

Legal & General Assurance Society Limited



Annual PRA Insurance Returns for the year ended

31 December 2015

IPRU(INS) Appendices 9.1, 9.2, 9.3, 9.4, 9.4A, 9.5, 9.6

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Statement of solvency - general insurance businessName of insurer **Legal & General Assurance Society Limited**

Global business

Financial year ended **31 December 2015**

Adjusted solo solvency calculation

	Company registration number	GL/ UK/ CM	day	month	year	Units	
	R1	166055	GL	31	12	2015	£000
						As at end of this financial year	As at end of the previous year
						1	2

Capital resources

Capital resources arising outside the long-term insurance fund	11	2473592	2745931
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	12	2409592	2681931
Capital resources available to cover general insurance business capital resources requirement (11-12)	13	64000	64000

Guarantee fund

Guarantee fund requirement	21	61794	61875
Excess (deficiency) of available capital resources to cover guarantee fund requirement	22	2206	2125

Minimum capital requirement (MCR)

General insurance capital requirement	31	2348	2563
Base capital resources requirement	33	2657	2902
Individual minimum capital requirement	34	2657	2902
Capital requirements of regulated related undertakings	35	60908	60908
Minimum capital requirement (34+35)	36	63565	63810
Excess (deficiency) of available capital resources to cover 50% of MCR	37	32218	32095
Excess (deficiency) of available capital resources to cover 75% of MCR	38	16326	16142

Capital resources requirement (CRR)

Capital resources requirement	41	63565	63810
Excess (deficiency) of available capital resources to cover general insurance business CRR (13-41)	42	435	190

Contingent liabilities

Quantifiable contingent liabilities in respect of other than long-term insurance business as shown in a supplementary note to Form 15	51		
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Statement of solvency - long-term insurance businessName of insurer **Legal & General Assurance Society Limited**

Global business

Financial year ended **31 December 2015**

Adjusted solo solvency calculation

	Company registration number	GL/ UK/ CM	day	month	year	Units
R2	166055	GL	31	12	2015	£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	4655785	2731723
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	12	2409592	2681931
Capital resources available to cover long-term insurance business capital resources requirement (11+12)	13	7065377	5413654

Guarantee fund

Guarantee fund requirement	21	1027178	1151945
Excess (deficiency) of available capital resources to cover guarantee fund requirement	22	6038199	4261709

Minimum capital requirement (MCR)

Long-term insurance capital requirement	31	2895739	2880049
Resilience capital requirement	32		
Base capital resources requirement	33	2657	2902
Individual minimum capital requirement	34	2895739	2880049
Capital requirements of regulated related undertakings	35	61931	191929
Minimum capital requirement (34+35)	36	2957670	3071978
Excess (deficiency) of available capital resources to cover 50% of MCR	37	5586542	3877665
Excess (deficiency) of available capital resources to cover 75% of MCR	38	4847124	3109670

Enhanced capital requirement

With-profits insurance capital component	39	422544	372506
Enhanced capital requirement	40	3380214	3444484

Capital resources requirement (CRR)

Capital resources requirement (greater of 36 and 40)	41	3380214	3444484
Excess (deficiency) of available capital resources to cover long-term insurance business CRR (13-41)	42	3685163	1969170

Contingent liabilities

Quantifiable contingent liabilities in respect of long-term insurance business as shown in a supplementary note to Form 14	51		
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Components of capital resources

Name of insurer **Legal & General Assurance Society Limited**

Global business

Financial year ended **31 December 2015**

	Company registration number	GL/UK/CM	day	month	year	Units	
	R3	166055	GL	31	12	2015	£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		651430	651430	201430
Profit and loss account and other reserves	12	64000	3831116	3895116	2483232
Share premium account	13		1048914	1048914	1048914
Positive valuation differences	14		1071962	1071962	1104635
Fund for future appropriations	15		927632	927632	761373
Core tier one capital in related undertakings	16		157044	157044	396341
Core tier one capital (sum of 11 to 16)	19	64000	7688098	7752098	5995925

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	64000	7688098	7752098	5995925
Investments in own shares	32				
Intangible assets	33		305129	305129	214733
Amounts deducted from technical provisions for discounting	34				
Other negative valuation differences	35				
Deductions in related undertakings	36		87436	87436	80652
Deductions from tier one (32 to 36)	37		392565	392565	295385
Total tier one capital after deductions (31-37)	39	64000	7295533	7359533	5700540

Components of capital resources

Name of insurer **Legal & General Assurance Society Limited**

Global business

Financial year ended **31 December 2015**

	Company registration number	GL/UK/CM	day month year			Units	
	R3	166055	GL	31	12	2015	£000
		General insurance business	Long-term insurance business	Total as at the end of this financial year	Total as at the end of the previous year		
		1	2	3	4		

Tier two capital

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

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

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

Components of capital resources

Name of insurer **Legal & General Assurance Society Limited**

Global business

Financial year ended **31 December 2015**

	Company registration number	GL/ UK/ CM	day month year			Units	
	R3	166055	GL	31	12	2015	£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	64000	7295533	7359533	5700540	
Inadmissible assets other than intangibles and own shares	73		230156	230156	222886	
Assets in excess of market risk and counterparty limits	74					
Deductions for related ancillary services undertakings	75					
Deductions for regulated non-insurance related undertakings	76					
Deductions of ineligible surplus capital	77					
Total capital resources after deductions (72-73-74-75-76-77)	79	64000	7065377	7129377	5477654	

Available capital resources for GENPRU/INSPRU tests

Available capital resources for guarantee fund requirement	81	64000	7065377	7129377	5477654	
Available capital resources for 50% MCR requirement	82	64000	7065377	7129377	5477654	
Available capital resources for 75% MCR requirement	83	64000	7065377	7129377	5477654	

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 **Legal & General Assurance Society Limited**

Global business

Financial year ended **31 December 2015**

General insurance business

		Company registration number	GL/ UK/ CM	day month year			Units	
		R11	166055	GL	31	12	2015	£000
		This financial year 1					Previous year 2	
Gross premiums written				11	12296			14240
Premiums taxes and levies (included in line 11)				12				
Premiums written net of taxes and levies (11-12)				13	12296			14240
Premiums for classes 11, 12 or 13 (included in line 13)				14				
Premiums for "actuarial health insurance" (included in line 13)				15				
Sub-total A (13 + 1/2 14 - 2/3 15)				16	12296			14240
Gross premiums earned				21	13046			13215
Premium taxes and levies (included in line 21)				22				
Premiums earned net of taxes and levies (21-22)				23	13046			13215
Premiums for classes 11, 12 or 13 (included in line 23)				24				
Premiums for "actuarial health insurance" (included in line 23)				25				
Sub-total H (23 + 1/2 24 - 2/3 25)				26	13046			13215
Sub-total I (higher of sub-total A and sub-total H)				30	13046			14240
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	2348			2563
	Excess (if any) over 61.3M EURO x 0.02			33				
Sub-total J (32-33)				34	2348			2563
Claims paid in period of 3 financial years				41	173			168
Claims outstanding carried forward at the end of the 3 year period	For insurance business accounted for on an underwriting year basis			42	82			77
	For insurance business accounted for on an accident year basis			43	231			299
Claims outstanding brought forward at the beginning of the 3 year period	For insurance business accounted for on an underwriting year basis			44	65			71
	For insurance business accounted for on an accident year basis			45	457			618
Sub-total C (41+42+43-44-45)				46	(36)			(146)
Amounts recoverable from reinsurers in respect of claims included in Sub-total C				47				88
Sub-total D (46-47)				48	(36)			(234)
Reinsurance Ratio (Sub-total D /sub-total C or, if more, 0.50 or, if less, 1.00)				49	1.00			1.00
Premiums amount (Sub-total J x reinsurance ratio)				50	2348			2563
Provision for claims outstanding (before discounting and net of reinsurance)				51	313			375
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	2141			2188
Greater of lines 50 and 53				54	2348			2563

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

Name of insurer **Legal & General Assurance Society Limited**

Global business

Financial year ended **31 December 2015**

Long term insurance business

		Company registration number	GL/UK/CM	day month year			Units	
		R11	166055	GL	31	12	2015	£000
				This financial year			Previous year	
				1			2	
Gross premiums written				11	533043		360599	
Premiums taxes and levies (included in line 11)				12				
Premiums written net of taxes and levies (11-12)				13	533043		360599	
Premiums for classes 11, 12 or 13 (included in line 13)				14				
Premiums for "actuarial health insurance" (included in line 13)				15	87432		88266	
Sub-total A (13 + 1/2 14 - 2/3 15)				16	474755		301755	
Gross premiums earned				21	533043		360599	
Premium taxes and levies (included in line 21)				22				
Premiums earned net of taxes and levies (21-22)				23	533043		360599	
Premiums for classes 11, 12 or 13 (included in line 23)				24				
Premiums for "actuarial health insurance" (included in line 23)				25	87432		88266	
Sub-total H (23 + 1/2 24 - 2/3 25)				26	474755		301755	
Sub-total I (higher of sub-total A and sub-total H)				30	474755		301755	
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	85456		54316	
	Excess (if any) over 61.3M EURO x 0.02			33	8615		5074	
Sub-total J (32-33)				34	76841		49242	
Claims paid in period of 3 financial years				41	529001		415499	
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	486957		483714	
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	435730		421197	
Sub-total C (41+42+43-44-45)				46	580228		478016	
Amounts recoverable from reinsurers in respect of claims included in Sub-total C				47	35877		68442	
Sub-total D (46-47)				48	544350		409574	
Reinsurance Ratio (Sub-total D /sub-total C or, if more, 0.50 or, if less, 1.00)				49	0.94		0.86	
Premiums amount (Sub-total J x reinsurance ratio)				50	72090		42192	
Provision for claims outstanding (before discounting and net of reinsurance)				51	423305		399068	
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	42192		33238	
Greater of lines 50 and 53				54	72090		42192	

Calculation of general insurance capital requirement - claims amount and result

Name of insurer **Legal & General Assurance Society Limited**

Global business

Financial year ended **31 December 2015**

General insurance business

		Company registration number	GL/ UK/ CM	day month year			Units	
		R12	166055	GL	31	12	2015	£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					173	168
Claims outstanding carried forward at the end of the reference period	For insurance business accounted for on an underwriting year basis	22					82	77
	For insurance business accounted for on an accident year basis	23					231	299
Claims outstanding brought forward at the beginning of the reference period	For insurance business accounted for on an underwriting year basis	24					65	71
	For insurance business accounted for on an accident year basis	25					457	618
Claims incurred in reference period (21+22+23-24-25)		26					(36)	(146)
Claims incurred for classes 11, 12 or 13 (included in 26)		27						
Claims incurred for "actuarial health insurance" (included in 26)		28						
Sub-total E (26 +1/2 27 - 2/3 28)		29					(36)	(146)
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					(12)	(49)
Division of sub-total F (gross adjusted claims amount)	x 0.26	32					(3)	(13)
	Excess (if any) over 42.9M EURO x 0.03	33						
Sub-total G (32-33)		39					(3)	(13)
Claims amount Sub-total G x reinsurance ratio (11.49)		41					(3)	(13)
Higher of premiums amount and brought forward amount (11.54)		42					2348	2563
General insurance capital requirement (higher of lines 41 and 42)		43					2348	2563

Calculation of general insurance capital requirement - claims amount and result

Name of insurer **Legal & General Assurance Society Limited**

Global business

Financial year ended **31 December 2015**

Long term insurance business

		Company registration number	GL/ UK/ CM	day month year			Units	
		R12	166055	GL	31	12	2015	£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				529001		415499
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				486957		483714
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				435730		421197
Claims incurred in reference period (21+22+23-24-25)		26				580228		478016
Claims incurred for classes 11, 12 or 13 (included in 26)		27						
Claims incurred for "actuarial health insurance" (included in 26)		28				236431		242808
Sub-total E (26 +1/2 27 - 2/3 28)		29				422607		316144
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				140869		105381
Division of sub-total F (gross adjusted claims amount)	x 0.26	32				36626		27399
	Excess (if any) over 42.9M EURO x 0.03	33				3302		2152
Sub-total G (32-33)		39				33324		25247
Claims amount Sub-total G x reinsurance ratio (11.49)		41				31264		21632
Higher of premiums amount and brought forward amount (11.54)		42				72090		42192
General insurance capital requirement (higher of lines 41 and 42)		43				72090		42192

Analysis of admissible assets

Name of insurer **Legal & General Assurance Society Limited**

Global business

Financial year ended **31 December 2015**

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

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	166055	GL	31	12	2015	£000	1
					As at end of this financial year	As at end of the previous year	
					1	2	
Land and buildings			11				

Investments in group undertakings and participating interests

UK insurance dependants	Shares	21	109604	98612
	Debts and loans	22		
Other insurance dependants	Shares	23	89213	284649
	Debts and loans	24		
Non-insurance dependants	Shares	25	4810394	2106326
	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	383683	476624	
Other shares and other variable yield participations	42			
Holdings in collective investment schemes	43	1325461	1183195	
Rights under derivative contracts	44	28281	8247	
Fixed interest securities	Approved	45	43416	53416
	Other	46	160439	255080
Variable interest securities	Approved	47		
	Other	48		
Participation in investment pools	49			
Loans secured by mortgages	50			
Loans to public or local authorities and nationalised industries or undertakings	51			
Loans secured by policies of insurance issued by the company	52			
Other loans	53			
Bank and approved credit & financial institution deposits	One month or less withdrawal	54		
	More than one month withdrawal	55	770	770
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 **Legal & General Assurance Society Limited**

Global business

Financial year ended **31 December 2015**

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

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	166055	GL	31	12	2015	£000	1
					As at end of this financial year	As at end of the previous year	
					1	2	

Reinsurers' share of technical provisions

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

Debtors and salvage

Direct insurance business	Policyholders	71		
	Intermediaries	72		
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74	254	6357
	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	1298501	319661
	due in more than 12 months	79	16467	13054

Other assets

Tangible assets	80	5	1231
Deposits not subject to time restriction on withdrawal with approved institutions	81	38318	17830
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	2100	2480
Deferred acquisition costs (general business only)	85	968	1081
Other prepayments and accrued income	86	15625	20446

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	8323499	4849059
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Analysis of admissible assets

Name of insurer **Legal & General Assurance Society Limited**

Global business

Financial year ended **31 December 2015**

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

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	166055	GL	31	12	2015	£000	1
					As at end of this financial year	As at end of the previous year	
					1	2	

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

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	91	8323499	4849059
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	176360	142620
Capital resources requirement deduction of regulated related undertakings	94	122839	252837
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	95		
Inadmissible assets of regulated related undertakings	96	89297	121689
Book value of related ancillary services undertakings	97		
Other differences in the valuation of assets (other than for assets not valued above)	98	(192327)	(903927)
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	(2109632)	(716167)
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	6410036	3746111
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103	1471065	412140

Analysis of admissible assets

Name of insurer **Legal & General Assurance Society Limited**

Global business

Financial year ended **31 December 2015**

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

	Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
	R13	166055	GL	31	12	2015	£000	10
						As at end of this financial year	As at end of the previous year	
						1	2	
Land and buildings						11	344847	160560

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	432475	470876
	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	3327561	3778996	
Other shares and other variable yield participations	42			
Holdings in collective investment schemes	43	2902901	1071600	
Rights under derivative contracts	44	2727716	61556	
Fixed interest securities	Approved	45	5964474	3576734
	Other	46	28151361	3725616
Variable interest securities	Approved	47	323254	
	Other	48	86709	35973
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	96	151	
Other loans	53	345	4978	
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	136522	293862
	More than one month withdrawal	55	49999	307431
Other financial investments	56	139357	218351	
Deposits with ceding undertakings	57			
Assets held to match linked liabilities	Index linked	58	12474378	
	Property linked	59	26050271	26656632

Analysis of admissible assets

Name of insurer **Legal & General Assurance Society Limited**

Global business

Financial year ended **31 December 2015**

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

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	166055	GL	31	12	2015	£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	34712	75301
	Intermediaries	72	8	
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74	741968	381276
	Ceded	75	9630	6523
Dependants	due in 12 months or less	76		
	due in more than 12 months	77		
Other	due in 12 months or less	78	1604002	151786
	due in more than 12 months	79		

Other assets

Tangible assets	80	15968	3077
Deposits not subject to time restriction on withdrawal with approved institutions	81	642693	129930
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83	32601	139559
Accrued interest and rent	84	442398	103350
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86	42	111

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	86636288	41354229
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Analysis of admissible assets

Name of insurer **Legal & General Assurance Society Limited**

Global business

Financial year ended **31 December 2015**

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

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	166055	GL	31	12	2015	£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	86636288	41354229
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	48150	44108
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	(3170)	(232)
Deferred acquisition costs excluded from line 89	99	602314	633615
Reinsurers' share of technical provisions excluded from line 89	100	17247792	54184763
Other asset adjustments (may be negative)	101	196512	207334
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	104727886	96423817
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103	175674	18746

Analysis of admissible assets

Name of insurer **Legal & General Assurance Society Limited**

Global business

Financial year ended **31 December 2015**

Category of assets **With Profits Part of Fund**

	Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
	R13	166055	GL	31	12	2015	£000	11
						As at end of this financial year	As at end of the previous year	
						1	2	
Land and buildings						11	145008	137706

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	413624	454752
	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	3138473	3765684
Other shares and other variable yield participations		42		
Holdings in collective investment schemes		43	991780	1009124
Rights under derivative contracts		44	36046	61287
Fixed interest securities	Approved	45	3120245	3552649
	Other	46	2829182	3157130
Variable interest securities	Approved	47	323254	
	Other	48	861	19953
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	2	72
Other loans		53	345	4978
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	135470	278395
	More than one month withdrawal	55	49999	212345
Other financial investments		56	139357	150815
Deposits with ceding undertakings		57		
Assets held to match linked liabilities	Index linked	58		
	Property linked	59	8743093	9031672

Analysis of admissible assets

Name of insurer **Legal & General Assurance Society Limited**

Global business

Financial year ended **31 December 2015**

Category of assets **With Profits Part of Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	166055	GL	31	12	2015	£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	2199	1065
	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	93197	25817
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	192515	118015
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	93958	98851
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86	42	111

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	20448650	22080421
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Analysis of admissible assets

Name of insurer **Legal & General Assurance Society Limited**

Global business

Financial year ended **31 December 2015**

Category of assets **With Profits Part of Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	166055	GL	31	12	2015	£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	20448650	22080421
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	1448	2544
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	82666	93090
Reinsurers' share of technical provisions excluded from line 89	100	147590	193609
Other asset adjustments (may be negative)	101	(2926)	4703
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	20677428	22374367
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103	12033	

Analysis of admissible assets

Name of insurer **Legal & General Assurance Society Limited**

Global business

Financial year ended **31 December 2015**

Category of assets **Non Profit & balancing items**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	166055	GL	31	12	2015	£000	12
					As at end of this financial year	As at end of the previous year	
					1	2	
Land and buildings			11		199839	22854	

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	18851	16124
	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	189088	13312	
Other shares and other variable yield participations	42			
Holdings in collective investment schemes	43	1911121	62476	
Rights under derivative contracts	44	2691670	269	
Fixed interest securities	Approved	45	2844229	24085
	Other	46	25322179	568486
Variable interest securities	Approved	47		
	Other	48	85848	16020
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	94	79	
Other loans	53			
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	1052	15467
	More than one month withdrawal	55		95086
Other financial investments	56		67536	
Deposits with ceding undertakings	57			
Assets held to match linked liabilities	Index linked	58	12474378	
	Property linked	59	17307178	17624960

Analysis of admissible assets

Name of insurer **Legal & General Assurance Society Limited**

Global business

Financial year ended **31 December 2015**

Category of assets **Non Profit & balancing items**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	166055	GL	31	12	2015	£000	12
					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	32513	74236
	Intermediaries	72	8	
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74	741968	381276
	Ceded	75	9630	6523
Dependants	due in 12 months or less	76		
	due in more than 12 months	77		
Other	due in 12 months or less	78	1510805	125969
	due in more than 12 months	79		

Other assets

Tangible assets	80	15968	3077
Deposits not subject to time restriction on withdrawal with approved institutions	81	450178	11915
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83	32601	139559
Accrued interest and rent	84	348440	4499
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	66187638	19273808
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Analysis of admissible assets

Name of insurer **Legal & General Assurance Society Limited**

Global business

Financial year ended **31 December 2015**

Category of assets **Non Profit & balancing items**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	166055	GL	31	12	2015	£000	12
					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	66187638	19273808
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	46702	41564
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	(3170)	(232)
Deferred acquisition costs excluded from line 89	99	519648	540525
Reinsurers' share of technical provisions excluded from line 89	100	17100202	53991154
Other asset adjustments (may be negative)	101	199437	202631
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	84050457	74049450
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103	163641	18746

Long term insurance business liabilities and margins

Name of insurer **Legal & General Assurance Society Limited**

Global business

Financial year ended **31 December 2015**Total business/Sub fund **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	73955400	37173042	
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12			
Balance of surplus/(valuation deficit)	13	3013147	1259054	
Long term insurance business fund carried forward (11 to 13)	14	76968547	38432096	
Claims outstanding	Gross	15	346581	277199
	Reinsurers' share	16	125954	98139
	Net (15-16)	17	220627	179060
Provisions	Taxation	21	70284	65583
	Other risks and charges	22	237800	245800
Deposits received from reinsurers	23			
Creditors	Direct insurance business	31	23675	34150
	Reinsurance accepted	32	65	20
	Reinsurance ceded	33	9835	9586
Debenture loans	Secured	34		
	Unsecured	35		
Amounts owed to credit institutions	36	301	5469	
Creditors	Taxation	37		
	Other	38	7459460	909176
Accruals and deferred income	39	3056	620	
Provision for "reasonably foreseeable adverse variations"	41			
Total other insurance and non-insurance liabilities (17 to 41)	49	8025103	1449464	
Excess of the value of net admissible assets	51	1642638	1472669	
Total liabilities and margins	59	86636288	41354229	
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	127989	55752	
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62	26016325	26640426	
Total liabilities (11+12+49)	71	81980503	38622506	
Increase to liabilities - DAC related	72			
Reinsurers' share of technical provisions	73	17247792	54184762	
Other adjustments to liabilities (may be negative)	74	1557614	1262054	
Capital and reserves and fund for future appropriations	75	3941976	2354495	
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (71 to 75)	76	104727885	96423817	

Long term insurance business liabilities and marginsName of insurer **Legal & General Assurance Society Limited**

Global business

Financial year ended **31 December 2015**Total business/Sub fund **With Profits Part of 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	18380265	19873296	
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12			
Balance of surplus/(valuation deficit)	13	3478	3478	
Long term insurance business fund carried forward (11 to 13)	14	18383743	19876774	
Claims outstanding	Gross	15	85682	79763
	Reinsurers' share	16		
	Net (15-16)	17	85682	79763
Provisions	Taxation	21	82317	110765
	Other risks and charges	22	117300	120600
Deposits received from reinsurers	23			
Creditors	Direct insurance business	31	1005	1645
	Reinsurance accepted	32		
	Reinsurance ceded	33	123	82
Debenture loans	Secured	34		
	Unsecured	35		
Amounts owed to credit institutions	36	160	5469	
Creditors	Taxation	37	44378	44378
	Other	38	90688	367656
Accruals and deferred income	39	616	620	
Provision for "reasonably foreseeable adverse variations"	41			
Total other insurance and non-insurance liabilities (17 to 41)	49	422269	730978	
Excess of the value of net admissible assets	51	1642638	1472669	
Total liabilities and margins	59	20448650	22080421	

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	43	593
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62	8735644	9023182

Total liabilities (11+12+49)	71	18802534	20604274
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 of its external financial reporting (71 to 75)	76		

Long term insurance business liabilities and marginsName of insurer **Legal & General Assurance Society Limited**

Global business

Financial year ended **31 December 2015**Total business/Sub fund **Non Profit & balancing items**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	55575135	17299746
Cash bonuses which had not been paid to policyholders prior to end of the financial year		12		
Balance of surplus/(valuation deficit)		13	3009669	1255576
Long term insurance business fund carried forward (11 to 13)		14	58584804	18555322
Claims outstanding	Gross	15	260899	197436
	Reinsurers' share	16	125954	98139
	Net (15-16)	17	134945	99297
Provisions	Taxation	21	(12033)	(45182)
	Other risks and charges	22	120500	125200
Deposits received from reinsurers		23		
Creditors	Direct insurance business	31	22670	32505
	Reinsurance accepted	32	65	20
	Reinsurance ceded	33	9712	9504
Debenture loans	Secured	34		
	Unsecured	35		
Amounts owed to credit institutions		36	141	
Creditors	Taxation	37	(44378)	(44378)
	Other	38	7368772	541520
Accruals and deferred income		39	2440	
Provision for "reasonably foreseeable adverse variations"		41		
Total other insurance and non-insurance liabilities (17 to 41)		49	7602834	718486
Excess of the value of net admissible assets		51		
Total liabilities and margins		59	66187638	19273808

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance		61	127947	55159
Amounts included in line 59 attributable to liabilities in respect of property linked benefits		62	17280681	17617244

Total liabilities (11+12+49)		71	63177969	18018232
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 of its external financial reporting (71 to 75)		76		

Liabilities (other than long term insurance business)Name of insurer **Legal & General Assurance Society Limited**

Global business

Financial year ended **31 December 2015**

Company registration number	GL/UK/CM	day	month	year	Units	
R15	166055	GL	31	12	2015	£000
					As at end of this financial year	As at end of the previous year
					1	2

Technical provisions (gross amount)

Provisions for unearned premiums	11	6455	7205
Claims outstanding	12	313	375
Provision for unexpired risks	13		
Equalisation provisions	Credit business	14	
	Other than credit business	15	5841
Other technical provisions	16		
Total gross technical provisions (11 to 16)	19	13962	13421

