
Classes III, VII and VIII (expenses fixed 5 yrs +)	44	0%	1841787	1841787		
Classes III, VII and VIII (other)	45	0%	10250828	9400139		
Class IV (other)	46	3%	(8434)	(42587)	5	(1278)
Class V	47	0%				
Class VI	48	3%				
Total	49		22776077	21223939		299460

Long term insurance capital requirement	51					624204
						642943

VALUATION REPORT ON THE ROYAL LONDON MUTUAL INSURANCE SOCIETY

Structure of the long term business

The Royal London Mutual Insurance Society Limited (“RL”) acquired United Assurance Group plc (“UAG”) on 18 April 2000. The long term businesses of the five insurance subsidiaries of UAG, Refuge Assurance plc (“RA”); United Friendly Insurance plc (“UFI”); Refuge Investments Limited (“RIL”); United Friendly Life Assurance Limited (“UFLA”) and Canterbury Life Assurance Company Limited (“CL”) were transferred to RL on 1 January 2001 by way of a scheme of transfer under Section 49 and Schedule 2C of the Insurance Companies Act 1982 (“the UAG Scheme”).

RL acquired The Scottish Life Assurance Company (“SL”) by way of a demutualisation of SL. The long term business of SL was transferred to RL on 1 July 2001 by way of a scheme of transfer under Section 49 and Schedule 2C of the Insurance Companies Act 1982 (“the SL Scheme”).

RL acquired Phoenix Life Assurance Limited (“PLAL”) together with Self Assurance and Pegasus protection business from Scottish Mutual Assurance Limited (“SMA”) and Scottish Provident Limited (“SPL”) in August 2008. The PLAL long term business was transferred to RL on 29 December 2008 by way of a scheme of transfer under Part VII of the Financial Services and Markets Act 2000 (“the PLAL Scheme”). The long term business acquired from SMA and SPL was similarly transferred to RL on 29 December 2008 by way of a scheme of transfer (“the RL Scheme”).

These transfers have resulted in the creation of a number of separate categories of business allocated to separate with-profits funds within RL (as defined in IPRU(INS)) as follows:

Royal London IB & OB Subfund

From 31 December 2006 this consists of the industrial assurance business of RL and all of the Society’s ordinary branch business with the exception of ordinary branch business allocated to the PLAL With-Profits Fund, the Scottish Life Fund and the United Friendly OB Subfund. The subfund remains open to new ordinary business.

PLAL With-Profits Fund

This is the PLAL With-Profits Fund established under the PLAL Scheme, mentioned above. This consists of the investment element of the PLAL unitised with-profits business. It is closed to new business, other than new entrants under group schemes and increments to certain policies.

Refuge Assurance IB Subfund

This consists of the industrial assurance business relating to RA. New business is no longer accepted.

Scottish Life Fund

This is the Scottish Life Fund established under the SL Scheme, mentioned above. This consists of the SL conventional with-profits business, the investment element of the unitised with-profits business, deposit administration business and a small amount of non-profit business. It also has responsibility for the liabilities in respect of guaranteed annuity options under policies sold by SL, including policies where the basic liability is allocated to the Royal London IB & OB Subfund. It is closed to new business, other than new entrants under group schemes and increments up to the level of premium payable at the date of transfer.

United Friendly IB Subfund

This consists of the industrial assurance business relating to UFI. New business is no longer accepted.

United Friendly OB Subfund

This consists of the with-profits ordinary business of UFI. With the exception of DWP rebates, new business is no longer accepted.

VALUATION REPORT ON THE ROYAL LONDON MUTUAL INSURANCE SOCIETY

Contract identification

Within this document, reference is made to the following categories of policies:

RL Business – contracts originally sold by RL and all new business sold by divisions of the Society from 1 July 2001.

RL (bancassurance) – Royal London branded contracts sold after 1 January 2009, a subset of RL business.

RL (intermediary) – Scottish Life branded contracts sold after 1 July 2001, a subset of RL Business.

Bright Grey – Bright Grey branded contracts, a subset of RL Business.

Scottish Provident – Scottish Provident branded contracts, a subset of RL Business.

Former CL Business - contracts transferred in from CL.

Former PLAL Business – contracts transferred in from PLAL.

Former RA Business – contracts transferred in from RA.

Former RIL Business - contracts transferred in from RIL.

Former SL Business - contracts transferred in from SL.

Former SMA Business – contracts transferred in from SMA.

Former SPL Business - contracts transferred in from SPL.

Former UFI Business - contracts transferred in from UFI.

Former UFLA Business - contracts transferred in from UFLA.

VALUATION REPORT ON THE ROYAL LONDON MUTUAL INSURANCE SOCIETY

Introduction

1. (1)

This investigation relates to 31 December 2010.

1. (2)

The previous investigation related to 31 December 2009.

1. (3)

There were no interim investigations during 2010 within the scope of Rule 9.4, except those required for the realistic balance sheet submission as at 30 June 2010.

Product Range

2.

Royal London IB & OB Subfund

This subfund is open to new with-profits and non-profit business.

The distribution of the existing Bright Grey Lifestyle Protection Life Only Term Assurance was extended to Santander via the website www.Santander.co.uk in March 2010.

The Guaranteed Lifetime Plan was launched through RL (bancassurance) in June 2010.

Other Subfunds

There were no changes to the product range in the PLAL With-Profits Fund, Refuge Assurance IB Subfund, United Friendly IB Subfund and United Friendly OB Subfund during the year. These subfunds are closed to new business except by increment.

All Protected Growth group schemes (in the Scottish Life Fund) were switched to Crest Growth (in the Royal London IB & OB Subfund) on 1 January 2010.

VALUATION REPORT ON THE ROYAL LONDON MUTUAL INSURANCE SOCIETY

Discretionary charges and benefits

3. (1)

Market value reductions have applied to unitised with-profits benefits during the year in accordance with policy conditions. Details are provided in the following tables:

Royal London IB & OB Subfund

Product name	Date effective	Affecting units originally purchased in
RL Insurance ISA	From 1 January	2006 to 2008
RL Unitised With-Profits Savings Plans	From 1 January	2001
European With-Profits Bond and With Profits Bond Plus	From 1 January	2004 to 2008
	From 13 September	2003, 2005 to 2008
RL Unitised Whole Life Assurance	From 1 January	2001, 2007 to 2008
RA Unitised Whole Life Assurance	From 1 January	1997 to 2000
RL With-Profits Bond (series 3)	From 1 January	2007 to 2008
RA Unitised Personal Pension Series 1 and RL Unitised Personal Pension Series 2	From 1 January	1999 to 2001, 2006 to 2007
Profitbuilder, Budget Plan (TP1) and Budget Plan (TP2)	From 1 January	2007
	From 1 April	Nil
Talisman, Retirement Solutions, Pension Portfolio and Individual ranges	From 1 January	2006 to 2007
	From 1 April	2007
	From 1 October	Nil
Crest Growth	From 1 January	Nil

PLAL With-Profits Fund

Bonus series	Date effective	Affecting business written in
Life with-profit funds, regular premium policies	From 1 January	Nil
Pension with-profit funds, regular premium policies	From 1 January	Nil
Life with-profit funds, single premium policies	From 1 January	1998 to 2000
	From 1 April	1999 to 2000
Pension with-profit funds, single premium policies	From 1 January	Nil

Scottish Life Fund

Product name	Date effective	Affecting units originally purchased in
Profitbuilder, Budget Plan (TP1) and Budget Plan (TP2)	From 1 January	1997 to 2001, 2004 to 2007
	From 1 April	1997 to 2001, 2005 to 2007
	From 1 July	1997 to 2002, 2005 to 2007
	From 8 September	2000, 2006
	From 1 October	2000
Talisman Series 1 and 2	From 1 January	1985 to 1990, 1992 to 1993, 1995 to 2001, 2005 to 2006
	From 1 April	1989 to 1990, 1998 to 2001, 2006
	From 1 July	1989 to 1990, 1999 to 2001
	From 8 September	2000
Talisman and Retirement Solutions ranges	From 1 January	1996 to 2001, 2005 to 2007
	From 1 July	1997 to 2002, 2005 to 2007
	From 8 September	1998 to 2001, 2006
	From 1 October	1998 to 2001

VALUATION REPORT ON THE ROYAL LONDON MUTUAL INSURANCE SOCIETY

Product name	Date effective	Affecting units originally purchased in
Crest Growth	From 1 January	Nil
	From 1 April	1999
	From 8 September	Nil
Crest Secure	From 1 January	1998 to 2000
	From 8 September	Nil

3. (2)

Certain contracts sold under the Bright Grey brand contain reviewable premiums. Approximately 10,800 policies were reviewed during 2010, but no premiums were changed as a result. Similarly, there have been no changes to premiums on Former SMA and Former SPL reviewable protection policies during the year. Changes were permitted but did not take place on approximately 4,200 reviewable coverages.

There were no changes during the year to the premiums charged on a small number of reviewable contracts administered by Swiss Life on the Society's behalf.

3. (3)

The rates of interest added to deposit administration policies are included in paragraph 10. (1) below.

3. (4)

The following changes were made to service charges on unit-linked policies during the year:

Profitbuilder

For policies issued after 11 July 1999 the monthly administration charge increased by 4.1% for policies with an anniversary date on or after 12 July 2010.

Talisman Group Pension Plan – Series 1 to 6, Talisman CPS – Series 1 to 6:

For policies where a member charge is levied, the charge increased by 3.9% for policies with a renewal date on or after 1 July 2010.

Talisman Executive Pension Plan – 98 Series 1 and 2, Talisman Personal Pension Plan – 98 Series 1 and 2, Talisman Buyout Bond – 98 Series 1, Talisman Freestanding AVC Plan – 98 Series 1 and 2, Talisman Income Drawdown Personal Pension Plan – 98 Series 1:

For policies where a policy charge is levied, the charge increased by 3.9% for policies with an anniversary date on or after 1 July 2010.

Former RA policies

Policy fees on Former RA Unitised With-Profits personal pension contracts were increased by 30% on 1 January 2010.

Former PLAL policies

Policy fees on Former PLAL unit-linked products were decreased by 1.2% on 1 January 2010. Policy fees on N&P products were increased by 1.1% on 1 January 2010.

Former SMA and Scottish Provident policies

Policy fees on Former SMA and Scottish Provident Pegasus unit-linked contracts were decreased by 1.2% on 1 January 2010.

3. (5)

There were no changes to benefit charges on unit-linked policies during the year.

3. (6)

There were no changes to notional charges on accumulating with-profits business during the year.

VALUATION REPORT ON THE ROYAL LONDON MUTUAL INSURANCE SOCIETY

3. (7)

(a) (i)-(iv)

Definition of terms used in pricing of internal linked funds.

Accumulation Unit	A unit in respect of which income is credited periodically to the capital value of the fund.
Asset Units	The number of units in the fund, used to determine the price when creating or cancelling units in internal funds.
Net Asset Value	The market value of assets in the fund, on the pricing basis chosen, including costs of purchase or sale, tax provisions, accrued income and accrued charges as defined by the policy conditions.
Creation Price	The Net Asset Value calculated on market Offer Prices including purchase costs with tax provisions calculated on a consistent basis, divided by the number of Asset Units.
Cancellation Price	The Net Asset Value calculated on market Bid Prices less costs of sale with tax provisions calculated on a consistent basis, divided by the number of Asset Units.
Bare Price	Creation Price or Cancellation Price, depending on which pricing basis is being used (see below for details).
Offer Price	Price quoted to policyholders which is used when allocating units from premium and other payments.
Bid Price	Price quoted to policyholders to value their unit holdings and to cancel units to pay for charges as allowed in the policy conditions.
Initial Charge	The percentage used to calculate the quoted Offer Price from the Bare Price.
Bid-Offer Spread	The difference between Bid and Offer Prices.
CIV	Collective Investment Vehicle – generally a Unit Trust or an Open Ended Investment Company (OEIC).

Pricing basis

The pricing basis depends on whether the unit-linked fund is expanding or contracting. The pricing basis is reviewed regularly. Generally, funds are considered to be expanding unless they have been in decline for at least three consecutive months prior to the review. Special Bid and Offer Prices may be used for large transactions, or series of transactions, in order to maintain fairness between policyholders.

Method used for allocation and de-allocation of units

RL business stakeholder pension plan

Whenever units are created the fund is increased by an amount equal to the number of units created multiplied by the price of the existing units in the fund. Whenever units are cancelled the fund is decreased by an amount equal to the number of units cancelled multiplied by the price of the existing units in the fund. The fund operates with a single price for the purchase and sale of units equal to the Creation Price.

Creations and cancellations are effected at the same time as units are priced. The price is rounded to the nearest multiple of 0.01 pence. Units are allocated to and cancelled from policies at this price.

Unit prices are calculated daily, with the holdings of the investments of the unit-linked funds being those applicable at 4.30 pm on the working day before the pricing. CIV holdings are valued at the Creation Prices. The price for CIVs is that applicable at 12 noon on the day of the pricing, this being the price applicable to transactions effected on the morning of that day.

To provide the liquidity needed to deal with daily fluctuation in net cash flows the Society operates a box system whereby the number of units in issue exceeds the matching unit liability by a specified margin. Investment profits and losses on the box accrue to the Society.

All units are accumulation units.

Riley Bond

Whenever units are created the fund is increased by an amount equal to the number of additional units created multiplied by the Creation Price. Creation is effected at the same time as units are priced.

Whenever existing units in a fund are cancelled, the fund is decreased by an amount equal to the number of units cancelled multiplied by the Cancellation Price. Cancellation is effected at the same time as units are priced.

VALUATION REPORT ON THE ROYAL LONDON MUTUAL INSURANCE SOCIETY

The actual price will be set at a level between the Creation and Cancellation Prices depending upon the prevailing cash flows. Units are allocated to and cancelled from policies at this price.

All units are accumulation units.

The prices of the Riley stockmarket funds at the valuation date were equal to the Creation Price.

Former PLAL, RL (bancassurance), Former SMA and Scottish Provident Funds

Whenever units are created the fund is increased by an amount equal to the number of units created multiplied by the Creation Price of the existing units in the fund. Whenever units are cancelled the fund is decreased by an amount equal to the number of units cancelled multiplied by the Cancellation Price of the existing units in the fund.

Units are allocated to policies at the quoted Offer Price which, for a particular day, is the Bare Price divided by (1 minus the Initial Charge) and rounded up by no more than 0.1p. Units are cancelled from policies at the quoted Bid Price which equals the quoted Offer Price adjusted for the Bid-Offer Spread and rounded to the lower 0.1p.

All other funds

Whenever units are created the fund is increased by an amount equal to the number of additional units created multiplied by the Creation Price. Creation is effected at the same time as units are priced.

Whenever existing units in a fund are cancelled, the fund is decreased by an amount equal to the number of units cancelled multiplied by the Cancellation Price. Cancellation is effected at the same time as units are priced.

Units are allocated to policies at the Offer Price. The maximum Offer Price of a unit is calculated as the maximum value of the portion of the fund attributable to such units divided by the number of units then in issue plus, for certain funds, an initial charge, the result being rounded. The actual Offer Price may be below this level.

Units are cancelled from policies at the Bid Price. The minimum Bid Price of a unit is calculated as the minimum value of the portion of the fund attributed to such units divided by the number of units then in issue, the result being rounded. The actual Bid Price may be above this level.

For Retirement Solutions, Individual Pension Plans, and Pension Portfolio units are allocated to and cancelled from a policy at a single price, which is the Bid Price of the fund. For all other products, the price at which units are allocated to a policy is the Offer Price and the price at which units are cancelled is the Bid Price.

All units are accumulation units.

At the valuation date, the ruling Bid Price was equal to the minimum Bid Price for the following funds:

RL business	All funds
Former RA, Former RIL and Former CL business	All life funds
RL (intermediary) and Former SL business	All life funds
	SL Managed Fund
	SL UK Equity Fund
	SL Fixed Interest Fund
	SL Long (15yr) Gilt Fund SL Short (5yr) Index Linked Fund
	SL Medium (10yr) Index Linked Fund
	SL Long (15yr) Index Linked Fund
Former UFI and Former UFLA business	All funds

VALUATION REPORT ON THE ROYAL LONDON MUTUAL INSURANCE SOCIETY

Former PLAL and RL (bancassurance) business	Royal London ANL Inscape Steady Growth Royal London ANL Inscape Cautious Growth Royal London ANL Inscape Higher Growth Royal London ANL Deposit Royal London ANL International Royal London ANL Managed Royal London ANL UK Equity Royal London ANL Pension Deposit Fund Royal London ANL Pension Managed Fund Royal London ANL UK Equity Pension Fund Royal London ANL Merrill Lynch Royal London ANL Newton Managed Royal London ANL Stakeholder Managed Fund Royal London ANL Stakeholder UK Equity Tracker
Former SMA and Scottish Provident business	All funds

At the valuation date the ruling Offer Price was equal to the maximum Offer Price for the following funds:

Former RA, Former RIL and Former CL business	All pension funds
RL (intermediary) and Former SL business	All pension funds other than those listed above
Former PLAL and RL (bancassurance) business	Royal London ANL Pension International Royal London ANL Stakeholder UK Equity Fund Royal London ANL Stakeholder Annuity Protector Royal London ANL Stakeholder Annuity Protector Fund 2 Royal London ANL Stakeholder International Royal London ANL Stakeholder International Fund 2 Royal London ANL Stakeholder Managed Fund 2 Royal London ANL Stakeholder Deposit Fund Royal London ANL Stakeholder Deposit Fund 2

The values of Stock Exchange securities are based on quoted prices. The values of investments in real or heritable property are based on valuations prepared and certified by independent valuers adjusted to take into account the variations in prices between valuations. The values of other assets are determined by the Society.

Former PLAL, RL (bancassurance), Former SMA and Scottish Provident business

The prices used for transactions on a particular day are determined based on the asset position of the fund at 12 noon on the previous working day (except Broker Managed Funds which are priced at close of business). All funds use Forward Pricing, the timing of the transaction relative to the time at which the policyholder requested the trade varies by product and is defined in the policy conditions.

All other funds

The holdings of the investments of the unit-linked funds are those applicable at 12 noon on the day of the pricing. For direct investments, the price is also that applicable at 12 noon on the day of the pricing. For CIVs provided by The Royal London Unit Trust Managers Limited ("RLUTM"), the price is that applicable to transactions effected on the morning of the day of the unit-linked pricing and for external CIVs/funds the price is that applicable to transactions effected on the morning of the day before the unit-linked pricing.

At each valuation each internal fund is charged with a management charge calculated as a percentage of the current maximum value of the fund multiplied by the number of days since the previous valuation.

VALUATION REPORT ON THE ROYAL LONDON MUTUAL INSURANCE SOCIETY

Unit prices are calculated as follows:

RL business Unitplan	Weekly, usually Tuesday
RL business unit-linked personal pension plan	Weekly, usually Thursday
RL business unit-linked FSAVC pension plan	Weekly, usually Thursday
Former CL business	Monthly, first working day of each month
Former RA and Former RIL business	Weekly, usually Wednesday
All other business	Daily

To provide the liquidity needed to deal with daily fluctuation in net cash flows the Society operates a box system on funds priced daily whereby the number of units in creation exceeds the matching unit liability by a specified margin. A box system is also adopted for the weekly RL business funds. Investment profits and losses on the box accrue to the Society.

(b)

There are no circumstances in which different pricing bases apply to different policies within the same fund at any one time.

(c)

Former PLAL, RL (bancassurance), Former SMA and Scottish Provident business

The internal linked funds invest predominantly in CIVs. These CIVs are priced daily at 12 noon. These are valued at the price appropriate to the pricing basis of the fund, i.e. an expanding fund would use the Offer Price or a contracting fund the Bid Price. The Cancellation Price calculated for the unit trust on a particular day and single price calculated for an OEIC on a particular day is used in the valuation of the linked fund on the same day and is the price at which policyholder transactions in the linked fund on that working day are based.

All other business

For CIVs provided by RLUTM, the price is that applicable to transactions effected on the morning of the day of the unit-linked pricing and for external CIVs the price is that applicable to transactions effected on the morning of the day before the unit-linked pricing.

3. (8)

Riley Bond

No deduction is made for deferred tax in respect of realised or unrealised chargeable gains or losses in the internal linked funds. Instead each Riley Bond has an associated tax account reflecting the accrued tax liability on the investments backing the fund, the value of which is deducted from any claim payment. The internal linked funds into which Riley Bonds invest include a provision for withholding tax on overseas investment income at the appropriate rate.

Former PLAL, RL (bancassurance), Former SMA and Scottish Provident business

Each individual linked fund is treated as a separate entity for the purpose of tax. Fixed interest income and interest are taxed at the standard rate and this is reflected in the unit price. The calculation of the unit price includes, as appropriate, a charge for realised and unrealised capital gains net of indexation relief or a credit for realised or unrealised losses where there is a reasonable prospect of recognising those losses in the future. Unrealised gains and losses are carried forward to the next accounting period and allowance will be made in the unit price where there is a realistic likelihood of the tax being paid or relieved as appropriate in the short to medium term.

The rate of tax charge on gains is the policyholder tax rate discounted to reflect timing until the tax is paid, including allowance for spreading of gains under the deemed disposal rules where the underlying holding is a CIV.

The rates of CGT applied to realised and unrealised gains and losses were 0% for the whole year for all funds except the Pegasus Safety Fund which was subject to charges relating to tax on realised gains of 20% all year and relating to tax on unrealised gains of 18.14% from 1 January 2010 to 28 June 2010 and 18.5% from 29 June 2010 to 31 December 2010.

The rate applying to realised and unrealised losses is currently set to zero as there is little prospect of these losses being relieved in the short to medium term. The total amount of the losses is being retained in a separate memorandum account.

VALUATION REPORT ON THE ROYAL LONDON MUTUAL INSURANCE SOCIETY

All other life funds

Unit pricing in respect of internal linked life funds provides for tax on fixed interest income, interest and property income net of allowable expenses at the standard rate and, as appropriate, includes an allowance for the tax on realised and unrealised capital gains net of indexation relief or a credit for the tax relief on realised or unrealised losses where there is a reasonable prospect of recognising these losses in the future. That part of the allowance which represents the tax payable/tax relief available if the fund is assessed as a stand-alone entity for tax purposes is settled for cash annually, with the exception of unrealised gains/losses in the RA Special Situations Fund and the property funds where cash settlement is only made for realised gains. Unrealised gains and losses are carried forward to the next accounting period and allowance will be made in the unit price where there is a realistic likelihood of the tax being paid or relieved as appropriate in the short to medium term.

Where benefits under Former CL Endowment Investment and Endowment Investment Escalator Plans become payable, the linked Scottish Widows Global Growth OEIC (Class A) shares are deemed sold and the proceeds adjusted for an amount equal to the tax due, at the current rate on the indexed gain as if the policyholder had directly purchased the shares. The rate used during the report period was 20%.

Substantial capital losses have arisen in prior years in most of the equity and property based life unit linked funds and these losses are sufficient, other than in relation to the individual funds specified below, to absorb all capital gains arising in 2010. Therefore, unless specified below, the tax rates applied in computing the capital gains tax liabilities have been set at 0%.

Surplus losses carried forward from prior years have been used to offset any net capital gains arising in 2010 with the remaining surplus being carried forward to be utilised in future years.

The unrealised capital gains tax rates specified below have been discounted to reflect the period of time over which the liabilities will crystallise.

Royal London European Fund	16% for unrealised/realised gains/losses from 1 January 2010 to 28 June 2010 0% for unrealised/realised gains/losses from 29 June 2010 to 31 December 2010
Royal London Equity Fund	0% for unrealised/realised gains/losses from 1 January 2010 to 17 October 2010 17% for unrealised/realised gains/losses from 18 October 2010 to 31 December 2010
RA Managed Fund	0% for unrealised/realised gains/losses from 1 January 2010 to 16 December 2010 16.5% for unrealised/realised gains/losses from 17 December 2010 to 31 December 2010
RA International Fund	0% for unrealised/realised gains/losses from 1 January 2010 to 17 October 2010 16% for unrealised/realised gains/losses from 18 October 2010 to 31 December 2010
RA Special Situations Fund	20% for unrealised/realised gains 1 January 2010 to 31 December 2010 18% for unrealised/realised losses 1 January 2010 to 31 December 2010
CL Managed Fund	0% for unrealised/realised gains/losses from 1 January 2010 to 17 October 2010 17% for unrealised/realised gains/losses from 18 October 2010 to 31 December 2010
CL Managed Fund (Series 2)	0% for unrealised/realised gains/losses from 1 January 2010 to 17 October 2010 17% for unrealised/realised gains/losses from 18 October 2010 to 31 December 2010
UFLA (Series 2) European Fund	17% for unrealised/realised gains/losses from 1 January 2010 to 28 June 2010 0% for unrealised/realised gains/losses from 29 June 2010 to 17 October 2010 17% for unrealised/realised gains/losses from 18 October 2010 to 31 December 2010
UFLA (Series 2) Far East Fund	0% for unrealised/realised gains/losses from 1 January 2010 to 28 June 2010 17% for unrealised/realised gains/losses from 29 June 2010 to 31 December 2010
UFLA (Series 2) Managed Fund	0% for unrealised/realised gains/losses from 1 January 2010 to 16 December 2010 16.5% for unrealised/realised gains/losses from 17 December 2010 to 31 December 2010
SL Pacific Fund	0% for unrealised/realised gains/losses from 1 January 2010 to 28 June 2010 17% for unrealised/realised gains/losses from 29 June 2010 to 31 December 2010
Pegasus Safety Fund	18.14%/20% for unrealised/realised gains/losses from 1 January 2010 to 28 June 2010 18.5%/20% for unrealised/realised gains/losses from 29 June 2010 to 31 December 2010

VALUATION REPORT ON THE ROYAL LONDON MUTUAL INSURANCE SOCIETY

3. (9)

Tax provisions for internal linked UK life funds are established for deferred tax in respect of realised and unrealised chargeable gains and losses as follows:

Riley Bond

No provision is made for deferred tax in respect of realised or unrealised chargeable gains or losses in the internal linked funds. Instead each Riley Bond has an associated tax account reflecting the accrued tax liability on the investments backing the fund, the value of which is deducted from any claim payment. The internal linked funds into which Riley Bonds invest include a provision for withholding tax on overseas investment income at the appropriate rate.

All other life funds

Each internal fund is treated as an independent entity for the purposes of assessing capital gains tax. A rate of tax is levied on the gain net of any indexation relief and capital losses, as appropriate.

The maximum rate of tax for realised capital gains is the policyholder rate of tax for the period in question. Where appropriate, this may be reduced to reflect the period between the realisation of the gain and the date when the tax is actually due to be paid.

The maximum rate of tax for unrealised capital gains is the rate for realised capital gains. This is normally discounted to reflect the period of time over which the liabilities will crystallise.

The rates of tax charge and credit for realised and unrealised gains and losses applying during the reporting period are shown in subparagraph 3. (8).

Allowance for realised and unrealised losses is made in the unit price where there is a realistic likelihood of the loss being relieved. If there is little prospect of the losses being relieved in the short to medium term, no credit is given in the unit price but the value of the losses is retained in a loss memorandum account to be offset against future gains.

3. (10)

RL Stakeholder Pension Plan

Collective Investment Vehicles (CIVs) managed by the Society's wholly-owned subsidiary company RLUTM are held by the Royal London Stakeholder Pension Managed Fund. Purchase and sale of these CIVs is at the Net Asset Value (NAV) per Share unless the Stakeholder Pension fund sells in excess of 1% of the NAV of the CIV (or in excess of 0.25% of the NAV of the CIV in the case of tracker CIVs) in which case a dilution levy may be applied. The NAV per Share is used in the calculation of the daily price of the internal linked fund passing the full benefit on to the policyholder.

The whole of the regular management charge made on each CIV together with audit, trustee, FSA and custody fees incurred by each CIV are refunded to the Stakeholder Pension fund to ensure that no additional charges are incurred by the policyholders.

Other than RL Stakeholder Pension Plan

Collective Investment Vehicles (CIVs) managed by the Society's wholly-owned subsidiary company RLUTM are held by some of the internal linked funds. Purchase and sale of these CIVs is at the NAV per Share unless the internal linked fund sells in excess of 1% of the NAV of the CIV (or in excess of 0.25% of the NAV of the CIV in the case of tracker CIVs) in which case a dilution levy may be applied. The NAV per Share is used in the calculation of the daily price of the internal linked fund passing the full benefit on to the policyholder.

Some internal funds hold, as investments, units in CIVs operated by external fund managers. Units may be purchased from these fund managers at a discount from the full purchase price, the benefit of which is passed on to the policyholder. This discount varies according to the external fund manager in question.

In respect of the purchase of shares of the Scottish Widows Global Growth OEIC to which the benefits of the Former CL Endowment Investment and Endowment Investment Escalator Plans are linked, the Society receives a discount on the initial charge of such shares. This discount is not passed on to policyholders, but is used to defray the Society's costs.

The management service charge is rebated as follows:

RL Business

The whole of the regular management charge made on the CIVs is rebated to the relevant internal linked funds.

VALUATION REPORT ON THE ROYAL LONDON MUTUAL INSURANCE SOCIETY

Former RA, Former RIL and Former CL Business

The whole of the regular management charge made on CIVs managed by RLUTM is rebated to the relevant internal linked funds to ensure that policyholders pay only the same management charges as if the underlying assets had been held directly by the internal linked fund.

RL (intermediary) and Former SL Business

The whole of the regular management charge made on CIVs managed by RLUTM is rebated to the relevant internal linked funds to ensure that policyholders pay only the same management charges as if the underlying assets had been held directly by the internal linked fund.