Provisions and creditors

Provisions	Taxation	21		
	Other risks and charges	22	432325	467311
Deposits received from reinsurers	31			
Creditors	Direct insurance business	41		
	Reinsurance accepted	42		
	Reinsurance ceded	43	39	38
Debenture loans	Secured	44		
	Unsecured	45		
Amounts owed to credit institutions	46			
Creditors	Taxation	47		
	Foreseeable dividend	48		
	Other	49	5315807	1729445
Accruals and deferred income	51	210613	145749	
Total (19 to 51)	59	5972746	2355964	
Provision for "reasonably foreseeable adverse variations"	61			
Cumulative preference share capital	62			
Subordinated loan capital	63			
Total (59 to 63)	69	5972746	2355964	

Amounts included in line 69 attributable to liabilities to related insurers, other than those under contracts of insurance or reinsurance	71	5258268	1666266
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Amounts deducted from technical provisions for discounting	82		
Other adjustments (may be negative)	83	(2143826)	(750308)
Capital and reserves	84	2581116	2140455
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (69-82+83+84)	85	6410036	3746111

Profit and loss account (non-technical account)Name of insurer **Legal & General Assurance Society Limited**

Global business

Financial year ended **31 December 2015**

		Company registration number	GL/ UK/ CM	day	month	year	Units	
		R16	166055	GL	31	12	2015	£000
				This financial year			Previous year	
				1			2	
Transfer (to)/from the general insurance business technical account	From Form 20		11	11104			9976	
	Equalisation provisions		12	(1353)			(1566)	
Transfer from the long term insurance business revenue account			13	1040480			192916	
Investment income	Income		14	697841			539772	
	Value re-adjustments on investments		15	3099556			43424	
	Gains on the realisation of investments		16	66355				
Investment charges	Investment management charges, including interest		17	4590			4713	
	Value re-adjustments on investments		18	64379				
	Loss on the realisation of investments		19				7450	
Allocated investment return transferred to the general insurance business technical account			20					
Other income and charges (particulars to be specified by way of supplementary note)			21	16608			(171965)	
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)			29	4861622			600394	
Tax on profit or loss on ordinary activities			31	7669			(8516)	
Profit or loss on ordinary activities after tax (29-31)			39	4853953			608910	
Extraordinary profit or loss (particulars to be specified by way of supplementary note)			41					
Tax on extraordinary profit or loss			42					
Other taxes not shown under the preceding items			43					
Profit or loss for the financial year (39+41-(42+43))			49	4853953			608910	
Dividends (paid or foreseeable)			51	700000			700000	
Profit or loss retained for the financial year (49-51)			59	4153953			(91090)	

Analysis of derivative contractsName of insurer **Legal & General Assurance Society Limited**

Global business

Financial year ended **31 December 2015**Category of assets **Total other than long term insurance business assets**

		Company registration number	GL/ UK/ CM	day month year			Units	Category of assets	
		R17	166055	GL	31	12	2015	£000	1
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	57					10981	
	Interest rates	12							
	Inflation	13							
	Credit index / basket	14							
	Credit single name	15							
	Equity index	16	407	3196	19479	419181			
	Equity stock	17							
	Land	18							
	Currencies	19	5520	14012	846869	855361			
	Mortality	20							
	Other	21							
In the money options	Swaptions	31							
	Equity index calls	32	106			12110			
	Equity stock calls	33							
	Equity index puts	34	22191			121818			
	Equity stock puts	35							
	Other	36							
Out of the money options	Swaptions	41							
	Equity index calls	42			5			1600	
	Equity stock calls	43							
	Equity index puts	44							
	Equity stock puts	45							
	Other	46							
Total (11 to 46)		51	28281	17213	1000276	1287123			
Adjustment for variation margin		52							
Total (51 + 52)		53	28281	17213					

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

Analysis of derivative contracts

Name of insurer **Legal & General Assurance Society Limited**

Global business

Financial year ended **31 December 2015**Category of assets **Total long term insurance business assets**

		Company registration number	GL/ UK/ CM	day month year			Units	Category of assets	
		R17	166055	GL	31	12	2015	£000	10
Derivative contracts		Value as at the end of this financial year			Notional amount as at the end of this financial year				
		Assets 1		Liabilities 2		Bought / Long 3		Sold / Short 4	
Futures and contracts for differences	Fixed-interest securities	11							
	Interest rates	12	2441979		1074605		7723237		8061118
	Inflation	13	155913		523146		4976357		1473670
	Credit index / basket	14							
	Credit single name	15							
	Equity index	16	5289		367		107936		137525
	Equity stock	17							
	Land	18							
	Currencies	19	67391		277359		5291179		12186810
	Mortality	20							
	Other	21	56517		276		238373		
In the money options	Swaptions	31							
	Equity index calls	32							
	Equity stock calls	33							
	Equity index puts	34	627				4		
	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	2727716		1875753		18337086		21859123
Adjustment for variation margin		52							
Total (51 + 52)		53	2727716		1875753				

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

Analysis of derivative contracts

Name of insurer **Legal & General Assurance Society Limited**

Global business

Financial year ended **31 December 2015**Category of assets **With Profits Part of Fund**

		Company registration number	GL/ UK/ CM	day month year			Units	Category of assets	
		R17	166055	GL	31	12	2015	£000	11
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	29240		2352		445010		636767
	Inflation	13							
	Credit index / basket	14							
	Credit single name	15							
	Equity index	16	5289		367		107936		137525
	Equity stock	17							
	Land	18							
	Currencies	19	890		28056		17916		885249
	Mortality	20							
	Other	21							
In the money options	Swaptions	31							
	Equity index calls	32							
	Equity stock calls	33							
	Equity index puts	34	627				4		
	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	36046		30775		570866		1659541
Adjustment for variation margin		52							
Total (51 + 52)		53	36046		30775				

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

Analysis of derivative contractsName of insurer **Legal & General Assurance Society Limited**

Global business

Financial year ended **31 December 2015**Category of assets **Non Profit & balancing items**

		Company registration number	GL/ UK/ CM	day month year			Units	Category of assets	
		R17	166055	GL	31	12	2015	£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	2412739	1072253	7278227	7424351			
	Inflation	13	155913	523146	4976357	1473670			
	Credit index / basket	14							
	Credit single name	15							
	Equity index	16							
	Equity stock	17							
	Land	18							
	Currencies	19	66501	249303	5273263	11301561			
	Mortality	20							
	Other	21	56517	276	238373				
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	2691670	1844978	17766220	20199582			
Adjustment for variation margin		52							
Total (51 + 52)		53	2691670	1844978					

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

With-profits insurance capital component for the fundName of insurer **Legal & General Assurance Society Limited**With-profits fund **With Profits Part of Fund**Financial year ended **31 December 2015**Units **£000**

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

Regulatory excess capital

Regulatory value of assets	Long-term admissible assets of the fund	11	20448650	22080421
	Implicit items allocated to the fund	12		
	Mathematical reserves in respect of the fund's non-profit insurance contracts	13	9408888	9864886
	Long-term admissible assets of the fund covering the LTICR of the fund's non-profit insurance contracts	14	55262	63707
	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	10984500	12151828
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profits insurance contracts	21	8971377	10008410
	Regulatory current liabilities of the fund	22	422269	730978
	Total (21+22)	29	9393646	10739388
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		31	363749	405581
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	9757395	11144969
Regulatory excess capital (19-39)		49	1227105	1006859

Realistic excess capital

Realistic excess capital	51	551029	348079
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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	676076	658780
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	253532	286274
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	422544	372506

Realistic balance sheet

Name of insurer **Legal & General Assurance Society Limited**

With-profits fund **With Profits Part of Fund**

Financial year ended **31 December 2015**

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	10984500	12151828
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	381255	447503
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	11365755	12599331
Support arrangement assets	27		
Assets available to the fund (26+27)	29	11365755	12599331

Realistic value of liabilities of fund

With-profits benefit reserve	31	9416854	10448953	
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	23783	26755
	Planned deductions for the costs of guarantees, options and smoothing from with-profits benefits reserve	35	221016	147
	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	36	28103	251838
	Future costs of contractual guarantees (other than financial options)	41	572239	627194
	Future costs of non-contractual commitments	42		
	Future costs of financial options	43	219789	250131
	Future costs of smoothing (possibly negative)	44	88208	90292
	Financing costs	45		
	Any other liabilities related to regulatory duty to treat customers fairly	46		
	Other long-term insurance liabilities	47	271618	301049
	Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49	926518	1043436
Realistic current liabilities of the fund	51	430114	733826	
Realistic value of liabilities of fund (31+49+51)	59	10773486	12226215	

Realistic balance sheet

Name of insurer **Legal & General Assurance Society Limited**
 With-profits fund **With Profits Part of Fund**
 Financial year ended **31 December 2015**
 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	10814726	12251252
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	10814726	12251252
Risk capital margin for fund (62-59)	65	41240	25037
Realistic excess capital for fund (26-(59+65))	66	551029	348079
Realistic excess available capital for fund (29-(59+65))	67	551029	348079
Working capital for fund (29-59)	68	592269	373116
Working capital ratio for fund (68/29)	69	5.21	2.96

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

Additional amount potentially available for inclusion in line 62	81	100000	150000
Additional amount potentially available for inclusion in line 63	82		

General insurance business : Summary of business carried on

Name of insurer **Legal & General Assurance Society Limited**

Global business

Financial year ended **31 December 2015**

		Company registration number	GL/UK/CM	day month year			units	
		R20A	166055	GL	31	12	2015	£000
Category number	PRA return general insurance business reporting category		Gross Premium written in this financial year 1	Provision for undiscounted gross claims outstanding at the end of this financial year			Provision for gross unearned premium at the end of this financial year 4	
				Reported 2	Incurred but not reported 3			
001	Total business	1	12296	211		102	6455	
002	Total primary (direct) and facultative business	2		211		102		
003	Total treaty reinsurance accepted business	3	12296				6455	
110	Total primary (direct) and facultative accident and health (category numbers 111 to 114)	4						
120	Total primary (direct) and facultative personal lines motor business (category numbers 121 to 123)	5						
160	Primary (direct) and facultative household and domestic all risks	6						
180	Total primary (direct) and facultative personal lines financial loss (category numbers 181 to 187)	7						
220	Total primary (direct) and facultative commercial motor business (category numbers 221 to 223)	8						
260	Total primary (direct) and facultative commercial lines property (category numbers 261 to 263)	9		1				
270	Total primary (direct) and facultative commercial lines liability business (category numbers 271 to 274)	10		129		102		
280	Total primary (direct) and facultative commercial lines financial loss (category numbers 281 to 284)	11						
330	Total primary (direct) and facultative aviation (category numbers 331 to 333)	12						
340	Total primary (direct) and facultative marine (category numbers 341 to 347)	13		82				
350	Total primary (direct) and facultative goods in transit	14						
400	Miscellaneous primary (direct) and facultative business	15						
500	Total non-proportional treaty reinsurance business accepted (category numbers 510 to 590)	16	12296				6455	
600	Total proportional treaty reinsurance business accepted (category numbers 610 to 690)	17						
700	Miscellaneous treaty reinsurance accepted business	18						
	Total (lines 4 to 18)	20	12296	211		102	6455	

General insurance business : Summary of business carried on

Name of insurer **Legal & General Assurance Society Limited**

Global business

Financial year ended **31 December 2015**

Category number	PRA return general insurance business reporting category	Company registration number	GL/UK/CM	day month year			units
		R20A	166055	GL	31	12	2015
		Gross Premium written in this financial year	Provision for undiscounted gross claims outstanding at the end of this financial year		Provision for gross unearned premium at the end of this financial year		
			Reported	Incurred but not reported			
		1	2	3	4		

Primary (direct) and facultative personal lines business

111	Medical insurance	21			
112	HealthCare cash plans	22			
113	Travel	23			
114	Personal accident or sickness	24			
121	Private motor - comprehensive	25			
122	Private motor - non-comprehensive	26			
123	Motor cycle	27			
160	Household and domestic all risks (equals line 6)	28			
181	Assistance	29			
182	Creditor	30			
183	Extended warranty	31			
184	Legal expenses	32			
185	Mortgage indemnity	33			
186	Pet insurance	34			
187	Other personal financial loss	35			

Primary (direct) and facultative commercial lines business

221	Fleets	41			
222	Commercial vehicles (non-fleet)	42			
223	Motor other	43			
261	Commercial property	44	1		
262	Consequential loss	45			
263	Contractors or engineering all risks	46			
271	Employers liability	47	129	102	
272	Professional indemnity	48			
273	Public and products liability	49			
274	Mixed commercial package	50			
281	Fidelity and contract guarantee	51			
282	Credit	52			
283	Suretyship	53			
284	Commercial contingency	54			

Primary (direct) and facultative aviation

331	Aviation liability	61			
332	Aviation hull	62			
333	Space and satellite	63			

General insurance business : Summary of business carried on

Name of insurer **Legal & General Assurance Society Limited**

Global business

Financial year ended **31 December 2015**

Category number	PRA return general insurance business reporting category	Company registration number	GL/UK/CM	day month year			units
		R20A	166055	GL	31	12	2015
		Gross Premium written in this financial year	Provision for undiscounted gross claims outstanding at the end of this financial year		Provision for gross unearned premium at the end of this financial year		
			Reported	Incurred but not reported			
		1	2	3	4		

Primary (direct) and facultative marine and transport

341	Marine liability	64				
342	Marine hull	65		41		
343	Energy (on and off-shore)	66				
344	Protection and indemnity	67				
345	Freight demurrage and defence	68		41		
346	War risks	69				
347	Yacht	70				
350	Total primary (direct) and facultative goods in transit (equals line 14)	71				

Primary (direct) and facultative miscellaneous

400	Miscellaneous primary (direct) and facultative business (equals line 15)	72				
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Non-proportional treaty

510	Non-proportional accident and health	81				
520	Non-proportional motor	82				
530	Non-proportional aviation	83				
540	Non-proportional marine	84				
550	Non-proportional transport	85				
560	Non-proportional property	86	12296			6455
570	Non-proportional liability (non-motor)	87				
580	Non-proportional financial lines	88				
590	Non-proportional aggregate cover	89				

Proportional treaty

610	Proportional accident and health	91				
620	Proportional motor	92				
630	Proportional aviation	93				
640	Proportional marine	94				
650	Proportional transport	95				
660	Proportional property	96				
670	Proportional liability (non-motor)	97				
680	Proportional financial lines	98				
690	Proportional aggregate cover	99				

Treaty Reinsurance Miscellaneous

700	Miscellaneous treaty reinsurance accepted business (equals line 18)	101				
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	Total (lines 21 to 101)	111	12296	211	102	6455
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General insurance business : Technical account (excluding equalisation provisions)Name of insurer **Legal & General Assurance Society Limited**

Global business

Financial year ended **31 December 2015****Total business**

		Company registration number	GL/ UK/ CM	day	month	year	Units	Category number	
		R20	166055	GL	31	12	2015	£000	001
Items to be shown net of reinsurance				This financial year			Previous year		
				1			2		
This year's underwriting (accident year)	Earned premium (21.19.5)	11							
	Claims incurred (22.17.4)	12							
	Claims management costs (22.18.4)	13							
	Adjustment for discounting (22.52.4)	14							
	Increase in provision for unexpired risks (22.19.4)	15							
	Other technical income or charges (particulars to be specified by way of supplementary note)	16							
	Net operating expenses (22.42.4)	17							
	Balance of year's underwriting (11-12-13+14-15+16-17)	19							
Adjustment for prior years' underwriting (accident year)	Earned premium (21.11.5)	21							
	Claims incurred (22.13.4)	22				(68)	(26)		
	Claims management costs (22.14.4)	23							
	Adjustment for discounting (22.51.4)	24							
	Other technical income or charges (particulars to be specified by way of supplementary note)	25							
	Net operating expenses (22.41.4)	26				47	1349		
	Balance (21-22-23+24+25-26)	29				21	(1324)		
Balance from underwriting year accounting	Per Form 24 (24.69.99-99)	31				11084	11300		
	Other technical income or charges (particulars to be specified by way of supplementary note)	32							
	Total	39				11084	11300		
Balance of all years' underwriting (19+29+39)		49				11104	9976		
Allocated investment income		51							
Transfer to non-technical account (49+51)		59				11104	9976		

General insurance business (accident year accounting) : Analysis of claims, expenses and technical provisions

Name of company **Legal & General Assurance Society Limited**

Global business

Financial year ended **31 December 2015****Total business**

		Company registration number	GL/ UK/ CM	day month year			Units	Category number	
		R22	166055	GL	31	12	2015	£000	001
				Amount brought forward from previous financial year 1	Amount payable/receivable in this financial year 2			Amount carried forward to next financial year 3	Amount attributable to this financial year 4
Claims incurred in respect of incidents occurring prior to this financial year	Gross amount	11	299				231	(68)	
	Reinsurers' share	12							
	Net (11-12)	13	299				231	(68)	
	Claims management costs	14							
Claims incurred in respect of incidents occurring in this financial year	Gross amount	15							
	Reinsurers' share	16							
	Net (15-16)	17							
	Claims management costs	18							
Provision for unexpired risks		19							
Net operating expenses	Commissions	21							
	Other acquisition expenses	22							
	Administrative expenses	23				47		47	
	Reinsurance commissions and profit participations	24							
	Total (21+22+23-24)	29				47		47	
Adjustments for discounting in respect of the items shown at lines 11 to 18 above	Gross amount	31							
	Reinsurers' share	32							
	Claims management costs	33							
	Total (31-32+33)	39							
Split of line 29	Prior financial years	41				47		47	
	This financial year	42							
Split of line 39	Incidents occurring prior to this financial year	51							
	Incidents occurring in this financial year	52							

General insurance business (accident year accounting) : Analysis of net claims and premiums

Name of insurer **Legal & General Assurance Society Limited**

Global business

Financial year ended **31 December 2015**

Total business

Company registration number **GL/UK/CM** day month year **31 12 2015** Units **£000** Category number **001**

Accident year ended		11	1	2	3	4	Claims outstanding carried forward		Claims outstanding brought forward		9	10	11	12	13
Month	Year						5	6	7	8					
12	2015	11													
12	2014	12													
12	2013	13													
12	2012	14													
12	2011	15													
12	2010	16													
12	2009	17													
12	2008	18													
12	2007	19													
12	2006	20													
Prior accident years		21					129	102	203	96	(68)				
Reconciliation		22													
Total (11 to 22)		29					129	102	203	96	(68)				

General insurance business (underwriting year accounting) : Analysis of premiums, claims and expenses

Name of insurer **Legal & General Assurance Society Limited**

Global business

Financial year ended **31 December 2015****Total business**

Underwriting year ended		Prior underwriting years	MM		MM		MM		MM		MM		MM		GL		day month year			Units		Category number			
			29	29	12	06	12	07	12	08	12	09	12	10	12	11	12	12	12	13	31	12	2015	£000	001
Premiums	Gross amount	11																					12296	12296	
	Reinsurers' share	12																							
	Net (11-12)	19																					12296	12296	
Claims paid	Gross amount	21																							
	Reinsurers' share	22																							
	Net (21-22)	29																							
Claims management costs		39																							
Net operating expense	Commissions	41																					1845	1845	
	Other acquisition expenses	42																							
	Administrative expenses	43																							
	Reinsurers' commissions and profit participations	44																							
	Payable net (41+42+43-44)	49																					1845	1845	
Technical provisions	Brought forward	Undiscounted	51	77																		6125		6202	
		Adjustment for discounting	52																						
	Carried forward	Undiscounted	53	82																				5487	5569
		Adjustment for discounting	54																						
	Increase (decrease) in the financial year (53-54-51+52)		59	5																			(6125)	5487	(633)
Balance on each underwriting year (19-29-39-49-59)		69	(5)																			6125	4964	11084	

General insurance business (underwriting year accounting) : Analysis of technical provisions

Name of insurer **Legal & General Assurance Society Limited**

Global business

Financial year ended **31 December 2015****Total business**

Underwriting year ended		Prior underwriting years	MM		YY		MM		YY		MM		YY		MM		YY		MM		YY		MM		YY		MM		YY		Total all previous columns	
			29	29	12	06	12	07	12	08	12	09	12	10	12	11	12	12	12	13	12	14	12	15	12	15	99	99	99	99		
Reported claims outstanding	Gross amount	11	82																												82	
	Reinsurers' share	12																														
Claims incurred but not reported	Gross amount	13																														
	Reinsurers' share	14																														
Claims management costs		15																														
Adjustment for discounting	Gross amount	16																														
	Reinsurers' share	17																														
	Claims management costs	18																														
Allocation to/(from) another risk category of anticipated surplus		19																														
Balance of the fund		20																														
Claims outstanding (11-12+13-14+15-16+17-18+19+20)		21	82																												82	
Provision for unearned premiums		22																													6455	
Provision for unexpired risks		23																														
Deferred acquisition costs		24																												968	968	
Other technical provisions (particulars to be specified by way of supplementary note)		25																														
Total (21+22+23-24+25)		29	82																											5487	5569	

Equalisation provisionsName of insurer **Legal & General Assurance Society Limited**

Global business

Financial year ended **31 December 2015**

			Company registration number	GL/UK/CM	day month year	Units	
			R37	166055	GL	31 12 2015	£000
	Business grouping A (property)	Business grouping B (business interruption)	Business grouping C (marine and aviation)	Business grouping D (nuclear)	Business grouping E (non-proportional treaty)	All business groupings	Credit insurance business
Calculation of the maximum provision	1	2	3	4	5	6	7
Total net premiums written in the previous 4 years	11				41494		
Net premiums written in the current year	12				12296		
Maximum provision	13				8069	8069	

Calculation of the transfer to/from the provision

Equalisation provision brought forward	21				5841	5841	
Transfers in	22				1353	1353	
Total abnormal loss	23						
Provisional transfers out	24						
Excess of provisional transfer out over fund available	25						
Provisional amount carried forward (21+22-24+25)	26				7194	7194	
Excess, if any, of 26 over 13	27						
Equalisation provision carried forward (26-27)	28				7194	7194	
Transfer in/(out) for financial year (28-21)	29				1353	1353	

Equalisation provisions technical account : Underwriting year accounting

Name of insurer **Legal & General Assurance Society Limited**

Global business

Financial year ended **31 December 2015**

		Company registration number	GL/UK/CM	day month year			Units
	R39	166055	GL	31	12	2015	£000
	Business grouping A (property) 1	Business grouping B (business interruption) 2	Business grouping C (marine and aviation) 3	Business grouping D (nuclear) 4		Business grouping E (non-proportional treaty) 5	
Other than credit business							
Net premiums written	11						12296
Claims net of reinsurance	12						
Trigger claims value	13						12296
Abnormal loss	19						
Trigger claims ratio		72.5%	72.5%	95%	25%		100%

Credit business

Net premiums written	21	
Claims net of reinsurance	22	
Claims management costs	23	
Net operating expenditure	24	
Technical surplus/ (deficit) (21-22-23-24)	29	

Long-term insurance business : Revenue account

Name of insurer **Legal & General Assurance Society Limited**
 Total business / subfund **Summary**
 Financial year ended **31 December 2015**
 Units **£000**

Financial year	Previous year
1	2

Income

Earned premiums	11	38464922	(300810)
Investment income receivable before deduction of tax	12	1188238	1308632
Increase (decrease) in the value of non-linked assets brought into account	13	4158075	1048888
Increase (decrease) in the value of linked assets	14	56944	738026
Other income	15		
Total income	19	43868179	2794736

Expenditure

Claims incurred	21	4121709	3688498
Expenses payable	22	505668	520670
Interest payable before the deduction of tax	23	23556	25260
Taxation	24	(405870)	139312
Other expenditure	25	46185	43480
Transfer to (from) non technical account	26	1040480	192916
Total expenditure	29	5331728	4610136

Business transfers - in	31	(2040)	1956230
Business transfers - out	32	(2040)	1953237
Increase (decrease) in fund in financial year (19-29+31-32)	39	38536451	(1812407)
Fund brought forward	49	38432096	40244503
Fund carried forward (39+49)	59	76968547	38432096

Long-term insurance business : Revenue account

Name of insurer **Legal & General Assurance Society Limited**
 Total business / subfund **With Profits Part of Fund**
 Financial year ended **31 December 2015**
 Units **£000**

Financial year	Previous year
1	2

Income

Earned premiums	11	364793	462372
Investment income receivable before deduction of tax	12	616836	708353
Increase (decrease) in the value of non-linked assets brought into account	13	(211197)	1073767
Increase (decrease) in the value of linked assets	14	28275	240890
Other income	15		
Total income	19	798707	2485382

Expenditure

Claims incurred	21	2114615	2373827
Expenses payable	22	85221	91011
Interest payable before the deduction of tax	23	1064	159
Taxation	24	52398	111056
Other expenditure	25		
Transfer to (from) non technical account	26	40480	42916
Total expenditure	29	2293778	2618969

Business transfers - in	31		
Business transfers - out	32	(2040)	1953237
Increase (decrease) in fund in financial year (19-29+31-32)	39	(1493031)	(2086824)
Fund brought forward	49	19876774	21963598
Fund carried forward (39+49)	59	18383743	19876774

Long-term insurance business : Revenue account

Name of insurer **Legal & General Assurance Society Limited**
 Total business / subfund **Non Profit & balancing items**
 Financial year ended **31 December 2015**
 Units **£000**

Financial year	Previous year
1	2

Income

Earned premiums	11	38100129	(763182)
Investment income receivable before deduction of tax	12	571402	600279
Increase (decrease) in the value of non-linked assets brought into account	13	4369272	(24879)
Increase (decrease) in the value of linked assets	14	28669	497136
Other income	15		
Total income	19	43069472	309354

Expenditure

Claims incurred	21	2007094	1314671
Expenses payable	22	420447	429659
Interest payable before the deduction of tax	23	22492	25101
Taxation	24	(458268)	28256
Other expenditure	25	46185	43480
Transfer to (from) non technical account	26	1000000	150000
Total expenditure	29	3037950	1991167

Business transfers - in	31	(2040)	1956230
Business transfers - out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	40029482	274417
Fund brought forward	49	18555322	18280905
Fund carried forward (39+49)	59	58584804	18555322

Long-term insurance business : Analysis of premiums

Name of insurer **Legal & General Assurance Society Limited**
 Total business / subfund **Summary**
 Financial year ended **31 December 2015**
 Units **£000**

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

Gross

Regular premiums	11	1719848	2879267	5401	4604516	4131627
Single premiums	12	171549	3818172	308793	4298514	8266670

Reinsurance - external

Regular premiums	13	538803	38533	181	577517	549659
Single premiums	14	6			6	5

Reinsurance - intra-group

Regular premiums	15	(108106)	2674879	4980	2571753	2706969
Single premiums	16	488	(32724957)	13302	(32711167)	9442474

Net of reinsurance

Regular premiums	17	1289151	165855	240	1455246	874999
Single premiums	18	171055	36543129	295491	37009675	(1175809)

Total

Gross	19	1891397	6697439	314194	8903030	12398297
Reinsurance	20	431191	(30011545)	18463	(29561891)	12699107
Net	21	1460206	36708984	295731	38464921	(300810)

Long-term insurance business : Analysis of premiums

Name of insurer **Legal & General Assurance Society Limited**
 Total business / subfund **With Profits Part of Fund**
 Financial year ended **31 December 2015**
 Units **£000**

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

Gross

Regular premiums	11	51511	246982		298493	330518
Single premiums	12	(5)	79525		79520	69115

Reinsurance - external

Regular premiums	13	1434	(1836)		(402)	(10397)
Single premiums	14					

Reinsurance - intra-group

Regular premiums	15		13622		13622	(52342)
Single premiums	16					

Net of reinsurance

Regular premiums	17	50077	235196		285273	393257
Single premiums	18	(5)	79525		79520	69115

Total

Gross	19	51506	326507		378013	399633
Reinsurance	20	1434	11786		13220	(62739)
Net	21	50072	314721		364793	462372

Long-term insurance business : Analysis of premiums

Name of insurer **Legal & General Assurance Society Limited**
 Total business / subfund **Non Profit & balancing items**
 Financial year ended **31 December 2015**
 Units **£000**

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

Gross

Regular premiums	11	1668337	2632285	5401	4306023	3801109
Single premiums	12	171554	3738647	308793	4218994	8197555

Reinsurance - external

Regular premiums	13	537369	40369	181	577919	560056
Single premiums	14	6			6	5

Reinsurance - intra-group

Regular premiums	15	(108106)	2661257	4980	2558131	2759311
Single premiums	16	488	(32724957)	13302	(32711167)	9442474

Net of reinsurance

Regular premiums	17	1239074	(69341)	240	1169973	481742
Single premiums	18	171060	36463604	295491	36930155	(1244924)

Total

Gross	19	1839891	6370932	314194	8525017	11998664
Reinsurance	20	429757	(30023331)	18463	(29575111)	12761846
Net	21	1410134	36394263	295731	38100128	(763182)

Long-term insurance business : Analysis of claims

Name of insurer **Legal & General Assurance Society Limited**
 Total business / subfund **Summary**
 Financial year ended **31 December 2015**
 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	1056705	220388	352	1277445	1133110
Disability periodic payments	12	56172			56172	50635
Surrender or partial surrender	13	1119899	1838088	2217	2960204	2914635
Annuity payments	14	3090	2586927	25964	2615981	2372588
Lump sums on maturity	15	447945	678667		1126612	1139932
Total	16	2683811	5324070	28533	8036414	7610900

Reinsurance - external

Death or disability lump sums	21	475022	15370		490392	441029
Disability periodic payments	22	3472			3472	1604
Surrender or partial surrender	23	824	22209		23033	19492
Annuity payments	24					
Lump sums on maturity	25					146
Total	26	479318	37579		516897	462271

Reinsurance - intra-group

Death or disability lump sums	31	161986	178578	352	340916	291571
Disability periodic payments	32					
Surrender or partial surrender	33	472	219748	(375)	219845	686357
Annuity payments	34		2566522	23797	2590319	2280753
Lump sums on maturity	35		246728		246728	201450
Total	36	162458	3211576	23774	3397808	3460131

Net of reinsurance

Death or disability lump sums	41	419697	26440		446137	400510
Disability periodic payments	42	52700			52700	49031
Surrender or partial surrender	43	1118603	1596131	2592	2717326	2208786
Annuity payments	44	3090	20405	2167	25662	91835
Lump sums on maturity	45	447945	431939		879884	938336
Total	46	2042035	2074915	4759	4121709	3688498

Long-term insurance business : Analysis of claims

Name of insurer **Legal & General Assurance Society Limited**
 Total business / subfund **With Profits Part of Fund**
 Financial year ended **31 December 2015**
 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	169036	26440		195476	181845
Disability periodic payments	12					
Surrender or partial surrender	13	366406	715502		1081908	1119158
Annuity payments	14		20381		20381	89130
Lump sums on maturity	15	440777	437626		878403	931662
Total	16	976219	1199949		2176168	2321795

Reinsurance - external

Death or disability lump sums	21	1107			1107	1031
Disability periodic payments	22					
Surrender or partial surrender	23		1521		1521	(718)
Annuity payments	24					
Lump sums on maturity	25					146
Total	26	1107	1521		2628	459

Reinsurance - intra-group

Death or disability lump sums	31					
Disability periodic payments	32					
Surrender or partial surrender	33		58925		58925	(52491)
Annuity payments	34					
Lump sums on maturity	35					
Total	36		58925		58925	(52491)

Net of reinsurance

Death or disability lump sums	41	167929	26440		194369	180814
Disability periodic payments	42					
Surrender or partial surrender	43	366406	655056		1021462	1172367
Annuity payments	44		20381		20381	89130
Lump sums on maturity	45	440777	437626		878403	931516
Total	46	975112	1139503		2114615	2373827

Long-term insurance business : Analysis of claims

Name of insurer **Legal & General Assurance Society Limited**
 Total business / subfund **Non Profit & balancing items**
 Financial year ended **31 December 2015**
 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	887669	193948	352	1081969	951265
Disability periodic payments	12	56172			56172	50635
Surrender or partial surrender	13	753493	1122586	2217	1878296	1795477
Annuity payments	14	3090	2566546	25964	2595600	2283458
Lump sums on maturity	15	7168	241041		248209	208270
Total	16	1707592	4124121	28533	5860246	5289105

Reinsurance - external

Death or disability lump sums	21	473915	15370		489285	439998
Disability periodic payments	22	3472			3472	1604
Surrender or partial surrender	23	824	20688		21512	20210
Annuity payments	24					
Lump sums on maturity	25					
Total	26	478211	36058		514269	461812

Reinsurance - intra-group

Death or disability lump sums	31	161986	178578	352	340916	291571
Disability periodic payments	32					
Surrender or partial surrender	33	472	160823	(375)	160920	738848
Annuity payments	34		2566522	23797	2590319	2280753
Lump sums on maturity	35		246728		246728	201450
Total	36	162458	3152651	23774	3338883	3512622

Net of reinsurance

Death or disability lump sums	41	251768			251768	219696
Disability periodic payments	42	52700			52700	49031
Surrender or partial surrender	43	752197	941075	2592	1695864	1036419
Annuity payments	44	3090	24	2167	5281	2705
Lump sums on maturity	45	7168	(5687)		1481	6820
Total	46	1066923	935412	4759	2007094	1314671

Long-term insurance business : Analysis of expenses

Name of insurer **Legal & General Assurance Society Limited**
 Total business / subfund **Summary**
 Financial year ended **31 December 2015**
 Units **£000**

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

Gross

Commission - acquisition	11	228918	4105		233023	242664
Commission - other	12	33357	13629	2	46988	47671
Management - acquisition	13	123805	103080		226885	237989
Management - maintenance	14	91099	113175	(261)	204013	225542
Management - other	15	244468	2678		247146	91900
Total	16	721647	236667	(259)	958055	845766

Reinsurance - external

Commission - acquisition	21	(17)			(17)	
Commission - other	22					738
Management - acquisition	23					
Management - maintenance	24					
Management - other	25					
Total	26	(17)			(17)	738

Reinsurance - intra-group

Commission - acquisition	31	48	107283	8	107339	118937
Commission - other	32	246083	98446	536	345065	205423
Management - acquisition	33					
Management - maintenance	34					
Management - other	35					
Total	36	246131	205729	544	452404	324360

Net of reinsurance

Commission - acquisition	41	228887	(103178)	(8)	125701	123727
Commission - other	42	(212726)	(84817)	(534)	(298077)	(158490)
Management - acquisition	43	123805	103080		226885	237989
Management - maintenance	44	91099	113175	(261)	204013	225542
Management - other	45	244468	2678		247146	91900
Total	46	475533	30938	(803)	505668	520668

Long-term insurance business : Analysis of expenses

Name of insurer **Legal & General Assurance Society Limited**
 Total business / subfund **With Profits Part of Fund**
 Financial year ended **31 December 2015**
 Units **£000**

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

Gross

Commission - acquisition	11	(3)	593		590	941
Commission - other	12	3418	2285		5703	6483
Management - acquisition	13	88	2017		2105	3285
Management - maintenance	14	23900	47232		71132	76271
Management - other	15	2914	2777		5691	4769
Total	16	30317	54904		85221	91749

Reinsurance - external

Commission - acquisition	21					
Commission - other	22					738
Management - acquisition	23					
Management - maintenance	24					
Management - other	25					
Total	26					738

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	(3)	593		590	941
Commission - other	42	3418	2285		5703	5745
Management - acquisition	43	88	2017		2105	3285
Management - maintenance	44	23900	47232		71132	76271
Management - other	45	2914	2777		5691	4769
Total	46	30317	54904		85221	91011

Long-term insurance business : Analysis of expenses

Name of insurer **Legal & General Assurance Society Limited**
 Total business / subfund **Non Profit & balancing items**
 Financial year ended **31 December 2015**
 Units **£000**

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

Gross

Commission - acquisition	11	228921	3512		232433	241723
Commission - other	12	29939	11344	2	41285	41188
Management - acquisition	13	123717	101063		224780	234704
Management - maintenance	14	67199	65943	(261)	132881	149271
Management - other	15	241554	(99)		241455	87131
Total	16	691330	181763	(259)	872834	754017

Reinsurance - external

Commission - acquisition	21	(17)			(17)	
Commission - other	22					
Management - acquisition	23					
Management - maintenance	24					
Management - other	25					
Total	26	(17)			(17)	

Reinsurance - intra-group

Commission - acquisition	31	48	107283	8	107339	118937
Commission - other	32	246083	98446	536	345065	205423
Management - acquisition	33					
Management - maintenance	34					
Management - other	35					
Total	36	246131	205729	544	452404	324360

Net of reinsurance

Commission - acquisition	41	228890	(103771)	(8)	125111	122786
Commission - other	42	(216144)	(87102)	(534)	(303780)	(164235)
Management - acquisition	43	123717	101063		224780	234704
Management - maintenance	44	67199	65943	(261)	132881	149271
Management - other	45	241554	(99)		241455	87131
Total	46	445216	(23966)	(803)	420447	429657

Long-term insurance business : Linked funds balance sheet

Name of insurer **Legal & General Assurance Society Limited**
 Total business
 Financial year ended **31 December 2015**
 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	15071045	15585442
Directly held assets in collective investment schemes of connected companies	12	7114299	6907701
Directly held assets in other collective investment schemes	13	3975427	4292733
Total assets (excluding cross investment) (11+12+13)	14	26160771	26785876
Provision for tax on unrealised capital gains	15	(530)	(3525)
Secured and unsecured loans	16		
Other liabilities	17	125629	140480
Total net assets (14-15-16-17)	18	26035672	26648921

Directly held linked assets

Value of directly held linked assets	21	7326	7439
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Total

Value of directly held linked assets and units held (18+21)	31	26042998	26656360
Surplus units	32	116141	52259
Deficit units	33	94931	35993
Net unit liability (31-32+33)	34	26021788	26640094

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

Name of insurer **Legal & General Assurance Society Limited**
 Total business
 Financial year ended **31 December 2015**
 Units **£000**

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

Income

Value of total creation of units	11	3353366	2745240
Investment income attributable to the funds before deduction of tax	12	860982	886117
Increase (decrease) in the value of investments in the financial year	13	56913	738504
Other income	14	43	46
Total income	19	4271304	4369907

Expenditure

Value of total cancellation of units	21	4613220	3818964
Charges for management	22	221609	224276
Charges in respect of tax on investment income	23	32934	117629
Taxation on realised capital gains	24	11664	22560
Increase (decrease) in amount set aside for tax on capital gains not yet realised	25	2995	(57990)
Other expenditure	26	2131	2143
Total expenditure	29	4884553	4127582

Increase (decrease) in funds in financial year (19-29)	39	(613249)	242325
Internal linked fund brought forward	49	26648921	26406596
Internal linked funds carried forward (39+49)	59	26035672	26648921

Long-term insurance business : Summary of new business

Name of insurer **Legal & General Assurance Society Limited**

Total business

Financial year ended **31 December 2015**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	576146	567714		1143860	987158
Single premium business	12	1879	54656		56535	118101
Total	13	578025	622370		1200395	1105259

Amount of new regular premiums

Direct insurance business	21	181869	1442943		1624812	860221
External reinsurance	22					38916
Intra-group reinsurance	23	15672			15672	
Total	24	197541	1442943		1640484	899137

Amount of new single premiums

Direct insurance business	25	169246	3513017		3682263	8018452
External reinsurance	26	1278		15146	16424	34913
Intra-group reinsurance	27			302041	302041	3486
Total	28	170524	3513017	317186	4000727	8056852

Long-term insurance business : Analysis of new business

Name of insurer

Legal & General Assurance Society Limited

Total business

Financial year ended

31 December 2015

Units

£000

UK Life / Direct Insurance Business

Product code number	Product description	Regular premium business		Single premium business	
		Number of policyholders / scheme members	Amount of premiums	Number of policyholders / scheme members	Amount of premiums
1	2	3	4	5	6
300	Regular Premium Non-Profit WL/EA	33476	9597		
325	Level Term Assurance	215542	65506		
330	Decreasing Term Assurance	76249	20661		
340	Decreasing Term Assurance with Critical Illness Insurance (Guaranteed Premiums)	56851	31479		
340	Other Accelerated Critical Illness (Guaranteed Premiums)	49039	20421		
345	Decreasing Term Assurance with Critical Illness Insurance (Reviewable Premiums)	8800	5054		
345	Other Accelerated Critical Illness (Reviewable Premiums)	6362	2770		
360	Income Protection Non-Profit (Guaranteed Premiums)	9949	3963		
410	Group Life	56116	5724		
420	Group Income Protection	62279	14176		
430	Group Critical Illness	1410	2039		
510	Life UWP Endowment Regular Premium - Savings		18		
700	Investment Bond			100	4363
700	Portfolio Bond			122	6428
700	Select Portfolio Bond			1657	158456

Long-term insurance business : Analysis of new business

Name of insurer

Legal & General Assurance Society Limited

Total business

Financial year ended

31 December 2015

Units

£000

UK Life / Direct Insurance Business

Product code number	Product description	Regular premium business		Single premium business	
		Number of policyholders / scheme members	Amount of premiums	Number of policyholders / scheme members	Amount of premiums
1	2	3	4	5	6
710	Life Property Linked Whole Life Regular Premium	5	23		
795	Miscellaneous Property Linked	68	438		

Long-term insurance business : Analysis of new business

Name of insurer

Legal & General Assurance Society Limited

Total business

Financial year ended

31 December 2015

Units

£000

UK Life / Reinsurance accepted external

Product code number	Product description	Regular premium business		Single premium business	
		Number of policyholders / scheme members	Amount of premiums	Number of policyholders / scheme members	Amount of premiums
1	2	3	4	5	6
700	International Portfolio Bond				1278

Long-term insurance business : Analysis of new business

Name of insurer **Legal & General Assurance Society Limited**
 Total business
 Financial year ended **31 December 2015**
 Units **£000**
 UK Life / Reinsurance accepted intra-group

Product code number	Product description	Regular premium business		Single premium business	
		Number of policyholders / scheme members	Amount of premiums	Number of policyholders / scheme members	Amount of premiums
1	2	3	4	5	6
325	Level Term Assurance - US Term business		15672		

Long-term insurance business : Analysis of new business

Name of insurer

Legal & General Assurance Society Limited

Total business

Financial year ended

31 December 2015

Units

£000

UK Pension / Direct Insurance Business

Product code number	Product description	Regular premium business		Single premium business	
		Number of policyholders / scheme members	Amount of premiums	Number of policyholders / scheme members	Amount of premiums
1	2	3	4	5	6
325	Level Term Assurance	3	1		
390	Deferred Annuities - Group - Bulk Purchase			1380	94757
400	Annuities In Payment - Group - Other			264	49814
400	Annuities In Payment - Individual - Compulsory Purchase			2378	104949
400	Annuities In Payment - Individual - Other			2963	129209
401	Annuities In Payment - Group - Bulk Purchase			4659	217242
401	Annuities In Payment - Group - Longevity - Bulk Purchase	75163	6		
405	Annuities In Payment - Individual - Compulsory Purchase - Impaired Life			228	32776
410	Group Life	101199	31562		
435	Miscellaneous Non-Profit	11688	9081	1	59
525	Personal Pension Plan	9	36	7	157
530	Self Employed Plan		24		
530	Executive Pension Plan		25		44
530	Pension Savings Plan		15		1326
530	Personal Pension Plan		578	7	2020

Long-term insurance business : Analysis of new business

Name of insurer

Legal & General Assurance Society Limited

Total business

Financial year ended

31 December 2015

Units

£000

UK Pension / Direct Insurance Business

Product code number	Product description	Regular premium business		Single premium business	
		Number of policyholders / scheme members	Amount of premiums	Number of policyholders / scheme members	Amount of premiums
1	2	3	4	5	6
530	Section 32 Buy-Out				215
535	Group Money Purchase Pensions UWP	8	93	8	5
540	Group Money Purchase Pensions UWP - Increments		22	8	125
565	DWP National Insurance Rebates UWP				14
725	Personal Pension Plan	9054	23453		38053
725	Stakeholder	34530	57648		27905
725	Group SIPP	34083	409499		448571
725	Portfolio Plus SIPP	197	43		10
730	Executive Investment Retirement Plan				12
730	Executive Pension Plan		50		366
730	Pension Savings Plan		23		19618
730	Personal Investment Pension Plan		7		135
730	Personal Pension Plan		18418		45310
730	Section 32 Buy-Out				134
730	Self Employed Plan		28		224

Long-term insurance business : Analysis of new business

Name of insurer

Legal & General Assurance Society Limited

Total business

Financial year ended

31 December 2015

Units

£000

UK Pension / Direct Insurance Business

Product code number	Product description	Regular premium business		Single premium business	
		Number of policyholders / scheme members	Amount of premiums	Number of policyholders / scheme members	Amount of premiums
1	2	3	4	5	6
730	Stakeholder		40377		77249
730	Group SIPP		60517		178712
730	Portfolio Plus SIPP		41		4
735	Group Money Purchase Pensions Property Linked	839	788655	32375	335601
740	Group Money Purchase Pensions Property Linked - Increments		2455		46879
745	DWP National Insurance Rebates Property Linked				77
750	Income Drawdown Property Linked		227		1540
755	Trustee Investment Plan				4
905	Annuities In Payment - Group - RPI-linked - Other			18	4045
905	Annuities In Payment - Individual - RPI-linked - Compulsory Purchase			721	12643
905	Other RPI-linked Annuity - Individual			366	9755
906	Annuities In Payment - Group - RPI-linked - Bulk Purchase			6077	1102852
906	Annuities In Payment - Group - CPI-linked - Bulk Purchase			1034	126603
906	Annuities In Payment - Group - Longevity - Bulk Purchase	300940	61		
907	Deferred Annuities - Group - RPI-linked - Bulk Purchase			1620	380444

Long-term insurance business : Analysis of new business

Name of insurer

Legal & General Assurance Society Limited

Total business

Financial year ended

31 December 2015

Units

£000

UK Pension / Direct Insurance Business

Product code number	Product description	Regular premium business		Single premium business	
		Number of policyholders / scheme members	Amount of premiums	Number of policyholders / scheme members	Amount of premiums
1	2	3	4	5	6
910	Miscellaneous Index Linked			542	23558

Long-term insurance business : Analysis of new business

Name of insurer

Legal & General Assurance Society Limited

Total business

Financial year ended

31 December 2015

Units

£000

Overseas / Reinsurance accepted external

Product code number	Product description	Regular premium business		Single premium business	
		Number of policyholders / scheme members	Amount of premiums	Number of policyholders / scheme members	Amount of premiums
1	2	3	4	5	6
400	Annuities In Payment - Individual - Compulsory Purchase				15146

Long-term insurance business : Analysis of new business

Name of insurer **Legal & General Assurance Society Limited**
 Total business
 Financial year ended **31 December 2015**
 Units **£000**
 Overseas / Reinsurance accepted intra-group

Product code number	Product description	Regular premium business		Single premium business	
		Number of policyholders / scheme members	Amount of premiums	Number of policyholders / scheme members	Amount of premiums
1	2	3	4	5	6
401	Annuities In Payment - Group - Bulk Purchase				302041

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

Name of insurer **Legal & General Assurance Society Limited**
 Category of assets **10 Total long term insurance business assets**
 Financial year ended **31 December 2015**
 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	199839	2910837	137004	4.71	
Approved fixed interest securities	12	3119308	3119308	108106	2.87	
Other fixed interest securities	13	25842033	25842033	1193127	4.18	
Variable interest securities	14	85899	440377	7940	4.80	
UK listed equity shares	15	111892	404558	4004	0.46	
Non-UK listed equity shares	16	66122	76344	2053	2.93	
Unlisted equity shares	17	41621	192609	3699		
Other assets	18	7663197	4143845	1832	0.04	
Total	19	37129911	37129911	1457765	3.60	

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

Land and buildings	21	145008	1266132	46379	3.66	14.00
Approved fixed interest securities	22	2902016	2902016	95270	2.08	2.25
Other fixed interest securities	23	2656693	2708613	106807	3.26	0.27
Variable interest securities	24	324438	354568	1986	2.41	
UK listed equity shares	25	1115033	1120323	41347	3.75	1.60
Non-UK listed equity shares	26	1892239	1892866	55702	4.24	0.70
Unlisted equity shares	27	533129	131039			11.15
Other assets	28	1413172	606171	(7168)	(1.18)	0.47
Total	29	10981728	10981728	340323	2.90	3.09

Overall return on with-profits assets

Post investment costs but pre-tax	31					2.96
Return allocated to non taxable 'asset shares'	32					2.81
Return allocated to taxable 'asset shares'	33					3.10

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

Name of insurer **Legal & General Assurance Society Limited**
 Category of assets **11 With Profits Part of Fund**
 Financial year ended **31 December 2015**
 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	248526	248526	7904	2.26	
Other fixed interest securities	13	210041	210041	501	0.75	
Variable interest securities	14					
UK listed equity shares	15	11089	11089	418	3.86	
Non-UK listed equity shares	16	607	607	33	5.52	
Unlisted equity shares	17					
Other assets	18	253566	253566	900	0.36	
Total	19	723829	723829	9756	1.18	

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

Land and buildings	21	145008	1266132	46379	3.66	14.00
Approved fixed interest securities	22	2902016	2902016	95270	2.08	2.25
Other fixed interest securities	23	2656693	2708613	106807	3.26	0.27
Variable interest securities	24	324438	354568	1986	2.41	
UK listed equity shares	25	1115033	1120323	41347	3.75	1.60
Non-UK listed equity shares	26	1892239	1892866	55702	4.24	0.70
Unlisted equity shares	27	533129	131039			11.15
Other assets	28	1413172	606171	(7168)	(1.18)	0.47
Total	29	10981728	10981728	340323	2.90	3.09

Overall return on with-profits assets

Post investment costs but pre-tax	31					2.96
Return allocated to non taxable 'asset shares'	32					2.81
Return allocated to taxable 'asset shares'	33					3.10

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

Name of insurer **Legal & General Assurance Society Limited**
 Category of assets **12 Non Profit & balancing items**
 Financial year ended **31 December 2015**
 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	199839	2910837	137004	4.71	
Approved fixed interest securities	12	2870782	2870782	100202	2.93	
Other fixed interest securities	13	25631992	25631992	1192626	4.21	
Variable interest securities	14	85899	440377	7940	4.80	
UK listed equity shares	15	100803	393469	3586	0.36	
Non-UK listed equity shares	16	65515	75737	2020	2.91	
Unlisted equity shares	17	41621	192609	3699		
Other assets	18	7409631	3890279	932	0.02	
Total	19	36406082	36406082	1448009	3.64	

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

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

Overall return on with-profits assets

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

Long-term insurance business : Fixed and variable interest assets

Name of insurer **Legal & General Assurance Society Limited**
 Category of assets **10 Total long term insurance business assets**
 Financial year ended **31 December 2015**
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK Government approved fixed interest securities	11	4147264	15.33	2.28	2.22
Other approved fixed interest securities	21	1874060	9.86	2.95	2.88
Other fixed interest securities					
AAA/Aaa	31	970532	8.60	2.77	2.72
AA/Aa	32	1371366	9.92	3.39	3.26
A/A	33	6528419	10.13	3.67	3.38
BBB/Baa	34	7506670	9.15	4.48	3.96
BB/Ba	35	580126	7.62	7.88	5.69
B/B	36	158222	1.53	4.56	2.62
CCC/Caa	37	2355	4.14	14.44	12.48
Other (including unrated)	38	11432956	8.24	4.07	3.79
Total other fixed interest securities	39	28550646	8.95	4.09	3.71
Approved variable interest securities	41	384205	15.80	2.65	2.57
Other variable interest securities	51	410740	25.08	2.23	1.96
Total (11+21+39+41+51)	61	35366915	10.01	3.78	3.46