Annual fund management charges for external CIVs are accrued and collected by the fund managers on holdings in respect of the internal linked funds. Rebates of part of the management charges are payable on some of these funds, the benefit of these rebates being passed on to the policyholder. The rebates are as follows:

Fund	Annual percentage rate
SL Emerging Markets Core Plus (Gartmore Emerging Markets Opportunities)	0.750%
SL/Invesco Perpetual UK Growth 'A'	0.800%
SL/Invesco Perpetual Corporate Bond	0.400%
SL/Invesco Perpetual Global Bond	0.400%
SL/Investec Cautious Managed	0.625%
SL/Investec UK Blue Chip	0.850%
SL/Investec UK Blue Chip 'A'	0.850%
SL Asia Pacific Core Plus (Invesco Perpetual Asian)	0.750%
SL/BlackRock Gold and General	0.750%
SL Europe Core Plus (Fidelity European Blended)	0.450%
SL Europe Specialist (Artemis European Growth)	0.700%
SL/Fidelity Special Situations Blended	0.450%
SL/Fidelity UK Growth	0.450%
SL Global Managed Equity Core Plus (Fidelity International)	0.450%
SL Global Managed Equity Specialist (Invesco Perpetual Global Equity)	0.800%
SL Global Managed Equity Specialist (Investec Global Free Enterprise)	0.650%
SL Japan Core Plus (Schroder Tokyo)	0.650%
SL Japan Specialist (Invesco Perpetual Japan)	0.600%
SL/JPMorgan Cautious Total Return	0.625%
SL/JPMorgan Natural Resources	0.750%
SL/Newton Balanced	1.000%
SL/Newton Balanced 'A'	1.000%
SL/Newton Managed	1.000%
SL/Newton Managed 'A'	1.000%
SL/Schroder Global Property Securities	0.650%
SL/Schroder US Mid Cap	0.650%
SL/UBS Global Allocation	0.450%
SL/UBS Global Allocation 'A'	0.450%
SL/UBS Global Blend (50:50)	0.250%
SL/UBS Global Blend (50:50) 'A'	0.250%
SL UK Equity Core Plus (Schroder UK Equity)	0.500%
SL UK Equity Specialist (Artemis UK Special Situations)	0.700%
SL UK Equity Specialist (Invesco Perpetual UK Growth)	0.800%
SL UK Equity Specialist (Schroder UK Alpha Plus)	0.650%
SL UK Income Core Plus (Artemis Income)	0.700%
SL UK Income Specialist (Invesco Perpetual Income)	0.750%
SL UK Mid Cap Specialist (Schroder UK Mid 250)	0.650%
SL UK Small Cap Specialist (Investec UK Smaller Companies)	0.650%
SL US Core Plus (Investec American)	0.650%
SL US Specialist (JPMorgan US)	0.600%
SL/Towry Defensive Portfolio	0.300%
SL/Towry Growth Portfolio	0.300%

VALUATION REPORT ON THE ROYAL LONDON MUTUAL INSURANCE SOCIETY

Fund	Annual percentage rate
SL/Towry Mixed Portfolio	0.300%
SL/GLG Balanced Managed	1.000%
SL/GLG Stockmarket Managed	1.000%
SL/Neptune Global Alpha	1.000%
SL/Neptune Global Equity	0.875%
SL/Neptune Balanced	0.800%
SL/Gartmore China Opportunities	0.750%
SL/Investec Emerging Markets Debt	0.750%
SL/Investec Global Energy	0.750%
SL/JPMorgan New Europe	0.750%
SL/Legg Mason US Smaller Companies	0.750%
SL/M&G Global Basics	0.750%
SL/M&G Recovery	0.750%
SL/Newton Global Higher Income	0.750%
SL/Newton Real Return	0.750%
SL/Threadneedle Latin America	0.750%
SL/Jupiter Ecology	0.650%
SL/Jupiter Financial Opportunities	0.650%
SL/Jupiter India	0.650%
SL/Jupiter Merlin Balanced Portfolio	0.650%
SL/Jupiter Merlin Growth Portfolio	0.650%
SL/Jupiter Merlin Income Portfolio	0.650%
SL/Jupiter Merlin Worldwide Portfolio	0.650%
SL/Schroder Income Maximiser	0.650%
SL/M&G High Yield Corporate Bond	0.625%
SL/M&G Optimal Income	0.625%
SL/Threadneedle Absolute Return Bond	0.625%
SL UK Equity Core Plus (Cazenove UK Growth & Income)	0.600%
SL/Invesco Perpetual Distribution	0.575%
SL/Invesco Perpetual Monthly Income Plus	0.550%
SL/Fidelity Emerging Europe Middle East and Africa	0.500%
SL/Fidelity Moneybuilder Income	0.500%
SL/Fidelity Strategic Bond	0.500%
SL/M&G Corporate Bond	0.500%
SL/M&G Strategic Corporate Bond	0.500%

Former UFI Business

Series 1 units

The whole of the regular management charge made on CIVs managed by RLUTM is rebated to the relevant internal linked funds to ensure that policyholders pay only the same management charges as if the underlying assets had been held directly by the internal linked fund.

Former UFLA Business

Series 2 units

The whole of the regular management charge made on CIVs managed by RLUTM is rebated to the relevant internal linked funds.

Former PLAL, RL (bancassurance), Former SMA and Scottish Provident business

Where internal linked funds invest in units of the type referred to in COBS 21.3, any discount or other allowance negotiated with the manager of the units is fully passed on to the appropriate policyholders.

VALUATION REPORT ON THE ROYAL LONDON MUTUAL INSURANCE SOCIETY

Valuation basis (other than special reserves)

4. (1)

The mathematical reserves have been calculated as follows:

- (i) for non-linked business, other than accumulating with-profits business, mathematical reserves have been calculated using the gross premium method as the total of the present value of benefits (including existing annual bonus) plus the value of future expenses less the present value of future office premiums. Where appropriate, allowance has been made for payments in accordance with reinsurance treaties. There are a few exceptions which are detailed below.

Mathematical reserves for Industrial Branch whole life assurance contracts with a contractual premium cessation date in the future are calculated assuming that the benefits will be paid at the premium cessation date.

Mathematical reserves on most with-profits contracts incorporate an allowance for a persistency decrement. Surrender values have been assumed to be equal to policy reserves for this purpose.

Negative mathematical reserves are permitted for Bright Grey protection products, Former PLAL and RL (bancassurance) protection products and Former SMA, Former SPL and Scottish Provident branded Self Assurance products. All other mathematical reserves were subject to a minimum of the surrender value of guaranteed benefits.

Allowance is made when calculating expense reserves in the Royal London IB & OB Subfund for some contracts which are valued in the Scottish Life fund. Allowance is made when calculating reserves in the Scottish Life fund for any future monies payable from the Scottish Life Fund to the Royal London IB & OB Subfund.

- (ii) for accumulating with-profits business, in accordance with INSPRU 1.2.70R to INSPRU 1.2.72G, mathematical reserves have been calculated as the greater of a bonus reserve valuation and the lower of the surrender value under the policy having regard to the representations of the Society and that amount disregarding all discretionary adjustments. For the accumulating with-profits elements of Crest Growth Final Salary business, the reserve has been taken as the value of the units deemed allocated to policies in force at the valuation date, such amount being greater than the reserve required under INSPRU 1.2.70R to INSPRU 1.2.72G.

For Unitised Personal Pension Plan (Series 1 and 2), Budgetplan (TP1 and TP2), Profitbuilder, Crest Growth, Talisman Executive Pension Plan - 98 Series 1 and 2, Talisman Personal Pension Plan - 98 Series 1 and 2, Talisman Buyout Bond – 98 Series 1, Talisman Group Pension Plan - Series 1 to 6, Talisman CPS – Series 1 to 6, Talisman Freestanding AVC Pension Plan – 98 Series 1 and 2, Retirement Solutions - Group Personal Pensions, Retirement Solutions – Company Pension Scheme, Individual Executive Pension Plan, Pension Portfolio, Individual Section 32 Buy Out Plan and Former PLAL products with unitised with-profits benefits, a sterling reserve has been assessed in a similar manner as described below for linked business.

- (iii) for linked business, mathematical reserves have been calculated as a combination of a unit reserve and a sterling reserve, where the sterling reserve is determined on a cash flow approach by calculating the projected outgo and the projected amount available to meet the outgo. Each year's projected net cash flow was discounted to the valuation date. A series of summations was then carried out to determine the sterling reserve ensuring that, if the valuation assumptions were fulfilled, no valuation strains would emerge in future years. For premium paying policies, the sterling reserve for an individual policy was determined as the greater of:

- sterling reserve assuming the policy continues as premium paying, and
- sterling reserve assuming the policy becomes paid up at the valuation date.

Policy fees payable by customers were assumed to inflate where there is an established practice of increasing such fees. The valuation assumed no changes from current levels of risk benefit charges for these policies. No sterling reserves were set up for pension policies in the Scottish Life Fund as the liability is in respect of guaranteed annuity options on unit-linked liabilities which are included in the Royal London IB & OB Subfund.

With the exception of material lines of protection business issued at an extra premium, policies on under-average lives, issued at an extra premium or with a contingent debt upon the sum assured, have been valued at the true ages as if the policies in all cases had been issued for the full sum assured at ordinary rates. An additional reserve of the current year's extra premiums has been included.

VALUATION REPORT ON THE ROYAL LONDON MUTUAL INSURANCE SOCIETY

Certain assurances accepted at an increased rate of premium are valued at corresponding increased ages. For material lines of protection business issued at an extra premium, the extra premiums have been included within the gross premium cashflows valued. The demographic assumptions allow for the extra risks associated with policies issued at an extra premium.

In accordance with INSPRU 1.2.9R, no allowance has been made for final bonuses within the valuation of with-profits policies. In addition, as a realistic basis life firm, no allowance has been made for future annual bonuses except for Former UFI business in the United Friendly OB Subfund. UFI guaranteed a minimum annual bonus on its with-profits policies issued before 1987 at the rate of 1.50% for whole life assurances and 1.00% for endowment assurances. This minimum bonus has been valued as a liability throughout the remaining duration of the policies.

No additional reserves are held for investment performance guarantees.

Additional reserving information by origin of business:

RL Business

- (i) The value of office premiums has been reduced to reflect a concession whereby the Society gives credit for LAPR not received from the Inland Revenue in respect of a small number of cases issued on or before 13 March 1984.
- (ii) Most whole life assurances under which premiums are payable throughout life have been valued as though premium payments cease at the policy anniversary preceding age 85 for ordinary branch business and at an advanced age for industrial branch business, in view of a concession currently in operation.
- (iii) For waiver of premium business other than Bright Grey and Self Assurance (both direct business and reinsurance ceded), the reserve is the annual office premium. For Bright Grey and Self Assurance a standard gross premium valuation method is used with a minimum reserve of zero. In all cases an additional reserve in respect of claims currently being paid is held.
- (iv) In the valuation of some group deferred annuities, the reserve has been taken as the sum of:
 - (a) the present value of pensions purchased up to and including 5 April 2010, with allowance for future expenses of 2.25% of the pension, and
 - (b) the premiums paid between 6 April 2010 and 31 December 2010 (which are not allocated to purchase pensions until 5 April 2011).
- (v) The reserve for group life policies, for most of which the premiums are due monthly on the 6th of each month, has been taken as the total of premiums paid between 6 July 2010 and 6 December 2010, both dates inclusive.
- (vi) For permanent health insurance policies, additional reserves have been included in respect of claims currently being paid.
- (vii) Individual Executive Pension Plan and Pension Portfolio Lump Sum Benefits - the reserve is the proportion of the year's premium required to meet the unexpired risk.

Former CL Business

- (i) The mathematical reserves include explicit provisions in respect of the cost of undertakings given by the company to certain policyholders whose applications were under consideration at the time of the removal of Life Assurance Premium Relief.

Former PLAL Business

- (i) The net unit liability shown on Form 53 includes an additional unit reserve to provide for the cost of loyalty bonuses available on certain products. The following table shows the rate of loyalty bonus applying to each product line.

VALUATION REPORT ON THE ROYAL LONDON MUTUAL INSURANCE SOCIETY

Former PLAL Product	Loyalty Bonus
Low Cost Endowment, Low Start Endowment, Personal Pension Single, Top-up Pension Single	0.75% annually from year 10 onwards
Personal Pension Regular, Top-up Pension Regular	0.35% annually from year 10 onwards
N&P Low Cost Endowment	0.75% annually from year 1 or 6 depending on series
N&P Low Start Endowment	0.75% annually from year 1 or 11 depending on series
N&P Flexible Lifetime, N&P Regular Savings Plan	0.75% annually from year 1
N&P Personal Pension Regular, N&P Top-up Pension Regular	0.75% annually from year 6 or 11 depending on series

Former SL Business

Individual Contracts

- (i) In cases where free cover had been granted at the outset of the contract a reserve equal to 6 months' chargeable premiums in respect of the sum at risk was held.
- (ii) The reserves in the following classes were calculated as follows:
 - (1) Sovereign Plan - the reserve for the temporary assurance benefit is calculated as the proportion of the year's premium required to meet the unexpired risk.
 - (2) Talisman Executive Pension Plan - Series 1 and 2 Lump Sum and Widow's Death in Service Benefits, Talisman Executive Pension Plan - 98 Series 1 and 2 Lump Sum Benefits, Talisman Freestanding AVC Pension Plan - 98 Series 1 and 2 Lump Sum Benefits and Talisman Personal Pension Plan - 98 Series 1 and 2 Lump Sum Benefits - the reserve is the proportion of the year's premium required to meet the unexpired risk.
 - (3) Capital Investment Bond & Flexible Life Plan – an additional mortality reserve equal to 1/6 of q_x times sum at risk is held.
 - (4) Waiver of Premium Benefit – the reserve is the annual office premium plus an additional reserve in respect of claims currently being paid.
 - (5) Profitbuilder Plan – for contracts including Living Cover (Critical Illness) Benefit, the reserve for that benefit is calculated as one full year's risk premium.
 - (6) Mortgage Interest Benefit – the reserve is the proportion of the year's premium required to meet the unexpired risk.

Group Contracts

- (i) For Group Deferred Annuities (including the Section 591 Buy Out Bond), Group Deferred Cash and Group Endowments the liability was obtained by taking the present value of the benefits purchased by the actual premiums paid to the date of valuation. Adjustments were made in respect of premiums paid to the date of valuation which had not been used to purchase benefits as at the valuation date and in respect of exits which had not been fully processed. Similar adjustments were made under Crest Growth Plan and Crest Secure Plan. The method of valuation used in dealing with these adjustments was such as to reproduce approximately the correct reserve according to the basis described elsewhere in these Returns.
- (ii) The reserves for the following classes were calculated as follows:
 - (1) Group Life Assurances and Death in Service Widow's Benefit - the proportion of the year's premium required to meet the unexpired risk, including allowances for possible late notification of claims and any rate guarantees.
 - (2) Group Permanent Health Policies - the proportion of the year's premium required to meet the unexpired risk, including allowances for possible late notification of claims and any rate guarantees plus an additional reserve in respect of claims currently being paid.

VALUATION REPORT ON THE ROYAL LONDON MUTUAL INSURANCE SOCIETY

Former UFI and UFLA Business

- (i) Whole life policies with recurring endowments issued before 6 April 1979 in the United Friendly IB Subfund are valued on the assumption that the policyholder will take whatever endowment sum is due on the quinquennial policy anniversary next following the valuation date.

VALUATION REPORT ON THE ROYAL LONDON MUTUAL INSURANCE SOCIETY

4. (2)

The following table shows the valuation interest rates used to calculate the liabilities at this valuation together with the interest rates assumed in the previous investigation:

	PLAL With-Profits Fund		Scottish Life Fund		All other subfunds	
	2010	2009	2010	2009	2010	2009
UK Life assurance:						
Conventional and accumulating with-profits business	3.70%	3.90%	3.40%	3.30%	Note 1	4.50%
Conventional non-profit business	n/a	n/a	3.40%	3.30%	Note 1	4.50%
Sterling reserve discount rate						
- life business	n/a	n/a	2.80%	3.00%	2.80%	3.00%
- PHI business	n/a	n/a	n/a	n/a	3.50%	3.75%
Purchased life annuities:						
- gross	n/a	n/a	n/a	n/a	5.125%	5.25%
- net	n/a	n/a	n/a	n/a	4.10%	4.20%
Conventional PHI & sickness benefits	n/a	n/a	5.125%	5.25%	4.625%	5.25%
Former PLAL and RL (bancassurance) Guaranteed Income Bonds	n/a	n/a	n/a	n/a	1.26% - 1,315.61%	1.45% - 2,699.52%
Pensions, Insurance ISA, Overseas Business:						
Conventional and accumulating with-profits business	4.25%	4.375%	4.125%	4.00%	4.625%	5.25%
Conventional non-profit business	n/a	n/a	4.125%	4.00%	4.625%	5.25%
Sterling reserve discount rate	n/a	n/a	3.50%	3.75%	3.50%	3.75%
Compulsory purchase pension annuities in payment – RPI linked	n/a	n/a	n/a	n/a	0.500%	0.625%
Compulsory purchase pension annuities in payment	n/a	n/a	n/a	n/a	5.125%	5.25%

Notes:

1) For conventional life business, the 2010 valuation interest rates differ by subfund and are shown in the following table:

	RA IB subfund	UF IB subfund	UF OB subfund	RL IB & OB subfund
Conventional and accumulating with-profits business	4.10%	4.40%	3.90%	4.10%
Conventional non-profit business	4.10%	4.40%	3.90%	4.10%

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Paragraph 4. (1) (ii) stated that the reserves for certain accumulating with-profits contracts consisted of a with-profits benefit reserve and a sterling reserve. These calculations used the appropriate valuation interest rates from the table.

The valuation of certain deferred annuity contracts and deferred cash contracts with an annuity rate guarantee used a stochastic approach described in paragraph 5. (1). The interest rates used have not been provided.

The valuation interest rates used within the valuation of Former PLAL and RL (bancassurance) Guaranteed Income Bonds vary by tranche of business (date of entry) and the income option chosen. The table above provides the range of interest rates used. The rate of 1,315.61% shown above related to a single tranche of business (£6m reserve) due to mature on 7th January 2011 and reflects the short outstanding term.

VALUATION REPORT ON THE ROYAL LONDON MUTUAL INSURANCE SOCIETY

4. (3)

The yields on assets have been adjusted in accordance with INSPRU 3.1.41R as set out below:

- | | | |
|-------|---------------------------------|---|
| (i) | UK Equities | The yields were reduced by a 5% margin and the risk adjusted return was subject to a maximum of the UK FTSE Actuaries 15 year gilt yield index plus 5.0%. |
| (ii) | Overseas Equities | The risk adjustment was consistent with that made in respect of UK equities, but with a 7.5% margin. |
| (iii) | Land | The yields were reduced by a fixed margin of 0.5% and the risk adjusted return was subject to a maximum of the UK FTSE Actuaries 15 year gilt yield index plus 5.0%. |
| (iv) | Other fixed interest securities | The yields were reduced by a margin which varied by rating and term to maturity, with external ratings used where available otherwise equivalent internal ratings were used. The margins were as follows: |

Outstanding Term	AAA	AA	A	BBB	BB	B	C
0 to 1 year	0.09%	0.32%	0.37%	0.90%	2.43%	5.62%	13.27%
1 to 2 years	0.10%	0.34%	0.40%	0.92%	2.48%	5.64%	12.44%
2 to 3 years	0.11%	0.36%	0.42%	0.95%	2.52%	5.62%	11.72%
3 to 4 years	0.12%	0.37%	0.44%	0.97%	2.55%	5.56%	11.08%
4 to 5 years	0.12%	0.38%	0.47%	0.99%	2.58%	5.49%	10.53%
5 to 6 years	0.13%	0.39%	0.48%	1.01%	2.59%	5.40%	10.05%
6 to 7 years	0.14%	0.40%	0.50%	1.03%	2.60%	5.30%	9.64%
7 to 8 years	0.15%	0.41%	0.51%	1.04%	2.60%	5.20%	9.27%
8 to 9 years	0.15%	0.42%	0.53%	1.05%	2.59%	5.09%	8.96%
9 to 10 years	0.16%	0.43%	0.54%	1.06%	2.58%	5.00%	8.69%
10 to 11 years	0.17%	0.44%	0.55%	1.07%	2.57%	4.90%	8.44%
11 to 12 years	0.18%	0.45%	0.56%	1.08%	2.55%	4.81%	8.23%
12 to 13 years	0.18%	0.45%	0.57%	1.08%	2.53%	4.72%	8.04%
13 to 14 years	0.19%	0.46%	0.58%	1.09%	2.51%	4.64%	7.88%
14 to 15 years	0.20%	0.47%	0.58%	1.09%	2.49%	4.56%	7.73%
15 to 16 years	0.20%	0.47%	0.59%	1.09%	2.47%	4.48%	7.60%
16 to 17 years	0.21%	0.48%	0.60%	1.09%	2.44%	4.42%	7.48%
17 to 18 years	0.21%	0.48%	0.60%	1.09%	2.42%	4.35%	7.37%
18 to 19 years	0.22%	0.49%	0.61%	1.09%	2.40%	4.29%	7.28%
19 to 20 years	0.22%	0.49%	0.61%	1.09%	2.38%	4.24%	7.20%
20 to 21 years	0.23%	0.49%	0.61%	1.09%	2.36%	4.19%	7.12%
21 to 22 years	0.23%	0.50%	0.62%	1.09%	2.35%	4.14%	7.05%
22 to 23 years	0.24%	0.50%	0.62%	1.09%	2.33%	4.10%	6.98%
23 to 24 years	0.24%	0.50%	0.62%	1.08%	2.31%	4.05%	6.92%
24 to 25 years	0.25%	0.51%	0.63%	1.08%	2.30%	4.02%	6.87%
25 to 26 years	0.25%	0.51%	0.63%	1.08%	2.28%	3.98%	6.83%
26 to 27 years	0.26%	0.51%	0.63%	1.08%	2.27%	3.95%	6.78%
27 to 28 years	0.26%	0.51%	0.63%	1.08%	2.25%	3.92%	6.75%
28 to 29 years	0.26%	0.52%	0.63%	1.07%	2.24%	3.89%	6.71%
29 to 30 years	0.27%	0.52%	0.63%	1.07%	2.23%	3.86%	6.68%
.....							
39 to 40 years	0.29%	0.53%	0.64%	1.06%	2.17%	3.72%	6.65%
.....							
49+ years	0.29%	0.53%	0.64%	1.06%	2.15%	3.67%	6.73%

Adjusted yields were capped at 6% above the gilt yield for the same term. Negative yields were set to zero.

VALUATION REPORT ON THE ROYAL LONDON MUTUAL INSURANCE SOCIETY

4. (4)

The following table shows the valuation mortality assumptions used to calculate the liabilities at this valuation together with the equivalent assumptions from the previous investigation:

	2010	2009
Industrial branch business	74% ELT15(M)	77% ELT15(M)
Ordinary branch business:		
Life and pension business a) annuities currently in payment, and b) deferred annuities in possession	CMI_2009_M[2%] + 0.4 + 0.02 * {year of birth -1944} & CMI_2009_F[2%] + 0.5 - 0.05 * {year of birth -1944} See note [1].	100% modified PCMA00 & 100% modified PCFA00 See note [2].
Pensions in deferment:		
- RL (intermediary) and Former SL group business	71% AM92 & 67% AF92	67% AM92 & 71% AF92
- RL (intermediary) and Former SL individual business	74% AM92 & 71% AF92	72% AM92 & 80% AF92
- Former RA business and Former UF business (non-linked pure endowments)	Nil	Nil
-Former RA business (non-linked other)	99% AM92 & 104% AF92	83% AM92 & 80% AF92
- RL business (non-linked) and Former UF business (non-linked other)	111% AM92 & 116% AF92	92% AM92 & 90% AF92
- RL business, Former CL business, Former RIL business, Former UF business and Former UFLA business (linked)	103% AM92 & 124% AF92	105% AM92 & 119% AF92
- Former PLAL Pension Term Assurance	102% TMS00 sel & 90.5% TFS00 sel (smoker) 113.5% TMN00 sel & 104% TFN00 sel (non-smoker)	126% TM92 sel & 136.5% TF92 sel (smoker) 73.5% TM92 sel & 68.5% TF92 sel (non-smoker)
- Former PLAL Pensions other than Stakeholder, Flexi and AVC	134.5% AM92 & 168% AF92 (smoker) 67% AM92 & 84% AF92 (non-smoker)	134.5% AM92 & 168% AF92 (smoker) 67% AM92 & 84% AF92 (non-smoker)
- Former PLAL Stakeholder, Flexi and AVC Pensions	73.5% AM92 & 73.5% AF92	73.5% AM92 & 73.5% AF92
Assured Lives:		
- RL (intermediary) and Former SL business	72% AM92 & 86% AF92	70% AM92 & 89% AF92
- Bright Grey Protection Plan Life cover (UK and overseas) (level)	80.85% TMS00 sel & 86.1% TFS00 sel (smoker) 67.2% TMN00 sel & 71.4% TFN00 sel (non-smoker)	105% modified TM92(5) & 105% modified TF92(5) See note [3].
- Bright Grey Protection Plan Life cover (UK and overseas) (decreasing)	73.5% TMS00 sel & 70.35% TFS00 sel (smoker) 65.1% TMN00 sel & 66.15% TFN00 sel (non-smoker)	105% modified TM92(5) & 105% modified TF92(5) See note [3].
- RL safe combination™	105% AM80 - 1 yr & 105% AF80 - 1 yr	105% AM80 - 1 yr & 105% AF80 - 1 yr
- European Bond, With Profits Bond Plus (UK and overseas)	95% AM80 - 1 yr & 95% AF80 - 1 yr	95% AM80 - 1 yr & 95% AF80 - 1 yr

VALUATION REPORT ON THE ROYAL LONDON MUTUAL INSURANCE SOCIETY

	2010	2009
- RL business, Former CL business, Former RA business and Former UF business (non-linked)	82% AM92 & 108% AF92	79% AM92 & 108% AF92
- RL business, Former CL business, Former RA business, Former RIL business, Former UF business and Former UFLA business (linked)	103% AM92 & 124% AF92	105% AM92 & 119% AF92
- Former PLAL and RL (bancassurance) Life Term Assurance (level)	102% TMS00 sel & 90.5% TFS00 sel (smoker) 113.5% TMN00 sel & 104% TFN00 sel (non-smoker)	126% TM92 sel & 136.5% TF92 sel (smoker) 73.5% TM92 sel & 68.5% TF92 sel (non-smoker)
- Former PLAL and RL (bancassurance) Life Term Assurance (decreasing)	89.5% TMS00 sel & 96.5% TFS00 sel (smoker) 84% TMN00 sel & 82% TFN00 sel (non-smoker)	126% TM92 sel & 136.5% TF92 sel (smoker) 73.5% TM92 sel & 68.5% TF92 sel (non-smoker)
- Former PLAL and RL (bancassurance) Protection Plan Stand-Alone CI / Term Assurance Accelerated Death	Modified reinsurers' risk rates. See note [4].	Modified reinsurers' risk rates. See note [5].
- Former PLAL Whole of life & Endowment Assurances	105% AM92 & 131.5% AF92 (smoker) 55.5% AM92 & 55.5% AF92 (non-smoker)	105% AM92 & 131.5% AF92 (smoker) 55.5% AM92 & 55.5% AF92 (non-smoker)
- Former PLAL WP Bond and ISA	52.5% AM92 & 63% AF92	52.5% AM92 & 63% AF92
- Former PLAL and RL (bancassurance) Investment, Guaranteed Growth and Guaranteed Income Bonds	52.5% AM92 & 73.5% AF92	52.5% AM92 & 73.5% AF92
- Former PLAL Stand-Alone CIC, N&P Life	134.5% AM92 & 168% AF92 (smoker) 67% AM92 & 84% AF92 (non-smoker)	134.5% AM92 & 168% AF92 (smoker) 67% AM92 & 84% AF92 (non-smoker)
- Former SMA, Former SPL and Scottish Provident branded Self Assurance (death only) (level)	90.5% TMS00 sel & 86% TFS00 sel (smoker) 80% TMN00 sel & 89.5% TFN00 sel (non-smoker)	Modified TM92 sel & TF92 sel See note [6].
- Former SMA, Former SPL and Scottish Provident branded Self Assurance (death only) (decreasing)	100% TMS00 sel & 91.5% TFS00 sel (smoker) 79% TMN00 sel & 84% TFN00 sel (non-smoker)	Modified TM92 sel & TF92 sel See note [6].
- Former SMA and Scottish Provident branded Unit-Linked Pegasus (death only)	85% TMS00 sel & 109% TFS00 sel (smoker) 73.5% TMN00 sel & 72.5% TFN00 sel (non-smoker)	105% AM92 sel & 157.5% AF92 sel (Phase 3, smoker) 52.5% AM92 sel & 52.5% AF92 sel (Phase 3, non-smoker)
-RL (bancassurance) Guaranteed Lifetime Plan	Modified reinsurers' risk rates. See note [7].	n/a

Ultimate rates of mortality are used unless indicated otherwise.

Note [1]: Annuities currently in payment and deferred pension annuities in possession 2010.

CMI_2009_M[2%]/CMI_2009_F[2%] denote expectation of life assuming mortality in 2000 in line with PCMA00/PCFA00 and thereafter mortality improvements in line with the "core" CMI_2009 projection model with a 2% long term rate of mortality improvement.