Long-term insurance business : Fixed and variable interest assets

Name of insurer **Legal & General Assurance Society Limited**
 Category of assets **11 With Profits Part of Fund**
 Financial year ended **31 December 2015**
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK Government approved fixed interest securities	11	2252942	12.38	2.02	1.97
Other approved fixed interest securities	21	897600	7.62	2.27	2.22
Other fixed interest securities					
AAA/Aaa	31	179872	7.20	2.63	2.60
AA/Aa	32	149692	8.33	2.61	2.51
A/A	33	685375	8.56	3.37	3.14
BBB/Baa	34	846577	7.28	3.92	3.52
BB/Ba	35	45257	7.15	5.63	4.02
B/B	36	93264	0.31	3.94	2.33
CCC/Caa	37				
Other (including unrated)	38	918617	2.76	2.05	1.79
Total other fixed interest securities	39	2918654	5.98	3.08	2.75
Approved variable interest securities	41	323575	15.77	2.64	2.59
Other variable interest securities	51	30993	0.04	0.06	
Total (11+21+39+41+51)	61	6423764	8.92	2.56	2.38

Long-term insurance business : Fixed and variable interest assets

Name of insurer **Legal & General Assurance Society Limited**
 Category of assets **12 Non Profit & balancing items**
 Financial year ended **31 December 2015**
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK Government approved fixed interest securities	11	1894322	18.84	2.60	2.51
Other approved fixed interest securities	21	976460	11.92	3.56	3.48
Other fixed interest securities					
AAA/Aaa	31	790660	8.92	2.80	2.75
AA/Aa	32	1221674	10.12	3.48	3.35
A/A	33	5843044	10.31	3.71	3.41
BBB/Baa	34	6660093	9.39	4.55	4.02
BB/Ba	35	534869	7.66	8.07	5.83
B/B	36	64958	3.28	5.46	3.04
CCC/Caa	37	2355	4.14	14.44	12.48
Other (including unrated)	38	10514339	8.72	4.25	3.96
Total other fixed interest securities	39	25631992	9.29	4.21	3.82
Approved variable interest securities	41	60630	15.92	2.74	2.49
Other variable interest securities	51	379747	27.12	2.40	2.13
Total (11+21+39+41+51)	61	28943151	10.25	4.05	3.70

Long-term insurance business : Summary of mathematical reserves

Name of insurer **Legal & General Assurance Society Limited**
 Total business / subfund **Summary**
 Financial year ended **31 December 2015**
 Units **£000**

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

Gross

Form 51 - with-profits	11	619470	990925		1610395	1979552
Form 51 - non-profit	12	2818992	28547200	736053	32102245	32980364
Form 52	13	3501772	3724166		7225937	7879647
Form 53 - linked	14	8999391	26514993	100046	35614431	33960146
Form 53 - non-linked	15	(114018)	126107	3097	15186	440692
Form 54 - linked	16	150871	14241178		14392049	14039093
Form 54 - non-linked	17					
Total	18	15976478	74144569	839196	90960243	91279495

Reinsurance - external

Form 51 - with-profits	21	930			930	928
Form 51 - non-profit	22	2853139	88293	2992	2944424	2052463
Form 52	23	68			68	270
Form 53 - linked	24		257075		257075	269614
Form 53 - non-linked	25	333	62		395	623
Form 54 - linked	26	25120	426449		451570	23766
Form 54 - non-linked	27					
Total	28	2879590	771880	2992	3654462	2347664

Reinsurance - intra-group

Form 51 - with-profits	31					
Form 51 - non-profit	32		2763474	39375	2802849	30917063
Form 52	33					(14390)
Form 53 - linked	34		9272586	68444	9341031	7050106
Form 53 - non-linked	35		(24734)		(24734)	50305
Form 54 - linked	36		1367804		1367804	13891698
Form 54 - non-linked	37					
Total	38		13379130	107820	13486950	51894782

Net of reinsurance

Form 51 - with-profits	41	618540	990925		1609465	1978624
Form 51 - non-profit	42	(34147)	25695433	693685	26354972	10837
Form 52	43	3501703	3724166		7225869	7893767
Form 53 - linked	44	8999391	16985331	31602	26016325	26640426
Form 53 - non-linked	45	(114351)	150779	3097	39524	389765
Form 54 - linked	46	125751	12446925		12572676	123630
Form 54 - non-linked	47					
Total	48	13096888	59993559	728384	73818830	37037049

Long-term insurance business : Summary of mathematical reserves

Name of insurer **Legal & General Assurance Society Limited**
 Total business / subfund **With Profits Part of Fund**
 Financial year ended **31 December 2015**
 Units **£000**

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

Gross

Form 51 - with-profits	11	619470	990925		1610395	1979552
Form 51 - non-profit	12	57328	264734		322062	526883
Form 52	13	3501772	3724166		7225937	7879647
Form 53 - linked	14	862024	8020160		8882184	9229929
Form 53 - non-linked	15	28143	322563		350706	314901
Form 54 - linked	16					
Form 54 - non-linked	17					
Total	18	5068737	13322549		18391285	19930912

Reinsurance - external

Form 51 - with-profits	21	930			930	928
Form 51 - non-profit	22					
Form 52	23	68			68	270
Form 53 - linked	24		53101		53101	56375
Form 53 - non-linked	25	51			51	54
Form 54 - linked	26					
Form 54 - non-linked	27					
Total	28	1049	53101		54150	57627

Reinsurance - intra-group

Form 51 - with-profits	31					
Form 51 - non-profit	32					
Form 52	33					(14390)
Form 53 - linked	34		93440		93440	150372
Form 53 - non-linked	35					
Form 54 - linked	36					
Form 54 - non-linked	37					
Total	38		93440		93440	135982

Net of reinsurance

Form 51 - with-profits	41	618540	990925		1609465	1978624
Form 51 - non-profit	42	57328	264734		322062	526883
Form 52	43	3501703	3724166		7225869	7893767
Form 53 - linked	44	862024	7873619		8735644	9023182
Form 53 - non-linked	45	28092	322563		350655	314846
Form 54 - linked	46					
Form 54 - non-linked	47					
Total	48	5067688	13176008		18243695	19737303

Long-term insurance business : Summary of mathematical reserves

Name of insurer **Legal & General Assurance Society Limited**
 Total business / subfund **Non Profit & balancing items**
 Financial year ended **31 December 2015**
 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	2761664	28282466	736053	31780183	32453481
Form 52	13					
Form 53 - linked	14	8137367	18494833	100046	26732246	24730217
Form 53 - non-linked	15	(142161)	(196456)	3097	(335520)	125792
Form 54 - linked	16	150871	14241178		14392049	14039093
Form 54 - non-linked	17					
Total	18	10907741	60822020	839196	72568957	71348583

Reinsurance - external

Form 51 - with-profits	21					
Form 51 - non-profit	22	2853139	88293	2992	2944424	2052463
Form 52	23					
Form 53 - linked	24		203974		203974	213239
Form 53 - non-linked	25	282	62		344	569
Form 54 - linked	26	25120	426449		451570	23766
Form 54 - non-linked	27					
Total	28	2878541	718779	2992	3600313	2290037

Reinsurance - intra-group

Form 51 - with-profits	31					
Form 51 - non-profit	32		2763474	39375	2802849	30917063
Form 52	33					
Form 53 - linked	34		9179146	68444	9247591	6899734
Form 53 - non-linked	35		(24734)		(24734)	50305
Form 54 - linked	36		1367804		1367804	13891698
Form 54 - non-linked	37					
Total	38		13285690	107820	13393510	51758800

Net of reinsurance

Form 51 - with-profits	41					
Form 51 - non-profit	42	(91475)	25430699	693685	26032909	(516046)
Form 52	43					
Form 53 - linked	44	8137367	9111712	31602	17280681	17617244
Form 53 - non-linked	45	(142443)	(171785)	3097	(311131)	74918
Form 54 - linked	46	125751	12446925		12572676	123630
Form 54 - non-linked	47					
Total	48	8029200	46817551	728384	55575135	17299746

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

Name of insurer **Legal & General Assurance Society Limited**
 Total business / subfund **With Profits Part of Fund**
 Financial year ended **31 December 2015**
 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	Conventional Whole Life With-Profits	2222	39352	212				34750
120	New Cashbuilder	27731	78058	973				73194
120	Other Conventional Endowment With-Profits Savings	595	6516	77				6457
125	Build Up	22322	818301	14045				401388
165	Conventional Deferred Annuity With-Profits	36	4					110
175	Group Conventional Deferred Annuity With-Profits	85	2319	115				3451
210	Additional Reserves With-Profits							100120
300	Regular Premium Non-Profit WL/EA	186	469					1696
390	Deferred Annuity Non-Profit	146	54	1				2756
440	Additional Reserves Non-Profit							52876

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

Name of insurer **Legal & General Assurance Society Limited**
 Total business / subfund **With Profits Part of Fund**
 Financial year ended **31 December 2015**
 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
100	Conventional Whole Life With-Profits		986					926
120	Conventional Endowment With-Profits Savings		514					4

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

Name of insurer **Legal & General Assurance Society Limited**
 Total business / subfund **With Profits Part of Fund**
 Financial year ended **31 December 2015**
 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	Conventional Pensions Endowment With-Profits	14	108					170
165	Personal Retirement Plan	15114	42030	2260				649198
165	Other Conventional Deferred Annuity With-Profits	54	23					563
175	Group Conventional Deferred Annuity With-Profits		4					
185	Group Conventional Pensions Endowment With-Profits	52	195	0				281
200	With-Profit Immediate Annuities In Payment	8679	21203					274686
200	Other Annuity With-Profits (CPA)	27	119					524
210	Additional Reserves With-Profits							65503
300	Regular Premium Non-Profit WL/EA	49	101					431
315	Individual Deposit Administration Non-Profit	886	29543					64485
320	1980 Bonus System - Group		29613					82383
320	Other Group Deposit Administration Non-Profit	25	953					1118
390	Other Deferred Annuity Non-Profit	58	26					1443
440	Additional Reserves Non-Profit							114875

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

Name of insurer **Legal & General Assurance Society Limited**
 Total business / subfund **Non Profit & balancing items**
 Financial year ended **31 December 2015**
 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	Regular Premium Non-Profit WL/EA	160855	1279793	52696				186356
300	Regular Premium Non-Profit WL/EA - US universal life business		1204479	31028				145643
325	Level Term Assurance	1641384	249317530	506518				1388812
325	Level Term Assurance - US Term business		234579353	454127				355292
330	Decreasing Term Assurance	774835	98609462	202326				(72860)
340	Decreasing Term Assurance with Critical Illness Insurance (Guaranteed Premiums)	302215	26830499	142618				(67422)
340	Other Accelerated Critical Illness (Guaranteed Premiums)	278628	21018335	121902				188087
345	Decreasing Term Assurance with Critical Illness Insurance (Reviewable Premiums)	110372	9213588	52282				(27394)
345	Other Accelerated Critical Illness (Reviewable Premiums)	89400	6331061	37284				40739
350	Stand-alone Critical Illness (Guaranteed Premiums)	20745	1193913	6140				24272
355	Stand-alone Critical Illness (Reviewable Premiums)	22227	1263651	5420				30602
360	Income Protection Non-Profit (Guaranteed Premiums)	41945	550407	17784				44817
365	Income Protection Non-Profit (Reviewable Premiums)	63928	197846	5075				29236
385	Income Protection Claims In Payment							25178
390	Deferred Annuity Non-Profit	2434	360	2				7693

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

Name of insurer **Legal & General Assurance Society Limited**
 Total business / subfund **Non Profit & balancing items**
 Financial year ended **31 December 2015**
 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
395	Annuity Non-Profit (PLA)	2880	2003					19174
410	Group Life	65826	15889491	17073				9252
420	Group Income Protection	250942	15623631	71038				119671
425	Group Income Protection Claims In Payment	1488	30865					231982
430	Group Critical Illness	63185	4402542	11339				4572
435	Miscellaneous Non-Profit	998	7049	421				200
440	Additional Reserves Non-Profit							77764

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

Name of insurer **Legal & General Assurance Society Limited**
 Total business / subfund **Non Profit & balancing items**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Life / Reinsurance ceded external

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
300	Regular Premium Non-Profit WL/EA		941654	8614				72451
325	Level Term Assurance		235462924	258638				1817665
330	Decreasing Term Assurance		92576674	108612				256940
340	Decreasing Term Assurance with Critical Illness Insurance (Guaranteed Premiums)		22429628	54872				155909
340	Other Accelerated Critical Illness (Guaranteed Premiums)		17188199	48524				256043
345	Decreasing Term Assurance with Critical Illness Insurance (Reviewable Premiums)		8289142	25298				51053
345	Other Accelerated Critical Illness (Reviewable Premiums)		5702874	16583				62584
350	Stand-alone Critical Illness (Guaranteed Premiums)		1070732	4388				26988
355	Stand-alone Critical Illness (Reviewable Premiums)		1014483	2964				34267
360	Income Protection Non-Profit (Guaranteed Premiums)		466290	10541				52971
365	Income Protection Non-Profit (Reviewable Premiums)		157438	1721				31386
385	Income Protection Claims In Payment							20328
390	Deferred Annuity Non-Profit		2					47
410	Group Life		762	1				0
420	Group Income Protection		1004939	4569				7233

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

Name of insurer **Legal & General Assurance Society Limited**
 Total business / subfund **Non Profit & balancing items**
 Financial year ended **31 December 2015**
 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
425	Group Income Protection Claims In Payment		670					4987
430	Group Critical Illness		2201271	5670				2286

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

Name of insurer **Legal & General Assurance Society Limited**
 Total business / subfund **Non Profit & balancing items**
 Financial year ended **31 December 2015**
 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
300	Regular Premium Non-Profit WL/EA	419	143	0				719
325	Level Term Assurance	32585	6385549	13916				43529
330	Decreasing Term Assurance	7636	996363	2112				1149
390	Deferred Annuities - Group - Bulk Purchase	61567	133134					2590293
390	Deferred Annuities - Group - Other	38577	17716					276892
390	Other Deferred Annuity Non-Profit	118	91					1270
400	Annuities In Payment - Group - Bulk Purchase	140782	837066					9785134
400	Annuities In Payment - Group - Bulk Purchase - Longevity	22832	166911	116090				
400	Annuities In Payment - Group - Other	43468	199891					2438539
400	Annuities In Payment - Individual - Compulsory Purchase	246996	432111					7240249
400	Annuities In Payment - Individual - Other	109974	159188					2393387
400	Annuities In Payment - Individual - Personal Retirement Plan	17546	45954					570734
400	Contingent Annuities - Group - Bulk Purchase	72388	408613					1549562
400	Contingent Annuities - Group - Other	11046	82485					299580
400	Contingent Annuities - Individual	23589	39964					163196

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

Name of insurer **Legal & General Assurance Society Limited**
 Total business / subfund **Non Profit & balancing items**
 Financial year ended **31 December 2015**
 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
405	Annuities In Payment - Individual - Compulsory Purchase - Impaired Life	20927	47709					788003
405	Contingent Annuities - Individual - Compulsory Purchase - Impaired Life	39	103					559
410	Group Life	1655969	156964687	178510				77013
435	Miscellaneous Non-Profit	132151	1562644	50653				29205
440	Additional Reserves Non-Profit							33453

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

Name of insurer **Legal & General Assurance Society Limited**
 Total business / subfund **Non Profit & balancing items**
 Financial year ended **31 December 2015**
 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
300	Regular Premium Non-Profit WL/EA		8					47
325	Level Term Assurance		5647628	7245				50414
330	Decreasing Term Assurance		898646	1168				4980
400	Annuities In Payment - Group - Bulk Purchase		1892					29983
400	Annuities In Payment - Individual - Other		73					1161
405	Annuities In Payment - Individual - Compulsory Purchase - Impaired Life		82					(1296)
410	Group Life		4433227	5068				2044
435	Miscellaneous Non-Profit		49964	1670				960

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

Name of insurer **Legal & General Assurance Society Limited**
 Total business / subfund **Non Profit & balancing items**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Pension / Reinsurance ceded intra-group

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
390	Deferred Annuities - Group - Bulk Purchase		17321					253094
390	Deferred Annuities - Group - Other		1772					26080
400	Annuities In Payment - Group - Bulk Purchase		83706					965904
400	Annuities In Payment - Group - Bulk Purchase - Longevity		16691					
400	Annuities In Payment - Group - Other		20159					243688
400	Annuities In Payment - Individual - Compulsory Purchase		43309					708416
400	Annuities In Payment - Individual - Other		15926					232474
400	Annuities In Payment - Individual - Personal Retirement Plan		4596					56383
400	Contingent Annuities - Group - Bulk Purchase		40861					153278
400	Contingent Annuities - Group - Other		8272					29872
400	Contingent Annuities - Individual		3997					15453
405	Annuities In Payment - Individual - Compulsory Purchase - Impaired Life		4771					77354
405	Contingent Annuities - Individual - Compulsory Purchase - Impaired Life		10					54
410	Group Life		20540					475
440	Additional Reserves Non-Profit							950

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

Name of insurer **Legal & General Assurance Society Limited**
 Total business / subfund **Non Profit & balancing items**
 Financial year ended **31 December 2015**
 Units **£000**
 Overseas / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
325	Level Term Assurance	1363	176390	335				4769
400	Annuities In Payment - Group - Bulk Purchase	18630	46724					617486
400	Annuities In Payment - Individual - Compulsory Purchase		6868					64569
400	Contingent Annuities - Group - Bulk Purchase	3180	12581					48645
400	Contingent Annuities - Individual		62					586

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

Name of insurer **Legal & General Assurance Society Limited**
 Total business / subfund **Non Profit & balancing items**
 Financial year ended **31 December 2015**
 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	Level Term Assurance		1992					2992

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

Name of insurer **Legal & General Assurance Society Limited**
 Total business / subfund **Non Profit & balancing items**
 Financial year ended **31 December 2015**
 Units **£000**
 Overseas / Reinsurance ceded intra-group

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
400	Annuities In Payment - Group - Bulk Purchase		1998					30551
400	Annuities In Payment - Individual - Compulsory Purchase		687					6457
400	Contingent Annuities - Group - Bulk Purchase		483					2309
400	Contingent Annuities - Individual		6					59

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

Name of insurer **Legal & General Assurance Society Limited**
 Total business / subfund **With Profits Part of Fund**
 Financial year ended **31 December 2015**
 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
500	Capital Investment Portfolio	17095	381336		378312	377708	197	377906
500	With-Profit Bond	85992	2836474		2836474	2816006	22352	2838358
505	Life UWP Whole Life Regular Premium	1632	51069	569	10074	10074	464	10538
510	Life UWP Endowment Regular Premium - Savings	121	1487	66	1498	1498	0	1498
515	Flexible Mortgage Plan	21624	712288	14912	272067	272072	1400	273472

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

Name of insurer **Legal & General Assurance Society Limited**
 Total business / subfund **With Profits Part of Fund**
 Financial year ended **31 December 2015**
 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
505	Life UWP Whole Life Regular Premium		1472	13			1	1
515	Flexible Mortgage Plan		113140	797			68	68

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

Name of insurer **Legal & General Assurance Society Limited**
Total business / subfund **With Profits Part of Fund**
Financial year ended **31 December 2015**
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	Executive Pension Plan	983	20109	568	29760	30376	22978	53354
525	Pension Savings Plan	4279	50531	652	24224	41113	58	41171
525	Personal Pension Plan	187621	2366559	14723	3004687	2582565	156111	2738676
525	Section 32 Buy-Out	21333	164632	185	165121	164481	123703	288184
525	Self Employed Plan	5223	58673	1036	5626	61627	50	61678
535	Group Money Purchase Pensions UWP	3113	38224	534	19987	33725	127	33852
545	Buy-Out Plan	5259	118115		118115	358951	7385	366336
545	Other Individual Deposit Administration With-Profits	30	980		980	980	1385	2365
555	1980 Bonus System - Group	267	18743	2080	18743	25259	54000	79259
555	Other Group Deposit Administration With-Profits	1072	24179	261	24179	24900	34217	59117
571	Trustee Investment Plan UWP				2059	173		173

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

Name of insurer **Legal & General Assurance Society Limited**
 Total business / subfund **With Profits Part of Fund**
 Financial year ended **31 December 2015**
 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	Capital Investment Portfolio	10325	458982		443007	443007	19599	462605
700	Other Life Property Linked Single Premium	674	24557		24396	24396	13	24409
710	Life Property Linked Whole Life Regular Premium	8514	235030	2551	53513	53513	7263	60777
715	Life Property Linked Endowment Regular Premium - Savings	20	543	8	536	536		536
720	Flexible Mortgage Plan	13383	652655	12010	340139	340139	1268	341407
800	Additional Reserves Property Linked					433		433

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

Name of insurer **Legal & General Assurance Society Limited**
 Total business / subfund **With Profits Part of Fund**
 Financial year ended **31 December 2015**
 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
710	Life Property Linked Whole Life Regular Premium		3090	21			2	2
720	Flexible Mortgage Plan		61215	582			49	49

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

Name of insurer **Legal & General Assurance Society Limited**
 Total business / subfund **With Profits Part of Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Pension / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
725	Executive Pension Plan	2290	139876	1056	139876	139876	17465	157341
725	Pension Savings Plan	6350	119998	1892	119998	119998	11984	131982
725	Personal Pension Plan	310656	7003787	195060	7003787	7003787	225915	7229703
725	Section 32 Buy-Out	28991	428420		428420	428420	48345	476765
725	Self Employed Plan	7580	121555	1420	121555	121555	13304	134860
735	Group Money Purchase Pensions Property Linked	12242	186878	13349	186878	186878	5550	192429
755	Trustee Investment Plan		19645		19645	19645		19645

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

Name of insurer **Legal & General Assurance Society Limited**
 Total business / subfund **With Profits Part of Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Pension / Reinsurance ceded external

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
725	Individual Pensions Property Linked				53101	53101		53101

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

Name of insurer **Legal & General Assurance Society Limited**
 Total business / subfund **With Profits Part of Fund**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Pension / Reinsurance ceded intra-group

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
725	Individual Pensions Property Linked				93440	93440		93440

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

Name of insurer **Legal & General Assurance Society Limited**
Total business / subfund **Non Profit & balancing items**
Financial year ended **31 December 2015**
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
700	Capital Investment Portfolio	10731	373526		383525	383525	(5994)	377531
700	Capital Preservation Plan	1488	94280		97941	97941	(2379)	95562
700	Investment Bond	57789	2356128		2199077	2199077	(31549)	2167529
700	Portfolio Bond	39058	4360343		4352239	4352239	(103224)	4249014
700	Discounted Gift Portfolio Bond	1127	152289		155577	155577	(3833)	151743
700	Select Portfolio Bond	7558	631328		664528	664528	176	664704
700	Other Life Property Linked Single Premium	29	587		711	711	(18)	693
710	Life Property Linked Whole Life Regular Premium	28252	1372345	16784	147130	147130	2329	149458
715	Life Property Linked Endowment Regular Premium - Savings	211	10180	85	25776	25776	(496)	25280
720	Flexible Mortgage Plan	6560	264705	5978	109556	109556	(2188)	107369
795	Miscellaneous Property Linked	26719	769871	3168	2267	2267	3024	5291
800	Additional Reserves Property Linked				3	(960)	1992	1032

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

Name of insurer **Legal & General Assurance Society Limited**
 Total business / subfund **Non Profit & balancing items**
 Financial year ended **31 December 2015**
 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
710	Life Property Linked Whole Life Regular Premium		235465	1326			139	139
720	Flexible Mortgage Plan		42962	265			143	143
795	Miscellaneous Property Linked		270586	1438			0	0

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

Name of insurer **Legal & General Assurance Society Limited**
 Total business / subfund **Non Profit & balancing items**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Pension / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
725	Executive Investment Retirement Plan	346	76407	29	76407	76407	429	76836
725	Personal Investment Pension Plan	2705	131347	330	131347	131347	(338)	131009
725	Section 32 Buy-Out	4	504		504	504		504
725	Stakeholder	343947	12828144	421077	12828144	12828144	(39075)	12789069
725	Portfolio Plus SIPP	7145	1483087	16337	1483087	1483087	(50979)	1432108
725	Group SIPP	147568	2587771	396783	2587771	2587771	(85768)	2502003
735	Group Money Purchase Pensions Property Linked	16666	780354	667974	780354	780354	(1116)	779238
750	Income Drawdown Property Linked	2208	440132		440132	440132	(19599)	420533
755	Trustee Investment Plan		167086		167086	167086	(10)	167076

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

Name of insurer **Legal & General Assurance Society Limited**
 Total business / subfund **Non Profit & balancing items**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Pension / Reinsurance ceded external

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
725	Individual Pensions Property Linked				203974	203974	62	204037

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

Name of insurer **Legal & General Assurance Society Limited**
 Total business / subfund **Non Profit & balancing items**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Pension / Reinsurance ceded intra-group

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
725	Individual Pensions Property Linked				9179146	9179146		9179146
795	Miscellaneous Property Linked						(24734)	(24734)

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

Name of insurer **Legal & General Assurance Society Limited**
 Total business / subfund **Non Profit & balancing items**
 Financial year ended **31 December 2015**
 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
725	Individual Pensions Property Linked	4777	110713	5768	100046	100046	3097	103143

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

Name of insurer **Legal & General Assurance Society Limited**
 Total business / subfund **Non Profit & balancing items**
 Financial year ended **31 December 2015**
 Units **£000**
 Overseas / Reinsurance ceded intra-group

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
725	Individual Pensions Property Linked				68444	68444		68444

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

Name of insurer **Legal & General Assurance Society Limited**
 Total business / subfund **Non Profit & balancing items**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Life / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
901	Index Linked Income Protection Claims In Payment				15930	15930		15930
902	Group Index Linked Income Protection Claims In Payment	645	14645		106024	106024		106024
905	Index Linked Annuity	175	1627		22656	22656		22656
907	Deferred Annuities - Group - RPI-linked - Bulk Purchase	12	74		5170	5170		5170
915	Additional Reserves Index Linked				1091	1091		1091

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

Name of insurer **Legal & General Assurance Society Limited**
 Total business / subfund **Non Profit & balancing items**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Life / Reinsurance ceded external

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
901	Index Linked Income Protection Claims In Payment				11955	11955		11955
902	Group index linked income protection claims in payment				13166	13166		13166

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

Name of insurer **Legal & General Assurance Society Limited**
Total business / subfund **Non Profit & balancing items**
Financial year ended **31 December 2015**
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	Annuities In Payment - Group - RPI-linked - Bulk Purchase	43184	736426		8047449	8047449		8047449
905	Annuities In Payment - Group - CPI-linked - Bulk Purchase - Longevity	73883	537805	660200				
905	Annuities In Payment - Group - RPI-linked - Other	2443	18271		477536	477536		477536
905	Annuities In Payment - Individual - RPI-linked - Compulsory Purchase	15905	18137		356438	356438		356438
905	Contingent Annuities - Group - RPI-linked - Bulk Purchase	22764	362972		1464619	1464619		1464619
905	Other RPI-linked Annuity - Group	660	3075		18716	18716		18716
905	Other RPI-linked Annuity - Individual	5632	7446		165751	165751		165751
907	Deferred Annuities - Group - RPI-linked - Bulk Purchase	34885	120538		3352781	3352781		3352781
907	Deferred Annuities - Group - CPI-linked - Bulk Purchase	7101	14825		259331	259331		259331
910	Miscellaneous Index Linked	1	4		23558	23558		23558
915	Additional Reserves Index Linked				75000	75000		75000

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

Name of insurer **Legal & General Assurance Society Limited**
 Total business / subfund **Non Profit & balancing items**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Pension / Reinsurance ceded external

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
905	Annuities In Payment - Group - RPI-linked - Bulk Purchase		10896		172702	172702		172702
905	Other RPI-linked Annuity - Individual		10		211	211		211
907	Deferred Annuities - Group - RPI-linked - Bulk Purchase		15996		253536	253536		253536

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

Name of insurer **Legal & General Assurance Society Limited**
 Total business / subfund **Non Profit & balancing items**
 Financial year ended **31 December 2015**
 Units **£000**
 UK Pension / Reinsurance ceded intra-group

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	Annuities In Payment - Group - RPI-linked - Bulk Purchase		73803		804028	804028		804028
905	Annuities In Payment - Group - CPI-linked - Bulk Purchase - Longevity		53780	66020				
905	Annuities In Payment - Group - RPI-linked - Other		1827		47602	47602		47602
905	Annuities In Payment - Individual - RPI-linked - Compulsory Purchase		1819		34592	34592		34592
905	Contingent Annuities - Group - RPI-linked - Bulk Purchase		36304		145881	145881		145881
905	Other RPI-linked Annuity - Group		308		1856	1856		1856
905	Other RPI-linked Annuity - Individual		745		16248	16248		16248
907	Deferred Annuities - Group - RPI-linked - Bulk Purchase		8046		286925	286925		286925
907	Deferred Annuities - Group - CPI-linked - Bulk Purchase		1482		23173	23173		23173
915	Additional Reserves Index Linked				7500	7500		7500

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

Name of insurer **Legal & General Assurance Society Limited**

Total business

Financial year ended **31 December 2015**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
L&G Unit Linked Life Managed Fund	02 - life - balanced managed fund	830185	Gen2 A	1.00	22.2574	22.5770	1.44
L&G Unit Linked Life Property Fund (Accumulation Units)	07 - life - property	457023	Gen P	1.00	10.5202	11.4780	9.10
L&G Unit Linked Life Distribution Fund (Distribution Units)	04 - life - other managed fund	588939	Gen P	1.00	1.3877	1.3600	(2.00)
L&G Unit Linked Life Distribution Fund (Accumulation Units)	04 - life - other managed fund	3377051	Gen U	1.00	3.6724	3.7380	1.79
L&G Unit Linked Life Mixed Managed Fund	04 - life - other managed fund	170863	Gen U	1.30	2.1654	2.2430	3.58
L&G Unit Linked Life Distribution Growth Fund (Accumulation Units)	04 - life - other managed fund	512547	Gen P	1.00	1.8811	1.9160	1.86
L&G Life Jupiter Merlin Income Portfolio Fund	02 - life - balanced managed fund	155911	Gen U	3.06	1.6119	1.6215	0.60
L&G Life M&G Strategic Corporate Bond Fund	04 - life - other managed fund	115248	Gen U	1.94	1.5815	1.5730	(0.54)
L&G Life Invesco Perpetual High Income Fund	04 - life - other managed fund	100735	Gen U	2.17	2.0475	2.2031	7.60
Exempt Equity	15 - individual pension - UK equity	406484	GenF A	0.50	73.6025	76.1698	3.49
Exempt Managed	12 - individual pension - balanced managed fund	6222351	GenF A	0.50	49.3819	50.4242	2.11
Exempt Property	17 - individual pension - property	615025	GenQ A		2.6710	2.9924	12.03
Exempt International	16 - individual pension - overseas equity	158926	GenQ A		2.1349	2.2266	4.30
Exempt North American	16 - individual pension - overseas equity	116758	GenQ A		1.9179	1.9878	3.65
Exempt Far Eastern	16 - individual pension - overseas equity	147642	GenQ A		2.2261	2.2312	0.23
Exempt European	16 - individual pension - overseas equity	116978	GenF A	0.50	9.6674	9.9689	3.12
Exempt Consensus	11 - individual pension - stock market managed fund	420272	GenQ A		2.2234	2.2866	2.84
Exempt Distribution	14 - individual pension - other managed fund	1093415	GenQ A		2.4088	2.4820	3.04

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

Name of insurer **Legal & General Assurance Society Limited**
 Total business
 Financial year ended **31 December 2015**
 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
Exempt Ethical	15 - individual pension - UK equity	114507	GenQ A		2.3092	2.5318	9.64
Exempt UK Smaller Companies	15 - individual pension - UK equity	211641	GenQ A		4.2013	4.9887	18.74
Newton Higher Income	15 - individual pension - UK equity	134172	GenQ A		3.0866	3.3185	7.51
Newton Balanced	12 - individual pension - balanced managed fund	152883	GenQ A		2.4967	2.5809	3.37

Long-term insurance business : Index linked business

Name of insurer **Legal & General Assurance Society Limited**
 Total business
 Financial year ended **31 December 2015**
 Units **£000**

Value of assets	Mean Term
1	2

Analysis of assets

Approved variable interest securities	11	2916334	15.92
Other variable interest securities	12	7777930	6.25
Approved fixed interest securities	13	179308	16.45
Other fixed interest securities	14	1600806	9.53
Cash and deposits	15		
Equity index derivatives	16		
Inflation swaps	17		
Other assets	18		
Variation margin	19		
Total (11 to 19)	20	12474378	

Credit rating of other fixed interest and other variable interest securities

AAA/Aaa	31	246304	
AA/Aa	32	649236	
A/A	33	1921430	
BBB/Baa	34	1298829	
BB/Ba	35	239777	
B/B	36	5280	
CCC/Caa	37	6751	
Other (including unrated)	38	5011131	
Total other fixed interest and other variable interest securities	39	9378738	

Long-term insurance business: Analysis of valuation interest rate

Name of insurer **Legal & General Assurance Society Limited**Subfund **With Profits Part of Fund**Financial year ended **31 December 2015**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
UKL non participating WP F51 & 53 assurances	3493	1.50	1.86	2.20
UKL participating WP F51, 52 & 53 assurances	4108827	1.50	1.73	2.58
UKP non participating WP F51 & 53 assurances	373869	1.75	1.75	2.20
UKP participating WP F51 Product Code 165 Personal Retirement Plan	638525	2.25	2.25	2.56
UKP participating WP F52 Product Code 545 Buy-Out Plan	363849	2.25	2.25	2.50
UKP participating WP Other F51, 52 & 53 assurances	3318996	1.75	1.75	2.58
Miscellaneous	837062			
Total	9644621			

Long-term insurance business: Analysis of valuation interest rate

Name of insurer **Legal & General Assurance Society Limited**Subfund **Non Profit & balancing items**Financial year ended **31 December 2015**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
UKL NP F51 immediate and deferred annuities	25123275	3.33	3.33	3.61
Miscellaneous	599203			
Total	25722478			

Long-term insurance business : Distribution of surplus

Name of insurer **Legal & General Assurance Society Limited**
 Total business / subfund **Summary**
 Financial year ended **31 December 2015**
 Units **£000**

Financial year	Previous year
1	2

Valuation result

Fund carried forward	11	76968547	38432096
Bonus payments in anticipation of a surplus	12	229143	251305
Transfer to non-technical account	13	1040480	192916
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	78238171	38876317
Mathematical reserves	21	73818830	37037049
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	4419340	1839268

Composition of surplus

Balance brought forward	31	1259054	1212116
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	3160286	627152
Total	39	4419340	1839268

Distribution of surplus

Bonus paid in anticipation of a surplus	41	229143	251305
Cash bonuses	42		
Reversionary bonuses	43	136570	135992
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	365713	387297
Net transfer out of fund / part of fund	47	1040480	192916
Total distributed surplus (46+47)	48	1406194	580214
Surplus carried forward	49	3013147	1259054
Total (48+49)	59	4419340	1839268

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 **Legal & General Assurance Society Limited**
Total business / subfund **With Profits Part of Fund**
Financial year ended **31 December 2015**
Units **£000**

Financial year	Previous year
1	2

Valuation result

Fund carried forward	11	18383743	19876774
Bonus payments in anticipation of a surplus	12	229143	251305
Transfer to non-technical account	13	40480	42916
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	18653367	20170995
Mathematical reserves	21	18243695	19737303
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	409672	433692

Composition of surplus

Balance brought forward	31	3478	3478
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	406194	430214
Total	39	409672	433692

Distribution of surplus

Bonus paid in anticipation of a surplus	41	229143	251305
Cash bonuses	42		
Reversionary bonuses	43	136570	135992
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	365713	387297
Net transfer out of fund / part of fund	47	40480	42916
Total distributed surplus (46+47)	48	406194	430214
Surplus carried forward	49	3478	3478
Total (48+49)	59	409672	433692

Percentage of distributed surplus allocated to policyholders

Current year	61	90.03	90.02
Current year - 1	62	90.02	90.02
Current year - 2	63	90.02	90.01
Current year - 3	64	90.01	90.00

Long-term insurance business : Distribution of surplus

Name of insurer **Legal & General Assurance Society Limited**
 Total business / subfund **Non Profit & balancing items**
 Financial year ended **31 December 2015**
 Units **£000**

Financial year	Previous year
1	2

Valuation result

Fund carried forward	11	58584804	18555322
Bonus payments in anticipation of a surplus	12		
Transfer to non-technical account	13	1000000	150000
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	59584804	18705322
Mathematical reserves	21	55575135	17299746
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	4009669	1405576

Composition of surplus

Balance brought forward	31	1255576	1208638
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	2754093	196938
Total	39	4009669	1405576

Distribution of surplus

Bonus paid in anticipation of a surplus	41		
Cash bonuses	42		
Reversionary bonuses	43		
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46		
Net transfer out of fund / part of fund	47	1000000	150000
Total distributed surplus (46+47)	48	1000000	150000
Surplus carried forward	49	3009669	1255576
Total (48+49)	59	4009669	1405576

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 : With-profits payouts on maturity (normal retirement)Name of insurer **Legal & General Assurance Society Limited**Original insurer **Legal & General Assurance Society Limited**Date of maturity value / open market option **01 March 2016**

Category of with-profits policy	Original term (years)	Maturity value / open market option	Terminal bonus	MVA	CWP / UWP	MVA permitted?	Death benefit
1	2	3	4	5	6	7	8
Endowment assurance	10						
Endowment assurance	15						
Endowment assurance	20	16367	2993	0	UWP	N	9000
Endowment assurance	25	25170	5474	0	CWP	N	39520
Regular premium pension	5						
Regular premium pension	10	30769	4067	0	UWP	N	
Regular premium pension	15	56253	10089	0	UWP	N	
Regular premium pension	20	77310	16094	0	UWP	N	
Single premium pension	5						
Single premium pension	10	14195	2792	0	UWP	N	
Single premium pension	15	20975	5731	0	UWP	N	
Single premium pension	20	29971	9968	0	UWP	N	

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

Name of insurer **Legal & General Assurance Society Limited**
Original insurer **Legal & General Assurance Society Limited**
Date of surrender value **01 March 2016**

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						
Endowment assurance	10						
Endowment assurance	15						
Endowment assurance	20	15283	2282	571	UWP	Y	11250
With-profits bond	2	10528	385	326	UWP	Y	
With-profits bond	3	11133	540	112	UWP	Y	
With-profits bond	5	12076	1197	246	UWP	Y	
With-profits bond	10	13426	2048	274	UWP	Y	
Single premium pension	2						
Single premium pension	3						
Single premium pension	5						
Single premium pension	10	14047	2764	148	UWP	Y	

Long-term insurance capital requirementName of insurer **Legal & General Assurance Society Limited**

Global business

Financial year ended **31 December 2015**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%	257383634	257383634			
Classes I (other), II and IX	12	0.1%	227394119	220757874		113697	132784
Classes I (other), II and IX	13	0.15%	4761247	108314	0.50	3571	3532
Classes I (other), II and IX	14	0.3%	386889456	34985033		580334	558669
Classes III, VII and VIII	15	0.3%	4972766	4096516	0.82	12290	13105
Total	16		881401222	517331371		709892	708091

Insurance health risk and life protection reinsurance capital component

Class IV supplementary classes 1 and 2 and life protection reinsurance	21					72090	42192
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Insurance expense risk capital component

Life protection and permanent health reinsurance	31	0%					
Classes I (other), II and IX	32	1%	33272325	27707483	0.85	282815	295127
Classes III, VII and VIII (investment risk)	33	1%	21243414	19448839	0.92	194488	205638
Classes III, VII and VIII (expenses fixed 5 yrs +)	34	1%	19746456	11782552	0.85	167845	86716
Classes III, VII and VIII (other)	35	25%				15107	18965
Class IV (other)	36	1%	635081	429514	0.85	5398	5256
Class V	37	1%					
Class VI	38	1%					
Total	39					665654	611702

Insurance market risk capital component

Life protection and permanent health reinsurance	41	0%	355292	355292			
Classes I (other), II and IX	42	3%	33272325	27707483	0.85	848444	885382
Classes III, VII and VIII (investment risk)	43	3%	21243414	19448839	0.92	583465	616914
Classes III, VII and VIII (expenses fixed 5 yrs +)	44	0%	19746456	11782552			
Classes III, VII and VIII (other)	45	0%	15844244	14231721			
Class IV (other)	46	3%	635081	429514	0.85	16195	15767
Class V	47	0%					
Class VI	48	3%					
Total	49		91096813	73955400		1448104	1518064

Long term insurance capital requirement	51					2895739	2880049
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Supplementary notes**Legal & General Assurance Society Limited****Financial year ended 31 December 2015*****0101* Modification of the return**

The Prudential Regulation Authority and the Financial Conduct Authority, on the application of the firm, made a direction in December 2013, under section 138A of the Financial Services and Markets Act 2000. The effect of the direction was to allow the firm to:

- (i) take full credit when calculating its mathematical reserves in accordance with INSPRU 1.2 for its reinsurance with the intra-group ISPV, Legal & General Pensions Limited, under two reinsurance agreements dated 7 December 2006 (as amended);
- (ii) to allow the reinsurance debts owed to the firm by the ISPV to be admissible; and
- (iii) to require the firm, when calculating its capital resources, to value the contingent loan to Legal & General Pensions Limited under the contract with the firm, dated 7 December 2006 (as amended), at zero.

The PRA, on the application of the firm, made a direction under section 138A of the Financial Services and Markets Act 2000 in June 2013. The effect of the direction is to modify the provisions of INSPRU 3.1.8R, 3.1.34R and 3.1.35R for the purpose of determining the valuation discount rate on:

- a) business wholly reassured to Legal & General Pensions Limited from Legal & General Assurance Society Limited, and
- b) the non-participating annuities in the Legal & General Assurance Society Limited with profits fund,

so that in calculating income derived from real property assets, the firms may take account of certain contractual increases and use a more appropriate rate of interest for assets taken in combination.

The PRA, on the application of the firm, made a direction under section 138A of the Financial Services and Markets Act 2000 in December 2014. The effect of the direction is to modify the provisions of COBS 20.2.53 to require the firm to inform its with-profit policyholders within 6 months of the firm ceasing to effect new contracts of insurance in a with-profits fund.

***0301* Reconciliation of net admissible assets to capital resources**

	Other than LT business £'000	LT business £'000	Total £'000
Admissible assets per Form 13	8,323,499	86,636,288	94,959,787
Liabilities per Forms 14 & 15	(5,972,746)	(81,980,503)	(87,953,249)
Net admissible assets	<u>2,350,753</u>	<u>4,655,785</u>	<u>7,006,538</u>
Capital Requirements of RRU	122,839		122,839
Total capital resources after deductions	<u>2,473,592</u>	<u>4,655,785</u>	<u>7,129,377</u>

Supplementary notes**Legal & General Assurance Society Limited****Financial year ended 31 December 2015*****0310* Net valuation differences**

	£'000
Positive valuation differences – assets	58,972
Positive valuation differences – liabilities	1,095,540
Negative valuation differences – assets	(34,633)
Negative valuation differences – liabilities	(47,917)
Total	<u>1,071,962</u>

Positive valuation differences for assets arise mainly from the difference between the UK statutory valuation and the PRA valuation for the subsidiaries owned by the Company. Additionally positive valuation differences for assets arise from the difference between the PRA valuation and the local solvency valuation for some overseas subsidiaries owned by the Company.

Positive valuation differences for liabilities arise mainly from the difference between the assessment of with profits fund liabilities on a Peak 1 basis and the assessment in the Company's published IFRS accounts.

Negative valuation differences for assets arise mainly from the difference between the PRA valuation and the local solvency valuation for other overseas subsidiaries owned by the Company.

Negative valuation differences for liabilities arise as a result of the recognition of the Company's share of pension deficit relating to the Group's defined benefits pension schemes. This has been offset by the sterling reserve valuation methodology changes arising from INSPRU valuation rules effective from 2006. Additionally, valuation differences for liabilities arise as a result of reserves to meet the costs of closure to new business, together with additional margins in respect of reserves for reinsurer default which are required to be calculated on a prudential rather than a true and fair basis.

***0313* Reconciliation of Profit and loss account and other reserves**

	2015
	£'000
Form 3 L12 as at 1 January	2,483,232
Profit or loss retained per Form 16 L59	4,153,953
Change in value of shareholders' retained capital	1,421,223
Capital contribution from immediate parent company	167,638
Capital contribution from the other than long term fund to the long term fund	(4,332,283)
Change in equalisation provisions not allowable under IFRS	1,353
Form 3 L12 as at 31 December	<u>3,895,116</u>

***1301* Aggregate value of certain investments (other than long term business)**

- (i) Unlisted investments falling within Line 41: £3,000
- (ii) There are no listed investments that are not readily realisable.

Supplementary notes

Legal & General Assurance Society Limited

Financial year ended 31 December 2015

- (iii) There are no units or beneficial interests in collective investment schemes that are:
- (a) not schemes falling within the UCITS directive, except for Specialised Investment Fund of £4.596m;
 - (b) not authorised unit trust schemes or recognised schemes within the meaning of Part XVII of the Act;
 - (c) do not employ derivative contracts unless they meet the criteria in INSPRU 3.2.5R;
 - (d) do not employ contracts or assets having the effect of derivative contracts unless they have the effect of derivative contracts that meet the criteria in INSPRU 3.2.5R; and
 - (e) do not include assets other than admissible assets among their property;
- (iv) There are no reversionary interests.

***1302* Aggregate value of hybrid securities (other than long term business)**

The Company has £5.205m of hybrid securities.

***1303* Amount of non-debtor salvage or subrogation recoveries (other than long term business)**

The Company has no non-debtor salvage or subrogation recoveries.

***1304* Debtors and creditors (other than long term business)**

Certain amounts shown in Forms 13 and 15 have been offset to the extent permitted by generally accepted accounting principles.

***1305* Maximum permitted counterparty limits (other than long term business)**

The investment managers of the shareholders' and general insurance funds of UK companies in the Legal & General Group have been given counterparty limits as authorised by the Group Credit Risk Committee. These global limits for cash deposits, money market investments, foreign exchange and interest rate management transactions (including exposures related to derivatives, stock lending and cash balances with custodian banks) apply to group wide shareholders' funds in all UK companies of the Group.

These limits are for approved external counterparties and are graded by counterparty and duration, but the maximum potential individual counterparty exposure (based upon allocated limits) was £500m at the end of 2015.

***1306* Exposure to large counterparties (other than long term business)**

As at 31 December 2015, there is no counterparty exposure in excess of 5% of the sum of the Company's base capital resources requirement and its long term insurance liabilities, excluding property linked liabilities and net of reinsurance ceded.

Supplementary notes

Legal & General Assurance Society Limited

Financial year ended 31 December 2015

***1307* Aggregate value of certain fully secured rights (other than long term business)**

The aggregate value of these assets is nil.

***1308* Aggregate values of certain investments (long term business)**

		£'000
(i)	Unlisted investments falling within:	
	Line 41	134,805
	Line 44	2,650,756
	Line 45	228
	Line 46	763,999
	Line 48	375,069
		<u>3,924,857</u>

Line 41 includes UK venture capital of £123.61m & Unquoted UK Ordinary shares of £11.20m.

Line 44 includes OTC Options & OTC Swaps of £0.63m and £2,650m respectively.

Line 45 includes Unquoted UK debentures of £0.23m.

Line 46 includes Unquoted UK debentures of £764m.

Line 48 includes Unquoted Variable bonds of £375.07m.

(ii) There are no listed investments that are not readily realisable.

(iii) There are no units or beneficial interests in collective investment schemes that are:

- (a) not schemes falling within the UCITS directive;
- (b) not authorised unit trust schemes or recognised schemes within the meaning of Part XVII of the Act;
- (c) do not employ derivative contracts unless they meet the criteria in INSPRU 3.2.5R;
- (d) do not employ contracts or assets having the effect of derivative contracts unless they have the effect of derivative contracts that meet the criteria in INSPRU 3.2.5R; and
- (e) do not include assets other than admissible assets among their property.

(iv) There are no reversionary interests.

***1309* Aggregate value of hybrid securities (long term business)**

Line 46 includes hybrid securities of £92.76m that have a redemption period in excess of 75 years.

Fixed interest securities with embedded options, with a total value of £2,986m were included in Lines 46 and 48.

Supplementary notes

Legal & General Assurance Society Limited

Financial year ended 31 December 2015

***1310* Debtors and creditors (long term business)**

Certain amounts shown in Forms 13 and 14 have been offset to the extent permitted by generally accepted accounting principles.

***1312* Exposure to large counterparties (long term business)**

As at 31 December 2015, there is no counterparty exposure in excess of 5% of the sum of the Company's base capital resources requirement and its long term insurance liabilities, excluding property linked liabilities and net of reinsurance ceded.

***1313* Aggregate value of certain fully secured rights (long term business)**

The aggregate value of these assets is nil.

***1314* Amount of tangible leased assets (other than long term business)**

The Company has no tangible leased assets included in the amount of tangible assets (Line 80).

***1316* Amount of tangible leased assets (long term business)**

The Company has no tangible leased assets included in the amount of tangible assets (Line 80).

***1317* Other assets (long term business)**

On 29 December 2010 the Company accepted reinsurance of a closed book of level term assurances from William Penn Life Insurance Company of New York and Banner Life Insurance Company. As part of this reinsurance arrangement, the Company was required to place Assets in Trust with a Trustee, US Bank. In addition during 2012, the Company accepted reinsurance of a closed book of level of term assurances from RGA Reinsurance. These assets were placed in Trust with a Trustee, US Bank. As at 31 December 2015 these trusts had the following holdings in the Wells Fargo Advantage Heritage Money Market:

	£'000
Banner Trust	8,516
Penn Trust	20,716
RGA Reinsurance	3,369
	<hr/>
	32,601
	<hr/>

Supplementary notes**Legal & General Assurance Society Limited****Financial year ended 31 December 2015*****1318* Other asset adjustments**

Long Term Fund	£'000
Cumulative deferred taxation on insurance contracts DAC	(51,300)
Differences in taxation between PRA & IFRS	12,060
Presentation differences between PRA & IFRS Tax Assets & Liabilities	48,622
Presentation of sundry linked assets and liabilities	122,177
Presentation of amounts owed by/to group undertakings	64,952
	<u>196,511</u>
 Other Than Long Term Fund	
Deficits in related undertakings	(405,325)
Deferred taxation debtors balance treated as inadmissible	8,961
Presentation of amounts owed by/to group undertakings	(1,713,268)
	<u>(2,109,632)</u>

***1319* Maximum permitted counterparty limits (long term business)**

The investment managers of the UK authorised insurance companies in the Legal & General Group of companies have been given counterparty limits as authorised by the Group Credit Committee. These limits for cash deposits, money market investments, foreign exchange and interest rate management transactions (including exposures related to derivatives, stock lending and cash balances with custodial banks) are limited to approved counterparties and graded by counterparty and duration, and the maximum aggregate counterparty limit is £500m as at 31 December 2015 (£995m maximum during the year).

The investment guidelines restrict any further counterparty exposure to 5% of the value of the Long term Fund at any one time. There have been no occasions in 2015 when these limits were exceeded.

***1321* Life Fund Limited Partnership**

The Company has an English limited partnership agreement with Legal & General Property Partners (Life Fund) Limited relating to the Legal & General Life Fund Limited Partnership. The Company owns 99.99% of the equity shares in this Limited Partnership, the value of which £537.965m (2014: £577.157m) has been presented within Line 25.

The Company's other English limited partnerships have been presented within Line 43.

***1401* Provision for reasonably foreseeable adverse variations (long term business)**

No provision has been made for reasonably foreseeable adverse variations as defined in GENPRU 1.3.30R to GENPRU 1.3.33R or INSPRU 3.2.17R to INSPRU 3.2.18R.

Supplementary notes

Legal & General Assurance Society Limited

Financial year ended 31 December 2015

This nil provision has been determined by considering the Company's obligations under derivatives and quasi-derivatives contracts, which are mostly covered by matching assets. Where the matching is less strict, any monetary amounts due following reasonably adverse variations could be paid in the right currency, so no provision for reasonably foreseeable adverse variations is required.