Note [2]: Annuities currently in payment and deferred pension annuities in possession 2009.

A description of the 2009 assumption can be found on page 218 of the 2009 Annual FSA Insurance Returns.

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For annuities currently in payment, the required complete expectation of life information is contained in the following table:

Sex	Age	2010	2009
Male	65	24.29	24.06
Female	65	26.17	25.88
Male	75	14.72	14.69
Female	75	16.86	16.57

For deferred annuity pension contracts, the required complete expectation of life information is contained in the following table:

Sex	Age	2010	2009
Male	45	27.97	27.76
Female	45	28.41	28.19
Male	55	26.09	25.99
Female	55	27.30	27.10

Note [3]: Bright Grey Protection Plan Life Cover 2009

A description of the 2009 assumption can be found on page 218 of the 2009 Annual FSA Insurance Returns.

Note [4]: Former PLAL and RL (bancassurance) Protection Plan Stand-Alone CI / Term Assurance Accelerated Death 2010

The mortality assumptions for these contracts are based on proportions of the reinsurer's rates, the proportions varying by gender and smoker status. Sample mortality rates are:

RL (bancassurance) Term Assurance Accelerated Death sold from 1 April 2010

Age	Male non-smoker	Male smoker	Female non-smoker	Female smoker
25	0.000171	0.000219	0.000157	0.000226
35	0.000253	0.000325	0.000305	0.000470
45	0.000618	0.001087	0.000679	0.001125
55	0.001794	0.003339	0.001529	0.002737

All other Former PLAL and RL (bancassurance) Stand-Alone CI / Term Assurance Accelerated Death

Age	Male non-smoker	Male smoker	Female non-smoker	Female smoker
25	0.000196	0.000257	0.000181	0.000256
35	0.000290	0.000381	0.000351	0.000532
45	0.000707	0.001274	0.000781	0.001273
55	0.002050	0.003915	0.001759	0.003097

Note [5]: Former PLAL and RL (bancassurance) Protection Plan Stand-Alone CI / Term Assurance Accelerated Death 2009

A description of the 2009 assumption can be found on page 219 of the 2009 Annual FSA Insurance Returns.

Note [6]: Former SMA, Former SPL and Scottish Provident branded Self Assurance (death only) 2009

A description of the 2009 assumption can be found on page 219 of the 2009 Annual FSA Insurance Returns.

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Note [7]: RL (bancassurance) Guaranteed Lifetime Plan 2010

The mortality assumptions for these contracts are based on proportions of the reinsurer's rates, the proportions varying by gender only. The minimum age of entry for this plan is 40, hence rates are not provided at ages 25 and 35. Sample mortality rates are:

Age	Male	Female
45	0.006022	0.004978
55	0.011712	0.008135

There is sufficient margin within the mortality rates assumed in the valuation to allow for significant changes in the incidence of disease or developments in medical science. No additional provision has been made.

4. (5)

The following table shows the valuation morbidity assumptions used to calculate the liabilities at this valuation together with the equivalent assumptions from the previous investigation:

	2010	2009
Bright Grey Protection Plan Life or Critical Illness cover (UK and overseas) – reviewable business	111.1% modified CIBT93 See note [1]	113% modified CIBT93 See note [2]
Bright Grey Protection Plan Life or Critical Illness cover (UK and overseas) – guaranteed business	115.5% modified CIBT93 See note [1]	124% modified CIBT93 See note [2]
Bright Grey Protection Plan Critical Illness cover (UK and overseas) – reviewable business	111.1% modified CIBT93 See note [3]	113% modified CIBT93 See note [4]
Bright Grey Protection Plan Income Cover for Sickness (UK and overseas)	Modified CMIR 12 See note [5]	Modified CMIR 12 See note [6]
Former UFLA Protection Plan – critical illness benefit	Modified reinsurer's risk rates See note [7]	Modified reinsurer's risk rates See note [7]
Former UFLA Protection Plan – income replacement benefit	Modified reinsurer's risk rates See note [8]	Modified reinsurer's risk rates See note [8]
RL (intermediary) and Former SL Profitbuilder – critical illness benefit	Modified reinsurer's risk rates See note [9]	Modified reinsurer's risk rates See note [9]
Former PLAL and RL (bancassurance) conventional business	Modified reinsurer's risk rates See note [10]	Modified reinsurer's risk rates See note [11]
Former PLAL unit-linked business (including N&P branded business)	Modified reinsurer's risk rates See note [12]	Modified reinsurer's risk rates See note [13]
Former SMA, Former SPL, Scottish Provident branded Self Assurance with critical illness	Modified reinsurers' risk rates See note [14]	Modified reinsurers' risk rates See note [15]
Former SMA, Former SPL, Scottish Provident branded Self Assurance PHI	Modified reinsurers' risk rates See note [16]	Modified reinsurers' risk rates See note [17]
Former SMA and Scottish Provident branded Pegasus with critical illness	Modified reinsurers' risk rates See note [18]	Modified reinsurers' risk rates See note [19]

Note [1]: Bright Grey Protection Plan Life or Critical Illness Cover 2010

For calculating the valuation reserves for this cover a loading of 11.1% (reviewable business) or 15.5% (guaranteed business) above modified CIBT93 risk rates has been used. The risk rates apply to the 'own occupation' definition of total permanent disability. Where a 'working tasks' definition of total permanent disability is used or where total permanent disability benefit is not included, the risk rates are reduced.

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Sample risk rates before the 11.1% or 15.5% loading is applied are as follows:

Age	Male non-smoker	Male smoker	Female non-smoker	Female smoker
25	0.000837	0.000866	0.000638	0.000392
35	0.001170	0.001567	0.001539	0.001224
45	0.002757	0.005059	0.003411	0.003702
55	0.007528	0.013459	0.007326	0.007816

An allowance has been made for applications received under which instant cover is provided.

An allowance for a future deterioration of 0.375% per annum was also made for Accelerated Critical Illness Cover morbidity.

Note [2]: Bright Grey Protection Plan Life or Critical Illness Cover 2009

A description of the 2009 assumption can be found on page 220 of the 2009 Annual FSA Insurance Returns.

Note [3]: Bright Grey Protection Plan Critical Illness Cover 2010

For calculating the valuation reserves for this cover a loading of 11.1% above modified CIBT93 risk rates has been used. The risk rates apply to the 'own occupation' definition of total permanent disability. Where a 'working tasks' definition of total permanent disability is used or where total permanent disability benefit is not included, the risk rates are reduced.

Sample risk rates before the 11.1% loading is applied are as follows:

Age	Male non-smoker	Male smoker	Female non-smoker	Female smoker
25	0.000530	0.000561	0.000386	0.000358
35	0.000906	0.001529	0.001265	0.001680
45	0.002408	0.004756	0.003423	0.005362
55	0.008680	0.014217	0.008961	0.011482

An allowance has been made for applications received under which instant cover is provided.

An allowance for a future deterioration of 0.75% per annum was also made for Stand-Alone Critical Illness Cover morbidity.

Note [4]: Bright Grey Protection Plan Critical Illness Cover 2009

A description of the 2009 assumption can be found on page 221 of the 2009 Annual FSA Insurance Returns.

Note [5]: Bright Grey Protection Plan Income Cover for Sickness 2010

CMIR 12 inception and recovery rates are used, adjusted to take into account the 1995-1998 and 1999-2002 CMI experience analysis and expected office experience and to include a further valuation loading. Sample multiplicative adjustments to the CMIR 12 inception rates for a Class 1 occupation with an own occupation definition of incapacity are as follows:

Age	Males				Females			
	4 weeks	13 weeks	26 weeks	52 weeks	4 weeks	13 weeks	26 weeks	52 weeks
25	0.28113	0.37666	1.70463	2.40836	0.29238	0.39173	2.30013	3.24970
35	0.35332	0.56307	1.52622	2.40836	0.54555	0.86942	3.23902	5.11113
45	0.40737	0.68648	1.43364	2.87709	0.59963	1.01046	2.90046	5.82077
55	0.45433	0.78121	1.38396	3.39450	0.50254	0.86411	2.10405	5.16070

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With further multiplicative adjustments of:

	adjustment
Non-smokers	0.90
Smokers	1.20
Class 2 occupation	1.50
Class 3 occupation	2.00
Class 4 occupation	3.25
Working tasks	0.60

Sample adjustments to the CMIR 12 termination rates are as follows. Lower termination rates are expected on contracts written before September 2006, which have slightly higher maximum income replacement ratio:

Contracts written before September 2006

Duration Sick (months)	Males				Females			
	4 weeks	13 weeks	26 weeks	52 weeks	4 weeks	13 weeks	26 weeks	52 weeks
1	0.371097	0.000000	0.000000	0.000000	0.276165	0.000000	0.000000	0.000000
6	0.483289	0.379727	0.293425	0.000000	0.431508	0.336576	0.267535	0.000000
12	0.517810	0.500549	0.396987	0.215754	0.474659	0.466029	0.362467	0.198494
24	0.526440	0.526440	0.414248	0.293425	0.483289	0.483289	0.379727	0.267535
60	0.572880	0.572880	0.452760	0.351120	0.535920	0.535920	0.425040	0.332640

Contracts written after August 2006

Duration Sick (months)	Males				Females			
	4 weeks	13 weeks	26 weeks	52 weeks	4 weeks	13 weeks	26 weeks	52 weeks
1	0.397320	0.000000	0.000000	0.000000	0.295680	0.000000	0.000000	0.000000
6	0.517440	0.406560	0.314160	0.000000	0.462000	0.360360	0.286440	0.000000
12	0.554400	0.535920	0.425040	0.231000	0.508200	0.498960	0.388080	0.212520
24	0.563640	0.563640	0.443520	0.314160	0.517440	0.517440	0.406560	0.286440
60	0.572880	0.572880	0.452760	0.351120	0.535920	0.535920	0.425040	0.332640

Note [6]: Bright Grey Protection Plan Income Cover for Sickness 2009

A description of the 2009 assumption can be found on page 221 of the 2009 Annual FSA Insurance Returns.

Note [7]: Former UFLA Protection Plan – critical illness benefit 2009 and 2010

For calculating the valuation reserves for this benefit, risk rates supplied by a leading reinsurer have been used. The risk rates are ultimate and the benefit ceases at age 65.

Sample ultimate risk rates are as follows:

Age	Male non-smoker	Male smoker	Female non-smoker	Female smoker
25	0.000271	0.000469	0.000287	0.000497
35	0.000623	0.001079	0.000763	0.001321
45	0.002353	0.004075	0.001911	0.003309
55	0.006593	0.011417	0.004772	0.008264

No allowance has been made for deterioration of future experience.

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Note [8]: Former UFLA Protection Plan – income replacement benefit 2009 and 2010

For calculating the valuation reserves for this benefit, risk rates supplied by a leading reinsurer have been used. The risk rates are ultimate.

Sample ultimate risk rates for a level benefit ceasing at age 65, deferred period 13 weeks, class 1 occupation are as follows:

Age	Male non-smoker	Male smoker	Female non-smoker	Female smoker
25	0.003105	0.004140	0.004658	0.006210
35	0.003708	0.004944	0.005562	0.007416
45	0.009090	0.012120	0.013635	0.018180
55	0.024489	0.032652	0.036734	0.048978

Additional loadings apply for occupation classes 2, 3 or 4.

No allowance has been made for deterioration of future experience.

Note [9]: RL (intermediary) and Former SL Profitbuilder – critical illness benefit 2009 and 2010

Living Cover (Critical Illness) Benefit under Profitbuilder contracts has been valued using the risk rates supplied by a leading reinsurer.

Sample ultimate risk rates for accelerated comprehensive critical illness including total and permanent disability (own occupation) are as follows:

Age	Male non-smoker	Male smoker	Female non-smoker	Female smoker
25	0.000876	0.001512	0.000684	0.001164
35	0.001092	0.001908	0.001440	0.002568
45	0.003024	0.005280	0.003576	0.006288
55	0.009612	0.016728	0.007944	0.013692

Note [10]: Former PLAL and RL (bancassurance) Conventional Business 2010

For Former PLAL and RL (bancassurance) conventional business, the rates of morbidity are based on the reinsurer's rates. Sample valuation rates are:

RL (bancassurance) Life term assurance accelerated death sold from 1 April 2010

Age	Male non-smoker	Male smoker	Female non-smoker	Female smoker
25	0.000558	0.000733	0.000522	0.000738
35	0.000825	0.001086	0.001013	0.001534
45	0.002014	0.003635	0.002257	0.003672
55	0.005842	0.011168	0.005085	0.008932

All other Former PLAL and RL (bancassurance) business

Age	Male non-smoker	Male smoker	Female non-smoker	Female smoker
25	0.000553	0.000718	0.000510	0.000720
35	0.000818	0.001064	0.000991	0.001497
45	0.001996	0.003560	0.002206	0.003583
55	0.005791	0.010938	0.004971	0.008716

Note [11]: Former PLAL and RL (bancassurance) Conventional Business 2009

A description of the 2009 assumption can be found on page 223 of the 2009 Annual FSA Insurance Returns.

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Note [12]: Former PLAL Unit-Linked Business (including N&P branded business) 2010

For Former PLAL Unit-Linked Endowment Mortgages and Flexible Lifetime Plan together with N&P branded policies, the rates of morbidity are based on the reinsurer's rates. Sample valuation rates are:

Age	Male non-smoker	Male smoker	Female non-smoker	Female smoker
25	0.000406	0.000579	0.000468	0.000683
35	0.000800	0.001232	0.001001	0.001569
45	0.003259	0.005169	0.002230	0.003445
55	0.006421	0.009707	0.005361	0.007933

Note [13]: Former PLAL Unit-Linked Business (including N&P branded business) 2009

A description of the 2009 assumption can be found on page 223 of the 2009 Annual FSA Insurance Returns.

Note [14]: Former SMA, Former SPL and Scottish Provident branded Self Assurance with critical illness 2010

For Self Assurance contracts with critical illness, the rates are based on the reinsurers' rates. Sample valuation rates are:

Mortality & Critical Illness (with Work Tasks Total Permanent Disability) – Guaranteed Premiums – Policies Entered Before 2005

Age	Male non-smoker	Male smoker	Female non-smoker	Female smoker
25	0.001173	0.001385	0.000997	0.000870
35	0.001212	0.001969	0.001510	0.001781
45	0.002600	0.005903	0.003131	0.005163
55	0.008712	0.016786	0.008790	0.012342

Mortality & Critical Illness (with Work Tasks Total Permanent Disability) – Guaranteed Premiums – Policies Entered After 2004

Age	Male non-smoker	Male smoker	Female non-smoker	Female smoker
25	0.001015	0.001273	0.000852	0.000670
35	0.001050	0.001806	0.001281	0.001415
45	0.002253	0.005415	0.002657	0.004094
55	0.007549	0.015393	0.007470	0.009733

Mortality & Critical Illness (with Work Tasks Total Permanent Disability) – Reviewable Premiums – Policies Entered Before 2005

Age	Male non-smoker	Male smoker	Female non-smoker	Female smoker
25	0.001096	0.001293	0.000935	0.000818
35	0.001138	0.001848	0.001432	0.001693
45	0.002442	0.005537	0.002966	0.004905
55	0.008193	0.015767	0.008312	0.011701

Mortality & Critical Illness (with Work Tasks Total Permanent Disability) – Reviewable Premiums – Policies Entered After 2004

Age	Male non-smoker	Male smoker	Female non-smoker	Female smoker
25	0.000948	0.001189	0.000798	0.000628
35	0.000985	0.001697	0.001212	0.001343
45	0.002113	0.005083	0.002513	0.003882
55	0.007090	0.014468	0.007051	0.009211

An allowance for a future deterioration of 0.375% per annum was also made for Accelerated Critical Illness Cover morbidity for Self Assurance critical illness and Self Assurance TPD.

Critical Illness (with Work Tasks Total Permanent Disability) – Guaranteed Premiums

Age	Male non-smoker	Male smoker	Female non-smoker	Female smoker
25	0.000694	0.000607	0.000636	0.000426
35	0.000931	0.001121	0.001376	0.001267
45	0.002093	0.003519	0.002897	0.003727
55	0.007666	0.010942	0.007869	0.008595

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Critical Illness (with Work Tasks Total Permanent Disability) – Reviewable Premiums

Age	Male non-smoker	Male smoker	Female non-smoker	Female smoker
25	0.000669	0.000585	0.000613	0.000409
35	0.000897	0.001081	0.001326	0.001217
45	0.002018	0.003393	0.002792	0.003578
55	0.007390	0.010551	0.007585	0.008251

An allowance for a future deterioration of 0.75% per annum was also made for Stand-Alone Critical Illness Cover morbidity for Self Assurance critical illness and Self Assurance TPD.

Note [15]: Former SMA, Former SPL and Scottish Provident branded Self Assurance with critical illness 2009
A description of the 2009 assumption can be found on page 223 of the 2009 Annual FSA Insurance Returns.

Note [16]: Former SMA, Former SPL and Scottish Provident branded Self Assurance PHI 2010
For Self Assurance PHI contracts, the rates are based on the reinsurers' rates. Sample valuation rates are:

PHI level and increasing rates (13 week deferment)

Age	Male non-smoker	Male smoker	Female non-smoker	Female smoker
25	0.001647	0.002288	0.002882	0.003998
35	0.001895	0.002632	0.003316	0.004600
45	0.003355	0.004661	0.005871	0.008145
55	0.009065	0.012595	0.015864	0.022009

PHI recovery rates (expressed as an annuity rate on claim inception)

Age	Expiry age	Level	Increasing
25	65	2.471	3.367
35	65	3.179	4.233
45	65	3.671	4.607
55	65	3.104	3.545

Note [17]: Former SMA, Former SPL and Scottish Provident branded Self Assurance PHI 2009
A description of the 2009 assumption can be found on page 224 of the 2009 Annual FSA Insurance Returns.

Note [18]: Former SMA and Scottish Provident branded Pegasus with critical illness 2010
For Pegasus contracts with critical illness, rates are based on the reinsurers' rates. Sample valuation rates are:

Critical Illness rates

Age	Male non-smoker	Male smoker	Female non-smoker	Female smoker
25	0.000944	0.000948	0.001037	0.000909
35	0.001352	0.001395	0.001871	0.001802
45	0.003081	0.003981	0.003753	0.004713
55	0.008495	0.013769	0.009102	0.012656

Mortality and Critical Illness Rates

Age	Male non-smoker	Male smoker	Female non-smoker	Female smoker
25	0.001186	0.001882	0.001105	0.001037
35	0.001464	0.002334	0.001849	0.001896
45	0.003027	0.005982	0.003503	0.004680
55	0.007739	0.019005	0.008252	0.012211

Note [19]: Former SMA and Scottish Provident branded Pegasus with critical illness 2009
A description of the 2009 assumption can be found on page 225 of the 2009 Annual FSA Insurance Returns.

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4. (6)

Royal London IB & OB Subfund

Expense assumptions are provided in the following table:

	Current year assumptions			Prior year assumptions		
	Per Policy (per annum)	% Office Premium	Investment	Per Policy (per annum)	% Office Premium	Investment
CWP savings endowment (120)	Note 1	5.0%	0.088%	13.68	5.0%	0.09%
CWP target cash endowment (125)	Note 1	5.0%	0.088%	13.68	5.0%	0.09%
CWP pensions (155/165)	Note 2	4.0%	0.088%	20.00	5.0%	0.09%
Term assurance (325/330)	Note 3	0%	0.08%	Note 4	0%	0.06%
Critical illness (340/345/350/355)	Note 3	0%	0.08%	Note 4	0%	0.06%
Income protection (360/365)	Note 3	0%	0.08%	Note 4	0%	0.06%
Annuity (400)	25.17	n/a	0.08%	28.60	n/a	0.06%
UWP bond (500)	Note 1	n/a	0.088%	Note 5	n/a	0.043%
UWP savings endowment (510)	38.02	0%	0.065% - 0.088%	45.33	0%	0.03% - 0.09%
UWP target cash endowment (515)	38.02	0%	0.065% - 0.088%	45.33	0%	0.03% - 0.09%
UWP regular premium pension (525/545)	Note 1	5.0%	0.088%	13.68	5.0%	0.09%
UWP single premium pension (525/545)	Note 1	n/a	0.088%	13.68	n/a	0.09%
UWP group regular premium pension (535)	43.51	0%	0.065% - 0.088%	51.55	0%	0.03% - 0.09%
UWP group single premium pension (535)	38.83	n/a	0.065% - 0.088%	44.97	n/a	0.03% - 0.09%
UL bond (700)	Note 6	n/a	0.113%	Note 7	n/a	0.113%
UL savings endowment (715) - regular premium	Note 8	0%	0.113%	Note 9	0%	0.113%
- paid up	Note 8	n/a	0.113%	Note 9	n/a	0.113%
UL target cash endowment (720)	38.02	0%	0.065%	45.33	0%	0.065%
UL regular premium pensions (725)	43.51	0%	0.065%	51.55	0%	0.065%
UL single premium pensions (725)	38.83	n/a	0.065%	44.97	n/a	0.065%
UL group regular premium pension (735)	76.00	0%	0.065%	101.27	0%	0.065%
UL group single premium pension (735)	56.00	n/a	0.065%	67.32	n/a	0.065%

Notes:

- 1) Per policy expenses for CWP savings endowment, CWP target cash endowment, UWP bond, UWP regular premium pension and UWP single premium pension relate to RL business and are shown in the following table:

2011	2012	2013	2014	2015	2016	2017	2018	2019
£8.08	£8.55	£9.98	£10.23	£10.45	£10.65	£10.82	£10.97	£11.11

All expenses are given in 2011 terms and are assumed to inflate for future years.

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- 2) Per policy expenses for CWP pensions relate to Former RA business and are shown in the following table:

2011-2013	2014-2016	2017-2019
£14.61	£16.54	£17.32

All expenses are given in 2011 terms and are assumed to inflate for future years.

- 3) Per policy expenses for term assurance, critical illness and income protection relate to Former SMA, Former SPL & Scottish Provident branded business and are shown in the following table:

2011	2012+
£14.97	£14.62

All expenses are given in 2011 terms and are assumed to inflate for future years.

- 4) A description of the 2009 assumption can be found on page 226 of the 2009 Annual FSA Insurance Returns.
 5) A description of the 2009 assumption can be found on page 226 of the 2009 Annual FSA Insurance Returns.
 6) Per policy expenses for the UL bond relate to Former PLAL business and are shown in the following table:

2011	2012	2013+
£15.16	£16.74	£17.97

All expenses are given in 2011 terms and are assumed to inflate for future years.

- 7) A description of the 2009 assumption can be found on page 226 of the 2009 Annual FSA Insurance Returns.
 8) Per policy expenses for the UL savings endowment also relate to Former PLAL business and are shown in the following table. These expenses apply to both regular premium and paid up policies.

2011	2012	2013+
£22.99	£23.32	£23.89

All expenses are given in 2011 terms and are assumed to inflate for future years.

- 9) A description of the 2009 assumption can be found on page 227 of the 2009 Annual FSA Insurance Returns.
 10) For unit-linked business the investment expenses shown are for the unit fund. In addition, investment expenses of 0.08% per annum [2009: 0.06%] were assumed on sterling reserves.
 11) References to 0.065% [2009: 0.03%] relate to policies with benefits in the Scottish Life Fund with expenses incurred by the Royal London IB & OB Subfund. Reference to 0.043% [2009: 0.043%] relate to policies with benefits in the PLAL With-Profits Fund with expenses incurred by the Royal London IB & OB Subfund.

PLAL With-Profits Fund

All expenses relating to policies and benefits allocated to this subfund are incurred by the Royal London IB & OB Subfund. No separate disclosure is necessary.

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Scottish Life Fund

Expense assumptions are provided in the following table:

	Current year assumptions			Prior year assumptions		
	Per Policy (per annum)	% Office Premium	Investment	Per Policy (per annum)	% Office Premium	Investment
CWP savings endowment (120)	29.21	0%	0.065%	29.74	0%	0.03%
CWP target cash endowment (125)	29.21	0%	0.065%	29.74	0%	0.03%
CWP pensions (155/165)	35.37	0%	0.065%	39.72	0%	0.03%
Term Assurance (325/330)	29.21	0%	0.065%	29.74	0%	0.03%
UWP regular premium pension (525/545)	35.37	0%	0.065%	39.72	0%	0.03%
UWP single premium pension (525/545)	28.78	0%	0.065%	30.34	0%	0.03%
UL savings endowment (715)	38.02	0%	0.065%	45.33	0%	0.065%

United Friendly OB Subfund

Expense assumptions are provided in the following table:

	Current year assumptions			Prior year assumptions		
	Per Policy (per annum)	% Office Premium	Investment	Per Policy (per annum)	% Office Premium	Investment
CWP savings endowment (120)	Note 1	4.0%	0.087%	20.00	5.0%	0.09%
CWP target cash endowment (125)	Note 1	4.0%	0.087%	20.00	5.0%	0.09%
CWP pensions (155)	0.00	0.0%	0.187%	0.00	0.0%	0.09%

Notes:

- 1) Per policy expenses are shown in the following table:

2011-2013	2014-2016	2017-2019
£14.61	£16.54	£17.32

All expenses are given in 2011 terms and are assumed to inflate for future years.

All expenses across all subfunds are shown gross. In calculating expense reserves UK life business expenses were netted down for tax relief at 20%.

4. (7)

The following unit growth assumptions were used to calculate non unit liabilities for unit-linked business:

	2010	2009
Life assurance business	5.60%	5.80%
Pension, overseas and PHI business	6.00%	6.25%

The following inflation assumptions were used in the valuation of linked and non linked business:

	2010	2009
Inflation Rate for Future Expenses	4.50%	4.75%
Inflation Rate for Former PLAL, Former SMA, RL(bancassurance) and Scottish Provident branded linked business	3.50%	4.75%
Inflation Rate for Policy Charges on other linked Business	4.50% (see note)	4.75% (see note)

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Note: An inflation rate is applied to policy charges only where there is an established practice of annual increases. For other business it is assumed that policy charges do not increase.

The growth rate is before the deduction of regular management charges.

4. (8)

As a realistic basis firm no specific reserve has been made for future bonus within the valuation of conventional or unitised with-profits business except for certain contracts in the United Friendly OB Subfund as described in paragraph 4. (1).

4. (9)

Royal London IB & OB Subfund

Average lapse, surrender and PUP rates are provided in the following table. All rates apply to ordinary business unless indicated otherwise.

Product		Average lapse / surrender / paid-up rates for the policy years			
		1-5	6-10	11-15	16-20
Level term	lapse	14.42	7.63	6.20	6.20
Decreasing term	lapse	13.55	11.01	10.47	10.47
Accelerated critical illness	lapse	16.10	9.21	7.91	7.91
Income protection	lapse	16.45	8.67	7.12	7.12
CWP savings endowment	surrender	N/A	2.49	2.36	2.04
CWP savings endowment (IB)	surrender	N/A	N/A	1.19	0.98
CWP target cash endowment	surrender	N/A	1.93	2.65	2.59
UWP savings endowment	surrender	3.74	4.25	4.25	4.25
UWP target cash endowment	surrender	3.74	4.25	4.25	4.25
UL savings endowment	surrender	0.00	0.00	0.00	0.00
UL target cash endowment	surrender	3.74	4.25	4.25	4.25
UWP bond	surrender	3.74	8.50	8.50	8.50
UWP bond	automatic withdrawals	100% current	100% current	100% current	100% current
UL bond	surrender	0.00	0.00	0.00	0.00
UL bond	automatic withdrawals	2.50	2.50	2.50	2.50
CWP pension regular premium	PUP	N/A	N/A	N/A	0.00
CWP pension regular premium	surrender	N/A	N/A	N/A	0.96
CWP pension single premium	surrender	0.00	0.00	0.00	0.00
UWP indiv pension regular premium	PUP	0.00	0.00	0.00	0.00
UWP indiv pension regular premium	surrender	0.00	0.00	0.00	0.00
UWP indiv pension single premium	surrender	0.00	0.00	0.00	0.00
UL indiv pension regular premium	PUP	See Note 2	See Note 2	See Note 2	See Note 2
UL indiv pension regular premium	surrender	2.53	3.48	3.28	3.28
UL group pension regular premium	PUP	See Note 2	See Note 2	See Note 2	See Note 2
UL group pension regular premium	surrender	0.68	2.13	0.85	0.85
UL indiv pension single premium	surrender	3.59	3.92	3.88	3.88

The following notes apply:

- 1) Allowance is made for lapses in the valuation of Bright Grey, Former PLAL, RL (bancassurance), Former SMA, Former SPL and Scottish Provident branded protection business only. The lapse rates shown above are average best estimate lapse rates. Within the valuation of Bright Grey business, best estimate lapse rates are reduced by 20% when the mathematical reserve net of reinsurance is positive and increased by 20% when the net reserve is negative. Within the valuation of other protection business, reserves are calculated using best estimate lapse rates and with best estimate lapse rates increased and reduced by 20%. The reserve for each policy is set at the highest of the three reserves calculated.
- 2) Paragraph 4. (1) (iii) describes the method used to calculate sterling reserves for regular premium business. No additional allowance is made for conversions to paid up status after the valuation date.

VALUATION REPORT ON THE ROYAL LONDON MUTUAL INSURANCE SOCIETY

- 3) RL and Former RA Unitised Whole Life Assurance contracts (included in UWP bond above) written prior to April 2001 contain an MVR free date on the 10th anniversary of the date on which the with-profits units were created. For valuation purposes, it has been assumed that contracts with this option will terminate on this anniversary. Contracts written from April 2001 do not contain this option.

PLAL With-Profits Fund

Average surrender and withdrawal rates are provided in the following table.

Product		Average surrender rates for the policy years			
		1-5	6-10	11-15	16-20
UWP bond	surrender	n/a	7.50	7.50	7.50
UWP bond	automatic withdrawals	n/a	5.00	5.00	5.00

Refuge Assurance IB Subfund

Average surrender rates are provided in the following table.

Product		Average surrender rates for the policy years			
		1-5	6-10	11-15	16-20
CWP savings endowment (IB)	surrender	n/a	n/a	1.17	0.98

Scottish Life Fund

Average lapse, surrender and PUP rates are provided in the following table.

Product		Average lapse / surrender / paid-up rates for the policy years			
		1-5	6-10	11-15	16-20
Level term	lapse	0.00	0.00	0.00	0.00
Decreasing term	lapse	0.00	0.00	0.00	0.00
Income protection	lapse	0.00	0.00	0.00	0.00
CWP savings endowment	surrender	2.13	2.13	4.25	3.91
CWP target cash endowment	surrender	2.13	2.13	4.25	3.91
UWP savings endowment	surrender	3.74	4.25	4.25	4.25
UWP target cash endowment	surrender	3.74	4.25	4.25	4.25
UL savings endowment	surrender	0.00	0.00	0.00	0.00
CWP pension regular premium	PUP	0.00	0.00	0.00	0.00
CWP pension regular premium	surrender	0.73	1.97	2.78	2.78
CWP pension single premium	surrender	3.03	3.03	3.03	3.03
UWP indiv pension regular premium	PUP	0.00	0.00	0.00	0.00
UWP indiv pension regular premium	surrender	3.20	3.58	3.34	3.34
UWP indiv pension single premium	surrender	3.82	3.44	3.44	3.44
UL indiv pension regular premium	PUP	0.00	0.00	0.00	0.00
UL indiv pension regular premium	surrender	1.53	1.53	1.53	1.53
UL group pension regular premium	PUP	0.00	0.00	0.00	0.00
UL group pension regular premium	surrender	3.78	3.78	3.78	3.78
UL indiv pension single premium	surrender	1.53	1.53	1.53	1.53

The following notes apply:

- 1) The lapse assumptions shown in the table for unit-linked business are used to calculate guaranteed annuity rate reserves only. No allowance is made for lapses in the valuation of non-profit business.

United Friendly IB Subfund

Average surrender rates are provided in the following table.

Product		Average surrender rates for the policy years			
		1-5	6-10	11-15	16-20
CWP savings endowment (IB)	surrender	n/a	n/a	1.06	0.89

VALUATION REPORT ON THE ROYAL LONDON MUTUAL INSURANCE SOCIETY

United Friendly OB Subfund

Average surrender and PUP rates are provided in the following table.

Product		Average surrender / paid-up rates for the policy years			
		1-5	6-10	11-15	16-20
CWP savings endowment	surrender	n/a	n/a	2.28	2.64
CWP target cash endowment	surrender	n/a	n/a	2.34	2.64
CWP pension regular premium	PUP	n/a	n/a	0.00	0.00
CWP pension regular premium	surrender	n/a	n/a	0.85	0.81
CWP pension single premium	surrender	0.21	0.21	0.21	0.21

4. (10)

There are no other material basis assumptions.

4. (11)

No allowance is made for derivatives in the determination of long-term liabilities except for:

- i) the valuation of the Guaranteed Income Bond where, for each tranche of business and each income option chosen, 97.5% of the net yield on the backing asset is used to value the liability,
- ii) the valuation of the Guaranteed Growth Bond where, for each tranche of business, the reserve is based on the value of the matching derivative, and
- iii) the valuation of a small number of other derivative based contracts where generally derivatives are held within unit-linked funds.

Any remaining derivatives held in each subfund are held for efficient portfolio management or to reduce investment risk.

4. (12)

Not applicable.

VALUATION REPORT ON THE ROYAL LONDON MUTUAL INSURANCE SOCIETY

Options and guarantees

5. (1)

Royal London IB & OB Subfund

- (a) The mathematical reserves established for RL deferred retirement annuity personal pension policies incorporate an allowance for the guaranteed roll up and pension conversion rates contained in these policies. The addition to the reserves was determined by capitalising any shortfall in the projected pension calculated using the valuation basis, including future contributions where appropriate, compared to the guaranteed amount, discounted back to the valuation date. The take-up rate assumption was 85% for policies vesting in 2011-2019 and then rising linearly by 1% per annum to a maximum of 95% for policies vesting in 2029 and later years.

The valuation interest rate used to value these guarantees at retirement was determined using a stochastic method and varied by retirement year, age, sex and guarantee type. The Barrie & Hibbert Economic Scenario Generator was calibrated to the forward gilt curve as described in the realistic abstract (Appendix 9.4A) and 1000 market consistent scenarios were run to produce 25 year par yield annuities for each future calendar year. A spreadsheet method was used to calculate the cost of providing the guarantee per unit of benefit for each scenario assuming payments start in the retirement year, valuation mortality and expenses. The average cost over the simulations was calculated for each combination of retirement year, age, sex and guarantee type. The implied valuation interest rate was determined using a goal seeking approach and multiplied by 97.5%.

- (b) (i) RL deferred retirement annuity personal pension policies.
(ii) £85m including amounts in respect of increments which are not entitled to the guarantee.
(iii) Policies vest in the period 2011 – 2046.
(iv) £9m
(v) 10.02%
(vi) Increments can be made to the policy. However, the guarantee applies to contracts issued and increments effected prior to 25 September 1986 only.
(vii) Monthly in advance, single life, 5 year guarantee, level.
(viii) 60 – 75.
- (a) Former RA Pension Business Pure Endowments issued or increments effected prior to 31 December 1994 incorporate guaranteed pension rates. The addition to the reserves for these guaranteed pension rates was determined by calculating the additional cost of converting to pension annuities the value of the sum assured plus attaching annual bonuses on the valuation basis over the guaranteed pension rates multiplied by a take-up rate assumption. The take-up rate assumption was 85% for policies vesting in 2011-2019 and then rising linearly by 1% per annum to a maximum of 95% for policies vesting in 2029 and later years.

The valuation interest rates were determined using the approach described above.

- (b) (i) Former RA Pension Business Pure Endowment - tables WPCO (contracted out), WPPP (personal pension), WPAVC (FSAVC).
(ii) Contracted out version £12m
Other versions £85m
These reserves include amounts in respect of increments which are not entitled to the guarantee.
(iii) Policies vest in the period 2011 – 2042.
(iv) Contracted out version £4m
Other versions £29m
(v) Contracted out version 5.64%
Other versions 8.61%
(vi) Increments can be made to the policy. However, the guarantee applies to contracts issued and increments effected prior to 31 December 1994 only.
(vii) Contracted out version monthly in advance, joint life with 50% spouse's benefit, no guarantee, increases at 3% per annum.
Other versions monthly in advance, single life, level, guaranteed 5 years, guarantee does not apply if increasing annuity or spouse's benefit required at vesting.
(viii) Contracted out version males 65 - 75, females 60 – 75.
Other versions 50 - 75.

VALUATION REPORT ON THE ROYAL LONDON MUTUAL INSURANCE SOCIETY

Scottish Life Fund

- (a) In the case of Former SL deferred cash contracts with a guaranteed minimum annuity at vesting, the reserve was calculated using the higher of the cash amount and the value of the guaranteed minimum annuity at vesting. The take-up rate assumption was 82.5% for policies vesting in 2011-2014, 85% for policies vesting in 2015-2019 and then rising linearly by 1% pa to a maximum of 95% for policies vesting in 2029 and later years.

The valuation interest rates were determined using the approach described for the Royal London IB & OB Subfund above. The interest rates calculated for unit-linked liabilities also allow for a stochastic projection of the unit funds to the option exercise date.

- (b) (i) Talisman Personal Pension Plan Series 1 issued pre July 1988, Sovereign Plan, Personal Pension Policy, Personal Pension Bonus Bond, Personal Pension Cashplan and With-Profits Variable Premium Bond.
- (ii) £186m
- (iii) Policies vest in the period 2011 – 2042.
- (iv) £73m
- (v) 10.887%
- (vi) Increments can be made to the Talisman Personal Pension Plan but these do not qualify for guaranteed annuity rates unless they were contractual increments arranged prior to 1995.
- (vii) Level, yearly in arrears.
- (viii) 55 – 75.
- (b) (i) Talisman Personal Pension Plan Series 1 issued post June 1988 (non-Protected Rights).
- (ii) £218m
- (iii) Policies vest in the period 2011 – 2039.
- (iv) £48m
- (v) 9.864%
- (vi) Increments can be made to the policy but these do not qualify for guaranteed annuity rates unless they were contractual increments arranged prior to 1995.
- (vii) Level, yearly in arrears.
- (viii) 55 – 75.
- (b) (i) Talisman Personal Pension Plan Series 1 issued post June 1988 (Protected Rights).
- (ii) £619m
- (iii) Policies vest in the period 2011 – 2040.
- (iv) £200m
- (v) 5.673%
- (vi) Increments cannot be made to these policies.
- (vii) Escalating at 3% pa, payable yearly in arrears. There is an attaching widows/widowers pension of 50%.
- (viii) 60 – 75 (including late vesting).
- (b) (i) Talisman Executive Pension Plan Series 1 and With-Profits Deferred MIPA.
- (ii) £46m
- (iii) Policies vest in the period 2011 – 2035.
- (iv) £15m
- (v) 10.000%
- (vi) Increments can be made to the Talisman Executive Pension Plan but these do not qualify for guaranteed annuity rates unless they were contractual increments arranged prior to 1995. Increments cannot be made to the With-Profits Deferred MIPA contract.
- (vii) Level, monthly in advance, guaranteed 5 years.
- (viii) 50 – 75.

VALUATION REPORT ON THE ROYAL LONDON MUTUAL INSURANCE SOCIETY

United Friendly OB Subfund

- (a) The mathematical reserves established for certain Former UF endowment assurances issued prior to 1987 incorporate an allowance for the option to take the maturity proceeds as an annuity at a guaranteed rate varying with the age of the life assured at maturity. The reserve was calculated as the capitalised amount of any shortfall in the projected life annuity derived using the valuation basis compared to the guaranteed annuity, discounted back to the valuation date. A take-up rate of 15% was assumed based on recent experience of this option being effected.
- (b) (i) Former UF endowment assurances
(ii) £11m including amounts in respect of policies which are not entitled to the guarantee and policies where the option was not selected.
(iii) Policies mature in the period 2011 – 2037.
(iv) £1m
(v) 8.97%
(vi) Increments cannot be made to the policy.
(vii) Quarterly in advance, single life, 5 year guarantee, level.
(viii) 50 - 70.

5. (2)

Not applicable.

5. (3)

Former SMA, Former SPL and Scottish Provident branded Self Assurance contracts may contain the following guaranteed insurability options:

- Renewal Option - gives policyholders the option to renew their policies at the end of the initial term.
- Buy-Back Option – gives policyholders the option, exercisable on the occurrence of certain prescribed events, to effect further assurances without evidence of good health.
- A combination of the two options.

The reserves for the above Guaranteed Insurability Options are held as a multiple of the option premiums received to date. These multiples are as follows:

- 70% for Renewal Options
- 100% for Buy-Back Options
- 100% when both Renewal and Buy-Back Options are selected together.

Product name	In-force premium	Sum assured	Description of option	Guarantee reserve
Former SMA, Former SPL & Scottish Provident branded Self Assurance	£33.1m	£3.66bn	Renewal – renew policy on maturity. Buy-Back – effect further cover with no underwriting.	£4.7m

VALUATION REPORT ON THE ROYAL LONDON MUTUAL INSURANCE SOCIETY

5. (4)

Royal London IB & OB Subfund

Guarantees have been issued to settle some cases under the review of pension transfers and opt-outs as instigated by the Securities and Investments Board. The guaranteed benefits have been valued using the following principal assumptions:

Interest rate in deferment	RPI + 0.50%
Interest rate in possession	RPI + 0.125%
Salary inflation	RPI + 2.5%
Promotional increases	1%
Rate of pension increase in payment	RPI
Rate of pension increase in deferment	RPI + 1%
Mortality in deferment	99% AM92 ult, 104% AF92 ult
Mortality in possession	CMI_2009_M[2%] + 0.4 + 0.02 * {year of birth -1944} & CMI_2009_F[2%] + 0.5 - 0.05 * {year of birth -1944} (See Note [1] in 4. (4))

The gross reserves for the guarantees were reduced by the reserves for the guaranteed policies as shown in the following table. The net reserves are included within the total reserves for the pensions review shown in Forms 51 – 54 as appropriate.

	Gross provision for guarantees	Mathematical reserves for underlying contracts	Net provision for guarantees
RL business	£62,370,000	£6,608,000	£55,762,000
Former RA business	£9,104,000	£851,000	£8,253,000
Former RIL business	£7,531,000	£1,101,000	£6,430,000
Former UFI business	£21,525,000	£2,566,000	£18,960,000
Former UFLA business	£266,000	£123,000	£142,000
Total	£100,797,000	£11,249,000	£89,548,000

RL Business

Under certain policies which are a combination of with-profits endowment assurances and additional temporary benefits, a guarantee of a minimum payment on maturity applies (GMDB).

From time to time as considered appropriate, the Society may compute the estimated maturity value under these policies and, where this is less than the GMDB, the endowment sum assured would be increased, without evidence of health, with an appropriate increase in premium.

Although there is no general premium rate guarantee, the following guarantees do apply:

- (a) any increase in premium is limited to 10% of the premium applying immediately prior to the review, and
- (b) the increase in premium is limited to such amount as will allow the policy to remain a qualifying policy under paragraphs 2(1)(c) and (d) of Schedule 15 of ICTA 1988, or the equivalent earlier legislation.

The mathematical reserve for these policies includes an amount of £15,773,000 being the present value of the projected shortfall less allowance for future premium increases (limited to 10% current premium) to be requested on policy anniversaries between 1 January 2011 and 28 February 2011. The shortfall calculation assumed no future bonuses are added to the policies in accordance with the requirements of INSPRU 1.2.

VALUATION REPORT ON THE ROYAL LONDON MUTUAL INSURANCE SOCIETY

An additional reserve of £320,000 has been included in Form 51 in respect of options and guarantees.

Former RA Business

In respect of regular premium conventional with-profits pension policies written between March and September 1999, there is an undertaking safeguarding the interests of policyholders following the issue of any relevant announcements concerning the terms on which Stakeholder pensions might be sold. For those eligible to join a Stakeholder pension scheme, this will lead to enhanced transfer values being payable.

A reserve of £7,112,000 is included in Form 51 for the undertaking. The liability was calculated as the accumulated value of premiums paid from entry to the valuation date (£24,318,000) less the mathematical reserves held (£17,206,000).

An additional reserve of £250,000 has been included in Form 51 in respect of options and guarantees.

Former UFI Business

In respect of regular premium unit-linked pension policies written between March and September 1999, there is an undertaking safeguarding the interests of policyholders following the issue of any relevant announcements concerning the terms on which Stakeholder pensions might be sold. For those eligible to join a Stakeholder pension scheme, this will lead to enhanced transfer values being payable.

A non unit liability of £3,363,000 is included in Form 53 for the undertaking. The liability was calculated as the accumulated value of premiums paid from entry to the valuation date (£10,460,000) less the mathematical reserves held (£7,097,000).

Former UFLA Business

A sterling reserve of £278,000 has been included in Form 53 in respect of the mortality guarantee option on certain Investment Bond contracts. The reserve has been calculated by applying the ratio of annuity values on prospective mortality and guaranteed mortality tables determined using the sterling reserve discount rate for life business to eligible reserves of £14,474,000 and a take-up rate of 5% (based on experience).

Former PLAL Business

The Guaranteed Income Bond contains investment guarantees. Policyholders choose whether to receive monthly, quarterly or annual income payments. The income level, calculated as a fixed percentage of the policyholder's enhanced premium, is guaranteed from the outset. The enhanced premium is the original premium plus an "early bird" bonus. At the end of the four year policy term, policyholders will receive their entire enhanced premium. The investment contracts are supported by appropriate derivative contracts.

The total reserve held in respect of the Guaranteed Income Bond is £342.2m. There is no additional reserve for the investment guarantee.

The Guaranteed Growth Bond contains investment guarantees. At the end of the five and a half year policy term, policyholders will receive between 118% and 133% of the enhanced premium, where the percentage depends on the performance of the FTSE 100 index over the term. The enhanced premium is the original premium plus a bonus amount. The investment guarantees are supported by appropriate derivative contracts.

The total reserve held in respect of the Guaranteed Growth Bond is £95.6m. There is no additional reserve for the investment guarantee.

Scottish Life Fund & Royal London IB & OB Subfund

Within the contract descriptions shown below some contracts have underlying guaranteed minimum pensions (GMPs). The GMPs are valued as non-profit deferred pensions with attaching widow's/er's pensions. An additional liability is calculated as the higher of zero and the value of the GMPs less the value of the non-guaranteed benefits. The valuation bases are described in Section 4.

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Contract	Non-Guaranteed Reserve Scottish Life Fund	Non-Guaranteed Reserve Royal London IB & OB Subfund	GMP Reserve Scottish Life Fund	GMP Reserve Royal London IB & OB Subfund
Buyout Bond & Policy	£185,438,000	£21,851,000	£685,000	£309,000
Crest Secure	£296,002,000		£81,750,000	
Talisman Buyout Bond – Series 2	£66,648,000	£11,228,000	£20,306,000	
Talisman Buyout Bond – 98 Series 1	£5,724,000	£34,592,000		£139,000
Individual Section 32 Buyout Plan		£53,537,000		£31,000

Expense reserves

6. (1)

At least £101m is expected to arise during the calendar year after the valuation date from explicit allowances made in the valuation to meet expenses in fulfilling contracts in force at the valuation date. This amount consists of £21m investment expenses and £80m other maintenance expenses.

6. (2)

There are no implicit expense allowances.

6. (3)

The amount of expense shown in Form 43 line 14 is significantly different to the amount expected on the valuation assumptions per paragraph 6. (1) above.

Revenue account expenses in Form 43 include the following items not provided for in the valuation:

- One off payments to the service company following receipt of rebates from the Department of Work and Pensions. The valuation does not allow for rebates to be received after the valuation date.
- Ex gratia/compensation payments (which are charged to the estate).
- A vacant property provision and expenses associated with the management of property assets are charged to the funds. These are allowed for in the liability valuation via a reduction in the risk adjusted yield on property assets available to back/value the liabilities.
- Investment expenses associated with the management of the excess assets are not provided for nor are the costs of acquiring/disposing assets.
- The service fee agreement has been renegotiated with effect from 2011.

Finally, the amount shown in paragraph 6. (1) reflects the run off of the closed books of business within the Society.

6. (4)

The impact of writing new business on the provision for expenses in the valuation has been evaluated after taking into account anticipated levels of new business and expenses as projected in the Society's budgetary process. No additional provision was considered necessary.

6. (5)

In assessing the adequacy of the provision for expenses in the mathematical reserves, the potential impact of additional expenses arising from closing the Society to new business twelve months after the valuation date has been evaluated. The investigation considered redundancy costs, vacant property provision and the termination of service agreements upon closure, together with the maintenance costs of continuing to service the existing book of business and margins projected to emerge on the existing business. No additional provision was considered necessary.

6. (6)

All maintenance expenses have been classed as attributable expenses.

VALUATION REPORT ON THE ROYAL LONDON MUTUAL INSURANCE SOCIETY

Mismatching reserves

7. (1)

A schedule of the mathematical reserves (other than liabilities for property linked benefits), after distribution of surplus, analysed by reference to the currencies in which the liabilities are expressed to be payable together with the value of the assets which match such liabilities has been produced as follows:

	Currency	Liabilities £000s	Assets £000s
Royal London IB & OB Subfund			
	Sterling	4,088,546	4,088,546
	Euros	137,474	137,474
Refuge Assurance IB Subfund			
	Sterling	216,444	216,444
United Friendly IB Subfund			
	Sterling	538,203	538,203
United Friendly OB Subfund			
	Sterling	1,371,676	1,371,676
Scottish Life Fund			
	Sterling	2,399,310	2,399,310
PLAL With-Profits Fund			
	Sterling	596,227	596,227

There are no liabilities in respect of deposits received from reinsurers.

7. (2)

Not applicable.

7. (3)

No reserve is held for currency mismatching. Non-profit liabilities are backed by sterling denominated assets. Any non sterling denominated assets are held as part of a diversified portfolio of investments. The discretionary nature of payouts on with-profit policies is such that they can vary with the returns on the assets and so there is no need to hold an additional reserve.

7. (4) – (6)

As a realistic basis life firm the Society is no longer required to calculate a resilience capital requirement as per INSPRU 3.1.10R.

7. (7)

The assets held in respect of technical provisions are adequately diversified and are appropriate to the type of business undertaken in relation to their safety, yield and marketability. The assets are substantially denominated in sterling and are of a sufficient amount and liquidity to ensure that inflows from the assets are expected to be sufficient to meet the insurance liabilities (including all guarantees and options) as they fall due. No additional reserve is necessary.

Other special reserves

8.

There are no special reserves in excess of £10m.

VALUATION REPORT ON THE ROYAL LONDON MUTUAL INSURANCE SOCIETY

Reinsurance

9. (1)

The Society does not cede any long term business on a facultative basis to a reinsurer who is not authorised to carry on insurance business in the United Kingdom.

9. (2)

Details are set out on the next two pages of each reinsurance treaty where the Society is the cedant, under which business was in force at the date of the investigation and where either the premium payable to the reinsurer or the mathematical reserves ceded to the reinsurer exceeded £10m.

The following notes apply to the table:

- (g) None of the treaties contain deposit back arrangements.
- (i) Not applicable.
- (l) All of the reinsurers are authorised to carry on insurance business in the United Kingdom.
- (m) The reinsurers are not connected companies of the Society.
- (n) The treaties with BlackRock Asset Management Pensions Limited, Winterthur Life UK Limited and UBS Global Asset Management Life Ltd are in respect of the reinsurance of the investment liability arising in relation to funds, the performance of which is determined by property linked funds provided by the reinsurers. Each of these treaties provides a floating charge in favour of the Society over all of the reinsurer's assets. In the event of a winding up of a reinsurer the floating charge ranks the liabilities equally with standard insured policies. Given the floating charges the Society does not consider it necessary to establish a specific reserve.

A credit risk exists in the event of default of Prudential Retirement Income Limited and consequent recapture of the treaty, in that the additional premiums receivable, plus any amounts recoverable from the reinsurer, may not match the incidence of the additional risk. There is a floating charge in favour of the Society over all of the reinsurer's assets which ranks the liability under the treaty equally with all unsecured and unsubordinated Insurance Debts of the reinsurer on a winding up of the reinsurer.

In respect of all other treaties, a credit risk exists in the event of default of the reinsurer and consequent recapture of the treaty, in that the additional premiums receivable, plus any amounts recoverable from the reinsurer, may not match the incidence of the additional risk. In view of the strong credit rating of the reinsurer and the scale of the reinsured liabilities, this risk is not material.
- (o) No specific provision has been made for any liability to refund reinsurance commission in the event of early termination of policies.
- (p) No treaties are "financing arrangements".

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Reinsurer (d)	Reinsurance Cover (e)	Premiums payable (£m) (f)	Treaty Status (h)	Mathematical Reserves ceded (£m) (j)	Insurer's Retention (k)
(i) Swiss Re Europe S.A.	Former PLAL contracts A Surplus basis, mortality (risk premium) B Quota Share Mortality (risk premium) C Quota Share Mortality (modified original terms) D Quota Share Critical Illness and mortality (risk premium) E Quota Share Critical Illness and mortality (modified original terms) F Quota Share Critical Illness (risk premium) G Quota Share Critical Illness (modified original terms)	£17.8m	Closed to new business	£1.5m	Not applicable
(ii) Swiss Re Europe S.A.	Former PLAL Protection Plans Quota share critical illness and mortality (risk premium)	£8.2m	Closed to new business	£(18.3)m	Not applicable
(iii) Swiss Re Europe S.A.; RGA	Former SMA and Scottish Provident branded Pegasus policies – various treaties covering: mortality only, mortality with attaching critical illness, waiver of premium benefit, other benefits (income replacement, medical expenses, hospital cash) for older policies. All reinsured on risk premium basis.	£23.6m	Swiss Re closed to new business RGA open to new business	£5.4m	For policies containing Critical Illness benefits, 50% of the sum at risk or £125,000 if less. For policies containing life cover only or life cover with terminal illness, first £400,000 of sum at risk.
(iv) Swiss Re Europe S.A., SCOR UK, SCOR Germany, SCOR Ireland, Hannover Re, Munich Re, Scottish Re, XL Re	Former SMA and Scottish Provident branded Self Assurance contracts – various treaties covering: mortality, Accelerated critical illness and Stand-Alone critical illness, Accelerated and Stand-Alone disability benefit. Premium payment benefit for sickness, accident and disability. SCOR/Hannover/Scot RE reinsured on risk premium basis. Some closed treaties are original terms.	£81.4m	Swiss Re open for disability income benefit Hannover / Scot Re / SCOR closed for death benefit SCOR Germany and XL Re closed for Stand-Alone CIC. SCOR UK/SCOR Ireland open for Stand-Alone CIC. SCOR Germany and XL Re closed for Accelerated CIC. Swiss Re and SCOR UK/SCOR Ireland open for Accelerated CIC. Munich Re open for mortality benefit	£45.8m	25% or £45,000 per annum if less 10% or £125,000 if less 50% or £125,000 if less 43.75% or £125,000 if less 10% or £125,000 if less

VALUATION REPORT ON THE ROYAL LONDON MUTUAL INSURANCE SOCIETY

Reinsurer (d)	Reinsurance Cover (e)	Premiums payable (£m) (f)	Treaty Status (h)	Mathematical Reserves ceded (£m) (j)	Insurer's Retention (k)
(v) Swiss Re Europe S.A.	Former SPL Self Assurance contracts. Mortality, Accelerated critical illness and Stand-Alone critical illness. All reinsured on a quota share basis.	£18.3m	Closed to new business	£40.7m	Not applicable
(vi) Cologne Reinsurance Company	Bright Grey contracts Quota share mortality cover.	£5.7m	Open to new business	£22.9m	10% or £50,000 if less.
(vii) BlackRock Asset Management Pensions Limited	All benefits expressed in terms of units in the SL/BlackRock Aquila Consensus, SL/BlackRock Aquila Global Equity Index (60:40), SL/BlackRock Aquila US Equity Index, SL/BlackRock Aquila European Equity Index, SL/BlackRock Aquila UK Equity Index, SL/BlackRock Aquila Global Equity Index (50:50), SL/BlackRock Aquila Long Gilt Index, SL/BlackRock Aquila World (ex UK) Equity Index 'A', SL/BlackRock Aquila US Equity Index 'A', SL/BlackRock Aquila European Equity Index 'A', SL/BlackRock Aquila Japanese Equity Index, SL/BlackRock Aquila Japanese Equity Index 'A', SL/BlackRock Aquila Pacific Rim Equity Index, SL/BlackRock Aquila Pacific Rim Equity Index 'A', SL/BlackRock Aquila UK All Stocks Corporate Bond Index, SL/BlackRock Aquila World (ex UK) Equity Index, SL/BlackRock Aquila Global Blend and SL/BlackRock Aquila Over 5 years Index Linked Gilt Index Pension funds are reinsured.	£288.0m	Open to new business	£769.2m	Nil
(viii) Winterthur Life UK Limited	All benefits expressed in terms of units in the SL UK Equity Core Plus (Close TEAMS UK Equities (2%)), SL UK Equity Core Plus (Close TEAMS UK Equities (1%)), SL Global Blend Core Plus (Close TEAMS Global Alpha), SL Global Managed Equity Core Plus (Close TEAMS Global Equities (1%)), SL/Close TEAMS Global Equities 1% 'A', SL/Close TEAMS UK Equities 1% 'A' Pension funds are reinsured.	£15.8m	Open to new business	£69.7m	Nil.
(ix) Prudential Retirement Income Limited	Former SL and RL (intermediary) pension annuity business with currency dates after 31 st December 2004.	£116.0m	Open to new business	£579.3m	Nil
(x) Unum Limited	Former SL and RL (intermediary) group protection business - reinsurance of 100% claims in payment and any claims arising.	£0.2m	Open to new business in so far as future claims can be reinsured.	£23.4m	Nil.