The Company does not hold any non-approved derivatives or quasi-derivatives.

***1402* Details of charges over assets, contingent liabilities, etc. (long term business)**

(i) Charges over assets

No charge has been made on the assets of the Company to secure the liabilities of any other person (other than liabilities arising under a contract of insurance).

(ii) Potential deferred tax liability on capital gains

In providing their certificate, the directors have had regard to a potential deferred tax liability of £142.3m in respect of net capital gains on long-term capital assets. This liability would crystallise on the disposal of these assets. This provision is offset by a deferred tax asset of £72m in respect of other timing differences, which have been calculated in accordance with International Accounting Standard 12, Income Taxes.

(iii) Contingent liabilities

Provision for the liabilities arising under contracts with policyholders is based on certain assumptions. The variance between actual experience from that assumed may result in those liabilities differing from the provisions made for them. Liabilities may also arise in respect of claims relating to the interpretation of policyholder contracts, or the circumstances in which policyholders have entered into them. The extent of these liabilities is influenced by a number of factors including the actions and requirements of the PRA, FCA, ombudsman rulings, industry compensation schemes and court judgments.

The Company receives claims and becomes involved in actual or threatened litigation and regulatory issues from time to time. The Company ensures that it makes prudent provision as and when circumstances calling for such provision become clear, and that it has adequate capital and reserves to meet reasonably foreseeable eventualities. The provisions made are regularly reviewed. It is not possible to predict, with certainty, the extent and the timing of the financial impact of these claims, litigation or issues.

(iv) Guarantees, indemnities, commitments other than in the course of insurance business

Commitments in respect of investments, relating to property development and Private Equity of £183.574m (2014: £58.867m) have not been included in Form 14.

The Company has no other guarantees, indemnities or commitments other than in the ordinary course of insurance business and in respect of related companies.

(v) Fundamental uncertainties affecting the business

In the opinion of the directors, there are no other fundamental uncertainties necessary for a proper understanding of the financial position of the Company.

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Legal & General Assurance Society Limited

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***1403* Provision for deficits in related undertakings (long term business)**

No provision has been made in respect of deficits in related undertakings.

***1405* Other adjustments to liabilities (long term business)**

	£'000
Differences in provisions between PRA & IFRS	1,303,827
Pension deficit	(237,800)
Deferred income	255,837
Presentation of sundry linked assets and liabilities	122,177
Presentation of amounts owed by/to group undertakings	64,952
Presentation differences between PRA & IFRS Tax Assets & Liabilities	48,622
	<hr/> <u>1,557,615</u>

***1406* Increase or decrease in the value of non-linked assets (long term business)**

The value of with-profits non-linked assets has decreased by £1,343.192m.

***1501* Provision for reasonably foreseeable adverse variations (other than long term business)**

No provision has been made for reasonably foreseeable adverse variations as defined in GENPRU 1.3.30R to GENPRU 1.3.33R or INSPRU 3.2.17R to INSPRU 3.2.18R.

This nil provision has been determined by considering the Company's obligations under derivatives and quasi-derivatives contracts, which are mostly covered by matching assets. Where the matching is less strict, any monetary amounts due following reasonably adverse variations could be paid in the right currency, so no provision for reasonably foreseeable adverse variations is required.

The Company does not hold any non-approved derivatives.

***1502* Details of charges over assets, contingent liabilities etc. (other than long term business)**

(i) Charges over assets

No charge has been made on the assets of the Company to secure the liabilities of any other person (other than liabilities arising under a contract of insurance).

(ii) Potential deferred tax liability on capital gains

There is no potential deferred tax liability as the Company has net realised allowable losses in excess of the net unrealised gains, which might arise if the Company disposed of its assets (excluding investments in group undertakings).

(iii) Contingent liabilities

In 1975, Legal & General Assurance Society Limited was required by the Institute of London Underwriters (ILU) to execute the ILU form of guarantee in respect of policies issued through

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the ILU's Policy Signing Office on behalf of NRG Victory Reinsurance Company Limited (Victory), a company which was then a subsidiary of the Company. In 1990, Nederlandse Reassurantie Groep Holding NV (the assets and liabilities of which have since been assumed by Nederlandse Reassurantie Groep NV under a statutory merger in the Netherlands) acquired Victory and provided an indemnity to the Company against any liability the Company may have as a result of the ILU's requirement, and the ILU agreed that its requirement of the Company would not apply to policies written or renewed after the acquisition. Nederlandse Reassurantie Groep NV is now owned by Columbia Insurance Company, a subsidiary of Berkshire Hathaway Inc. Whether the Company has any liability as a result of the ILU's requirement and, if so, the amount of its potential liability is uncertain. The Company has made no payment or provision in respect of this matter.

- (iv) Guarantees, indemnities, commitments other than in the course of insurance business
The Company has no guarantees, indemnities or commitments other than in the ordinary course of insurance business and in respect of related companies.
- (v) Fundamental uncertainties affecting the business
In the opinion of the directors, there are no other fundamental uncertainties necessary for a proper understanding of the financial position of the Company.

***1504* Provision for deficits in related undertakings (other than long term business)**

The provision of £405.325m has been made in respect of deficits in related undertakings; Legal & General Overseas Holdings BV, Legal & General International Limited and Legal & General International (Holdings) Limited, all subsidiaries of Legal & General Assurance Society Limited.

***1507* Other adjustments to liabilities (other than long term business)**

	£'000
Deficits in related undertakings	(405,325)
Presentation of amounts owed by/to group undertakings	(1,713,268)
Equalisation provisions not allowable under IFRS	(7,194)
Defined Pension Scheme Deficit	(27,000)
Deferred taxation debtor balance transferred to Form 13LTB L93	8,961
	<u>(2,143,826)</u>

***1601* Bases of conversion of foreign currency**

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of the transactions. The functional currency of the Company's foreign operations is the currency of the primary economic environment in which these entities operate.

Foreign exchange gains and losses are recognised in the income statement, except when recognised in equity as qualifying cash flow or net investment hedges.

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***1602* Restatement of amounts arising from currency conversion**

Some of the brought forward amounts shown in the Forms 11 to 39 have been restated from the corresponding carried forward amounts included in the previous year's return due to the reconversion of foreign currency amounts at a different rate of exchange.

***1603* Other income and charges**

	£'000
Miscellaneous operating charges	(16,608)

***1701* Variation margin (other than long term business)**

- (i) There was no excess variation margin received by the Other than Long term Business Fund of the Company as at 31 December 2015;
- (ii) No variation margin was shown in Form 13;
- (iii) No amount recorded in Form 13 had been reduced to reflect a liability to repay excess variation margin received by the Company.

***1701* Variation margin (long term business)**

- (i) There was no excess variation margin received by the Long term Business Fund of the Company as at 31 December 2015;
- (ii) No variation margin was shown in Form 13;
- (iii) No amount recorded in Form 13 had been reduced to reflect a liability to repay excess variation margin received by the Company.

***1702* Assets which have the effect of derivatives (other long term business)**

Contracts which have the effect of derivative contracts, were excluded from Form 17, but were included in Form 13 as follows:

Fixed interest securities with embedded options with a total value £5,205,287 were included in Form 13 Line 46.

***1702* Assets which have the effect of derivatives (long term business)**

Contracts which have the effect of derivative contracts, were excluded from Form 17, but were included in Form 13 as follows:

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Fixed interest securities with embedded options with a total value of £3,002m were included in Form 13 Lines 45, 46 and 48.

Under certain conditions these may be redeemable by the issuer prior to maturity for at least the then current market value.

Partly paid securities with total value nil were reported in Line 41 and Line 46. There were no convertible stocks reported on Line 41.

Assets, excluding approved securities, with variable redemption dates with total value of £3,002m were reported in Lines 46 and Line 48.

***20Ag* UK and overseas premium analysis**

All premiums written are attributable to UK business and relate to risk category non-proportional property (560).

There were no premiums written attributable to overseas business during the year.

***20Aj* Date of last new contract**

For authorisation classes where no new contract was effected during the year, the following are the dates on which the last new contract for each class was effected.

Authorisation class	Date of last new contract	
1	Accident	30-Sept-00
2	Sickness	30-Sept-00
3	Land vehicles	31-Dec-95
4	Railway rolling stock	Not applicable
5	Aircraft	01-Jan-88
6	Ships	23-Oct-91
7	Goods in transit	22-Dec-96
8	Fire and natural forces	31-Oct-96
10	Motor vehicles liability	31-Dec-95
11	Aircraft liability	01-Jan-88
12	Liability for ships	14-Oct-91
13	General liability	31-Dec-95
14	Credit	01-Jan-95
15	Suretyship	01-Jan-95
16	Miscellaneous financial loss	31-Dec-95
17	Legal expenses	01-Jan-95

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***2007* Material connected-party transactions**

The non-proportional household business accepted by Legal & General Assurance Society Limited from a wholly owned subsidiary Legal & General Insurance Limited in 2014 expired on the 30 June 2015, as per the contractual agreement. The business was renewed with revised terms, to cover the period from 1 July 2015 to 30 June 2016.

This transaction relates to property catastrophe excess of loss reinsurance and was brokered by Aon Limited. A premium of £12,296m was accepted for a 75% share of the GBP £50m excess £35m layer, a 75% share of the GBP £115m excess £85m layer and a 45% share of the GBP £267m excess £200m layer.

***2008* Accounting one quarter in arrears: overseas business**

All overseas business is now in run off, but the reporting reflects the previous practice of accounting one quarter in arrears except for Malta and the Netherlands one year in arrears.

***2102* Basis of calculation of provision for unearned premiums**

The general insurance overseas business is in run-off, therefore no unearned premium provision for this business is calculated.

***2202* Basis for determining the claims management expenses**

All general insurance overseas business is now in run off, but claims management expenses payable are generally determined by estimating the amount of time, and hence associated costs, attributable to the handling of claims. Claims management expenses carried forward are estimated after taking into account the potential amount of time that will be required to handle the claims outstanding, and have been included within accruals.

No claims management expenses have been incurred in respect of the non-proportional property business on the basis that no claims have been incurred during the year.

***2204* Basis for determining acquisition expenses**

The Company did not incur acquisition expenses on the class of new business written.

***2402* Underwriting year accounting**

Risk category non-proportional property (560):

- (i) It is accounted for on an underwriting basis as it relates to catastrophe cover treaties for the period 1 July to 30 June of the following calendar year and any claim liabilities would only arise if there was a catastrophe event during this period.

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(ii) There is no other business within this risk category during 2015.

(iii) The provision for outstanding claims has not been calculated as no claims have been incurred during the year. Claim liabilities would only arise if a catastrophe event occurred during 2015.

***2404* Basis for determining the claims management expenses**

No claims management expenses have been incurred in respect of non-proportional property business as no claims have been incurred during the year.

***2406* Basis for determining acquisition expenses**

The Company did not incur acquisition expenses on the new business written during the year.

***2501* Basis for calculation for unearned premiums**

The unearned premium provision for the non-proportional property business has been calculated based on the proportion of the written premium that has not yet been earned for the underlying household insurance risks written by wholly owned subsidiary Legal & General Insurance Limited, which is believed to be an appropriate method for annual renewal business accounted for an underwriting year basis.

***3000* Form 30 has been omitted as all entries would be blank**

***3100* Form 31 has been omitted because of the operation of a de minimis limit and all entries, including comparatives would be blank**

***3200* Form 32 has been omitted because of the operation of a de minimis limit and all entries, including comparatives would be blank**

***3400* Form 34 has been omitted because of the operation of a de minimis limit and all entries, including comparatives would be blank**

***3800* Form 38 has been omitted as all entries would be blank**

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***4002* Other expenditure**

Form 40 Line 25 includes £46.185m in respect of :

	£'000
Solvency II development costs	14,963
EC development costs	1,805
Group restructure project costs	31,508
Expenses recharged	(2,091)
	<u>46,185</u>

***4004* Transfer of contracts from another insurer/other funds**

On 25 July 2014, non-participating insurance contracts were transferred from the Company's With profit fund to its Non Profit fund. The total value of the transfer was £1,953m.

On 25 March, 2015, there was a true up payment to the LGAS With Profits fund of £2.039m based on the difference between the assumed and the actual transaction costs relating to this transfer.

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

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of the transactions. The functional currency of the Company's foreign operations is the currency of the primary economic environment in which these entities operate. Foreign exchange gains and losses are recognised in the income statement, except when recognised in equity as qualifying cash flow or net investment hedges.

***4006* Allocation of income**

Investment income and realised and unrealised investment appreciation arising within the internal linked funds are allocated directly to those funds. The balance of investment income is apportioned between the with-profit part of the fund and the remainder of that fund based on ownership values, and excluding the internal linked funds from the calculation. The increase or decrease in the value of non-linked assets brought into account in each part of the fund has regard to the nature of the changes in the long term liabilities of that part of the fund.

Commission is charged to each part as incurred. Other expenses are apportioned on the basis of an assessment of the costs incurred in acquiring and administering the business of each part. Taxation in respect of the realised investment appreciation of each internal linked fund is charged to that fund. Taxation in respect of the realised investment appreciation of each other fund is charged to investment reserve. Other taxation is charged to the long term business revenue account and is determined by reference to the income, expenses and surplus of each fund.

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***4008* Provision of management services**

Legal & General (Portfolio Management Services) Limited, a connected company, is the regulatory investment principal for the distribution of designated investment products manufactured by Legal & General Assurance Society Limited.

Legal & General Resources Limited, a connected company, provides business services to Legal & General Assurance Society Limited.

Legal & General Partnership Services Limited, a connected company, is the principle (regulatory host) in respect of life protection, general insurance and mortgage sales for Legal & General Assurance Society Limited.

None of these connected parties provides services that constitute the level of materiality as defined in IPRU (INS) Rule 9.39.

Irish Progressive Services International (IPSI) provides business services to Legal & General Assurance Society Limited in respect of Legal & General Deutschland products.

The costs of these services are charged to the companies concerned.

***4009* Material connected-party transactions**

The Company had an intra-group reinsurance arrangement with a wholly owned subsidiary Legal & General Pensions Limited (LGPL) to reassure the non linked liabilities in respect of its Non Profit Pensions, Overseas Life Assurance and Life Reinsurance business.

During 2015, under this arrangement, premium of £3.605bn (2014: £10.071bn) was paid to Legal & General Pensions Limited by the Company and Legal & General Pensions Limited paid £3.227bn (2014: £3.237bn) claims and £452.403m (2014: £321.367m) expenses to the Company.

During the year Legal & General Pensions Limited paid a £347m dividend to the Company.

On 31 December 2015, the Company undertook a series of transactions to restructure the existing reinsurance arrangements between the Company and its subsidiary, Legal & General Pensions Limited (LGPL) and the various asset portfolios held by the Company.

The restructure involved the recapture and termination of the existing reinsurance arrangements between the Company and LGPL and the novation of LGPL's outward reinsurance contracts to the Company. Under the terms of the recapture, the Company commuted the reinsurance liabilities of LGPL and as consideration for recapturing these liabilities, received transfers of LGPL's existing assets and associated liabilities.

The reinsurance assets recaptured by the Company were valued at £43.373bn and the premium received from LGPL in consideration was £40.823bn.

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Included in Form 41 line 16 is a premium of £36.098bn, which is equal to the consideration received from LGPL, net of reinsurers' share of technical provisions and deferred acquisition costs and deferred expense assets. The table below summarises the impact of the recapture:

	PRA Line Reference	£bn
Initial premium received	Form 41 Line 16	36.100
DAC & DEA	Excluded from PRA return	0.100
Plus Reinsurance Asset received	Form 14 Line 11	4.624
Total premium		40.824
Reinsurance Asset commuted by LGAS	Form 14 Line 11	(42.854)
Loss on recapture		(2.030)

As at 31 December 2015, the reinsurance agreement with Legal and General Reinsurance Company Limited was novated from LGPL to the Company.

***4010* Linked assets share of investment income in the with-profits fund**

The investment income reported on Line 12 includes £255.763m relating to linked assets.

***4401* Basis of valuation of assets**

For the purpose of this return the assets have been valued in accordance with the Valuation of Assets Rules within GENPRU 1.3.

***4402* Rights and liabilities under derivative contracts**

Rights in relation to derivative contracts held as assets by the internal linked funds as follows:

Fund Name	£'m
Distribution Fund	2.515
EM H Yield Corp BD Fund	0.008
Mixed Managed Fund	0.150
Equity Fund	0.203
Fixed Interest Fund	0.055
UK Index Fund	0.061
Managed Fund	1.228
Overseas Bond (Active) Fund	0.091
North American Fund	0.107
US Russell 2000	0.034
US MSCI Minimum Volatility	0.012
Distribution (Growth) Fund	0.445
Exempt Index Fund	0.837
Exempt Fixed Interest Fund	0.456

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Exempt International Fund	0.335
Exempt Managed Fund	10.847
Exempt Aggressive Growth Fund	0.064
Exempt Overseas Bond (Active) Fund	0.268
Exempt North American Fund	0.282
Exempt US Russell 2000	0.068
Exempt US MSCI Minimum Volatility	0.043
Exempt NAM FTSE RAFI 3000	0.014
Exempt Distribution Fund	1.321

Liabilities in relation to derivative contracts are held by the internal linked funds as follows:

Fund Name	£'m
Distribution Fund	5.482
Credit Opportunities Fund	2.850
Mixed Managed Fund	0.230
Fixed Interest Fund	0.061
Managed Fund	1.682
Overseas Bond (Active) Fund	0.046
Distribution (Growth) Fund	0.660
NAM FTSE RAFI 3000	0.002
Exempt Fixed Interest Fund	0.509
Exempt RCB Fund	0.065
Exempt Japan Fund	0.026
Exempt International Fund	0.210
Exempt Managed Fund	7.102
Exempt Aggressive Growth Fund	0.070
Exempt Overseas BD (Active) Fund	0.118
Exempt Distribution Fund	1.088

Rights under contracts, which have the effect of derivative contracts, are held as assets by the internal linked funds as follows:

Fund Name	£'m
Credit Opportunities Fund	64.682
EM H Yield Corp BD Fund	1.182
UK Fixed Income Distribution Fund	8.320
Distribution Fixed Income Fund	0.927

No rights or liabilities in relation to contracts, which have the effect of derivative contracts, are held by the internal linked funds.

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***4403* Netting of variation margin**

- (a) There was no excess variation margin received as at 31 December 2015.
- (b) No amount recorded in Form 44 had been reduced to reflect a liability to repay excess variation margin received by the Company.

***4405* Negative liquidity**

There are no internal linked funds whose net asset value are greater than £10m, and have a negative liquidity ratio exceeding 0.05 in magnitude.

There are no internal linked funds whose net asset value are greater than £500,000, and have a negative liquidity ratio exceeding 0.5 in magnitude.

***4502* Other income and expenditure**

Other expenditure incurred by internal linked funds includes custodian fees of £0.583m and professional valuation fees of £0.327m.

***4701* Group schemes where no member records are available**

The number of new group schemes where no member records are available is as follows:

Product code	Number of new group schemes
410	7

***4702* Details of approximations used to apportion between product codes**

No approximations were used to apportion between product codes.

***4703* Details of approximations made in determining counts in columns 3 and 5**

For product code numbers where a split of the number of policyholders between regular premium business and single premium business is not available, the total number of policyholders has been allocated to regular premium business.

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This affects the following product code numbers and product descriptions:

Product code	Product Description
535	Group Money Purchase Pensions UWP
725	Stakeholder
725	Personal Pension Plan

***4704* Income Protection Benefit**

Where the policyholder has chosen for the level of benefit to be increased once the claim has been in payment for a specified period of time, the sum assured shown is at the increased level.

***4801* With-profits business**

- (a) The 'asset share' philosophy does not include any variation of asset mix by duration of policy.
- (b) The block of business included here is the total with-profits business (excluding non-profit business in the with-profits part of the fund). The asset mix for this block of business is: Land and buildings 16%, Approved fixed interest securities 7%, Other fixed interest securities 31%, UK listed equity shares 15%, Non-UK listed equity shares 26%, Unlisted equity shares 2% and Other assets 5%.

***4802* Treatment of expected income**

The expected income has been included in column 3 on assets where the payment of interest is in default. The amount of such income included is £0.633m.

***4803* Securities redeemed over a period**

£781.880m of callable bonds are assumed to be redeemed, in line with market expectation, on the date the coupon becomes variable. For £2,642.692m of fixed interest bonds, with a choice of redemption dates, for each bond a comparison of the coupon and the current gross redemption yield was made to determine the most likely redemption date. For £295.289m of floating rate notes which can be redeemed over a period, the average term to redemption expected by the market was used. For a further £60.796m of bonds not covered above, the redemption date was chosen in line with market expectation.

***4804* Significant yield differences**

There are no assets in Lines 18 and 28 where the yields differ from the weighted average yield by type of asset by more than 1.5%.

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***4806* Assets used to calculate with-profits investment returns**

The returns shown in Lines 21-29 column 5 have been calculated on the assets backing the asset shares.

***4807* Life Fund Limited Partnership**

The Company has an English limited partnership agreement with Legal & General Property Partners (Life Fund) Limited relating to the Legal & General Life Fund Limited Partnership. The Company owns 99.99% of the equity shares in this Limited Partnership, the value of which in the Long Term Fund £408.993m (2014: £450.121m) has been presented within Lines 17 and 27.

The Company's other English limited partnerships have been presented within Lines 18 and 28.

***4901* Disclosure of rating agency used**

Moody's rating agency has been used to provide the split by credit rating on Form 49.

***5101* Group schemes where no member records are available**

The number of group schemes where no member records are available is as follows:

Product code	Number of group schemes
320	54
410	655
420	140
435	94

***5102* Details of approximations made in determining counts**

No approximations were made in determining counts.

***5103* Details of miscellaneous business**

Business which has been categorised under the miscellaneous product code and exceeds the £10m threshold is as follows:

Product code	Type of business	Gross mathematical reserves (£000)
435	Widows' and Orphans' Pensions – Group - Approved	29,146

***5104* Details of approximations used to apportion between product codes**

Waiver in payment for Term Assurance and Family and Personal Income Plan has been apportioned between product codes using the same proportions as at 31 December 2012.

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***5105* Deferred annuities**

In relation to each category of deferred annuity, where it is appropriate, the amount of deferred annuity shown is the aggregate amount to be secured at the date of vesting of the annuity.

***5106* Decreasing Term Assurances, Decreasing Term Assurance with Critical Illness Insurance, Decreasing Critical Illness Insurance**

The sums assured for these contracts are shown on an approximate basis. For Mortgage Payment Insurance the sum assured is the annual benefit on the stabilised interest rate at the valuation date (or the stabilised interest rate at inception if this is higher), plus the annual premium.

***5107* Low start and progressive contracts**

For these contracts the premium shown is the annualised premium in force at the valuation date.

***5108* Income Protection Benefit**

Where the policyholder has chosen for the level of benefit to be increased once the claim has been in payment for a specified period of time, the sum assured shown is at the increased level.

***5109* Personal Retirement Plan**

Under this product the benefits purchased are one quarter annuity (or cash option if this is higher) and three quarters tax free cash. Only the annuity benefit is shown in Form 51. The tax-free cash benefit is £127.263m.

***5201* Group schemes where no member records are available**

The number of group schemes where no member records are available is as follows:

Product code	Number of group schemes
571	13

***5202* Details of approximations made in determining counts**

No approximations were made in determining counts.

***5203* Details of miscellaneous business**

There is no business categorised under the miscellaneous product codes.

***5204* Details of approximations used to apportion between product codes**

No approximations were used to apportion between product codes.

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***5205* Accumulating with-profits contracts with property linked benefits**

- (a) The premium on the Form is in accordance with the policyholders' instructions for unit investment.
- (b) The sums assured are split in proportion to the unit values.
- (c) The unit reserves are on the appropriate Forms.
- (d) For contracts with both accumulating with-profits and property linked benefits the count is shown on Form 52.
- (e) For Pensions Business the waiver reserves are split in the same proportion as the premiums.
- (f) For Pensions Business the sterling reserves are split in proportion to the unit reserves.
- (g) For Pensions Business the reserves relating to:
 - (i) Guaranteed Minimum Pension liability on Buy-Out Plan;
 - (ii) Cost of additional bonus on Guaranteed Minimum Pension;
 - (iii) Additional Death Benefit on converted business;
 - (iv) High Performance Plan and Private Income Plan conversions with a guarantee of no Market Value Adjustment Factor;are all included on Form 52.
- (h) Life Business policies are valued as if there were two separate contracts, one accumulating with-profits and one property linked. Premiums, sums assured, risk premiums and plan charges are split as in (a) and (b) above. Sterling reserves are calculated with apportioned expenses and reported on the appropriate form. Waiver in payment follows (a) above.
- (i) All other reserves, being small, are treated as property linked.

***5206* Risk premium reinsurance**

Where risk premium reinsurance applies to a contract split between the Forms, the risk premium is reported on the same Form as the benefits to which it applies, except for life policies with both Accumulating With-Profits and linked benefits where the reinsurance risk premiums are split in proportion to the unit values.

***5207* Low start and progressive contracts**

The treatment is as shown in note 5107.

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***5301* Group schemes where no member records are available**

The number of group schemes where no member records are available is as follows:

Product code	Number of group schemes
755	387

***5302* Details of approximations made in determining counts**

No approximations were made in determining counts.

***5303* Details of miscellaneous business**

Business which has been categorised under the miscellaneous product code and exceeds the £10m threshold is as follows:

Product code	Type of business	Mathematical reserves ceded intra group (£000)
795	Bulk Reinsurance	(24,734)

***5304* Details of approximations used to apportion between product codes**

No approximations were used to apportion between product codes.

***5305* Property linked contracts with accumulating with-profits benefits**

The treatment is as shown in note 5205.

***5306* Risk premium reinsurance**

The treatment is as shown in note 5206.

***5307* Low start and progressive contracts**

The treatment is as shown in note 5107.

***5401* Group schemes where no member records are available**

There are no group schemes where member records are not available.

***5402* Details of approximations made in determining counts**

No approximations were made in determining counts.

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***5403* Details of miscellaneous business**

Business which has been categorised under the miscellaneous product code and exceeds the £10m threshold is as follows:

Product code	Type of business	Gross mathematical reserves (£000)
910	Fixed Retirement Plan	23,558

***5404* Details of approximations used to apportion between product codes**

No approximations were used to apportion between product codes.

***5405* Risk premium reinsurance**

The treatment is as shown in note 5206.

***5601* Disclosure of rating agency used**

Moody's rating agency has been used to provide the split by credit rating on Form 56.

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Rule 9.25: Major treaty reinsurers

During 2015, the Company received a premium of £12.296m from a wholly owned subsidiary, Legal & General Insurance Limited of One Coleman Street, London EC2R 5AA.

No other premiums were received from major treaty reinsurers in any of the five preceding financial years.

Rule 9.26: Major facultative reinsurers

The Company has no major facultative reinsurers.

Rule 9.27: Major cedants

The Company has no major general business reinsurance cedants.

Rule 9.32: Additional information on business ceded

Non-facultative reinsurance contracts entered into or modified during the year

The Company did not enter into or modify any non-facultative reinsurance contracts during the year.

Maximum net probable loss to the Company

For each class of business, the maximum net probable loss for any one contract of insurance is £Nil.

For each class of business the maximum net probable loss for all such contracts of insurance is £Nil.

Reinsurers share of gross premiums

The Company did not cede any reinsurance premiums during the year.

Rule 9.32A: Additional information on financial reinsurance and financing arrangements: general insurers

There are no financial reinsurance agreements of similar financing arrangements relating to our general insurance business.

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Rule 9.29: Additional information on derivative contracts

- (a) Investment objectives and guidelines are set for each fund, which reflect the specific objectives of the fund in terms of its asset structure, permitted holdings and performance targets. Compliance with the relevant regulations in respect of derivatives is taken full account of during drafting. The overriding principles are to have adequate controls in place to ensure that long term funds are not exposed excessively to risks related to derivative contracts. Specific guidelines are set and reviewed at least annually, which are summarised below:
- (i) The use of derivatives must be appropriately justified as efficient portfolio management or as a reduction of investment risk.
 - (ii) Adequate cover must be maintained to enable obligations to be met and rights to be exercised.
 - (iii) The use of derivatives must be regularly monitored to ensure compliance with guidelines and that the effects on economic exposure and counterparty exposure are within limits.
 - (iv) Monitoring and valuation procedures must enable all reporting of derivative contracts to be completed satisfactorily.
- (b) The guidelines contain details on when use of derivative contracts may be made.
- (c) Other than the contract with Nomura Re, described below, the Company has not used any derivative contracts during the last year which were not, at the time the contracts were entered into, reasonably likely to be exercised.

The Company has entered into a derivative contract with Nomura Reinsurance SIC Limited (Nomura Re) which is structured as follows: LGAS has the right to sell Nomura Re the rights to a basket of assets (the assets) within a Trust arrangement for 80% of the market value of the assets. Nomura Re then has entitlement to the income from the assets and any surplus assets as they emerge from the Trust. Post exercise of the put option, the Company also has the right to buy back the rights to the assets at the strike of the put (the 80% of the value of the assets) plus interest less any payments received by Nomura Re up to the point of exercise. The contract expires in 2022 unless terminated earlier.

Whilst this contract can be exercised at any time, at the Company's discretion, in practice it is not considered likely that the contract will be exercised.

- (d) Other than the contract with Nomura Re described in c) above, the Company has not at any time during the financial year used any derivative contract that does not fall within the definition of a permitted derivative.

Returns under the Accounts and Statements Rules

Supplementary notes

Legal & General Assurance Society Limited

Financial year ended 31 December 2015

Rule 9.29: Additional information on derivative contracts

The derivative contract with Nomura Re is not a permitted derivative because Nomura Re does not satisfy the definition of approved counterparty meaning the contract fails part three of the derivative admissibility test.

- (e) The Company received £0.115m of underwriting commission.

Returns under the Accounts and Statements Rules

Supplementary notes

Legal & General Assurance Society Limited

Financial year ended 31 December 2015

Rule 9.30: Additional information on shareholder controllers

Legal & General Group Plc ('the Group') was, throughout the year, a shareholder controller of the Company. The Group holds all the ordinary share capital and voting rights in Legal & General Insurance Holdings Limited of which the Company is a 100% subsidiary undertaking.

Returns under Chapter 9, Appendix 9.4 of the Interim Prudential Sourcebook for Insurers
Abstract of Valuation Report
Legal & General Assurance Society Limited
Financial year ended 31 December 2015

1. Introduction

- 1(1) This investigation was made as at 31 December 2015.
- 1(2) The previous investigation was made as at 31 December 2014.
- 1(3) No interim valuations (for the purposes of rule 9.4) have been carried out since 31 December 2014.

2. Product range

2(1) New products

Ill Health Early Retirement Benefit (IHERB)

This is a Group Protection product and is a variant of the existing Ill Health Liability Insurance (IHLI) product. The new product is being marketed to the private sector pension schemes whereas the existing product was only available to the public sector.

Cash-Out Retirement Plan

On 6 April 2015, a new product was launched which pays a guaranteed level of regular income over a chosen period of time and allows for tax efficient withdrawal of pension savings.

Fixed Term Retirement Plan

On 6 April 2015, a new product was launched which provides a guaranteed regular income for a chosen fixed term and a guaranteed lump sum at maturity.

US Bulk Annuity (Reassurance Accepted)

Legal & General Assurance Society wrote a new reinsurance treaty to reinsure bulk annuity business written by Banner Life Insurance Company.

US Term Assurance (Reassurance Accepted)

A block of term assurance new business written by Banner & William Penn in 2015 was reinsured to the Society in 2015.

2(2) Changes to existing products.

Term Business

The suicide definition in the first year was changed to:

“This policy will be cancelled if within the first year of the policy, the life assured dies as a result of:

- Suicide or,
- Intentional and serious self-injury or,
- Exposing themselves to significant risk that is more likely than not to result in death”

Critical Illness Cover

(a) Suicide definition in the first year was changed to that shown above for Term business.

(b) Adopted ABI Standard of Best Practice definition changes as issued by ABI in Dec 2014. This enhanced the following definitions:

- Benign Brain Tumour
- Cancer
- Coma
- Heart Attack
- Kidney Failure
- Loss of Speech
- Low Grade Prostate Cancer
- Major Organ Transplant
- Motor Neurone Disease
- Parkinson’s Disease

- Traumatic Brain Injury
 - Stroke
 - Terminal Illness Cover
- (c) The Motor Neurone Disease definition was enhanced to the ABI+ definition.
- (d) A new full payment was introduced for Spinal Stroke

Lifetime Annuity Products

From 27 July 2015, the maximum guarantee period available to customers was extended to 30 years and commutation of guarantee benefits with a total value less than £30,000 was allowed.

2(3) Products withdrawn or suspended

The With Profits Sub Fund ceased writing new business on 31 January 2015. Only increases to existing pension policies and new members to existing Group Personal Pension Schemes, where allowed for in the policy terms and conditions, will be accepted after that date. Regular premiums in payment at the date of closure will also continue to be accepted.

Euro Annuity Business (Reinsurance accepted)

From 1 August 2015 Legal & General Assurance Society no longer accepts reinsurance of the new business of an Irish insurer.

2(4) New bonus series

New bonus pools created for contributions received in 2015 on existing products are not deemed to be new bonus series.

Full details of reversionary bonus rates are provided in section 10.

2(5) Changes to options or guarantees.

There is no change to existing options or guarantees during 2015.

2(6) Changes to charging methods

There is no change to charging methods in 2015.

2(7) With-profits Business

With effect from 31 January 2015 the with profits part of the long term fund was closed to new business in accordance with the Conduct of Business Sourcebook (COBS). Investments into existing with profits pension plans continue to be allowed, including new members to existing Group Pension Plans (GPPs). Switches are also accepted into these plans, where allowed. Existing contributions to regular premium savings plans (including endowments) will also continue to be accepted.

3. Discretionary charges and benefits

3(1) Market Value Reductions

Market Value Reduction factors have been reviewed frequently. They have been set so that discontinuance proceeds reflect underlying asset values. Some smoothing of factors has been applied, for example when volumes of switches, surrenders or early retirements have been low. Factors are set by type of policy and calendar year or quarter of investment, rather than individually by policy.

An investment year (“pool year”) cohort approach is used when calculating market value reduction factors, rather than a policy year cohort approach. This approach is consistent with the way in which bonus rates are declared. In the following table the investment year cohorts to which market value reductions applied are given in the final column of the table.

	Product	Period during 2015 when a market value reduction was applied	Investment years to which a market value reduction was applied
1	Regular Premium Life – Flexible Mortgage Plan (Series 2, 4, 5, 6, 8, 10 and 12); Prospects (Series 1 & 2); Regular Savings Plan (Series 2); New Savings Plan (Series 1)	17/12/2015 -31/12/2015	1992 - 1993, 2013 - 2014 pools
2	Capital Investment Portfolio (Series 1, 5 & 6)	17/12/2015 -31/12/2015	2014 pools
3	Capital Investment Portfolio (Series 7)	01/01/2015-11/01/2015 12/01/2015-18/02/2015 19/02/2015-01/07/2015 02/07/2015-16/12/2015 17/12/2015 -31/12/2015	2006 - 2007 pools 2007 pools 2007 pools 2007 pools 1999 - 2000, 2003, 2006 - 2007 pools
4	With Profit Bond (Series 2, 3, and 5)	17/12/2015 -31/12/2015	2000 Q3, 2010 Q1, 2010 Q3-Q4 pools
5	With Profit Bond (Series 1 and 4)	01/01/2015-11/01/2015 12/01/2015-18/02/2015 19/02/2015-01/07/2015 02/07/2015-16/12/2015 17/12/2015 -31/12/2015	2002 Q4 - 2003 Q2 pools, 2005 Q4 - 2008 Q1 pools 2006 Q2 - 2007 Q4 pools 2006 Q2 - 2007 Q4 pools 2002 Q4, 2005 Q4 - 2008 Q1 pools 2001Q4 - 2008 Q1 pools
6	With Profit Bond (Series 6)	01/01/2015-11/01/2015 12/01/2015-18/02/2015 19/02/2015-01/07/2015 02/07/2015-16/12/2015 17/12/2015 -31/12/2015	2004 Q2, 2005 Q3 pools 2005 Q3 pools 2005 Q3 pools 2004 Q2, 2005 Q3 pools 2003 Q4, 2004 Q2, 2005 Q3 pools
7	With Profit Bond (Series 8 and 9)	02/07/2015-16/12/2015 17/12/2015 -31/12/2015	2005 Q3 pools 2003 Q4 - 2004 Q3, 2005 Q2 - 2005 Q3 pools
8	With Profit Bond (Series 10 and 11)	17/12/2015 -31/12/2015	2009 Q4 pools
9	With Profit Bond (With Profit Bond Series 17)	17/12/2015 -31/12/2015	2010 Q1 pools
10	With Profit Bond (With Profit Bond Series 18)	02/07/2015-16/12/2015 17/12/2015 -31/12/2015	2014 Q4 2011 Q1 - 2012 Q4, 2013 Q2 - 2014 Q4
11	With Profit Bond (With Profit Bond Series 19)	17/12/2015 -31/12/2015	2014 Q3, 2014 Q4
12	Group AVC 2002 (Series 1)	17/12/2015 -31/12/2015	2005, 2013 Pools
13	Trustee Investment Plan 1999 (Series 1 and 2)	01/01/2015-11/01/2015 02/07/2015-16/12/2015 17/12/2015 -31/12/2015	2001 Q1 - 2001 Q4 2000 Q1, 2000 Q4, 2015 Q1 - Q2 pools None Applied

For 1980 Bonus System contracts adjustment factors are applied on an investment year cohort approach. Factors are applied to all cohorts at all times and may be greater or less than 100%.

3(2) Changes to premiums on Reviewable Non Linked Protection Policies

The following table shows the range of conventional reviewable protection products on which changes to premiums were implemented in 2015 as a result of reviewing the cost of risk:

Product	Gross Annual Premium Prior To Review (£000)	Range of Premium Changes	Maximum Benefit Reduction
Level Term Assurance with Critical Illness Insurance:			
- Benefit Reduction	43	n/a	-15%
- Premium Change	3621	-3% to 15%	n/a
- No change implemented	1042	n/a	n/a
Decreasing Term Assurance with Critical Illness Insurance:			
- Benefit Reduction	77	n/a	-14%
- Premium Change	4437	-3% to 15%	n/a
- No change implemented	1609	n/a	n/a
Family and Personal Income Plan with Critical Illness Insurance:			
- Benefit Reduction	1	n/a	-10%
- Premium Change	85	3% to 14%	n/a
- No change implemented	64	n/a	n/a

Policies that lapsed at review have been included within the 'no change implemented' category. The 'Benefit Reduction' category relates to cases where the policyholder has declined an increase in premium and as such a reduction to the benefit has been applied.

Reviews on the above product lines occur every 5 years, so in 2015 reviews were undertaken on policies with contract dates in 2005 and 2010.

The following table shows the in force premium as at 31 December 2015 on all conventional reviewable protection products:

Product	Gross Annual Premium at 31.12.2015 (£000)
Mortgage Payment Insurance	5,075
Term Assurance with Critical Illness Insurance	37,284
Decreasing Term Assurance with Critical Illness Insurance	51,153
Family and Personal Income Plan with Critical Illness Insurance	1,129
Level Critical Illness Insurance	5,355
Decreasing Critical Illness Insurance	65

3(3) Interest Rate on Non-Profit Deposit Administration Benefits

The interest credited to the Exempt and Non-Exempt Building Society Funds and the Exempt Special Deposit Funds during 2015 in respect of investments held throughout the year are shown in the table below:

Fund and Generation	Initial Units	Accumulation Units
	%	%
Non-Exempt Building Society Fund:		
Generation 1	Not applicable	0.05
Generation 2	Not applicable	0.05
Generation 3	Not applicable	0.05
Generation 21	Not applicable	0.05
Generation 27	Not applicable	0.1
Generation 30	Not applicable	0.2

Fund and Generation	<u>Initial Units</u>	<u>Accumulation Units</u>
	%	%
Generation 31	Not applicable	0.2
Exempt Building Society Fund:		
Generation 1	0.05	0.05
Generation 2	0.05	0.05
Generation 5	0.05	0.05
Generation 6	0.05	0.05
Generation J	Not applicable	0.05
Generation K	Not applicable	0.05
Generations N and Q	Not applicable	Not applicable
Generation Y	Not applicable	0.3
Exempt Special Deposit Fund:		
Generation 1	0.05	0.5
Generation 2	0.05	0.5
Generation 5	0.05	0.5
Generation 6	0.05	0.5
Generation J	Not applicable	0.5
Generation K	Not applicable	0.5
Generations N and Q	Not applicable	Not applicable
Generation Y	Not applicable	0.5
Cash (Euro) Fund:		
	Not applicable	-0.15

3(4) Changes to service charges on linked policies.

Service charges for Corporate Pensions increased during 2015. Increases are based on the Office for National Statistics' *Average Weekly Earnings: Whole Economy (seasonally adjusted)* which showed an increase of 3.61% for the period July 2014 to July 2015.

The monthly administration charges per member were increased during 2015 as follows:

- Company Pension Plan and Company Pension Plan 1990 for schemes set up between 1 January 1990 and 31 December 1991 increased from £6.12 per month to £6.34 per month,
- Company Pension Plan 250 (premium paying members) increased from £6.68 per month to £6.92 per month.

The initial charge for new members joining a Company Pension Plan 1990 scheme (set up between 1 January 1990 and 31 December 1991) increased from £59.51 to £61.66.

3(5) Changes to benefit charges on linked policies

There have been no changes to unit-linked benefit charges during 2015.

3(6) Changes to unit management charges or notional charges to accumulating with-profits policies

For a variety of savings and pension policies the management charges can vary from one policy to the next as, for example, different generations of funds may be charged under a different product structure. Also, as a tiered charging structure is being used, charges can vary from one year to the next because of an increase in fund size.

Allowance is made for the actual past and expected future expenses when setting bonus rates for all participating with-profits business other than Personal Pension Plan 2000. Should actual expenses be different from those expected previously or future expense assumptions change, bonus rates will also be affected. As bonus rates are smoothed, the effect of any such changes will be spread over a period, together with contributions from other sources of profit or loss, of which investment returns are by far the most important.

The maximum Annual Management Charges have changed on the following internal linked life funds during 2015:

Life Fund name	End 15 AMC	End 14 AMC	Increase (decrease) in AMC	Value of units allocated to policyholders £000s
L&G Life Aberdeen Emerging Markets Equity Fund	2.38%	2.26%	(0.12%)	4,795
L&G Life Aberdeen Property Fund	2.60%	2.83%	(0.23%)	6,001
L&G Life Aviva Property Fund	2.59%	2.80%	(0.21%)	9,909
L&G Life Close Balanced Portfolio Bond Fund	1.10%	1.03%	0.07%	4,409
L&G Life Close Conservative Portfolio Fund	1.09%	1.04%	0.05%	3,352
L&G Life Close Diversified Income Fund	0.88%	0.91%	(0.03%)	2,779
L&G Life Close Growth Portfolio Fund	1.10%	1.04%	0.06%	6,474
L&G Life F&C MM Navigator Distribution Fund	2.81%	2.91%	(0.10%)	19,348
L&G Life Henderson MM Distribution	3.08%	3.20%	(0.12%)	8,370
L&G Life Henderson Multi Manager Absoloute Return Fund	2.82%	2.94%	(0.12%)	2,861
L&G Life Henderson Multi Managed Fund	3.17%	3.28%	(0.11%)	4,210
L&G Life Jupiter Merlin Income Portfolio Fund	3.06%	3.20%	(0.14%)	155,064
L&G Life Legal & General Multi Manager Growth Fund	2.76%	2.88%	(0.12%)	3,069
L&G Life Legal & General Multi Manager Income Fund	2.76%	2.90%	(0.14%)	33,784
L&G Life Legal & General Multi Manager Balanced Fund	2.78%	2.92%	(0.14%)	7,923
L&G Life M&G Feeder of Property Portfolio	2.38%	2.49%	(0.11%)	51,510
L&G Life M&G Managed Growth Fund	2.36%	2.47%	(0.11%)	4,290
L&G Life Neptune Balanced Fund	2.04%	1.90%	0.14%	62,792
L&G Life Neptune Russia & Greater Russia Fund	2.69%	2.43%	0.26%	770
L&G Life Schroder MM Diversity Fund	2.62%	2.51%	0.11%	26,546
L&G Life Schroder Recovery Fund	2.34%	2.19%	0.15%	2,329
L&G Life SLI Ignis UK Property Feeder Fund	2.32%	2.46%	(0.14%)	5,265
L&G Life Threadneedle Equity & Bond Fund	2.20%	2.21%	(0.01%)	38,329
L&G Life Threadneedle Global Equity & Bond Fund	2.50%	2.39%	0.11%	11,836
L&G Life Threadneedle Global Equity Fund	2.20%	2.10%	0.10%	4,424
L&G Life Threadneedle Global Select Fund	2.17%	1.98%	0.19%	13,590

Annual Management Charges have changed on the following internal linked pension funds during 2015

Pension Fund name	End 15 AMC	End 14 AMC	Increase (decrease) in AMC	Value of units allocated to policyholders £000s
L&G Pension Aberdeen Asia Pac & Japan Eqty	1.63%	1.50%	0.13%	2,590
L&G Pension Aberdeen Emerging Markets Eqty	1.64%	1.52%	0.12%	7,331
L&G Pension Aberdeen Property	1.65%	1.88%	(0.23%)	2,302
L&G Pension Allianz UK Corporate Bond	1.15%	1.05%	0.10%	107
L&G Pension Artemis Global Growth Fund	1.41%	1.52%	(0.11%)	4,307
L&G Pension Aviva Investors Property	1.53%	1.74%	(0.21%)	4,292
L&G Pension AXA Framlington UK Smaller Cos	1.35%	1.45%	(0.10%)	1,511
L&G Pension CF Seneca Diversified Growth	1.54%	1.66%	(0.12%)	36
L&G Pension F&C MM LS Defensive	1.65%	1.55%	0.10%	196
L&G Pension F&C MM Navigator Distribution	1.87%	1.97%	(0.10%)	1,710
L&G Pension First State Asian Property Sec	1.89%	1.48%	0.41%	31
L&G Pension First State Worldwide Leaders	1.43%	1.24%	0.19%	140
L&G Pension Henderson Fxd Int Mthly Inc	1.06%	1.17%	(0.11%)	158
L&G Pension Henderson MM Absolute Return	1.83%	1.95%	(0.12%)	1,005
L&G Pension Henderson MM Distribution	2.09%	2.21%	(0.12%)	201
L&G Pension Henderson MM Managed	2.15%	2.26%	(0.11%)	1,071
L&G Pension Ignis Pacific Growth	1.34%	1.23%	0.11%	32
L&G Pension Ignis UK Property Feeder	1.50%	1.64%	(0.14%)	1,619
L&G Pension Jupiter Merlin Inc Portfolio	2.11%	2.25%	(0.14%)	7,630
L&G Pension M&G Fdr of Property Portfolio	1.63%	1.74%	(0.11%)	5,256
L&G Pension M&G Managed Growth	1.26%	1.37%	(0.11%)	2,860
L&G Pension MM Balanced	1.53%	1.67%	(0.14%)	4,654
L&G Pension MM Growth	1.51%	1.63%	(0.12%)	3,018
L&G Pension MM Income	1.51%	1.65%	(0.14%)	2,861
L&G Pension Neptune Balanced	1.08%	0.94%	0.14%	7,823
L&G Pension Neptune Japan Opportunities	1.16%	1.06%	0.10%	491
L&G Pension Neptune Russia & Grter Russia	1.73%	1.47%	0.26%	1,415
L&G Pension Schroder MM Diversity	1.60%	1.49%	0.11%	4,970
L&G Pension Schroder MM International	1.70%	1.69%	0.01%	1,315
L&G Pension Schroder Recovery	1.33%	1.18%	0.15%	2,182
L&G Pension Threadneedle Equity & Bond	1.27%	1.28%	(0.01%)	2,939

Pension Fund name	End 15 AMC	End 14 AMC	Increase (decrease) in AMC	Value of units allocated to policyholders £000s
L&G Pension Threadneedle European	1.62%	1.44%	0.18%	968
L&G Pension Threadneedle Global Equity	1.47%	1.37%	0.10%	4,100
L&G Pension Threadneedle Global Sel	1.36%	1.17%	0.19%	2,347
L&G Pension Threadneedle Globl Equity&Bond	1.55%	1.44%	0.11%	2,054
L&G Pension Threadneedle Strategic Bond	1.21%	1.03%	0.18%	192
L&G Pension Threadneedle UK Corp Bond	1.22%	1.05%	0.17%	196

3(7) Unit Pricing of Internal Linked Funds

(a) Unit Pricing Methods

The valuation price of a unit is calculated by dividing the market value (independent valuation in the case of property), after adjustment to allow for the accrued liability to tax on income and on realised and unrealised capital gains and losses, of that portion of the fund represented by units of a particular type by the number of units of that type.

(i) Prices for the Creation and Cancellation of units in Internal Linked Funds

Creation of units always takes place at the creation price, and cancellation of units at the cancellation price.

The creation price of a unit is obtained in the same way as the valuation price, but having regard to market offer values of investments, increased by an allowance for the costs of acquiring investments.

The cancellation price of a unit is obtained in the same way as the valuation price, but having regard to market bid values of investments, reduced by an allowance for the costs of disposing of investments.

For units secured under the Finanzmarkt-Lebenspolice, Vermoegenschutzplan or Finanzmarkt-Rentenpolice, a single price is used for the creation or cancellation of units in any fund on any day. This price will be the Creation Price or the Cancellation Price according to whether that fund expects a net inflow or outflow that day.

(ii) Prices for the Allocation of units to and Deallocation of units from policies

The price of a unit for deallocating from policies (the published bid price) is based on either the creation or cancellation price described in (i) above, but rounded down by not more than 0.1p. The choice of basis follows the principles set out in (iii) below.

For policies allocated to Generation 3, 21, 27, 30 or 31 units (non-exempt funds) or Generation J, L, N, Q or Y units (exempt funds), and any other policies where the policy conditions state that allocations take place on the Bid Price, the price of a unit for allocating to policies (the published offer price) is equal to the published bid price, as described above.

For policies not covered by the previous paragraph, the price of a unit for allocating to policies (the published offer price) is the bid price, multiplied by 100/95 and rounded to the nearer 0.1p.

For units secured under the Finanzmarkt-Lebenspolice, Vermoegenschutzplan or Finanzmarkt-Rentenpolice the single price calculated in (i) above is also used for the allocation to and deallocation from policies of units in that fund on that day.

(iii) Basis for Valuation of Assets

If a fund is expected to be in a net inflow position over the short to medium term, the creation price described in (i) above is used for both allocations of units to and deallocations of units from policies.

If a fund is expected to be in a net outflow position over the short to medium term, the cancellation price described in (i) above is used for both allocations of units to and deallocations of units from policies.

The choice of basis on a given valuation day will take account of any large individual or bulk inter-fund switches to be processed on that day's prices.

For non-exempt externally invested funds (invested by third parties, including other Legal & General Group companies) and Sterling denominated exempt externally invested funds, the choice of basis on a given valuation day is determined by the relevant external provider, depending on the inflow or outflow of investments over all their clients.

(iv) Timing of Asset Valuations

Valuations are normally carried out each working day at 12 noon. Policyholder actions notified prior to 12 noon are processed overnight using the prices calculated that day. Policyholder actions notified after 12 noon are processed the following night using the prices calculated the next day. For funds invested in the North American markets the valuations are normally carried out at 3 p.m.