VALUATION REPORT ON THE ROYAL LONDON MUTUAL INSURANCE SOCIETY

Reversionary (or annual) bonus

10. (1)

Royal London IB & OB Subfund

Name of bonus series	Mathematical reserves	Reversionary bonus rate		Total guaranteed bonus rate for 2010
		2010	2009	
Conventional business:				
RL Regular premium assurances (simple)	£525m	0.5%	0.5%	0.5%
RL Single premium assurances (simple)	£27m	0.5%	0.5%	0.5%
RA Assurances (compound)	£178m	0.5%/0.5%	0.5%/0.5%	0.5%/0.5%
RL Retirement annuity pension (compound)	£94m	0.5%/0.5%	0.5%/0.5%	0.5%/0.5%
RL Personal pension, Freestanding AVC (compound)	£1,212m	0.5%/0.5%	0.5%/0.5%	0.5%/0.5%
RA Pensions (compound)	£590m	0.5%/0.5%	0.5%/0.5%	0.5%/0.5%
RL Industrial (simple)	£281m	0.5%	0.5%	0.5%
UWP business:				
RL Unitised Whole Life Assurance	£105m	1.25%	2.5%	1.25%
RA Unitised Whole Life Assurance	£19m	1.25%	2.5%	1.25%
RL With-Profits Bond (Series 3)	£5m	2.5%	2.5%	2.5%
RL Unitised With-Profits Savings Plans	£14m	0.5%	0.5%	0.5%
RL Insurance ISA	£81m	0.1%	0.5%	0.1%
European With-Profits Bond and With Profits Bond Plus	£137m	2.0%	2.0%	2.0%
RL Unitised Personal Pension Plan (Series 2)	£12m	1.35%	2.75%	0.35% *
RA Unitised Personal Pension Plan (Series 1)	£31m	1.35%	2.75%	0.1% *
Talisman, Retirement Solutions, Individual & Pension Portfolio	£336m	2.0%/2.0%	2.0%/2.0%	2.0%/2.0%
Crest Growth Plan	£16m	2.0%	2.0%	2.0%

Note: Bonus rates marked “*” are net of policy charges deducted from the gross bonus rate.

PLAL With-Profits Fund

Name of bonus series	Mathematical reserves	Reversionary bonus rate		Total guaranteed bonus rate for 2010
		2010	2009	
Series III Life	£224m	0.0%	0.0%	0.0%
Series III Pension	£173m	0.0%	0.0%	0.0%
Series V Life Bonds	£170m	0.0%	0.0%	0.0%
Insurance ISA	£29m	0.0%	0.0%	0.0%

Refuge Assurance IB Subfund

Name of bonus series	Mathematical reserves	Reversionary bonus rate		Total guaranteed bonus rate for 2010
		2010	2009	
RA Industrial (compound)	£186m	0.5%/0.5%	0.5%/0.5%	0.5%/0.5%

Whole of life policies on which premiums ceased under the terms of the contract after 31 March 1988 are deemed to be participating policies.

VALUATION REPORT ON THE ROYAL LONDON MUTUAL INSURANCE SOCIETY

Scottish Life Fund

Individual Policies

Name of bonus series	Mathematical reserves	Reversionary bonus rate		Total guaranteed bonus rate for 2010
		2010	2009	
SL conventional business:				
Assurances (compound)	£405m	0.1%/0.1%	0.1%/0.1%	0.1%/0.1%
Pensions (compound)	£963m	0.1%/0.1%	0.1%/0.1%	0.1%/0.1%
SL UWP business:				
Profitbuilder, Budget Plan (TP1), Budget Plan (TP2)	£18m	0.1%/0.1%	0.1%/0.1%	0.1%/0.1%
Talisman and Retirement Solutions	£113m	0.1%/0.1%	0.1%/0.1%	0.1%/0.1%
SL deposit administration business:				
Sovereign Plan, Talisman Secure Account	£102m	3.75%*	0.1%**	3.75%

Note: bonus rates marked “**” indicate that the rate shown applies for a policy year or scheme year 2010/2011, rates marked “***” apply similarly for 2009/2010.

Group Pension Policies

Name of bonus series	Mathematical reserves	Reversionary bonus rate		Total guaranteed bonus rate for 2010
		2010	2009	
SL conventional business:				
Pensions (compound)	£67m	0.1%/0.1%	0.1%/0.1%	0.1%/0.1%
With-profits plan (compound)	£41m	0.1%*	0.1%**	0.1%
SL UWP business:				
Crest Growth	£62m	0.1%	0.1%	0.1%
SL deposit administration business:				
Crest Secure	£378m	3.0%*	0.1%**	3.0%

Note: bonus rates marked “**” indicate that the rate shown applies for a calendar year, policy year or scheme year 2010/2011 as appropriate, rates marked “***” apply similarly for 2009/2010.

United Friendly IB Subfund

Name of bonus series	Mathematical reserves	Reversionary bonus rate		Total guaranteed bonus rate for 2010
		2010	2009	
Whole life assurance (simple):				
Class 1 (table 7)	£127m	0.5%	0.5%	0.5%
Class 2 (table 27W)	£205m	0.5%	0.5%	0.5%
Class 3 (table 27L)	£81m	0.5%	0.5%	0.5%
Whole life assurance with recurring endowments (simple):				
Class 1 (table 5)	£64m	0.5%	0.5%	0.5%
Class 2 (table 25)	£21m	0.5%	0.5%	0.5%
Endowment assurance (simple):				
Class 3 (table 21L)	£38m	0.5%	0.5%	0.5%
All applicable contracts				
LAPR sum assured addition 6.4.79	Included above	0.5%	0.5%	0.5%
LAPR sum assured reduction 6.4.81	Included above	0.5%	0.5%	0.5%

The Society has issued business on three broad rating tables.

- Class 1 applies to weekly business written up to and including 5 April 1979.

VALUATION REPORT ON THE ROYAL LONDON MUTUAL INSURANCE SOCIETY

- Class 2 applies to weekly business written between 6 April 1979 and 4 September 1988.
- Class 3 applies to all lunar monthly business.

United Friendly OB Subfund

Name of bonus series	Mathematical reserves	Reversionary bonus rate		Total guaranteed bonus rate for 2010
		2010	2009	
Whole life assurances (tables I, W):				
Series 1 with guarantee (simple)	£40m (including non guaranteed)	0.0%	0.0%	1.5%
Series 1 no guarantee (simple)	Included above	0.5%	0.5%	0.5%
Series 2 (compound)	£12m	0.5%/0.5%	0.5%/0.5%	0.5%/0.5%
Endowment assurances (table Q):				
Series 1 with guarantee (simple)	£17m (including non guaranteed)	0.0%	0.0%	1.0%
Series 1 no guarantee (simple)	Included above	0.5%	0.5%	0.5%
Series 2 (compound)	£26m	0.5%/0.5%	0.5%/0.5%	0.5%/0.5%
Low cost endowment assurance (table E):				
Series 1 (simple)	£10m	0.5%	0.5%	0.5%
Series 2 (compound)	£19m	0.5%/0.5%	0.5%/0.5%	0.5%/0.5%
Pension business:				
DWP rebates (compound)	£1,067m	0.5%/0.5%	0.5%/0.5%	0.5%/0.5%
Regular premium personal pensions (compound)	£146m	0.5%/0.5%	0.5%/0.5%	0.5%/0.5%
Single premium personal pensions (compound)	£21m	0.5%/0.5%	0.5%/0.5%	0.5%/0.5%

There are three bonus series for life assurance with-profits business:

- Series 1 applies to simple annual bonus contracts written up to 30 September 1989.
- Series 2 applies to compound annual bonus contracts written from 1 October 1989 (excluding low cost endowment contracts written from May 1994).

10. (2)

The tables in paragraph 10. (1) above separately identify unitised with-profits business. Where a single rate has been supplied, this is the rate of increase in the unit price during the year. Where two rates have been provided, bonus units are added to the policies.

10. (3)

The tables in paragraph 10. (1) show the separate rates applicable to the sum assured and existing bonus for super compound bonus series.

10. (4)

There are no bonus series with variable bonus rates.

VALUATION REPORT FOR REALISTIC VALUATION ON THE ROYAL LONDON MUTUAL INSURANCE SOCIETY

Introduction

1. (1) This investigation relates to 31 December 2010.
1. (2) The previous investigation related to 31 December 2009.
1. (3) The date of the last interim valuation, which was not published, was 30 June 2010.

Assets

2. (1) A table of the economic assumptions used to determine the value of future profits for non profit insurance contracts, applying to all with-profits funds, is set out below:

	31/12/2010	31/12/2009
Non participating (pre tax) return	4.00%	4.45%
Non participating (post tax) return	3.20%	3.55%
Unit linked (pre tax) return	4.00%	4.45%
Unit Linked (post tax) return	3.65%	4.10%
Risk Discount Rate (pre tax)	4.00%	4.45%
Expense Inflation	4.50%	4.75%

Under the terms of a waiver granted by FSA, the value of future profits in respect of certain with-profits business may be brought into account in line L22 of Form 19 for the RL IB & OB subfund, provided that these values are calculated on a market consistent approach and use stochastic investment scenarios and liability cashflows consistent with those used for the calculation of the future policy related liabilities (FPRL) in the originating with-profits fund.

These future profits relate to shareholder transfers on acquired UAG with-profits business and charges deducted from asset shares on those lines of acquired with-profits SL business detailed in the SL Scheme. A description of the market consistent calibration is given in more detail in paragraph 6 below.

The value of the liability in respect of unit linked GARs held in the SL fund has been assessed on a market consistent approach, using the same investment scenarios as for the FPRL calculations and best estimate non economic assumptions. The difference between the regulatory and realistic values of this liability has been included within the value of future profits on non profit business.

2. (2) The economic assumptions used to determine the value of future profits for non profit insurance contracts under INSPRU 1.3.33R(2) are the same as those given in the table in 2.(1) above.
2. (3) Not applicable.
2. (4) Not applicable.
2. (5) Not applicable.

VALUATION REPORT FOR REALISTIC VALUATION ON THE ROYAL LONDON MUTUAL INSURANCE SOCIETY

With-Profits Benefits Reserve (WPBR)

3. (1) (a) (b) (c) The table below summarises the classes of with-profits insurance contracts that are used throughout the remainder of this abstract where this level of detail is required:

Class	Business Covered	Comment
1	IB (CWP)	Industrial Branch business, including endowment and whole of life business.
2	OB RP Life (CWP)	Ordinary Branch Life Regular Premium Conventional with-profits business, including both endowment and whole life business
3	OB SP Life (CWP)	Ordinary Branch Life Single Premium Conventional with-profits business, including both endowment and whole life business.
4	OB Life (UWP)	Ordinary Branch Life Regular and Single Premium Accumulating (Unitised) with-profits business.
5	OB RP Pension (CWP)	Ordinary Branch Regular Premium Conventional with-profits Pensions business, including both contracts that fund for an annuity and that fund for cash.
6	OB SP Pension (CWP)	Ordinary Branch Single Premium Conventional with-profits Pensions business, including both contracts that fund for an annuity and that fund for cash.
7	OB RP Pension (UWP)	Ordinary Branch Regular Premium Accumulating (Unitised) with-profits Pensions business.
8	OB SP Pension (UWP)	Ordinary Branch Single Premium Accumulating (Unitised) with-profits Pensions business
9	DA Business	Regular and Single Premium Deposit Administration business (SL Fund only).
10	Miscellaneous	Covers ISA business written in the RL IB & OB subfund and other lines of business which are not required to be disclosed separately under paragraph 3.(3) of this abstract.

Tables are presented separately for each with-profits fund, where requested. When calculating the with-profits benefit reserve (WPBR), the retrospective method is the predominant calculation approach, as indicated in the tables below.

The prospective method is used in the following circumstances:

- where historic data is not in a suitable format, the only material classes being acquired RA OB Class 5 business in the RL IB & OB subfund issued since 1992 which has become paid up, and UF OB life policies in class 2 that have been converted;
- whole of life business, contained in Classes 1, 2 and 3, at advanced ages to prevent tontine effects that can occur using retrospective methods; and
- true deferred annuity business contained within Classes 5 and 6 for the SL Fund where historic data is not in a suitable format and where the prospective value is anticipated to be higher than theoretical WPBR.

There are two approaches used to determine the WPBR under the Retrospective method:

Retrospective A: Asset shares are calculated using proprietary model office software by accumulating the premiums paid at the rate of return earned on the assets backing the policies after allowing for charges. These charges include the expenses incurred (for example, set up costs, commission payments, administrative fees and investment management costs), the cost of risk benefits, the cost of guarantees, the cost of smoothing, the cost of tax and (in respect of acquired UAG business only) a transfer to the estate within the RL IB & OB subfund.

Retrospective B: For certain lines of SL Fund business direct computation of Retrospective method A is not possible. For these lines, the results of Retrospective method A, as described above, for comparable classes of business are used to determine the WPBR and FPRL by reference to the relationship between statutory liability and realistic liability for each class.

The prospective method can be described as follows:

The WPBR is set equal to the discounted value of future claim outgo (death, maturity and surrender) plus renewal expenses less associated tax relief, (in respect of acquired UAG business only) a transfer to the estate within the RL IB & OB subfund less future premiums. The basis for performing this calculation is described in more detail under paragraph 5 below.

The tables below provide information by with-profits fund on the WPBR and FPRL for each class of business identified above (in £m).

VALUATION REPORT FOR REALISTIC VALUATION ON THE ROYAL LONDON MUTUAL INSURANCE SOCIETY

▪ **Scottish Life Fund**

Class	Retro. A		Retro. B		Prospective		Total
	WPBR	FPRL	WPBR	FPRL	WPBR	FPRL	
2	514.5	135.7	8.7	2.3	0.0	0.0	661.2
5	406.9	133.0	24.9	8.1	26.9	8.8	608.6
6	580.3	248.7	35.6	15.2	38.4	16.5	934.7
7	74.6	14.6	0.0	0.0	0.0	0.0	89.2
8	18.0	4.6	0.0	0.0	0.0	0.0	22.6
9	422.3	118.3	3.6	1.0	0.0	0.0	545.3
10	0.0	6.3	0.0	0.1	0.0	0.0	6.3
Total	2,016.6	661.2	72.9	26.8	65.3	25.3	2,868.0

▪ **PLAL With-Profits Fund**

Class	Retro. A		Retro. B		Prospective		Total
	WPBR	FPRL	WPBR	FPRL	WPBR	FPRL	
4	496.1	19.2	0.0	0.0	0.0	0.0	515.4
7	127.9	5.6	0.0	0.0	0.0	0.0	133.5
8	92.6	3.1	0.0	0.0	0.0	0.0	95.6
10	0.0	0.1	0.0	0.0	0.0	0.0	0.1
Total	716.6	28.0	0.0	0.0	0.0	0.0	744.6

▪ **Royal London IB & OB Subfund**

Class	Retro. A		Retro. B		Prospective		Total
	WPBR	FPRL	WPBR	FPRL	WPBR	FPRL	
1	323.0	1.1	0.0	0.0	58.6	0.0	382.6
2	758.1	117.6	0.0	0.0	13.8	0.0	889.5
3	26.8	6.5	0.0	0.0	0.0	0.0	33.3
4	313.9	8.2	0.0	0.0	0.0	0.0	322.1
5	225.2	220.8	0.0	0.0	75.9	6.5	528.4
6	43.0	37.0	0.0	0.0	0.0	0.0	80.0
7	684.5	1.5	0.0	0.0	0.0	0.0	686.0
8	1696.4	16.5	0.0	0.0	0.0	0.0	1712.9
10	153.1	68.7	0.0	0.0	0.0	0.0	221.8
Total	4224.0	477.8	0.0	0.0	148.3	6.5	4856.7

▪ **Refuge Assurance IB Subfund**

Class	Retro. A		Retro. B		Prospective		Total
	WPBR	FPRL	WPBR	FPRL	WPBR	FPRL	
1	158.0	81.3	0.0	0.0	80.6	0.0	320.0
Total	158.0	81.3	0.0	0.0	80.6	0.0	320.0

▪ **United Friendly IB Subfund**

Class	Retro. A		Retro. B		Prospective		Total
	WPBR	FPRL	WPBR	FPRL	WPBR	FPRL	
1	665.1	214.2	0.0	0.0	95.5	0.0	974.8
Total	665.1	214.2	0.0	0.0	95.5	0.0	974.8

VALUATION REPORT FOR REALISTIC VALUATION ON THE ROYAL LONDON MUTUAL INSURANCE SOCIETY

▪ **United Friendly OB Subfund**

Class	Retro. A		Retro. B		Prospective		Total
	WPBR	FPRL	WPBR	FPRL	WPBR	FPRL	
2	136.1	18.7	0.0	0.0	17.2	0.0	172.0
5	115.4	56.9	0.0	0.0	0.0	0.0	172.3
6	1439.9	91.0	0.0	0.0	0.0	0.0	1530.9
10	0.0	0.7	0.0	0.0	0.0	0.0	0.7
Total	1691.4	167.4	0.0	0.0	17.2	0.0	1876.0

Notes:

- Any other long-term liabilities in Line L47 have been allocated in aggregate to Class 10. These are described in more detail in paragraph 8 below.
- Under the prospective method, all policy liabilities excluding the costs of financial options are captured within the WPBR.

3. (2) Not applicable.

3. (3) Not applicable.

3. (4) Not applicable.

With-Profits Benefits Reserve (WPBR) – Retrospective Method

4. (1) (a)&(b) All WPBRs calculated using a retrospective method have been calculated on an individual basis as shown in the table below:

With-profits fund	Retrospective A		Retrospective B	
	Individual	Grouped	Individual	Grouped
SL	100%	0%	100%	0%
PLAL	100%	0%	-	-
RL IB & OB	100%	0%	-	-
RA IB	100%	0%	-	-
UF IB	100%	0%	-	-
UF OB	100%	0%	-	-
Total	100%	0%	100%	0%

4. (1) (c) Not applicable.

4. (2) (a) Certain Industrial Branch policies in the RL IB & OB fund previously valued on a grouped basis are now valued on an individual basis.

4. (2) (b) Not applicable.

VALUATION REPORT FOR REALISTIC VALUATION ON THE ROYAL LONDON MUTUAL INSURANCE SOCIETY

4. (3) (a) Acquisition and maintenance expenses are charged to each with-profits fund, based on an agreement with Royal London Management Services Limited (“RLMSL”) which is agreed annually in advance. The with-profits funds pay fees to RLMSL in line with the agreement, which for acquired business imposes limits by which the fees may increase, and RLMSL incurs all expenses.

Expense investigations were performed during 2010, with the results of this investigation being taken into account when setting service fees for 2010.

Investment expenses are charged to each with-profits fund, based on an Investment Management Agreement with Royal London Asset Management (“RLAM”), a wholly owned subsidiary of the Society. This agreement is subject to periodic review.

4. (3) (b) Acquisition and maintenance expense investigations are performed at least annually to confirm the adequacy of the maintenance fees charged by RLMSL, based on budgeted expenditure for the following year. Maintenance expenses charged to acquired UAG and SL with-profits business are set by reference to a formulaic approach documented in the respective Schemes.

4. (3) (c) The table below analyses expenses reported in Form 43 lines L41 to L45 inclusive for 2010 (in £m):

With-profits fund	Acquisition charged to WPBR	Maintenance charged to WPBR	Other not charged to WPBR	Total
SL	0.0	7.0	0	7.0
PLAL	0.0	0.2	0.0	0.2
RL IB & OB	0.2	16.6	374.5	391.3
RA IB	0.0	7.3	2.4	9.7
UF IB	0.0	12.6	0.5	13.1
UF OB	0.0	7.5	0.4	7.9
Total	0.2	51.2	377.8	429.2

4. (3) (c) (i) The only acquisition expenses charged directly to the WPBR relate to new Intermediary business overseas bonds.
4. (3) (c) (ii) Maintenance expenses charged to the WPBR cover fees payable to RLMSL associated with administering the long term business plus investment expenses payable to RLAM. This covers all with-profits business with the exception of those classes described further in paragraph 4.(3)(c)(iv) below.
4. (3) (c) (iii) For all with-profits business where fees payable to RLMSL are charged to the WPBR, acquisition and maintenance fees are charged on a contract by contract basis for individual business, and on a per scheme basis for Group pensions business. The RLMSL agreement specifies for each product annual expense allowances in the form of amounts per policy, percentages of annual or single premium (as appropriate) and/or amounts per claim. Additionally investment expenses are charged as a percentage of the WPBR, where the percentage varies by category of asset as described in the UAG and SL Schemes.
4. (3) (c) (iv) Expenses charged to the with-profits funds, other than to the WPBR relate to the following items:
- non participating business written in the with-profits fund, covering both in force business and new pensions and protection business written in the RL IB & OB subfund. The SL Scheme allows certain new business to be written within the SL Closed fund;
 - under the SL Scheme, fees payable to RLMSL for certain lines of acquired with-profits business, whose WPBR are held within the SL fund, are debited from the RL IB & OB subfund. The realistic value of these future payments are held within other long-term liabilities as described in paragraph 8 below. In turn the subfund is credited with those charges debited from these policies’ WPBR as described in paragraph 4.(5) below;
 - all new Intermediary with-profits business written following the Scottish Life acquisition is written directly in the RL IB & OB subfund. With the exception of the overseas bond where expenses are charged directly to the WPBR, the relevant subfund pays the commission and acquisition and maintenance fees to RLMSL. As for the acquired SL business described in the previous bullet point, the WPBR for these classes of business are debited with charges as described in paragraph 4.(5) below;
 - balancing payments, which may be negative, are generally payable by the RL IB & OB subfund at the end of the year to ensure that the expenses incurred by RLMSL do not exceed the income in the form of fees payable by the Society. For 2010, the RLMSL expenses exceeded the income received and so a balancing payment was made from the RL IB & OB subfund; and

VALUATION REPORT FOR REALISTIC VALUATION ON THE ROYAL LONDON MUTUAL INSURANCE SOCIETY

- additional investment expenses may be charged directly to the with-profits fund for items such as property costs, legal fees and the costs of buying and selling hedging arrangements. These items are not charged to the WPBR.

4. (4) For with-profits business written in the SL Fund, charges in respect of Guaranteed Annuity Rates are currently deducted from each policy's WPBR. The current rates are 0.49%pa for all business issued prior to 1998 and 0.16%pa for business issued from 1998 to 11 September 2000.

Additionally under the terms of the SL Scheme, the WPBR is credited with a "demutualisation enhancement" to distribute the estate over the lifetime of the policies.

There are currently no other significant charges deducted from asset shares to cover the costs of guarantees or the use of capital.

4. (5) Charges are deducted from the WPBR for non insurance risk on the following types of with-profits contracts to cover expenses (both acquisition and maintenance including commission) and to provide a profit loading:

With-profits fund	Contracts affected
RL IB & OB	Business written post 30/6/2001 under the Scottish Life marketing brand and former RA OB and RL unitised with-profits pension business.
SL	All acquired unitised with-profits contracts, the Old Talisman range of conventional with-profits policies and all Deposit Administration (DA) business.
PLAL	All acquired unitised with-profits contracts.

The table below gives an estimate of the charges deducted from the WPBR for these lines of business for 2010 (in £m):

With-profits fund	Total Charges (Non Insurance Risk)
RL IB & OB	5.0
SL	12.6
PLAL	7.4

Following the merger of the RA OB fund into the RL IB & OB subfund the value of future 1/9th cost of bonus transfers on acquired RA OB business is included within Line 36 of Form 19.

4. (6) The table below shows the estimated ratio of claims paid to the sum of WPBR adjusted for miscellaneous surpluses and/or deficits, for each of the last three calendar years :

With-profits fund	2008	2009	2010
SL	107%	100%	101%
PLAL	n/a	98%	101%
RL IB & OB	118%	117%	102%
RA IB	118%	110%	104%
UF IB	132%	129%	129%
UF OB	111%	105%	102%

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4. (7) A summary of the investment returns credited to the WPBR for 2010 is given in the table below:

With-profits fund	Gross Return Average %	Gross Return HITM policies %	Gross Return Lowest EBR %	Gross Return Highest EBR %
RL IB & OB	13.08	10.43	12.22	13.90
RA IB	11.93	n/a	11.87	12.49
UF IB	13.01	n/a	12.14	13.87
UF OB	11.52	9.83	11.68	11.68
SL – Other than DA Business	9.4	n/a	n/a	n/a
SL – DA Business	9.19	n/a	n/a	n/a
PLAL	9.49	n/a	n/a	n/a

In the RL IB & OB, RA IB, UF IB and UF OB funds the proportions of assets invested in equities and properties depends on the outstanding term of the policy, and on whether the class of business that the policy belongs to has guarantees that are heavily in the money (HITM i.e. where guarantees significantly exceed projected with profits benefits reserves). Hence the actual investment return credited to an individual policy will differ from the rates in the gross return average column above.

Heavily in the money policies have a zero equity backing ratio. Gross investment returns credited to such policies in the RL IB & OB and UF OB funds are shown in the table above. In addition the range of investment returns for non heavily in the money policies is also shown. This is based on the lowest and highest equity backing ratios for policies in each fund.

There are different assets mixes backing the WPBR for Deposit Administration (DA) and Other than DA business within the SL fund. In accordance with the PPFM the assumed asset allocation backing each individual with profits policy in the SL Closed fund depends on the relationship between the WPBR and the attaching guaranteed benefits. Within this framework the total asset return stated in the table above is allocated to policies.

With-profits benefit reserve – Prospective Method

5. (1) (a) The discount rate is given below:

With-profits fund	Gross	Net
RL IB & OB, RA IB, UF IB and UF OB	4.00%	3.30%
SL	4.00%	3.30%

The pre-tax discount rate return is set equal to the annualised return on the 15 year gilt at the valuation date. The tax rate used is derived from those assumed for each individual asset class applied to the asset mix described in paragraph 6.(5) below.

5. (1) (b) The investment return is set equal to the discount rate described above and consequently no risk adjustments are required.

5. (1) (c) The rate of expense inflation is determined as projected RPI plus 1.00%, with RPI calculated as the difference between the gross redemption yield on the 15 year gilt and the real yield on index-linked gilts. At the calculation date, this rate was 4.50%pa.

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5. (1) (d) A summary of key projected bonus assumptions are given in the table below:

RL IB & OB Subfund

Product Type	Annual Bonus	Final Bonus
RL IB Whole Life	0.25%pa simple	Current scale introduced for claims on 1 January 2011 retained.
Former RA OB RP Pension Lapsed	0.25%pa compound	Current scale introduced for claims on 1 January 2011 retained.

RA IB Subfund

Product Type	Annual Bonus	Final Bonus
RA IB Whole Life	0.25%pa compound	Current scale introduced for claims on 1 January 2011 retained.

UF IB Subfund

Product Type	Annual Bonus	Final Bonus
UF IB Whole Life	0.25%pa simple	Current scale introduced for claims on 1 January 2011 retained.

UF OB Subfund

Product Type	Annual Bonus	Final Bonus
UF OB Whole Life and Endowments	0.25%pa simple/compound depending on product type (or 1%/1.5% where a guarantee applies.)	Current scale introduced for claims on 1 January 2011 retained.

SL Fund

Product Type	Annual Bonus	Final Bonus
All Conventional WP	0.10%pa simple/compound depending on product type	No explicit final bonus, allowance made by reference to proportion payable on similar policies.

5. (1) (e) Expenses are projected in line with the RLMSL agreement described in paragraph 4 above, assumed to inflate at the rate described in 5.(1) (c). All monetary amounts in the following tables are given in 2011 terms. Key assumptions are:

RL IB & OB Subfund

Product Type	Expense Assumption
RL IB Whole Life	£5.43 per policy plus 0.088% of reserve prior in 2011 £5.85 per policy plus 0.088% of reserve in 2012 £6.75 per policy plus 0.088% of reserve in 2013 £7.12 per policy plus 0.088% of reserve in 2014 £7.49 per policy plus 0.088% of reserve in 2015 £7.86 per policy plus 0.088% of reserve in 2016 £8.22 per policy plus 0.088% of reserve in 2017 £8.58 per policy plus 0.088% of reserve in 2018 £8.94 per policy plus 0.088% of reserve from 2019
RA OB RP Pen Lapsed	£14.61 per policy plus 0.088% of reserve prior to 2014 £16.54 per policy plus 0.088% of reserve from 2014 to 2016 inclusive £17.32 per policy plus 0.088% of reserve from 2017 onwards

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RA IB Subfund

Product Type	Expense Assumption
Whole Life	£4.43 per policy plus 0.086% of reserve prior to 2014 £5.14 per policy plus 0.086% of reserve from 2014 to 2016 inclusive £5.69 per policy plus 0.086% of reserve from 2017 onwards

UF IB Subfund

Product Type	Expense Assumption
Whole Life	£5.83 per policy plus 0.087% of reserve prior to 2014 £6.41 per policy plus 0.087% of reserve from 2014 to 2016 inclusive £7.17 per policy plus 0.087% of reserve from 2017 onwards

UF OB Subfund

Product Type	Expense Assumption
Whole Life and Endowments	£14.61 per policy plus 0.087% of reserve prior to 2014 £16.54 per policy plus 0.087% of reserve from 2014 to 2016 inclusive £17.32 per policy plus 0.087% of reserve from 2017 onwards

SL Fund

Product Type	Expense Assumption
SL Life	£29.19 per policy plus 0.065% of reserve
SL Pensions	£28.78 per policy plus 0.065% of reserve

5. (1) (f)

A summary of key persistency assumptions are given in the table below (showing annual lapse rates) :

RL IB & OB Subfund

Product Type	Duration 5	Duration 10	Duration 15	Duration 20	Duration 25	Duration 30+
RL IB Whole Life	n/a	1.425%	1.1875%	0.95%	1.1875%	0.95%
Former RA OB RP Pen Lapsed	n/a	n/a	0.95%	0.95%	0.95%	0.95%

RA IB Subfund

Product Type	Duration 5	Duration 10	Duration 15	Duration 20	Duration 25	Duration 30+
Whole Life	n/a	n/a	1.1875%	0.95%	1.1875%	0.95%

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UF OB Subfund

Product Type	Duration 5	Duration 10	Duration 15	Duration 20	Duration 25	Duration 30+
Whole Life and Endowment	n/a	n/a	4.275%	2.6125%	8.3125%	4.9875%

UF IB Subfund

Product Type	Duration 5	Duration 10	Duration 15	Duration 20	Duration 25	Duration 30+
Whole Life	n/a	n/a	1.1875%	0.95%	0.95%	0.95%

SL Fund

Product Type	Duration 5	Duration 10	Duration 15	Duration 20	Duration 25	Duration 30+
All	n/a	n/a	n/a	n/a	n/a	n/a

5. (2) Not applicable

Costs of Guarantees, options and smoothing

6. (1) Not applicable

6. (2) (a) With the exception of one immaterial financial options liability described below under paragraph 6.(2)(c), all business whose WPBR has been calculated using a retrospective method has valued its costs of guarantees, smoothing and options using a market consistent stochastic method.

6. (2) (b) (i) (ii) All costs have been calculated using grouped model points.

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6. (2) (b) (iii) The market consistent stochastic model contains a number of products which calculate the market consistent costs of guarantees, smoothing and options. Each product models with-profits contracts with similar policy benefit characteristics.

The table below summarises the products and gives the number of policies and model points:

With-profits fund	Bonus	Class	Issued	Contracts	Model Points
RL IB & OB Business	C	1	Pre 2001	350,671	275
	C	2	Pre 2001	73,349	752
	C	3	Pre 2001	4,814	104
	C	5	Pre 2001	44,783	947
	C	6	Pre 2001	4,568	224
	A	4	Pre 2001	13,854	191
	A	4	Post 2000	7,015	141
	A	7	Pre 2001	80,384	488
	A	7	Post 6/2001	10,376	151
	A	8	Pre 2001	107,192	1,082
	A	8	Post 6/2001	7,397	302
	A	10	Post 1998	19,534	125
	A	10	Pre 2001	10,857	187
Former UF IB Business	C	1	Pre 1998	698,447	542
Former UF OB	C	2	Pre 1998	33,589	1,312
	C	5	Pre 1998	39,674	242
	C	6	Pre 1998	136,324	2,177
Former RA IB Business	C	1	Pre 2000	100,466	325
SL Fund	C	2	Pre 7/2001	31,598	83
	A	5	Pre 7/2001	27,459	300
	A	6	Pre 7/2001	18,868	778
	A	7	Pre 7/2001	9,857	81
	A	8	Pre 7/2001	481	35
	D	9	Pre 7/2001	41,569	307
	D	9	Pre 7/2001	1,079	146
PLAL Fund	A	4	Post 1/1993	68,476	273
	A	7	Post 1/1993	39,085	321
	A	8	Post 3/1992	14,935	163
Total				1,996,701	12,054

Bonus	Method
A	Accumulating (unitised) with-profits
C	Conventional with-profits
D	Deposit administration

Class follows those described in paragraph 3.(1)(a) above.

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Grouping of Contracts

The basis used to group policies for the purpose of calculating the cost of guarantees, smoothing and options is described below for RL, PLAL and acquired UAG business:

Stage 1:

A review was undertaken of all the with-profits business written by the Society. The in force business was categorised by with-profits fund into:

- Product type - life savings, whole of life contracts and pensions business;
- Bonus declaration method – conventional with-profits, accumulating with-profits or deposit administration;
- Premium paying mode – regular or single;
- Pension benefit structure – funding for an annuity or funding for cash at retirement;

These contract groupings were reviewed for benefit characteristics and options that would require separate quantification under a market consistent valuation method. For example, pension contracts may or may not have been written with a guaranteed annuity option or savings contracts may have been written with a guaranteed minimum bonus rate prior to a certain date.

Stage 2:

Grouping criteria within each product are chosen to ensure that the most important features of the projection of the in force business are not lost. The key grouping criteria are:

- Different bonus series within stochastic product
- Policy term
- Year of maturity or year of entry
- Age group
- Guaranteed annuity rate attaching and gender of policyholder (for the most significant business lines)

Additional grouping criteria was included, where relevant, to separate policies with guarantees projected to exceed WPBR on maturity from those expected to fall below it.

Stage 3:

Using monthly intervals for grouping would produce too many model points and lead to serious degradation in run time for little change in accuracy of projection. Expanding this grouping interval is the principal tool for reducing the number of model points and improving run times.

The paragraphs below describe the approach taken for key product categories.

(a) Endowments:

- Policy term is generally grouped in 5 year bands, centered around the quinquennial terms (i.e. term 15 covers terms 13 – 17 inclusive), to which the majority of the business has been sold.
- Maturity year needs to capture the projected run off profile of the business. Typically grouping will be by individual years of maturity for a certain number of years, though this will depend upon the projected development of claim outgo and particularly projected guarantee and smoothing costs. Thereafter grouping will typically be triennial.

(b) Pensions:

- Policy term is generally grouped in 3 year bands, centered around a central year (i.e. term 10 covers terms 9 – 11 inclusive).
- Maturity year needs to capture the projected run off profile of the business. Typically claim outgo builds up over the next decade and peaks in 20 to 30 years time. The average duration of the business varies by product line and originating Company. Given the longer term nature of this business, grouping will be annual at peak periods of claim outgo, otherwise triennial grouping is typically used.
- Policies with and without GARs are grouped separately. For policies with GARs, retirement age is retained in the grouping to ensure that the correct GAR is captured.

For SL branded business, the grouping principles described above for RL and acquired UAG business were followed. However, the model points were grouped analytically, with the term/duration granularity varying by the amount of WPBR for the policies under investigation. For example, where there were significant volumes of business the model points were taken at more frequent intervals. This in turn results in the computation time being allocated in proportion to the WPBR.

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Validation of Grouping

For each stochastic model product, cashflows are projected initially by running all individual contracts through the stochastic model on a single deterministic run using economic assumptions described in paragraph 5.(1) above and best estimate non-economic assumptions. Results are compared against those produced by the deterministic models used to calculate the WPBR using an equivalent projection basis. This ensures that the coding of the stochastic model products correctly reflects the product features.

These runs are repeated using the grouped model points and the comparison is made between these projected cashflows and the stochastic model run performed using individual model points.

The key validation check is that the difference in the cost of maturity guarantees between the two runs is considered acceptable. The maximum tolerance allowed for each with-profits sub-fund was generally a difference of 3.0% out of total maturity guarantee costs of approximately £300m on this deterministic projection basis. Individual products within a with-profits sub-fund may in isolation exceed this tolerance provided the sub-fund level tolerance is not breached. Grouping would be further refined for a product if the difference exceeded 5% and the amount of guarantees was considered material.

Other validations performed to ensure that significant attributes of the contracts have not been lost in the grouping are a comparison of :

- projected revenue account cashflows, such as premiums, claims and expenses;
- projected costs of guaranteed benefits, assets shares and claim outgo in excess of guarantees; and
- the present value of the cost of guarantees over the run off period.

6. (2) (c)

For certain contract types where the WPBR falls below a de minimis level, the costs of guarantees, smoothing and options are not calculated directly. Instead, the stochastic results of the closest available stochastic product are scaled up based on the ratio of the unmodelled WPBR to modelled WPBR.

This covers certain small lines of SP UWP bonds, RP UWP savings plan, UWP and conventional pensions, UWP ISA and the unmodelled business calculated using Retrospective method B described above.

RL OB Pensions policies issued prior to October 1986 incorporate a guaranteed rate of minimum pension. The cost of this financial option has been valued at £8.6m.

6. (3)

Not Applicable

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6. (4) (a) (i) A description is given below for each of the costs of guarantees, smoothing and options separately:

Guarantees

Guarantee Offered	Class
CWP Business - maturity values being subject to the minimum of sum assured plus guaranteed benefits. Death benefits in excess of asset share are charged to the WPBR of remaining policies. Surrender values, unless guaranteed contractually, are treated as being fully discretionary and no guarantee cost is calculated.	1, 2, 3, 5 and 6
DA Business – maturity value being face value of units.	9
UWP Life Bonds sold in the UK (excluding PLAL) - guarantees relate to contractual instances when Market Value Adjusters (MVA's) cannot be imposed. This includes regular withdrawals under a contractual maximum of the original premium paid and policy anniversaries when surrenders are MVA free. MVA free surrender dates were removed from some contracts issued after 31/3/2001. UWP Life Bonds sold in Germany – policyholders have the option of electing a capital guarantee after either 12, 15 or 20 years, for which they pay an additional charge. If the guarantee is selected then the payout on surrender at the selected point in time is guaranteed to be not less than a fixed percentage of the amount invested. This product was introduced in 2007. UWP Life Bonds sold in the UK (PLAL) - guarantees relate to contractual instances when Market Value Adjusters (MVA's) cannot be imposed. This includes regular withdrawals and policy anniversaries when surrenders are MVA free. MVA free surrender dates were removed from some contracts issued after 31/10/2000.	4
UWP Individual Pensions - MVA free dates apply on the retirement date chosen at outset. For some contracts MVA free dates also apply during windows prior to the maturity date.	7 and 8
UWP and DA Group Pensions – exits prior to retirement are free of MVAs where the exit does not form part of a mass-discontinuance of a pension scheme	7, 8 and 9

A description of the extent to which guarantees are in or out of the money is given below:

The majority of life endowment business maturing over the next few years has guarantees that are in the money either because no final bonuses are currently being paid or the guaranteed benefits exceed the WPBR. The extent to which the guarantee is in the money depends on the term of the contract and the originating company. For example on a deterministic projection basis, for material classes of business, the cost of guarantees ranges from 0% to 22% of WPBR.

Longer dated policies, i.e. both life policies and pensions policies maturing in more than five years time, exhibit greater variability in the extent to which the guarantee is in the money. The key determinant here is the originating company, with outstanding term also being relevant. For example on a deterministic projection basis, for material classes of business, the cost of guarantees ranges from 0% to 78% of WPBR, with the higher end relating to former RA OB and former UF OB regular premium pensions business and other classes of business having significantly lower percentages.

Options

These relate primarily to Guaranteed Annuity Rates (GARs) offered on pensions contracts. Details of material GARs are given in the table below:

Guarantee Offered	Business Class
Deferred annuity contracts where there is a minimum annuity guaranteed at retirement subject to a guaranteed conversion factor to produce a “cash equivalent” value to which current annuity rates are applied to produce the annuity payable, if greater than the minimum.	5 (Former RA OB pre 1993)
Fund for cash contracts where there is a minimum conversion rate per unit of maturity value into an annuity for comparison with current market conversion rates.	5 (Former RA OB Post 1992 and SL only), 6 (Former RA OB and SL only)
DA Business - certain policies in this class attract Guaranteed Minimum Pensions as a result of contracting out of SERPS/S2P and these have been modelled explicitly using a market consistent approach.	9

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The table below includes the guaranteed minimum annuity rate basis for the key assumptions of interest rates and mortality:

Business Class	Interest Rate	Mortality Basis
Former RA OB (pre 9/92)	7.00%	a(55) M/F Select
Former RA OB (post 8/92)	5.00%	IM/F80(C=2010) Ultimate
SL	4.50%	PA90M/F-2 Ultimate

Given current levels of interest rates and projected mortality experience compared to that priced within the original mortality guarantees, all GAR options are currently “in the money” ranging on a deterministic projection basis from 9% to 93% of WPBR.

The Guaranteed Minimum Pension benefit for Crest Secure business is strongly in the money for most of the policies concerned. The cost of this option is 125% of the WPBR of those policies.

Smoothing

This comprises two elements, covering:

- A “glidepath” cost being the cost of moving to target payout ratios consistent with the PPFMs; and
- Natural variability in the investment returns earned on the assets supporting the business.

6. (4) (a) (ii) The asset model is proprietary software developed by a third party provider (Barrie and Hibbert). Calibrations are provided by the third party to which the individual characteristics of the subfund are applied. The key elements of the nature and input calibration parameters within the asset model (Economic Scenario Generator “ESG”) are:

- the interest rate model used is an annual time-step version of the LIBOR Market Model (LMM). The model is calibrated to annual forward rates based on the UK government yield curve plus a fixed margin of 10bps. The volatility structure of these forward rates are calibrated to 20 year at the money swaption volatilities. The table below gives calibration inputs at quinquennial durations:

Duration	Yield Curve + 10bps (spot yields)	Implied Volatilities
5	2.51%	16.1%
10	3.79%	14.3%
15	4.37%	13.1%
20	4.58%	12.1%
25	4.60%	11.2%

- an extension of a lognormal equity model which allows calibration to observed market FTSE 100 options varying by strike price and duration where available, which currently do not exceed ten years. The table below provides data on the implied volatilities input into the model:

Duration	Strike				
	80%	90%	100%	110%	120%
1	26.32%	23.96%	21.50%	18.84%	16.00%
2	26.39%	24.49%	22.62%	20.75%	18.86%
3	26.58%	24.98%	23.46%	21.99%	20.56%
5	26.93%	25.72%	24.59%	23.54%	22.55%
10	27.46%	26.71%	26.03%	25.41%	24.83%

- a lognormal property volatility model using a fixed estimated implied volatility of 15%, being a best estimate as the property option prices required for market consistent calibration do not exist; and
- a corporate bond model which is calibrated using a long term expected “credit transition” matrix and market data on observed spreads on UK stocks.

Because net cashflow is negative each year in the future, the term of the fixed interest assets has been assumed to reduce in line with the run off of the business, i.e. the bond portfolio is assumed to be held to maturity.

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The table below provides details of the key input correlations included within the proprietary asset model, based on observed results from the first simulation year for the scenarios used to value the FPRLs. These correlations reflect the outcome of the calibration approach used by the Society, based on inputting the provider's best estimates. These are based on their analysis of past data and judgment of future trends. The third party have supplied supporting documentation describing the rationale for their use in market consistent calculations. In performing these calculations, the Society has maintained these assumptions without adjustment:

Asset Class	Equity	Property	Bonds (Gilts)	Bonds (corporates AA to BBB)	Cash Rate
Equity	100%	33%	26%	64% - 78%	(17)%
Property		100%	11%	28% - 32%	
Bonds (Gilts)			100%	63% - 73%	
Corporates (AA to BBB)				100%	
Cash Rate					100%

Empty boxes, above the main diagonal, relate to correlation assumptions for asset pairings that are not readily available (but are the least material).

6. (4) (a) (iii) The required tables are given below, based on the ESG output for the 1000 simulations run through the stochastic model. The results allow for the control variate methodology described in paragraph 6.4(a)(viii) below (except for sterling receiver swaptions).

Notes to Table (from Paragraph 6.4) of the Interim Prudential Sourcebook for Insurers for ease of reference)

- Row 1 should be completed showing the value of cash payments of £1,000,000 due n years after the valuation date.
- Rows 2 to 15 inclusive should be completed for the appropriate asset classes showing the value of a put option on a portfolio worth £1,000,000 on the valuation date exercisable n years after the valuation date with strike price of $K * £1,000,000 * (1+r*p)^n$.
- All references to 15 year bonds mean rolling bonds traded to maintain the 15 year duration at all future dates. The corporate bonds should be assumed to be rolling AA rated zero coupon bonds.
- Row 16 should be completed showing the value of sterling receiver swaptions with a strike of 5% exercisable n years after the valuation date with swap durations on exercise of L years. The values should be expressed as a percentage of nominal.
- In carrying out the calculations required to complete the table above firms must assume, where appropriate, that the options for which a value is to be included in the table are options which, where appropriate, are based on underlying asset portfolios which are continuously rebalanced to the stated proportions. Swaptions in relation to which a value must be included in the table must be based on swaptions with monthly payments. Firms must include in the table the value that their liability model would produce for such options and values will thus reflect the actual time-intervals underlying their valuation models. The property put options should be assumed to relate to a well diversified portfolio of United Kingdom commercial property.
- A zero trend growth in property prices should be assumed where this is relevant.
- In each case the options should be valued with reinvestment of any dividend income into the FTSE All Share index and reinvestment of any rental or other property income into United Kingdom property.
- Tax should be ignored in all calculations.
- All options should be assumed to be European-style.
- A firm may consider that its model does not need to be calibrated to produce a reasonable value for a particular entry in the table because that entry is insignificant to the valuation of its assets and liabilities. In such circumstances the firm may leave an entry in the table blank, but must give an explanation as a note to the table.

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		K	0.75			
n	Duration (n)		5	15	25	35
r	Annualised compound equivalent of the risk free rate assumed for the period (r)		2.51%	4.36%	4.59%	4.44%
1	Risk-Free Zero Coupon Bond	£883,461	£526,869	£325,484	£218,243	
2	FTSE All Share Index (p=1)	£104,250	£230,375	£321,953	£388,635	
3	FTSE All Share Index (p=0.8)	£98,189	£184,803	£233,803	£260,679	
4	Property (p=1)	£26,588	£108,119	£178,253	£243,650	
5	Property (p=0.8)	£22,734	£72,081	£104,856	£134,677	
6	15yr Risk-Free ZCBs (p=1)	£16,745	£17,719	£12,678	£21,379	
7	15yr Risk-Free ZCBs (p=0.8)	£14,306	£9,686	£3,576	£1,700	
8	15yr Corporate Bonds (p=1)	£25,434	£34,541	£34,402	£46,493	
9	15yr Corporate Bonds (p=0.8)	£22,260	£19,679	£14,019	£12,585	
10	Portfolio of 65% FTSE All Share and 35% property (p=1)	£60,231	£157,116	£236,079	£295,956	
11	Portfolio of 65% FTSE All Share and 35% property (p=0.8)	£55,568	£118,420	£159,989	£183,877	
12	Portfolio of 65% equity and 35% 15yr risk free ZCBs (p=1)	£54,616	£129,494	£198,712	£251,343	
13	Portfolio of 65% equity and 35% 15yr risk free ZCBs (p=0.8)	£50,131	£97,065	£129,674	£149,612	
14	Portfolio 40% equity,15% property,22.5% 15 yr risk free ZCBs & 22.5% 15yr corporates (p=1)	£30,629	£77,765	£124,414	£168,124	
15	Portfolio 40% equity,15% property,22.5% 15 yr risk free ZCBs & 22.5% 15yr corporates (p=0.8)	£27,326	£53,145	£68,997	£84,489	
16	Sterling Receiver Swaptions	6.22%	6.36%	5.94%	4.55%	Swap Duration = 15 years

		K	1.00			
n	Duration (n)		5	15	25	35
r	Annualised compound equivalent of the risk free rate assumed for the period (r)		2.51%	4.36%	4.59%	4.44%
1	Risk-Free Zero Coupon Bond	£883,461	£526,869	£325,484	£218,243	
2	FTSE All Share Index (p=1)	£211,374	£378,425	£485,975	£569,283	
3	FTSE All Share Index (p=0.8)	£198,884	£304,846	£354,567	£382,329	
4	Property (p=1)	£127,242	£242,948	£335,518	£411,217	
5	Property (p=0.8)	£113,510	£173,628	£207,824	£238,071	
6	15yr Risk-Free ZCBs (p=1)	£89,177	£78,776	£90,568	£131,528	
7	15yr Risk-Free ZCBs (p=0.8)	£78,259	£39,758	£20,236	£19,361	
8	15yr Corporate Bonds (p=1)	£104,143	£114,124	£119,013	£145,943	
9	15yr Corporate Bonds (p=0.8)	£92,711	£67,593	£46,404	£44,146	
10	Portfolio of 65% FTSE All Share and 35% property (p=1)	£159,002	£292,442	£387,577	£462,843	
11	Portfolio of 65% FTSE All Share and 35% property (p=0.8)	£146,708	£223,771	£265,488	£290,391	
12	Portfolio of 65% equity and 35% 15yr risk free ZCBs (p=1)	£146,672	£251,533	£336,896	£404,099	
13	Portfolio of 65% equity and 35% 15yr risk free ZCBs (p=0.8)	£134,769	£187,950	£225,131	£246,002	
14	Portfolio 40% equity,15% property,22.5% 15 yr risk free ZCBs & 22.5% 15yr corporates (p=1)	£112,858	£183,038	£249,035	£305,982	
15	Portfolio 40% equity,15% property,22.5% 15 yr risk free ZCBs & 22.5% 15yr corporates (p=0.8)	£101,357	£125,871	£147,285	£163,674	
16	Sterling Receiver Swaptions	7.62%	8.02%	7.29%	5.44%	Swap Duration = 20 years

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n	r	Duration (n)	1.50			
			5	15	25	35
		K				
		Annualised compound equivalent of the risk free rate assumed for the period (r)	2.51%	4.36%	4.59%	4.44%
1		Risk-Free Zero Coupon Bond	£883,461	£526,869	£325,484	£218,243
2		FTSE All Share Index (p=1)	£551,996	£739,162	£859,172	£970,512
3		FTSE All Share Index (p=0.8)	£522,534	£603,895	£631,372	£654,481
4		Property (p=1)	£525,547	£619,802	£715,473	£808,020
5		Property (p=0.8)	£491,992	£473,772	£481,524	£492,512
6		15yr Risk-Free ZCBs (p=1)	£499,929	£500,894	£510,001	£539,425
7		15yr Risk-Free ZCBs (p=0.8)	£463,701	£324,768	£235,463	£207,567
8		15yr Corporate Bonds (p=1)	£488,068	£479,610	£484,274	£516,994
9		15yr Corporate Bonds (p=0.8)	£453,881	£323,206	£238,967	£213,023
10		Portfolio of 65% FTSE All Share and 35% property (p=1)	£525,350	£649,883	£751,729	£847,208
11		Portfolio of 65% FTSE All Share and 35% property (p=0.8)	£492,771	£512,417	£525,985	£543,392
12		Portfolio of 65% equity and 35% 15yr risk free ZCBs (p=1)	£512,413	£604,523	£690,127	£772,058
13		Portfolio of 65% equity and 35% 15yr risk free ZCBs (p=0.8)	£479,253	£466,137	£470,767	£479,887
14		Portfolio 40% equity,15% property,22.5% 15 yr risk free ZCBs & 22.5% 15yr corporates (p=1)	£501,689	£543,476	£603,280	£669,864
15		Portfolio 40% equity,15% property,22.5% 15 yr risk free ZCBs & 22.5% 15yr corporates (p=0.8)	£466,686	£398,926	£377,449	£378,214
16		Sterling Receiver Swaptions	9.02%	9.46%	8.35%	6.08%
			Swap Duration = 25 years			

6. (4) (a) (iv) The initial UK equity and property yields are 3.0% and 4.3% respectively.
6. (4) (a) (v) The Society holds a basket of overseas equities and bonds, of which only those denominated in Euros and US Dollars qualify as significant territories under INSPRU 1.3.63R. Given the diversification benefit of different small territorial equity holdings both between territories and with UK holdings, achieved by the ESG having a correlation assumption materially less than one, all equities are modelled as being wholly UK. Overseas bonds are modelled as UK equities.
6. (4) (a) (vi) The calibration of the model has been set at the company level with one set of simulations being used to model all classes of business. Given the paucity of the data available on observed option data for equities beyond 10 years, the ESG calibration has been developed using available information and where data is unavailable a functional form has been used to extrapolate out to a long term limit of 140% of the ESG provider's real world long term target of 20%, ie an assumption of 28%. Property volatilities are targeted at a constant rate of 15%.

For life business, the majority of the guarantee costs will arise within the next ten years, particularly when considered in terms of present value. Conversely, the cost of guarantees for pensions business will exceed ten years where implied volatilities for equities are based on the longest available market data.

The table below gives an estimate of the average outstanding duration of the guarantees, including financial options, for each with-profits fund, split life and pensions:

With-profits fund	Average Duration (years)		Available Equity Option ?	
	Life	Pension	Life	Pension
SL	2	9	YES	YES
RL IB & OB	5	11	YES	NO
RA IB	7	n/a	YES	n/a
UF IB	6	n/a	YES	n/a
UF OB	7	13	YES	NO
PLAL	6	11	YES	NO

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- 6. (4) (a)** **(vii)** The following validation tests are performed on the simulation output:
- for each asset class, £1 is accumulated for every annual projection period within the run off period and the net present value taken by discounting at the accumulated cash return over the equivalent period. The calculations are performed for each simulation. The average value is taken across all simulations and from the data, a 95% confidence interval is taken. The results are plotted to ensure that the expected value of £1 lies within the 95% confidence interval.
 - A yield curve is calculated from an average of the observed simulated cash returns, again with a 95% confidence interval being taken. This is compared to an observed market yield curve increased by 10bps at all durations. This ensures that the model is based on a correctly calibrated yield curve.
 - The simulation produced option implied volatilities were reviewed to ensure that the market observed implied volatilities for equities and swaptions lie within a 95% confident interval
 - The results were repeated for ten independent sets of simulations, with the chosen set determined by reference to the best fit over the run off period of the projected fund accumulated returns.

- 6. (4) (a)** **(viii)** The number of simulations used for the valuation was 1000. For this valuation, Royal London has adopted an advanced technique for reducing the variance in simulated results by the use of “Control Variates”. Implementation of control variate techniques involves calculating a weighted average of simulation results. The weights reflect the accuracy of each simulation in estimating some known quantities (the “controls”). Royal London uses the market values of several different asset classes as controls.

The table below provides results of standard error calculations for each subfund, expressed as a percentage of the total market consistent liability calculated by the model (guarantees, smoothing and options), using the 1000 simulations adopted for the valuation:

With-profits fund	Standard Error (%)	Market Consistent Costs of Guarantees, smoothing and Options (£m)
RL IB & OB	0.06%	452.3
RA IB	0.07%	26.1
UF IB	0.31%	32.9
UF OB	0.24%	89.9
SL	0.05%	252.4
PLAL	0.36%	8.3

The 95% confidence interval associated with these standard errors is approximately plus or minus two times the standard errors quoted above. The magnitude of these standard errors and their associated 95% confidence interval were considered to be sufficiently low so as to confirm convergence in the model results.

- 6. (4) (b)** Not applicable

- 6. (4) (c)** Not applicable

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6. (5) (a)

The following key assumptions have been incorporated when projecting forward the assets and liabilities in the Base scenario:

- In the RL IB & OB, RA IB, UF IB and UF OB funds the proportions of assets invested in equities and properties depends on the outstanding term of the policy and on whether the class of business that the policy belongs to has guarantees that are heavily in the money (i.e. where guarantees significantly exceed projected with profits benefits reserves). The following table shows the proportions of assets invested for the benefit of with-profits business in equities and property at sample outstanding terms:

With-profits fund	Products	Policies with outstanding terms of less than 1 year	Policies with outstanding terms of between 5 and 6 years	Policies with outstanding terms of more than 10 years
		2011 and after	2011 and after	2011 and after
RL IB & OB	Other Than Heavily in The Money	26.18%	47.50%	68.28%
RA IB	All	26.18%	37.67%	49.00%
UF IB	All	26.18%	48.31%	69.85%
UF OB	Other Than Heavily in The Money	26.18%	30.88%	35.55%
RL IB & OB and UF OB	Heavily in The Money	0.00%	0.00%	0.00%
SL Closed	Other Than DA	22.25	22.25%	22.25%
SL Closed	DA	9.50%	9.50%	9.50%
PLAL	All	41.50%	41.50%	41.50%

- Annual bonuses are changed progressively from the most recently declared rates, according to line of business, to:

Line of Business	Assumptions
CWP business sold before 1 July 2001	0.10% pa for the SL fund and 0.25% pa for other funds
UWP Life business sold before 1 July 2001	0.5% pa to 3.00% pa (dynamically linked to investment returns)
UWP Pensions business sold before 1 July 2001 (Royal London IB & OB Subfund)	0.25% pa to 2.00% pa (dynamically linked to investment returns)
UWP Pensions business sold before 1 July 2001 (SL Fund)	0.10% pa to 1.00% pa (dynamically linked to investment returns)
DA Pensions business sold before 1 July 2001	0.10% pa to 3.00% pa (dynamically linked to investment returns)
Crest Growth	0.10% pa to 1.00% pa (dynamically linked to investment returns)
UWP Business sold after 1 July 2001	0.50% pa to 3.00% pa (dynamically linked to investment returns)
PLAL Business	0.00% pa

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6. (5) (b) The table below gives indicative equity backing ratios (which for the avoidance of doubt excludes properties) in five and ten years' time, which as described above is independent of investment return:

With-profits fund	Products	Policies with outstanding terms of less than 1 year	Policies with outstanding terms of between 5 and 6 years	Policies with outstanding terms of more than 10 years
RL IB & OB	Other Than Heavily in The Money	13.34%	34.83%	55.77%
RA IB	All	13.34%	24.92%	36.34%
UF IB	All	13.34%	35.64%	57.35%
UF OB	Other Than Heavily in The Money	13.34%	18.07%	22.78%
RL IB & OB and UF OB	Heavily in The Money	0.00%	0.00%	0.00%
SL	Other than DA	22.25%	22.25%	22.25%
SL	DA	9.50%	9.50%	9.50%
PLAL	All	41.50%	41.50%	41.50%

The table below gives indicative annual bonus rates in five and ten years' time for accumulating with-profits business (excluding PLAL):

Class	Base		Base + 70bps		Base – 70bps	
	5 Years	10 Years	5 Years	10 Years	5 Years	10 Years
4	0.50%	0.50%	0.75%	0.75%	0.50%	0.50%
4	0.50%	0.50%	1.00%	1.00%	0.50%	0.50%
7 (pre 7/2001)	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
7 (post 6//2001)	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
7 (SLP)	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
8 (pre 7/2001)	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
8 (post 6/2001)	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
8 (SLP)	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
9	2.00%	3.00%	2.00%	3.00%	2.00%	2.50%

There are no significant equity derivative contracts to take into consideration.

6. (6) The tables below give persistency assumptions for the key classes of business:

Exit Rates (%pa) for major lines of RL IB & OB pre acquisition business

Product		1-5	6-10	11-15	16-20	21-25	26-30
CWP savings endowment	surrender	5.0%	2.8%	2.8%	2.1%	1.9%	1.9%
CWP target cash endowment	surrender	5.0%	2.8%	2.8%	2.1%	1.9%	1.9%
AWP bond	surrender	5.6%	10.9%	7.9%	7.5%	9.5%	9.5%
AWP bond	automatic withdrawals	2.5%	2.5%	2.5%	2.5%	n/a	n/a
CWP pension regular premium	PUP	n/a	n/a	1.1%	0.9%	1.0%	1.0%
CWP pension regular premium	surrender	n/a	n/a	1.5%	1.1%	1.2%	1.2%
CWP pension single premium	surrender	0.7%	1.0%	1.3%	1.2%	1.2%	1.2%
AWP indiv pension regular premium	PUP	4.4%	2.0%	2.1%	3.3%	4.3%	4.3%
AWP indiv pension regular premium	surrender	0.8%	1.3%	2.3%	2.7%	3.3%	3.3%
AWP indiv pension single premium	surrender	5.2%	4.1%	2.4%	2.4%	2.2%	2.2%

For IB and OB Life business, conversions to a paid up non profit contract for reduced benefit ("Pups") are not modelled explicitly. An increased surrender rate is input into the model. All business has been in force at least five years.

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Exit Rates (%pa) for major lines of acquired UAG business

RA IB Subfund

Product		1-5	6-10	11-15	16-20	21-25	26-30
CWP savings endowment	surrender	n/a	n/a	1.3%	1.1%	1.0%	0.8%

UF IB Subfund

Product		1-5	6-10	11-15	16-20	21-25	26-30
CWP savings endowment	surrender	n/a	n/a	1.4%	1.0%	1.1%	1.0%

UF OB Subfund

Product		1-5	6-10	11-15	16-20	21-25	26-30
CWP savings endowment	surrender	n/a	n/a	3.0%	3.8%	6.8%	5.9%
CWP target cash endowment	surrender	n/a	n/a	3.0%	3.8%	6.8%	5.9%
CWP pension regular premium	PUP	n/a	n/a	0.0%	0.0%	0.0%	0.0%
CWP pension regular premium	surrender	n/a	n/a	3.0%	1.7%	1.7%	1.7%
CWP pension single premium	surrender	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%

All acquired UAG business has been in force at least ten years.

Exit Rates (%pa) for major lines of SL Business

Product		1-5	6-10	11-15	16-20
CWP savings endowment	surrender	2.4%	2.4%	6.1%	4.7%
CWP target cash endowment	surrender	2.4%	2.4%	6.1%	4.7%
CWP pension regular premium	PUP	1.8%	3.8%	3.7%	3.6%
CWP pension regular premium	surrender	0.8%	2.2%	3.3%	3.3%
CWP pension single premium	surrender	3.6%	3.6%	3.6%	3.6%
AWP indiv pension regular premium	PUP	15.4%	12.4%	10.1%	9.5%
AWP indiv pension regular premium	surrender	3.8%	4.3%	3.7%	3.7%
AWP indiv pension single premium	surrender	5.6%	4.5%	4.5%	4.5%

Note that the model assumes the lapse rates vary by calendar year.

The pension rates above apply to personal pensions which form the majority of the SL pensions business. Separate rates apply to EPP and S32 contracts. In order to retain the cost of GARs on retirement at any age the early retirement decrement is set to zero. The benefits given on conversion to paid-up for life business are broadly equivalent to actuarial value of those policies remaining in force. Office experience of conversions to paid-up status for this business is less than 3.5% of the total portfolio after 20 years. Therefore, no PUP assumption is made.

No decrements are assumed prior to vesting for the Crest Secure Guaranteed Minimum Pension benefits as a benefit of similar or slightly lower value would be available on earlier exit or death.

Exit Rates (%pa) for major lines of PLAL Business

Product		1-5	6-10	11-15	16-20	21-25	26-30
AWP savings endowment	surrender	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%
AWP bond	surrender	23.6%	12.1%	10.5%	10.5%	10.5%	10.5%
AWP bond	automatic withdrawals	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
AWP pension regular premium	PUP	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
AWP pension regular premium	surrender	1.1%	1.2%	1.6%	1.6%	1.6%	1.6%
AWP pension single premium	surrender	5.3%	4.7%	2.1%	2.1%	2.1%	2.1%

For SL lines of business with attaching GARs the assumed take up rate is 80% for policies vesting in 2010-2019, based on an examination of recent experience, increasing uniformly to 85% by 2029. For RL lines of business with attaching GARs the assumed take up rate is 82.5% for policies vesting in 2010-2019, based on an examination of recent experience, increasing uniformly to 85% by 2029. Further details are given in paragraph 6.(7) below.

The assumed future rates of annuitant mortality experience as described in the tables below:

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Class	Proportion	Age Rating	Table
Males / Females	100.0%	0	<p>Modified CMI_2009_M[2%] / Modified CMI_2009_F[2%], where $\frac{CMI_2009_M[2\%]}{CMI_2009_F[2\%]}$ denotes expectation of life assuming mortality in 2000 in line with PCMA00/PCFA00 respectively and thereafter mortality improvements in line with the "core" CMI_2009 projection model with a 2% long term rate of mortality improvement.</p> <p>The resulting expectations of life were adjusted by:</p> <p>For male lives $0.02 * (\text{year of birth} - 1944) - 0.55$ less greater of $-0.05 + 0.025 * (\text{year of birth} - 1940)$ and 0 years.</p> <p>For female lives $-0.05 * (\text{year of birth} - 1944) - 0.45$ less greater of $-0.05 + 0.025 * (\text{year of birth} - 1940)$ and 0 years.</p>

6. (7)

The following policyholder actions are assumed:

- GAR take up rates are scenario and calendar year specific. If observed bond yields lie within $\pm 1\%$ of long bond yield (fixed at 4.25%), then the take up rate is as described in paragraph 6.(6) above. As yields fall below this range, the take up rate increases and vice versa, with the minimum take up rate always being 80% and the maximum set at 90%.
- The stochastic model does not incorporate any dynamic links between policyholder lapse rates and investment performance.
- UWP pensions contracts include a best estimate of early retirements. For SL branded business, no early retirements are assumed where policy literature indicates that MVA's will not be applied. This is 5 years for Group Personal Pensions business and 1 year for all other SL branded UWP business.

Financing Costs

7.

Not applicable

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Other long-term insurance liabilities

8. There are no values included in Lines 46 of Form 19.

The table below describes the liabilities included within Lines 47 of Form 19:

With-profits fund	PPR	SL Expense Provision	Other	Total
RL IB & OB	50.8	19.9	3.5	74.1
UF OB	0.0	0.0	0.7	0.7
SL Closed	0.1	0.0	6.2	6.3
PLAL	0.0	0.0	0.1	0.1
Total	50.9	19.9	10.5	81.3

The nature of the most material liabilities is as follows:

- Personal Pension Review (PPR) – this represents a provision for the costs associated with redressing policyholders who were mis-sold pension policies. The most significant proportion of this provision relates to policyholders who were redressed by way of a guarantee to meet occupational scheme benefits. This guarantee has been calculated using the same market consistent asset scenarios that determine the costs of guarantees, smoothing and options.
- SL expense provision – this is the realistic value of expenses payable to RLMSL in excess of loadings receivable from acquired SL UWP business allocated to the RL IB & OB subfund under the SL Scheme. This is consistent with the description given in the second bullet under paragraph 4.(3)(c)(iv) above.
- The entry under Other SL Closed represents £6.2m in respect of future charges payable to the RL IB & OB subfund on Crest Secure business.

Realistic current liabilities

9. The table below provides a summary of the realistic current liabilities by with-profits fund (in £m):

With-profits fund	Subordinated Debt	Claims outstanding	Creditors – insurance operations	Provisions and Creditors - Tax	Other Creditors, accruals and deferred income	Total
SL	0.0	14.9	9.2	0.5	53.7	78.3
PLAL	0.0	0.0	0.0	2.3	8.2	10.4
RL IB & OB	310.9	83.5	63.8	-25.4	267.3	700.1
RA IB	0.0	0.7	4.9	6.5	5.7	17.8
UF IB	0.0	0.0	1.0	28.5	7.8	37.3
UF OB	0.0	0.0	4.8	6.5	20.1	31.4
Total	310.9	99.1	83.7	18.9	362.8	875.3

This is less than the quoted regulatory current liabilities (Form 14 Line 49) value of £989.4m by £114.1m. This difference is made up of £86.9m in respect of the write down of the subordinated debt in the RL IB & OB fund to market value and £27.2m in respect of deductions from outstanding claims provisions.

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Risk capital margin

10. (a) The risk capital margin amounted in aggregate to £0.0m. The amounts calculated separately for each with-profits fund are as follows:

RL IB & OB	£0.0m
RA IB	£0.0m
UF IB	£0.0m
UF OB	£0.0m
SL	£0.0m
PLAL	£0.0m

The RCM is zero for the RA IB, UF IB, UF OB, SL and PLAL subfunds because in both the base scenario and stress tests, planned enhancements to WPBRs are varied to maintain a zero working capital. In performing the RCM:

10. (a) (i) The most onerous assumptions for the market risk test for all equities and properties are shown in the table below.

Asset Class	Change	Direction
Equities	20.0%	FALL
Properties	12.5%	FALL

10. (a) (ii) The most onerous assumption for the market risk test for all fixed interest assets is shown in the table below.

Asset Class	Change	Direction	Long Gilt Yield
Fixed Interest (Non €or \$)	70bps	FALL	3.99%
Fixed Interest (€)	66bps	FALL	3.75%
Fixed Interest (\$)	58bps	FALL	3.32%

10. (a) (iii) The impact of the credit risk scenario and the percentage change in asset value under the credit risk event is given in the table below:

Asset Category	RL IB & OB Subfunds		RA IB, UF IB and UF OB Subfunds		SL Fund		PLAL Fund	
	Spread	Value	Spread	Value	Spread	Value	Spread	Value
Bonds	+232bps	-9.0%	+163bps	-8.1%	+139bps	-9.6%	+120bps	-7.7%
Debts	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Reinsurance	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Other Reins	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Other	-	-			-	-	-	-

The category of bonds covers all assets reported under Form 48 Lines L13 and L23, non approved securities under Form 48 Lines 14 and L24 and approved securities reported under Form 48 Lines L12 and L22 that are subject to the credit risk test.

No credit risk test is considered necessary for swaption assets held in respect of financial options, given the level of collateral supporting these assets and their lack of sensitivity to credit spread risk.

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10. (a) (iv) The most onerous assumption for the persistency risk test is an IMPROVEMENT by 32.5% for all lines of business. The impact on the realistic value of liabilities of this projected improvement in persistency is as follows:

With-profits fund	% Change in Realistic Value of Liabilities for persistency test
RL IB & OB	0.4%
RA IB	0.0%
UF IB	0.0%
UF OB	0.0%
SL	0.0%
PLAL	0.0%

10. (a) (v) Not applicable

10. (b) (i) Additional management actions assumed in excess of those described in paragraph 6.(5) (a) above are:

- The proportion of assets invested in equities and property are assumed to reduce from the values shown for the Base scenarios above with effect from 31 December 2011 (i.e. 12 months after the date of the assumed stress event). The reductions are:
 - In the RL IB & OB, RA IB, UF IB and UF OB funds the reduction depends on the outstanding term of the policy and on whether the class of business that the policy belongs to has guarantees that are heavily in the money (i.e. where guarantees significantly exceed projected with profits benefits reserves). For policies in classes that are heavily in the money there is no reduction. For other policies the reduction is between 4.25 and 5.75 percentage points .
 - For Non DA business in the SL the reduction is 0.25 percentage points.
 - For DA business in the SL fund the reduction is 0.25 percentage points.
 - For business in the PLAL fund the reduction is 6.00 percentage points.
 - These reductions result fully from changes in asset values.
- Annual bonuses are changed progressively from the most recently declared rates, according to line of business to:

Life of Business	Assumptions
CWP business sold before 1 July 2001:	0.00% pa
UWP Life business sold before 1 July 2001	0.00% pa to 1.00% pa (dynamically linked to investment returns)
UWP Pensions business sold before 1 July 2001 (Royal London IB and OB Subfund):	0.00% pa to 1.00% pa (dynamically linked to investment returns)
UWP Pensions business sold before 1 July 2001 (SL Fund):	0.00% pa to 0.25% pa (dynamically linked to investment returns)
DA Pensions business sold before 1 July 2001:	0.00% pa to 1.50% pa (dynamically linked to investment returns)
Crest Growth	0.00% pa to 0.25% pa (dynamically linked to investment returns)
UWP Business sold after 1 July 2001:	0.00% pa to 1.00% pa (dynamically linked to investment returns)
PLAL Business	0.00% pa

- For all RL, RA, and UF lines of conventional with profits business, it was assumed that terminal bonus declarations would be made on a quarterly basis with a corresponding adjustment to the smoothing costs.

Material changes to other assumptions include:

- Lapses at MVA free points on certain UWP Life bonds are assumed to increase by 50%, implying that more policyholders exercise their option at this date.

VALUATION REPORT FOR REALISTIC VALUATION ON THE ROYAL LONDON MUTUAL INSURANCE SOCIETY

10. (b) (ii) The table below indicates the impact of excluding management actions from the RCM calculation

With-profits fund	RCM (with management actions)	RCM (without management actions)	Benefit of management actions on RCM
RL IB & OB	0.0	74.4	74.4
RA IB	0.0	0.0	0.0
UF IB	0.0	0.0	0.0
UF OB	0.0	0.0	0.0
SL	0.0	0.0	0.0

This benefit of management actions can be broken down into £22.3m for revisions to future assumed annual bonus declarations and £52.1m for the reversion to quarterly terminal bonus declarations..

10. (b) (iii) Management actions reduce the equity backing ratios shown in the table in paragraph 6.(5)(b) by between 0.00% and 6.00% depending on the with profits fund and the outstanding term of the policy.

For annual bonus rates, management actions reduce bonus rates for conventional business down to 0% from 0.25% or 0.10% 12 months after the valuation date.

For unitised business bonus rates are calculated using the same algorithm, though subject to lower maximum and minimum boundaries, as described in paragraph 10.(b)(i) above.

Class	5 Years	10 Years
4	0.00%	0.00%
4	0.50%	0.50%
7 (pre 7/2001)	0.00%	0.00%
7 (post 6//2001)	0.00%	0.00%
7 (SLP)	0.25%	0.25%
8 (pre 7/2001)	0.00%	0.00%
8 (post 6/2001)	0.00%	0.00%
8 (SLP)	0.25%	0.25%
9	1.50%	1.50%

10. (b) (iv) INSPRU 1.3.88 does not apply, since either charges for guarantees or options or smoothing are not taken or in the case of the SL Closed fund are more than offset by demutualisation enhancements.

10. (c) (i) Not Applicable

10. (c) (ii) Not applicable.

Tax

- 11 In calculating the WPBR, tax for life business is charged against asset shares using rates prevailing for each historic calendar year for the differing components of return (income, capital gains etc). Tax relief for expenses is charged in line with relevant rates subject to spreading on acquisition. Current tax rates are incorporated into the stochastic model for projecting the WPBR. The model calculates tax chargeable to asset shares on a standalone basis.

Tax is not modelled explicitly within the calculation of the life business costs of smoothing and guarantees costs. Instead, the discount rate used to calculate these elements of the Life business FPRL is netted down for tax using an implied rate determined from net and gross fund returns calculated by the stochastic model for each time period and within each simulation separately.

The realistic deferred tax provision is lower than the regulatory deferred tax provision as described in paragraph 9. There are no additional admissible assets within the Realistic Balance Sheet. As a Mutual, the Society does not pay additional tax on “shareholder” (or interfund) transfers.

Derivatives

12. RL IB & OB Subfund, PLAL and SL Fund – Swaps and Swaptions

The funds hold derivative instruments to hedge its interest rate exposures, including GARs on non linked policies. Details are given below for the relevant funds:

- The SL Fund holds interest rate swaps and payer swaptions. The underlying economic exposure of these derivatives at 31 December 2010 was £1.6bn. These, together with a portfolio of UK government securities, provide a hedge against interest rate movements on non linked liabilities, including attaching GARs. Periodic reviews will be undertaken to ensure that these interest rate derivatives remain an appropriate match to the actual development of the liability exposure over time. In the event of material divergence, it is likely that re-balancing transactions will be initiated. There is no intention to unwind these derivatives other than in respect of any re-balancing or re-structuring.
- The PLAL Fund holds a portfolio of swaps and options with a total nominal value at 31 December 2010 of approximately £0.03bn. These provide a hedge against adverse market conditions.
- The RL IB & OB sub-fund holds interest rate swaps with a total nominal value at 31 December 2010 of approximately £0.4bn. These, together with a portfolio of UK government securities, provide a hedge against interest rate movements on former RA OB non linked liabilities with GARs attaching. Similar review procedures as described for the derivatives held within the SL Fund above will be followed.

The SL Fund also holds a portfolio of equity-linked receiver swaps; conventional receiver swaps plus equity-linked and conventional payer swaptions with a total economic exposure of approximately £0.5bn at 31 December 2010. This provides a hedge against interest rate movements on linked liabilities with GARs attaching.

RL IB & OB and UF OB subfunds – Quasi-derivative

Under the terms of the UAG Scheme, the UF OB, UF IB and RA IB subfunds have a call on the RL IB & OB estate in adverse scenarios where their additional account becomes zero. At the valuation date, the additional accounts for the UF OB, RA IB and UF IB subfunds were positive, since net with-profits assets exceeded WPBR. As realistic assets exceeded realistic liabilities in each of these funds, no capital support was required at the valuation date.

VALUATION REPORT FOR REALISTIC VALUATION ON THE ROYAL LONDON MUTUAL INSURANCE SOCIETY

13. Analysis of Working Capital

Category	Total	RL IB&OB	RA IB	UF IB	UF OB	PLAL	SL
Opening Working Capital (Form 19 L68)	1,688	1,688					
Add back Planned Enhancements for closed with-profits funds	619		65	182	57	16	299
Capital support for closed funds (Quasi-derivative)		0			0	0	
Adjusted Opening Working Capital	2,307	1,688	65	182	57	16	299
Investment return on adjusted opening working capital	243	156	8	22	7	2	48
Mismatch profits on assets backing FPRLs and realistic current liabs	(29)	(40)	0	1	4	0	6
Assumption changes:							
- economic (VIF)	(22)	(22)	0	0	0	0	0
- economic (FPRLs) - excl. yield curve movements	(16)	(1)	0	0	(3)	(1)	(11)
- non economic (VIF)	81	81	0	0	0	0	0
- non economic (FPRLs)	23	10	1	2	1	0	9
- policyholder actions	0	0	0	0	0	0	0
Other variances:							
- economic - management actions	0	0	0	0	0	0	0
- economic - other	(21)	5	(4)	(18)	(6)	2	0
- non economic - management actions	(218)	(112)	(17)	(19)	(2)	(3)	(65)
- non economic - other	71	(68)	2	7	23	2	105
Value of new business	69	69	0	0	0	0	0
Material changes in Lines 47/51	33	33	0	0	0	0	0
Modelling changes and opening adjustments	20	(3)	0	(1)	(5)	0	29
Other factors	13	6	0	5	1	2	(1)
Sub Total: Movement in adjusted Working Capital during year	247	114	(10)	(1)	20	4	120
Adjusted Closing Working Capital	2,554	1,802	55	181	77	20	419
Deduct Planned Enhancements for closed with-profits funds	(752)		(55)	(181)	(77)	(20)	(419)
Capital support for closed funds (Quasi-derivative)	0	0			0	0	
Closing Working Capital (Form 19 L68)	1,802	1,802					

For the UF IB, RA IB, UF OB and SL Closed subfunds, working capital is zeroised by adjusting the planned enhancements in Line 34 of Form 19. The analysis above therefore shows the movement in planned enhancements over 2010 for the subfunds.

The impact on liabilities and VIF assets for changes in yield curves has been included within the row “mismatch profits on assets backing FPRLs and realistic current liabilities”, for consistency with the associated change in asset values being reported here.

Optional disclosure

14. Not applicable

Returns under the Accounts and Statements Rules

Supplementary Notes

Name of insurer The Royal London Mutual Insurance Society Limited

Global business

Financial year ended 31 December 2010

0201 – Section 148 directions

The Financial Services Authority, on the application of the firm, issued to the firm on 31 December 2008 a direction under section 148 of the Financial Services and Markets Act 2000. The effect of the direction is to vary the direction granted to the firm in April 2008 to permit the firm to include the value of shareholder transfers as an asset in the receiving fund, as these amounts must be booked as liabilities in the paying fund.

0301 – Reconciliation of net admissible assets to total capital resources after deductions

	2010 £000
Form 13, line 89	25,683,453
Less:	
Form 14, line 11	(21,223,939)
Form 14, line 49	(989,415)
Net admissible assets	<u>3,470,099</u>
Capital resources treated as a liability in Form 14 (Form 3, line 46)	397,761
Other items:	
- capital resources requirements of regulated related undertakings (Form 2, line 35)	22,161
Total capital resources after deductions (Form 3, line 79)	<u><u>3,890,021</u></u>

The capital resources treated as a liability in Form 14 relates to subordinated loan capital included in Form 14, line 38. The amount raised was £395,524,000, net of £4,476,000 initial costs and discount, which are being amortised over 10 years. The amount remaining to be amortised is £2,239,000.

The 'other items' comprise differences in the valuation of regulated undertakings between Forms 3 and 13. The value included in Form 13, lines 21, 23 and 25 includes a deduction for the capital resources requirements of regulated related undertakings that is not reflected in Form 3.

Returns under the Accounts and Statements Rules

Supplementary Notes (continued)

Name of insurer The Royal London Mutual Insurance Society Limited

Global business

Financial year ended 31 December 2010

0310 – Net Valuation Differences

The net valuation differences shown in Form 3, line 14 are as follows:

	2010
	£000
Positive valuation differences relating to liabilities	
Mathematical reserves	3,108,989
Deferred fees and renewal commission	298,394
Deferred tax on pension scheme surplus	13,123
Negative valuation differences relating to liabilities	
100% reinsured unit liability	(852,906)
Net valuation differences	<u>2,567,601</u>

The adjustments in respect of mathematical reserves and deferred tax represent the difference between the values determined in accordance with GENPRU and INSPRU and those included in the Companies Act accounts prepared in accordance with Financial Reporting Standard 27 and International Financial Reporting Standards ('IFRS').

The adjustment in respect of deferred fees and renewal commission results from the application of IPRU (INS) Appendix 9.3 para.8, which prohibits the use of deposit accounting in the return.

The '100% reinsured unit liability' adjustment relates to reinsured liabilities which are presented as reinsurance in the return but cannot be presented as such in the Companies Act accounts prepared under IFRS.

0313 – Reconciliation of profit and loss account

No reconciliation has been presented as the company is a mutual and consequently does not produce a form 16.

1104 – Use of discounting

Certain provisions for outstanding claims included in line 51 have been valued as annuities. The interest rates used to calculate the value of these annuities were the same as the interest rates used to determine the regulatory peak liabilities.

1308 – Unlisted investments and unregulated collective investment schemes

Unlisted investments included on Form 13 at 31 December 2010 were as follows:

	£000
Line 41	90
Line 42	38,761
Line 46	5,239
Line 48	84,996

Reversionary interests or remainders in property other than land or buildings included on Form 13 at 31 December 2010 were as follows:

	£000
Line 49	141,782

Returns under the Accounts and Statements Rules

Supplementary Notes (continued)

Name of insurer The Royal London Mutual Insurance Society Limited

Global business

Financial year ended 31 December 2010

1309 – Hybrid securities

The aggregate value of hybrid securities included at line 46 amounted to £286,470,000

1310 – Amounts set off

Amounts have been set off in Form 13 to the extent permitted by generally accepted accounting principles.

1312 – Exposure to large counterparties

At the year end there was no exposure to large counterparties.

1313 – Collateral held in respect of counterparty exposure

As at 31 December 2010 collateral with a market value of £433,397,000 was held in respect of counterparty exposures on derivative contracts included in Form 13, line 44.

1318 – Other asset adjustments

The amounts included in Form 13, line 101 are as follows:

	2010
	£000
Items reclassified between assets and liabilities:	
100% reinsured unit liability	852,906
Assets held to cover linked liabilities	127,279
Outstanding balances between linked and non-linked funds	(125,296)
Amounts owed between sub-funds netted off in financial statements	(105,200)
Other	(33,537)
	<hr/>
	716,152
	<hr/>

1319 – Maximum counterparty limit

During 2010, the maximum exposure to a counterparty permitted by the company's investment guidelines, excluding subsidiary undertakings and Royal London unit trusts, was such that no investment should be made which would result in the portfolio holding:

- a) in respect of each of the Royal London Other Long Term Funds, the Scottish Life Fund and the PLAL With-Profits Fund (the "Sub-funds") separately:
 - i) more than 10% of the total Sub-fund with any one counterparty.
 - ii) more than 10% of the share capital in issue of any one issuer, other than in the case of collective investment schemes.
 - iii) more than 1% of the value of the Sub-fund in unquoted securities, limited partnerships and development capital funds.
- b) in respect of the fund as a whole:
 - i) any investment that would cause the aggregate value of the assets of the company to be reduced in accordance with INSPRU rule 2.1.22R.
 - ii) more than 10% of the share capital in issue of any one issuer.

Returns under the Accounts and Statements Rules

Supplementary Notes (continued)

Name of insurer The Royal London Mutual Insurance Society Limited

Global business

Financial year ended 31 December 2010

1319 – Maximum counterparty limit (continued)

These limits were observed throughout the period with the exception of the following authorised holdings:

Company	% holding (Equity Shares unless specified)
RL Private Equity fund LP	44.20
RJD Private Equity Fund 2	14.40
M-cubed Holdings Ltd	12.47
Knightsbridge Holdings II	11.11

1321 – Forms 13 for individual sub-funds

In previous years, the company operated a single pool of assets for the Royal London Other Long Term Funds (Fund 11) and presented a single Form 13 for the fund. With effect from 1 January 2010 the company implemented a new investment strategy whereby the investment mix underlying each fund more closely reflected the liability profile, rather than applying a uniform mix as adopted for previous years. As part of this strategy, each of the Refuge Assurance IB (Fund 23), United Friendly OB (Fund 24), United Friendly IB (Fund 25) and the Royal London IB & OB (Fund 21) funds hold units in the underlying investment funds that make up the Royal London Other Long Term Funds.

As a result of the above changes, separate Forms 13 have been presented for each of the Refuge Assurance IB (Fund 23), United Friendly OB (Fund 24), United Friendly IB (Fund 25) and Royal London IB & OB (Fund 21) funds and no values have been shown in the current year column for Fund 11. As these unit holdings were initially determined with effect from 1 January 2010, no comparatives have been shown on the Forms 13 for each of the Refuge Assurance IB (Fund 23), United Friendly OB (Fund 24), United Friendly IB (Fund 25) and Royal London IB & OB (Fund 21) funds.

1401 – Provision for reasonably foreseeable adverse variations

No provision has been made for reasonably foreseeable adverse variations, as there were no instruments held at the year-end that would necessitate such a provision.

1402 – Contingent liabilities

- a. There are no charges over assets.
- b. The deferred tax provided within the amount shown in Form 14 line 21 in respect of unrealised gains on assets held at 31 December 2010 is £45,984,691. Due to unrelieved losses on actual sales of assets carried forward, this amount has been reduced. If the realised losses were not available to relieve the unrealised gains the deferred tax provided would have been £69,054,517.
- c. During the year, the company continued to address issues from past inappropriate selling practices and other regulatory matters. The directors consider that they have made prudent provision for any liabilities arising and, as and when the circumstances calling for such provisions arise, that the company has adequate reserves to meet all reasonably foreseeable eventualities.
- d. There are no other contingent liabilities other than those arising in the normal course of business.
- e. There are no guarantees, indemnity or other contractual commitments effected by the company other than in the ordinary course of its insurance business, in respect of the existing or future liabilities of any related companies that are required to be reported under IPRU (INS) Appendix 9.1, para 13.
- f. There are no fundamental uncertainties to report.

Returns under the Accounts and Statements Rules

Supplementary Notes (continued)

Name of insurer The Royal London Mutual Insurance Society Limited

Global business

Financial year ended 31 December 2010

1405 – Other adjustments to liabilities

The amounts included in Form 14, line 74 are as follows:

	2010
	£000
Positive valuation differences relating to liabilities:	
Mathematical reserves	3,108,989
Deferred fees and renewal commission	298,394
Deferred taxation on pension scheme surplus	13,123
Items reclassified between assets and liabilities:	
Assets held to cover linked liabilities	127,279
Elimination of deferred tax	(12,823)
Outstanding balances between linked and non-linked funds	(125,296)
Amounts owed between sub-funds netted off in financial statements	(105,200)
Other	(33,537)
	<hr/>
	3,270,929

1406 – Increase or decrease in the value of non-linked assets

The amount of the increase/(decrease) in the value of non-linked assets is as follows:

	2010
	£000
Royal London IB & OB Subfund	(266,905)
Refuge Assurance IB Subfund	3,623
United Friendly OB Subfund	(19,406)
United Friendly IB Subfund	18,669
Scottish Life fund	(192,388)
Phoenix Life fund	(9,578)

1412 – Change in presentation of Fund 11 Form 14

Following the changes set out in note 1321, no values have been shown in the current year column for Fund 11.

1701 –Variation margin

Variation margin, including cash collateral treated as variation margin of £34,630,000 is included in Form 13 lines 54, 55 and line 81. A liability to repay this amount is included in Form 14 line 36.

1703 – Forms 17 for individual sub-funds

Following the changes set out in note 1321, separate Forms 17 have been presented for each of the Refuge Assurance IB (Fund 23), United Friendly OB (Fund 24), United Friendly IB (Fund 25) and Royal London IB & OB (Fund 21) funds and no values have been shown in the current year column for Fund 11.

Returns under the Accounts and Statements Rules

Supplementary Notes (continued)

Name of insurer The Royal London Mutual Insurance Society Limited

Global business

Financial year ended 31 December 2010

1801 – With-profits insurance capital component for the fund

The entries in Form 18, line 61 for the sub-total form Total Long Term Insurance Business Assets have been deliberately left blank. This is because the calculation of the WPICC in Form 18, line 66, would produce a different value to the sum of the different with-profit subfunds. This is because, in the Royal London IB & OB Subfund, the realistic excess capital in Form 18, line 51, is more than the regulatory excess capital in Form 18, line 49, while in the other subfunds, the reverse is true.

1802 – Change in presentation of Fund 11 Form 18

Following the changes set out in note 1321, no values have been shown in the current year column for Fund 11.

1901 – Change in presentation of Fund 11 Form 19

Following the changes set out in note 1321, no values have been shown in the current year column for Fund 11.

4002 – Other Income and other expenditure

Form 40, line 15, includes other income as follows:

	2010
	£000
Commissions received	12,694
Interest on finance leases	1,022
Other interest	444
Interest on reinsurance claims	337
Other	230
	<hr/>
	14,727
	<hr/>

Commissions received represents commissions received in respect of the renewal of general insurance policies previously sold by the company on behalf of third parties and in respect of vested pensions policies.

In addition to the above the following items are included within other income and other expenditure in the Sub-fund Form 40s relating to movements between the Sub-funds of the long-term fund. As these relate to movements between Sub-funds they have been excluded from the total Form 40.

Returns under the Accounts and Statements Rules

Supplementary Notes (continued)

Name of insurer The Royal London Mutual Insurance Society Limited

Global business

Financial year ended 31 December 2010

4002 – Other Income and other expenditure (continued)

	Sub-fund	Line 15 £000	Line 25 £000
Transfers	United Friendly IB	1,746	
	Royal London IB & OB		(1,746)
Transfers	United Friendly OB	1,043	
	Royal London IB & OB		(1,043)
Transfers	Refuge Assurance IB	534	
	Royal London IB & OB		(534)
Annual management charges and other fees payable by Scottish Life to Royal London IB & OB per Scottish Life Schedule 2c scheme	Scottish Life	15,021	
	Royal London IB & OB		(15,021)
Annual management charges payable by Phoenix Life to Royal London IB & OB	Phoenix Life	6,276	
	Royal London IB & OB		(6,276)
Reimbursed GAO management charges between Scottish Life and Royal London IB & OB	Scottish Life	1,428	
	Royal London IB & OB		(1,428)
Interfund interest	Scottish Life	6,136	
	Royal London IB & OB		(6,136)

4004 – Transfers of contracts from or to other funds or other insurers

In addition to the above the lines 31 and 32 of the Sub-fund Form 40s include £66,637,000, which represents switches of policies between Sub-funds of the long-term fund. As these relate to movements between Sub-funds they have been excluded from the total Form 40.

4005 – Foreign currency translation

The basis of conversion adopted for income and expenditure transactions during the year was to translate such items at the exchange rate ruling when the transaction took place. Those assets and liabilities, which are denominated in foreign currencies, are translated into sterling at the rates ruling at the balance sheet date.

4006 – Apportionment of long term funds

Premium income, claims and surrenders are allocated directly. Investment return comprising income, realised and unrealised capital gains is allocated based on the unit holdings of each of the sub-funds in the underlying investment funds.

Management expenses generally take the form of fees payable to a management services company. These fees are directly related to individual policies, either as per policy or per premium loadings, and therefore the management expenses are directly allocated in line with the policy allocation. Investment expenses are also allocated based on the unit holdings of each of the sub-funds in the underlying investment funds.

The tax charge for each Sub-fund is determined initially on a standalone mutual basis using the allocations of investment income, gains and expenses set out in this note. The balance of the charge is then allocated to the Royal London IB & OB Sub-fund.

The basis of apportionment of the long-term funds has been performed in accordance with the detailed requirements of the Schedule 2C Scheme and principals of financial management for Scottish Life and United Assurance Group. Further information on these requirements is presented in the Valuation Report in accordance with Appendix 9.4 of IPRU (INS).

4008 – Provision of management services

Royal London Management Services Limited, a subsidiary undertaking of the company, provided management services to the company throughout the year.

Returns under the Accounts and Statements Rules

Supplementary Notes (continued)

Name of insurer The Royal London Mutual Insurance Society Limited

Global business

Financial year ended 31 December 2010

4009 – Material connected party transactions

- i) Royal London Management Services Limited a wholly owned subsidiary of the company, recharged to the company administration fees during the year totalling £214,772,000.
- ii) Royal London Asset Management Limited, a wholly owned subsidiary of the company, recharged to the company investment management fees during the year totalling £11,455,000.
- iii) RL Finance Bonds plc, a wholly owned subsidiary of the company has lent the proceeds of subordinated liabilities to the company on the same terms as the original debt issue with interest recharged during the year totalling £24,500,000.
- iv) Royal London Unit Trust Managers Limited, a wholly owned subsidiary of the company, rebated the portion of its investment management fee relating to the internal holding of unit trusts to the company during the year totalling £31,898,000.

4010 – Linked asset investment income

Included within Line 12 is £261,617,000 of investment income relating to linked assets.

4012 – Change in presentation of Fund 11 Form 40

Following the changes set out in note 1321, no values have been shown in the current year column for Fund 11.

4013 – Premiums and claims between sub-funds

Lines 11 and 21 of the Sub-fund Form 40s both include £17,437,000 which represents amounts payable in respect of Guaranteed Annuity Options between Sub-funds of the long-term fund. As these relate to transactions between Sub-funds they have been excluded from the total Form 40.

4101 – Change in presentation of Fund 11 Form 41

Following the changes set out in note 1321, no values have been shown in the current year column for Fund 11.

4102 – Premiums and claims between sub-funds

Line 12, column 2 of the Sub-fund Form 41s include £17,437,000 which represents amounts payable in respect of Guaranteed Annuity Options between Sub-funds of the long-term fund. As these relate to transactions between Sub-funds they have been excluded from the total Form 41.

4201 – Change in presentation of Fund 11 Form 42

Following the changes set out in note 1321, no values have been shown in the current year column for Fund 11.

4202 – Premiums and claims between sub-funds

Line 14, column 2 of the Sub-fund Form 42s include £17,437,000 which represents amounts payable in respect of Guaranteed Annuity Options between Sub-funds of the long-term fund. As these relate to transactions between Sub-funds they have been excluded from the total Form 42.

4301 – Change in presentation of Fund 11 Form 43

Following the changes set out in note 1321, no values have been shown in the current year column for Fund 11.

4401 – Valuation of linked assets

The securities held in the internal linked funds have been valued at bid price.

Land has been valued on an open market basis by qualified valuers.

Returns under the Accounts and Statements Rules

Supplementary Notes (continued)

Name of insurer The Royal London Mutual Insurance Society Limited

Global business

Financial year ended 31 December 2010

4402 – Derivative Contracts

The aggregate value of rights under derivative contracts included in assets amount to:-

	Gross	Net
	2010	2010
	£000	£000
SLI Protected Funds	15	15
RLAM FTSE 350 Options Fund	2,243	0
Schroders FTSE 350 Options Fund	6,914	0

4404 – Surplus Units

To provide the liquidity needed to deal with daily fluctuations in net cash flows the company operates a box system whereby the number of units in creation exceeds the matching unit liability by a specified margin.

4502 – Particulars of Other Income and Other Expenditure

Form 45, line 14, includes interest income on finance leases of £426,000

Form 45, line 26, includes bank charges, interest and transaction costs of £1,843,000

4601 – Amount of new single premiums

Form 46 includes amounts payable in respect of Guaranteed Annuity Options between Sub-funds of the long-term fund which has been included within line 12, column 2 of the Sub-fund Form 41s, see note 4102.

4701 – New group schemes

The company does not maintain scheme member records for certain group pension schemes. The number of such schemes split by product code is:

Product code	Number of schemes
735	3

4703 – Approximations used to estimate the number of policyholders

A new plan or member contributes to column 3 where only regular premiums have been paid or where both regular and single premiums have been paid. A new plan or member contributes to column 5 where only single premiums have been paid. The count in respect of DWP National Insurance rebates relate to plans where this is the only contribution type present.

For group schemes with attaching risk benefits, the member count is allocated to the product code containing the retirement benefit, where this benefit is present. For risk benefit only members, the member count is allocated to Group Life where only this benefit is present or where Group Life is present along with other risk benefits. The member count is allocated to Group Income Protection where this is the only risk benefit present.

Returns under the Accounts and Statements Rules

Supplementary Notes (continued)

Name of insurer The Royal London Mutual Insurance Society Limited

Global business

Financial year ended 31 December 2010

4801 – Asset share asset mix

Royal London IB & OB Subfund

A variation of asset mix by outstanding duration of policy is assumed for all with profits business. One variation of asset mix applies to table WPPP single premium business and table MW business. A separate asset mix applies to all other with profit business.

At the valuation date, the asset mix backing asset shares is 5% more or less for at least one of the asset categories derived from lines 21-29 of column 2.

Asset share category	WPPP single Premium and Table MW	All other business
Land and buildings	0.0%	14.4%
Approved fixed interest securities	51.1%	22.8%
Other fixed interest securities	41.2%	18.3%
Variable interest securities	7.7%	3.4%
UK listed equity shares	0.0%	34.8%
Non-UK listed equity shares	0.0%	6.0%
Unlisted equity shares	0.0%	0.3%
Other assets	0.0%	0.0%

Refuge Assurance IB Subfund

A variation of asset mix by outstanding duration of policy is assumed for all with profits business in the fund.

United Friendly OB Subfund

A variation of asset mix by outstanding duration of policy is assumed for all with profits business. One variation of asset mix applies to heavily in the money paid up pension business. A separate asset mix applies to all other with profit business.

At the valuation date, the asset mix backing asset shares is 5% more or less for at least one of the asset categories derived from lines 21-29 of column 2.

Asset share category	Paid up pensions	All other business
Land and buildings	0.0%	12.8%
Approved fixed interest securities	57.8%	40.1%
Other fixed interest securities	26.3%	18.2%
Variable interest securities	4.9%	3.4%
UK listed equity shares	0.0%	15.4%
Non-UK listed equity shares	0.0%	2.1%
Unlisted equity shares	0.0%	0.3%
Other assets	11.0%	7.7%

United Friendly IB Subfund

A variation of asset mix by outstanding duration of policy is assumed for all with-profits business in the fund.

Scottish Life Fund

The asset mix for the with-profits business scheduled in Forms 51 and 52 is 5% more or less for at least one of the asset categories in the asset mix derived from lines 21 to 29 in column 2. A variation of asset mix by duration of policy is assumed for all with-profits business apart from Crest Growth.

Land and buildings	2.4%
Approved fixed interest securities	51.0%
Other fixed interest securities	23.3%
Variable interest securities	5.4%
UK listed equity shares	11.9%
Non-UK listed equity shares	4.2%
Unlisted equity shares	0.0%
Other assets	1.8%

Returns under the Accounts and Statements Rules

Supplementary Notes (continued)

Name of insurer The Royal London Mutual Insurance Society Limited

Global business

Financial year ended 31 December 2010

4801 – Asset share asset mix (continued)

The asset mix for the deposit administration business scheduled in Form 52 is 5% more or less for at least one of the asset categories in the asset mix derived from lines 21 to 29 in column 2.

Land and buildings	1.2%
Approved fixed interest securities	57.1%
Other fixed interest securities	26.0%
Variable interest securities	6.0%
UK listed equity shares	5.7%
Non-UK listed equity shares	2.0%
Unlisted equity shares	0.0%
Other assets	2.0%

4802 – Expected income in default

Expected income from admissible assets excludes interest in default. At the valuation date, the amounts excluded were:

Royal London IB & OB Subfund	£992,000
Refuge Assurance IB Subfund	£79,000
United Friendly OB Subfund	£354,000
United Friendly IB Subfund	£196,000
Scottish Life Fund	£240,000
PLAL With-Profits Fund	£nil

4803 – Split redemption bonds

Where securities may be redeemed over a period at the option of the guarantor or the issuer, the yield and market value are internally consistent and reflect the market's view of the likely redemption date within the available range. The total value of such bonds is:

Royal London IB & OB Subfund	£215m
Refuge Assurance IB Subfund	£17m
United Friendly OB Subfund	£77m
United Friendly IB Subfund	£42m
Scottish Life Fund	£159m
PLAL With-Profits Fund	£51m

4804 – Yields in lines 18 & 28

Royal London IB & OB Subfund

The yields shown in column 4 of line 18 include derivatives backing Guaranteed Income Bonds. Yields vary by tranche of contract and mode of income payment. At the valuation date, yields ranged from 1.75% to 1687% (the latter applying to a tranche due to mature 4 days after the valuation date).

4806 – Investment returns shown in column 5

Royal London IB & OB Subfund

The investment returns shown in line 21-28 of column 5 represent the returns on each category of assets backing asset shares as provided by our fund managers. The weighted average return shown in line 29 has been calculated using the assets backing "all other business" asset shares as described in note 4801, not the weights shown in column 2.

United Friendly OB Subfund

The investment returns shown in line 21-28 of column 5 represent the returns on each category of assets backing asset shares as provided by our fund managers. The weighted average return shown in line 29 has been calculated using the assets backing "all other business" asset shares as described in note 4801, not the weights shown in column 2.

Returns under the Accounts and Statements Rules

Supplementary Notes (continued)

Name of insurer	The Royal London Mutual Insurance Society Limited
Global business	
Financial year ended	31 December 2010

4806 – Investment returns shown in column 5 (continued)

Scottish Life Fund

The asset mix of the portfolio used to back with-profits asset shares is described in note 4801. This portfolio is larger than the value of assets backing deposit administration business and it has been used to calculate the investment returns shown in lines 21-29 of column 5.

4901 – Credit rating agency

The credit ratings used to classify the other fixed interest securities have been provided by Standard & Poor's Corporation. If a rating was not available then Moody's Investors Service ratings were used as a second source and Fitch Ratings has been used as a third source.

5001 – Change in presentation of Fund 11 Form 50

Following the changes set out in note 1321, no values have been shown in the current year column for Fund 11.

5102 – Approximations in estimating numbers of policyholders

Where practical we have eliminated double counting of scheme members between risk and retirement benefits. It has not proved practical to eliminate double counting between certain final salary retirement and risk benefits. For certain money purchase pensions we have set the policyholder count in respect of the scheduled risk benefits to be nil.

5104 – Approximations used to apportion between product codes

Certain whole life and endowment assurance contracts contain additional benefits and do not naturally fall into a single product code. These contracts have been allocated to product codes 100, 105 and 130 as appropriate in line with the predominant benefit and the product description amended.

5105 – Inter-subfund payments

Under the Scottish Life Schedule 2C Scheme, certain inter-subfund payments are due from the Scottish Life Fund to the Royal London IB & OB Subfund where the value of such amounts would normally be inadmissible. FSA has issued the Society individual guidance which requires the long term insurance liabilities in the Scottish Life Fund to be increased by £44,088,129 in Form 51 Pension. The long term insurance liabilities in the Royal London IB & OB Subfund have been reduced by £44,088,129 in Form 51 Pension respectively.

5106 – Number of contracts

To avoid double counting, the number of policyholders/scheme members in respect of contracts offering a choice of investment funds, in addition to property linked has been scheduled entirely in Form 53. The corresponding numbers in Form 51 and Form 52 have been set to nil.

5202 – Approximations in estimating numbers of policyholders

Where practical we have eliminated double counting of scheme members between risk and retirement benefits. For certain money purchase pensions we have set the policyholder count in respect of the scheduled risk benefits to be nil.

5203 – Miscellaneous product code

Single premium Insurance ISA contracts have been allocated to miscellaneous product code 575 in the Royal London IB & OB Subfund.

Returns under the Accounts and Statements Rules

Supplementary Notes (continued)

Name of insurer The Royal London Mutual Insurance Society Limited

Global business

Financial year ended 31 December 2010

5205 – Liability internally reassured between the Royal London IB & OB Subfund and other funds

Certain former Scottish Life contracts issued prior to 1 July 2001 may contain accumulating with-profits units and/or property linked units. Accumulating with-profits liabilities of £18,081,518 in respect of life business and £178,483,182 for pension business are wholly reassured into the Scottish Life Fund from the Royal London IB & OB Subfund. Liability and death benefits relating to accumulating with-profits units are shown on the respective forms.

Certain former PLAL contracts may contain accumulating with-profits units and/or property linked units. Accumulating with-profits liabilities of £224,262,450 in respect of life business and £173,143,537 for pension business are wholly reassured into the PLAL With-Profits Fund from the Royal London IB & OB Subfund. Liability and death benefits relating to accumulating with-profits units are shown on the respective forms.

5206 – Inter-subfund payments

Under the Scottish Life Schedule 2C Scheme, certain inter-subfund payments are due from the Scottish Life Fund to the Royal London IB & OB Subfund where the value of such amounts would normally be inadmissible. FSA has issued the Society individual guidance which requires the long term insurance liabilities in the Scottish Life Fund to be increased by £1,975,022 in Form 52 Life and by £20,500,865 in Form 52 Pension. The long term insurance liabilities in the Royal London IB & OB Subfund have been reduced by £1,975,022 in Form 52 Life and by £20,500,865 in Form 52 Pension respectively.

5207 – Number of contracts

To avoid double counting, the number of policyholders/scheme members in respect of contracts offering a choice of investment funds, in addition to property linked has been scheduled entirely in Form 53. The corresponding numbers in Form 51 and Form 52 have been set to nil.

5301 - Number of contracts

The company does not maintain scheme member records for certain group pension schemes. The number of such schemes split by product code is:

Product code	Number of schemes
735	17
755	14

5302 – Approximations in estimating numbers of policyholders

Where practical we have eliminated double counting of scheme members between risk and retirement benefits. It has not proved practical to eliminate double counting between certain final salary retirement and risk benefits.

5304 – Approximations used to apportion between product codes

Certain whole life assurance contracts contain additional benefits and do not naturally fall into a single product code. These contracts have been allocated to product code 710 and the product description amended.

5305 – Liability internally reassured between the Scottish Life Fund and the Royal London IB & OB Subfund

Certain former Scottish Life pension contracts issued prior to 1 July 2001 may contain conventional with-profits and/or property linked benefits. The property linked liability of £946,531,544 is wholly reassured into the Royal London IB & OB Subfund from the Scottish Life Fund. Liability and death benefits relating to accumulating with-profits units are shown on the respective forms.

Returns under the Accounts and Statements Rules

Supplementary Notes (continued)

Name of insurer	The Royal London Mutual Insurance Society Limited
Global business	
Financial year ended	31 December 2010

5306 – Number of contracts

To avoid double counting, the number of policyholders/scheme members in respect of contracts offering a choice of investment funds, in addition to property linked has been scheduled entirely in Form 53. The corresponding numbers in Form 51 and Form 52 have been set to nil.

5600 – Omission of Form 56

Form 56 has been omitted as index-linked assets are below the de-minimis limit.

5701 - Treatment of negative reserves

Royal London IB & OB Subfund

Any negative sterling reserves in either Form 52 or Form 53 have been combined with positive sterling reserves for the same type of business in the same form. Negative reserves on Form 51 have been offset against positive reserves calculated at the same rate of interest.

UK L&GA OB WP Form 52 Non-Unit Reserves (excl PLAL ISA) comprises £1,975,022 of negative asset share charges offset against £2,115,077 of sterling reserves.

UK Pens OB WP Form 52 Non-Unit Reserves (Excl GAR and Pens Review) comprises £14,448,760 of negative asset share charges offset against expense provisions of £2,720,157 and sterling reserves of £12,146,759.

UK L&GA RL, ex CL, ex RA, ex UFLA, ex SMA, ex SPL and ex PLAL NP Form 51 assurances (except RL & PLAL code 305 and PHI) includes negative reserves of £373,513,213 relating to protection business written by Royal London, Bright Grey, SMA, SPL and PLAL. These are offset against larger positive non-profit and with-profit reserves calculated at the same rate of interest.

UK Pens RL, ex CL, ex PLAL, ex RA, ex SMA, ex UFI and ex UFLA OB NP Form 51 assurances includes negative reserves of £2,288,069 relating to protection business written by Bright Grey, PLAL and SMA. These are offset against larger positive non-profit and with-profit reserves calculated at the same rate of interest.

Misc includes £50,140,234 of negative asset share charges in Forms 51 and 52, £48,187,472 negative reserves in relation to PHI contracts and £3,695,453 negative reserves in relation to overseas business in Forms 51 & 53. These were offset against £81,200,787 of Form 51 late vesting pension reserves and £23,452,384 of other reserves.

5801 – Change in presentation of Fund 11 Form 58

Following the changes set out in note 1321, no values have been shown in the current year column for Fund 11.

Returns under the Accounts and Statements Rules

Statement required by Rule 9.29 of the Interim Prudential Sourcebook for Insurers

Name of insurer The Royal London Mutual Insurance Society Limited

Global business

Financial year ended 31 December 2010

Derivative contracts

The following additional information is provided pursuant to regulation 9.29 of the Interim Prudential Sourcebook for Insurers.

- (a) Investment guidelines for the use of derivative contracts were operated by the Insurer. These form part of the overall limits on investment detailed in an agreement between the Insurer and its wholly owned investment management subsidiary. In particular, in relation to derivatives, limitations are in place in relation to warrants, futures, contracts for differences and forward foreign exchange contracts.

With the exception of the Phoenix Group warrants (see below), all derivatives are held for the purposes of reduction in investment risk or efficient portfolio management. In particular derivatives are used to match contractual liabilities. The Insurer maintains assets which, as far as can reasonably be foreseen, will match the obligations under the contract and from which these obligations can be fulfilled.

The Insurer has a holding of warrants to acquire 12,360,000 B ordinary shares in Phoenix Group. These warrants are held as a strategic asset by the Royal London fund and do not back policyholder liabilities. The warrants do not meet the definition of an approved derivative within INSPRU 3.2.5R and so are not included as admissible assets on Form 13.

- (b) There are no specific investment guidelines relating to the use of contracts which were not, at the time of entry, reasonably likely to be exercised.
- (c) The Insurer's exposure during the year to contracts of the kind described in section (b) was confined to the use of derivatives in connection with options granted to policyholders which were reasonably likely to be exercised.
- (d) During the financial year the Insurer has not held any derivative contract for which a significant provision needed to be made under INSPRU 3.2.17R or which was not a permitted derivative contract.
- (e) During the financial year the Insurer received sub-underwriting commissions of £0.6m.

Returns under the Accounts and Statements Rules

Statement required by Rule 9.30 of the Interim Prudential Sourcebook for Insurers

Name of insurer The Royal London Mutual Insurance Society Limited

Global business

Financial year ended 31 December 2010

Shareholder controllers

The following additional information is provided pursuant to Rule 9.30 of the Interim Prudential Sourcebook for Insurers.

The Insurer is a mutual insurer and therefore has no shareholder controllers.

Returns under the Accounts and Statements Rules

Directors' certificate pursuant to Rule 9.34 and Appendix 9.6 of the Interim Prudential Sourcebook for Insurers

Name of insurer The Royal London Mutual Insurance Society Limited

Global business

Financial year ended 31 December 2010

We certify that:

- (a) the return has been properly prepared in accordance with the requirements in IPRU(INS), GENPRU and INSPRU as modified by a direction dated December 2008 issued under section 148 of the Financial Services and Markets Act 2000;
- (b) with the exception of the items notified to the FSA in accordance with SUP 15.3 and those items identified within the FSA's Risk Mitigation Programme for the Royal London Group, we are satisfied that:
 - (i) throughout the financial year, the Insurer has complied in all material respects with the requirements in SYSC and PRIN as well as the provisions of IPRU(INS), GENPRU and INSPRU; and
 - (ii) it is reasonable to believe that the Insurer has continued so to comply subsequently and will continue so to comply in future;
- (c) in our opinion premiums for contracts entered into during the financial year and the resulting income earned are sufficient, under reasonable actuarial methods and assumptions, and taking into account the other financial resources of the Insurer that are available for the purpose, to enable the Insurer to meet its obligations in respect of those contracts and, in particular, to establish adequate mathematical reserves;
- (d) 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;
- (e) with the exception of relevant matters notified to the FSA in accordance with SUP 15.3, the with-profits fund has been managed in accordance with the Principles and Practices of Financial Management, as established, maintained and recorded under COBS 20.3; and
- (f) we have, in preparing the return, taken and paid due regard to:
 - (i) advice from every actuary appointed by the Insurer to perform the actuarial function in accordance with SUP 4.3.13R; and
 - (ii) advice from every actuary appointed by the Insurer to perform the with-profits actuary function in accordance with SUP 4.3.16R.

Mike Yardley
Group Chief Executive

Stephen Shone
Group Finance Director

Andy Carter
Director

30th March 2011

Returns under the Accounts and Statements Rules

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

Name of insurer	The Royal London Mutual Insurance Society Limited
Global business	
Financial year ended	31 December 2010

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

- Forms 2, 3, 11 to 14, 17 to 19, 40 to 45, 48, 49, 58 and 60, (including the supplementary notes) on pages 1 to 104, 111 to 124, 200 to 207, 218 and 296 to 309 ("the Forms");
- the statement required by IPRU (INS) rule 9.29 on page 310 ("the Statement"); and
- the statements, analysis and reports required by IPRU (INS) rule 9.31 (a) ("the valuation report") and rule 9.31 (b) ("the realistic valuation report") on pages 219 to 295.

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

- Forms 46 to 47, 50 to 55, 57 and 59A to 59B (including the supplementary notes) on pages 105 to 110, 125 to 199, 208 to 217 and 296 to 309;
- the statements required by IPRU (INS) rules 9.30 and 9.36 on pages 311 and 315 respectively; and
- the certificate required by IPRU (INS) rule 9.34 on page 312 ("the certificate").

Respective responsibilities of the insurer and its auditors

The insurer is responsible for the preparation of an annual return (including the Forms, the Statement, the valuation report, the realistic valuation report, the forms and statements not audited by us and the certificate under the provisions of the Rules). The requirements of the Rules have been modified by a direction issued under section 148 of the Financial Services and Markets Act 2000 in December 2008. Under IPRU (INS) rule 9.11 the Forms, the Statement, the valuation report, the realistic valuation report, the forms and statements not audited 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 and the realistic valuation report, prepared in accordance with IPRU (INS) rule 9.31 are required to reflect appropriately the requirements of INSPRU 1.2 and 1.3.

It is our responsibility to form an independent opinion as to whether the Forms, the Statement, the valuation report and the realistic 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 from branches not visited by us; or
- the Forms, the statement, the valuation report and realistic valuation report are not in agreement with the accounting records and returns; or
- we have not received all the information we require for our audit.

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

Basis of opinion

We conducted our work in accordance with Practice Note 20 'The audit of insurers in the United Kingdom (Revised)' issued by the Auditing Practices Board. Our work included examination, on a test basis, of evidence relevant to the amounts and disclosures in the Forms, the Statement, the valuation report and the realistic 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, the valuation report and the realistic valuation report.

Returns under the Accounts and Statements Rules

Independent auditors' report to the directors pursuant to Rule 9.35 of the Interim Prudential Sourcebook for Insurers (continued)

Name of insurer	The Royal London Mutual Insurance Society Limited
Global business	
Financial year ended	31 December 2010

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, the valuation report and the realistic 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, the valuation report and the realistic valuation report fairly state the information provided on the basis required by the Rules as modified and have been properly prepared in accordance with the provisions of those Rules; and
- (ii) the methods and assumptions determined by the insurer and used to perform the actuarial investigation as set out in the valuation report and the realistic valuation report prepared in accordance with IPRU (INS) rule 9.31 appropriately reflect the requirements of INSPRU 1.2 and 1.3.

PricewaterhouseCoopers LLP
Chartered Accountants
1 Embankment Place
London
WC2N 6RH

30th March 2011

Returns under the Accounts and Statements Rules

Information on the actuary appointed to perform the with-profits actuary function

Name of insurer The Royal London Mutual Insurance Society Limited

Global business

Financial year ended 31 December 2010

Pursuant to Rule 9.36 of the Interim Prudential Sourcebook for Insurers, The Royal London Mutual Insurance Society Limited has made a request to Mr Stephen Wilson, who was the actuary appointed to perform the with-profits actuary function, to furnish to it the particulars specified in paragraph (1) of the aforesaid Rule. The following are the particulars identified pursuant to that request:

- a. The actuary appointed to perform the with-profits actuary function had at no time in the year any interest in any shares in, or debentures of, any subsidiary of the Insurer (the Insurer itself is a mutual insurer). Nor did he have any interest in the undated subordinated guaranteed bonds.
- b. The actuary appointed to perform the with-profits actuary function had no interest at any time in the year in any transaction between himself and the Insurer, or a subsidiary thereof.
- c. The aggregate amount of the remuneration paid to the actuary appointed to perform the with-profits actuary function in 2010 and the value of other benefits granted to him, excluding pension fund contributions, was £234,536.
- d. The only other pecuniary benefit was membership of the Royal London Group Pension Scheme under the normal terms applicable to a member of the Insurer's staff.