There is an exception to the above for contracts where policy terms and conditions state that policyholder actions are processed using the prices on the next but one working day following the date of notification.

Non-exempt externally invested funds and Sterling denominated exempt externally invested funds are wholly invested in external collective investment schemes. Therefore the timing of the valuation in these funds is as described in (c)(ii) below.

(b) Different Pricing Bases Applying to Different Policies

Not applicable. On any valuation day the same pricing basis applies to all transactions in any given fund.

(c) Assets in Collective Investment Schemes

(i) Internal Collective Investment Schemes

The valuation of any collective investment scheme assets held by any fund is carried out at 12 noon (3 p.m. for funds invested in North American markets and 5 p.m. for some L&G PMC funds). The price calculated on any valuation day is used in the valuation of the parent fund for the same valuation day.

(ii) External Collective Investment Schemes

For exempt externally invested funds in Generation Q units, the valuations of the underlying collective investment schemes are carried out at 12 noon, based on the portfolio valuation at that time. Policyholder actions notified prior to 12 noon are processed overnight using the prices calculated that day. Policyholder actions notified after 12 noon are processed the following night using the prices calculated the next day.

For non-exempt externally invested funds, and exempt externally invested funds (other than for Generation Q units), the valuations of the underlying collective investment schemes are carried out each working day at 12 noon, based on the portfolio valuation at a fixed time on the previous working day. This fixed time varies between different funds. Policyholder actions are processed using the prices on the next but one working day following the date of notification.

3(8) Tax Deductions

Tax is deducted quarterly from non-exempt internal linked funds, on 14 January, 14 April, 14 July and 14 October. The amount deducted on these dates relates to the tax due on those dates, calculated on a stand-alone basis for each fund. The above applies to tax on realised gains, unrealised gains on gilts and bonds and relating to the deemed disposal of holdings of collective investment schemes. The calculation for the last two of these is based on the market value of the assets on the previous month end. For deemed disposals of collective investment schemes the tax deducted allows for the spreading of tax payments according to current tax regulations – tax is only deducted when payment is due.

In the calculation of the tax due the unadjusted tax rate is used, as set by tax legislation. This is currently 20% for both capital gains tax and gilts and bonds tax.

Tax provisions in the daily pricing are adjusted to coincide with the payment of tax, so that any effect on the unit price is negligible.

3(9) Tax Provisions

On the disposal of any investment of a non-exempt internal linked fund, a provision is made in the pricing of that fund equal to the capital gains tax that would be charged/credited in respect of that disposal if that internal linked fund had constituted the whole of the Society's long term linked business.

The provision in respect of any unrealised gains on investments (except collective investment schemes holdings) of any non-exempt internal linked fund is as above but at a reduced tax rate to allow for a delay before the realisation of the assets.

The provision in respect of any unrealised losses on investments (except collective investment schemes holdings) of any non-exempt internal linked fund is calculated as above as if the assets were disposed of on the valuation date. The provision is reduced to allow for the expected period before the resultant tax credit can be offset against gains on other assets.

For some funds there is a further reduction to allow for the possibility of future gains never being sufficient to fully offset these losses. For these funds, in the event of gains arising in a year following significant losses, the provision for tax on the gains is reduced to recognise the earlier losses.

The provision in respect of any unrealised gains/losses on collective investment schemes holdings is calculated by reference to the future tax charge on the deemed disposal of the assets on the penultimate valuation date of the financial year, assuming no change to asset values during the interim period, allowing for the spreading of the tax charge according to the deemed disposal rules. The provision is reduced for any unrealised losses which are carried forward under the deemed disposal rules in a similar way to unrealised losses on other investments, as indicated in the previous paragraph.

An appropriate provision is also held in respect of past years' deemed disposals to cover the future tax liability thereon.

The table below shows the percentages of indexed gains held as provisions in the valuation of non-exempt internal linked funds during 2015.

Realised Capital Gains	
Collective investment schemes Holdings (deemed disposal on 31/12/2015)	18.84% on gains
All Internal Funds	18.84% on losses, subject to restriction and discounting of any tax credits carried forward
UK Fixed Interest Stocks	20.00%
Other Assets	20.00% on gains less any tax credits brought forward 20.00% on losses, subject to restriction and discounting of any tax credits carried forward

Unrealised Capital Gains	
Collective investment schemes Holdings Gains up to 30 December 2015 All Internal Funds	18.84% on gains 18.84% on losses, subject to restriction and discounting of any tax credits carried forward
Collective investment schemes Holdings Gains after 30 December 2014: All Internal Funds	18.84 % on gains 18.84% on losses, subject to restriction and discounting of any tax credits carried forward
UK Fixed Interest Stocks	20.00% on gains 20.00% on losses Subject to restriction
Other Assets	18.84 % on gains less any tax credits brought forward; 18.84% on losses, subject to restriction and discounting of any tax credits carried forward

Policies affected by the Society under German law are treated for tax purposes as belonging to an exempt internal linked fund.

For non-exempt externally invested funds, provisions for future tax liabilities on unrealised gains are currently held at the rate of 20% of taxable gains, discounted at an appropriate rate, to the date of payment. Credit is given where unrealised and realised losses have occurred up to 1% of the net asset value of the holdings

3(10) Allowances in respect of Holdings in Internal Linked Funds

No allowances are received by the company in respect of purchases, sales or holdings in collective investment schemes. Any double charging of management charges is eliminated, by crediting to the internal linked fund any such charges levied on the collective investment schemes, to the benefit of policyholders.

4. Valuation Methods and Bases

4(1) Valuation Methods

(a) General

A prospective method of valuation has been used for all classes of business, other than for a few minor classes on Forms 51, 52 or 53 where approximate methods have been adopted.

With-profits business has been valued using a gross premium method.

The future premiums valued in the calculation of the mathematical reserves for with-profits insurance contracts are no greater than the gross premiums payable by the policyholder in accordance with INSPRU 1.2.46R. INSPRU 1.2.38R is not applicable to the Society.

With the exception of a few minor classes, non-profit business has been valued using a gross premium method. For those minor classes the pure net premium was limited to 95% of the office premium less any policy fee.

(b) Unit Liabilities for Property-Linked Contracts

The liability for units in internal linked funds is the value, at the valuation prices calculated at the date of this investigation, of:

- i the Initial Units credited under each policy multiplied by an endowment assurance factor relating to the age of the life assured and the unexpired term to the maturity date or, if earlier, the date at which the full nominal value of Initial Units is available to provide early retirement benefits; and
- ii the Accumulation Units credited under policies subject to the following adjustments:
 - (a) increased in the case of units credited in respect of regular premiums paid under Personal Investment Pension Plans by 2% to allow for the Maturity Bonuses potentially payable;
 - (b) increased in respect of regular premiums paid under Self Employed Plans, Directors Plans, Prospects and Flexible Mortgage Plans by the amount of the guaranteed addition to the unit value at the date of this investigation;
 - (c) reduced in the case of units credited in respect of single premiums paid under Investment Bonds (Series 1 and 2), Portfolio Bonds (Series 1 to 4) and Discounted Gift Bonds by 5% at policy inception, reducing in monthly steps to 0% at the end of 5 years;
 - (d) reduced in the case of units credited in respect of single premiums paid under Portfolio Bonds (Series 8, 9 and 10) by 14% at policy inception, reducing in monthly steps to 0% at the end of 7 years

Where units have been credited in respect of new business not yet completed at the date of this investigation, the liability is taken as the unit liability calculated as set out above except that the deduction described in ii (c) and ii (d) above is not applied.

(c) Non-Unit Liabilities for Property-Linked Contracts

The non-unit liability in respect of property-linked contracts has been determined using a discounted cash flow projection with parameters as disclosed below in sections 4(2) – 4(12). The cash flows include an allowance for future unit allocations for loyalty bonus and guaranteed additions to unit value. For contracts where monthly deductions from unit funds are made for the expected cost of life assurance cover, the non-unit liability in respect of the mortality risk is the greater of an appropriate multiple of the monthly risk premium and the liability disclosed by the discounted cash flow projection.

For contracts with a guaranteed death benefit (namely Capital Investment Portfolio (Series 8 and 10), Investment Bond (Series 2) and Unit-Linked Guaranteed Term Assurance), unit values have been reduced to 75% of their values at the valuation date when calculating sterling reserves.

For contracts with a guaranteed investment return subject to policy conditions being met (namely the Moneybuilder (Investec) Fund and With Profits Bonds (Series 8 to 19)) an additional sterling reserve is held for the intrinsic and time value of the option.

For ex-Nationwide Life pensions business an approximate sterling reserve method has been used. The sterling reserve is assumed to be 20% of the unit reserve.

The non-unit liabilities for the Worksave Pension Trust and Worksave Pension Trust (Relief at Source) have been calculated using a similar method to that for other linked contracts. However, for these pension policies the non-unit liabilities have been calculated at a scheme level rather than for each individual member.

(d) Treatment of negative values and surrender values

For certain term assurances, critical illness, mortgage payment insurance and income protection products, negative liabilities were not eliminated, in accordance with INSPRU 1.2.24R. In addition, for individual conventional policies the valuation liabilities were increased so as to ensure that those liabilities were not less than the current surrender values, exclusive of any allowance for future reversionary bonus or terminal bonus. For accumulating with-profits business, the valuation liabilities were increased so as to ensure that those liabilities were not less than the lower of the surrender value allowing for all discretionary adjustments that the policyholder might reasonably expect (i.e. interim bonus, final bonus and market value reductions) and the surrender value disregarding all discretionary

adjustments. For unit linked policies, negative per policy sterling reserves are permitted as long as the firm's long term liabilities cover the surrender value of the linked long-term contracts (INSPRU 1.2.24). This criterion can be met readily at the entity level, as is the case for existing Protection negative reserves, by the presence of sufficient positive non linked long term liabilities.

(e) Expense reserves

For contracts valued using a gross premium method, or for contracts where premiums have ceased or where no future premiums are payable or where the method of valuation does not take credit for future premiums as an asset, provision for expenses was made having regard to current levels of expense and prudent assumptions as to future levels of expense inflation.

For those non-linked contracts valued using a net premium method for which future premiums are valued as an asset, an additional reserve is held if expenses are not covered by expected future emerging margins.

For property-linked contracts, where an explicit reserve for meeting likely future expenses has not been made, projections allowing for per policy expenses to increase at 3.5% p.a. were carried out and an additional reserve held as necessary. Although the Society has the right to vary the monthly management charge on the unit funds, the monthly charge in respect of life assurance cover and the monthly plan charge deducted from the unit funds, these projections were based on a continuation of such charges at current levels.

For pensions contracts where the policyholder has the option to make the contract paid-up, the provision for future expenses has been based on the maximum of:

- the reserve calculated assuming that regular premiums continue to be paid at the current level and,
- 50% of the reserve calculated assuming that regular premiums continued to be paid at the current level and 50% of the reserve calculated assuming that regular premiums ceased and the policy became paid up at the valuation date.

See section 4(6) for further details of expense assumptions by product code.

The total non-unit reserve consists of a sterling reserve for attributable expenses and a non-attributable expense reserve. Attributable expenses are defined as those that are directly related to a contract and include expenses which vary with the volume of business for a particular contract type. A per policy reserve is calculated. All other expenses are defined as non-attributable expenses and a separate reserve is calculated, at the homogeneous risk group level, taking into account the projected emerging surplus from policy cash flows.

(f) Unit-Linked Charges

Notwithstanding the Society's right to vary charges under linked contracts at its discretion, the reserves for future expenses under linked contracts have been calculated assuming that this discretion would not be exercised. This approach is deemed more than adequate to ensure that the valuation methodology is consistent with treating customers fairly.

(g) Extra premiums

For the reinsurance accepted on the US Term Business, where an extra premium is payable on account of health or other special risk under a temporary assurance policy, the claims valued are calculated as those claims had the normal office premium been payable multiplied by the ratio of the total premium to the normal premium.

For other business, where an extra premium is payable on account of health or other special risk under a temporary assurance policy or a non-linked critical illness policy by level premiums, the total liability was calculated as that applying had the normal office premium been payable, multiplied by the ratio of the total premium payable to the normal office premium.

Where an extra premium is payable on account of health or other special risk under a conventional whole life, endowment, Build Up or Cashbuilder policy, the total liability was calculated as that applying had the normal office premium been payable, plus a multiple of the extra premium.

(h) Waiver of premium benefit

For waiver of premium benefits under Flexible Protection Plans, Flexible Mortgage Plans, Critical Illness, Unit-Linked Term Assurance Series 3, Self Employed Plans, Personal Pension Plans, and the Personal Investment Pension Plan contract, liabilities on the relevant prospective basis were calculated using approximate methods. These approximate methods were tested by comparing calculations made in respect of samples of the business concerned, and by comparing aggregate results of calculations for the business concerned with the results calculated directly in accordance with the stated valuation basis for similar classes of business.

The liability for the waiver provision under Permanent Health Insurance and Critical Illness Insurance (Series 1 and 2) is taken to be an appropriate multiple of the current rate of the monthly deduction for these benefits.

The liability for the waiver provision under certain other policies is taken as an appropriate proportion of the premium in respect of this option.

(i) Recurrent single premiums

Policies covering mortality and morbidity risks, including Group Critical Illness contracts, and costed by recurrent single risk premiums were valued by taking an appropriate percentage of the premium. The premiums reflect sickness rates in the insured population and there is an adequate margin in the valuation basis to cover additional risks up to the expiry of the guarantee period.

(j) Accumulating with-profits business

The liability in respect of accumulating with-profits contracts has been taken as the greater of the surrender value, calculated in accordance with INSPRU 1.2.70R and INSPRU 1.2.71R, and the discounted value of units accumulated to maturity or earlier death, allowing for any guaranteed rate of accumulation on benefits existing at the valuation date.

The non-unit liability in respect of accumulating with-profits fund benefits has been taken as the greater of the surrender value at the valuation date, inclusive of any discretionary additions but subject to a maximum of the face value of units, and the discounted value of units accumulated to maturity with any contractual interest or Contractual Minimum Addition. For this purpose the number of units is increased to allow for the contractual interest and Contractual Minimum Addition to be allocated on the 1 January immediately following the valuation date and the valuation price is taken to be 100p.

(k) Specific Non Property-Linked Contracts

RPI-Linked Term Assurance and Whole of Life

A proportion of term assurance business is RPI-linked where benefits increase at one times RPI and premiums increase at either one or one and a half times RPI. Some whole of life business is also RPI-linked where benefits increase at one times RPI and premiums increase at either one and a half or two times RPI.

RPI-Linked Annuities

Mathematical reserves have been calculated using an appropriate nominal discount rate, allowing for benefit increases at an assumed future inflation rate.

Under certain contracts the increase in the benefits is principally linked to the RPI but is additionally constrained by certain narrow ranges of maximum and minimum rates of increase. Where these liabilities are not backed by hedges, these contracts have been treated as fixed contracts. For these contracts treated as fixed contracts, increases in annuity amount after the valuation date have been valued with the maximum rate of increase as defined in the contract, although at the first benefit increase date after the valuation date a combination of known RPI at the valuation date and the maximum rate of increase will be used. To a limited extent, where a natural synergy exists, these contracts are used to partially offset the additional reserve for index-linked annuities described under “index-linking options” in section 5(4). These contracts are reported on Form 51.

CPI-Linked Annuities

Mathematical reserves have been calculated using an appropriate nominal discount rate, allowing for benefit increases at an assumed future inflation rate. For CPI linked annuities assumed future increases are equal to the rate of increase in the assumed RPI less 0.4% p.a.

Under certain contracts the increase in the benefits is principally linked to the CPI but is additionally constrained by certain narrow ranges of maximum and minimum rates of increase. All these contracts have been treated as fixed contracts. For these contracts treated as fixed contracts, increases in annuity amount after the valuation date have been valued with the maximum rate of increase as defined in the contract, although at the first benefit increase date after the valuation date a combination of known CPI at the valuation date and the maximum rate of increase will be used. These contracts are reported on Form 51.

Longevity Insurance Contracts

Longevity insurance contracts provide protection against longevity risk for company pension schemes, under which regular payments are made to the scheme reflecting their actual longevity experience, while the scheme makes an agreed set of regular payments in return. Mathematical reserves have been calculated with reference to the discounted value of expected regular payments to the scheme on appropriately prudent longevity and discount rates, less the discounted value of agreed regular payments on the same discount rate, with negative values eliminated where applicable.

Deferred Annuities

For these contracts the basis has been determined by reference to asset-liability matching models, and using a range of interest rates for reinvestment no greater than those specified in the regulations.

The Society has a small exposure to GMP benefits linked to earnings (so called Section 148 orders). Section 148 liabilities generally occur in respect of GMP benefits accrued pre-1997 to pension scheme leavers post-1997 where the benefit is revalued from date of leaving service to State Pension Date in line with national average earnings. An assumption regarding the rate of earnings growth in excess of inflation is therefore required. This assumption has been set with reference to the historically observed excess of earnings inflation over RPI.

Group Deferred Annuities

Where the Trustees of a pension scheme are committed to secure members' benefits by means of a group deferred annuity contract, either as a result of the discontinuance of a group accumulating with-profits contract or as the result of the acceptance of a quotation for new business, but where full data is not available at the valuation date (for example because the apportionment and allocation of benefits has not been finalised) the liability has been ascertained using estimates of the benefits to be secured. Such estimates are calculated with reference to the premiums received, and claims paid on such schemes, and the liabilities in respect of comparable policies where full data is available.

Deferred Retirements

For deferred retirements, the liability was calculated by reference to the accrued benefits and was at least sufficient to provide the benefits which would have arisen, had retirement taken place at the valuation date.

These reserves are calculated on the assumption that the benefit amount will be uplifted by a prudent 10% for every year by which retirement has been deferred.

For these policies a prudent decrementing assumption of 0.9% is applied to the reserves for each year elapsed since the policyholder's normal retirement date to the current valuation date.

1980 Bonus System

Under 1980 Bonus System contracts, the guaranteed sum assured was taken to be the nominal cash amount accrued at the valuation date. These contracts were valued by taking the greater of the discounted value of these sums assured accumulated with any contractual interest to the expiry of the guarantee period, and the value of the discontinuance options available. For those contracts where discontinuance had previously been selected the outstanding benefits were valued and additional

reserves were held for capital and interest guarantees associated with the outstanding payments yet to be made. Group deferred annuities (1980 Bonus System) were valued in a corresponding manner. No explicit provision was made for future investment performance guarantees in respect of benefits to be secured by future premiums, as such guarantees will vary with investment conditions in the year of payment of those premiums.

High Performance Pension Plan and Money Purchase Plan

For High Performance Pension and Money Purchase Plan contracts, the basic liability was taken as the discounted value of the nominal cash amount accrued to the valuation date accumulated to the maturity date with any contractual interest, together with the value of any contractual guarantees on premiums expected to be received in the future. An additional provision for capital and other guarantees was made.

Buy-Out Plan

For Buy-Out Plan the liability for each contract was taken as the present value of the nominal cash amount accrued at death or maturity with due allowance for any contractual interest, contractual minimum addition and the cost of providing for any underlying guaranteed minimum pension and guaranteed annuity benefits.

Private Income Plan

Private Income Plan policies were valued by discounting the maturity benefits secured by premiums payable prior to the valuation date, increased to allow for annuity option guarantees. Where necessary explicit provision was made for future investment performance guarantees in respect of benefits to be secured by future premiums.

Personal Retirement Plan

The liabilities under Personal Retirement Plan policies were obtained by deducting from the present value of the retirement benefits secured by premiums payable up to the renewal date next following the valuation date, the present value of 85% of the premiums payable up to the next renewal date, allowing for prudent rates of early retirement and transfer, with additional provision, where appropriate, for waiver of premium guarantees. The discontinuance rates were set with reference to actual recent experience.

On retirement, benefits are expressed in terms of an annuity plus three times this amount as tax-free cash. The annuity benefits may be converted to a lump sum on guaranteed terms and, in calculating the liabilities, the most onerous course of action is assumed. A proportion of the tax-free cash may be used to purchase additional annuity benefits on terms applicable at the time of retirement. In calculating the liabilities, it is assumed that 20% of tax-free cash will be used to purchase additional annuity benefits, increasing to 100% over 20 years.

Group Risk (Life Assurance, Widows' & Orphans' Pensions and Permanent Health Insurance)

For Group Risk business, the liabilities for benefits not yet in payment were valued prospectively up to the expiry date of the rate guarantee using a gross premium method of valuation. Claims in payment were valued separately.

Mortgage Payment Insurance

For Mortgage Payment Insurance the liability is the greater of the reserve calculated assuming that benefits either remain at their current level, or increase to those payable at the maximum permitted mortgage interest rate. In both cases the future premiums assumed payable after any contractual reviews are consistent with the assumed rate of benefit.

Segregated Fund Policies

No financial benefits exist and expenses have ceased to be charged to the fund. No liability has therefore been held.

Income Protection Benefit Online

Income Protection Benefit policies sold after 31 December 2009 are valued using a discounted cash flow projection.

(1) Specific Property-Linked Contracts

Capital Preservation Plan

The liability for units in internal linked funds in respect of the Pure Endowment policies is the value, as a pure endowment at age 105, of the units credited under the policies at the date of the investigation. The liability for Term Assurance policies is the value, as a term assurance to age 105, of the units credited under the corresponding Pure Endowment policies at the date of the investigation. In each case, the valuation prices calculated at the date of this investigation were used. No account was taken of the withdrawal option; this option has the effect of increasing the liability under each Pure Endowment policy and reducing the liability under the corresponding Term Assurance policy by equal amounts.

The non-unit liabilities in respect of Building Society Fund benefits are calculated in a similar manner. For this purpose, the valuation price of the units is taken as the published bid price calculated at the date of this investigation.

The sum of the unit and non-unit liabilities for each pair of policies is equal to the full value of units credited under the Pure Endowment policy plus any additional reserve for future expenses.

Critical Illness

The liability for the critical illness benefit under Critical Illness Insurance (Series 3 and 4) is taken to be an appropriate multiple of the current rate of the monthly deduction for this benefit.

4(2) Interest Rates

Valuation rates of interest for each product code are given in the table below. Some product codes contain minor lines of business with different bases to those shown below. Such bases have not been declared on grounds of immateriality.

For accumulating with-profits (UWP) and property-linked contracts the interest rate shown is the rate used in the calculation of the unit liability; the interest rates used for the calculation of non-unit liabilities are shown at the end of this section.

Product Code	Product Type	31.12.2015	31.12.2014
100	WP conventional whole life	1.50	1.25
120	Cashbuilder	1.50	1.25
120	Other WP savings endowments	1.50	1.25
125	Build Up	1.50	1.25
165	Personal Retirement Plan	2.25/2.25 ⁽³⁾	2.00/2.00 ⁽³⁾
200	WP Annuity	1.75	1.50
300	NP regular premium endowments and whole life - pre 01/01/2013 business	2.10/4.60	1.75/6.60
300	NP regular premium endowments and whole life - post 31/12/2012 business	2.60/4.60	2.25/6.60
300	Universal Life - US business - Segregated Funds Withheld Account ⁽⁵⁾	2.25	1.75
300	Universal Life - US business - Non Segregated Funds Withheld Account ⁽⁵⁾	2.25	2.00
315	WP Non Participating Buy-Out Plan	2.25/2.25 ⁽³⁾	2.00/2.00 ⁽³⁾
315	WP Non Participating Private Income Plan	1.75	1.50
320	WP Non Participating 1980 Bonus System - Group	1.75	1.50
325	Pension Term Assurance	2.00/4.60 ⁽⁴⁾	1.75/6.6 ⁽⁴⁾

Product	Product Type	31.12.2015	31.12.2014
Code		%	%
325	Term Assurance - pre 01/01/2013 business	2.10/4.60 ⁽⁴⁾	1.75/6.6 ⁽⁴⁾
325	Term Assurance - post 31/12/2012 business	2.60/4.60 ⁽⁴⁾	2.25/6.6 ⁽⁴⁾
325	Level Term Assurance - US Term business – Non Segregated Funds Withheld Account ⁽⁶⁾	2.25	2.00
330	Decreasing Term Assurance – pre 01/01/2013 business	2.10/4.60 ⁽⁴⁾	1.75/6.60 ⁽⁴⁾
330	Decreasing Term Assurance – post 31/12/2012 business	2.60/4.60 ⁽⁴⁾	2.25/6.60 ⁽⁴⁾
330	Pension Decreasing Term Assurance	2.00/4.60 ⁽⁴⁾	1.75/6.60 ⁽⁴⁾
330	Family and Personal Income Plan - pre 01/01/2013 business	2.10/4.60 ⁽⁴⁾	1.75/6.60 ⁽⁴⁾
330	Family and Personal Income Plan - post 31/12/2012 business	2.60/4.60 ⁽⁴⁾	2.25/6.60 ⁽⁴⁾
330	Family Income Benefit	2.10/4.60 ⁽⁴⁾	1.75/6.60 ⁽⁴⁾
340	Accelerated Critical Illness - guaranteed premiums - pre 01/01/2013 business	2.10/4.60 ⁽⁴⁾	1.75/6.60 ⁽⁴⁾
340	Accelerated Critical Illness - guaranteed premiums - post 31/12/2012 business	2.60/4.60 ⁽⁴⁾	2.25/6.60 ⁽⁴⁾
345	Accelerated Critical Illness - reviewable premiums - pre 01/01/2013 business	2.10/4.60 ⁽⁴⁾	1.75/6.60 ⁽⁴⁾
345	Accelerated Critical Illness - reviewable premiums - post 31/12/2012 business	2.60/4.60 ⁽⁴⁾	2.25/6.60 ⁽⁴⁾
350	Stand-alone Critical Illness - guaranteed premiums	2.60/4.60 ⁽⁴⁾	2.25/6.60 ⁽⁴⁾
355	Stand-alone Critical Illness - reviewable premiums	2.60/4.60 ⁽⁴⁾	2.25/6.60 ⁽⁴⁾
360	Permanent Health Insurance - Individual - Non-Linked	2.60/4.60 ⁽⁴⁾	2.25/6.60 ⁽⁴⁾
365	Permanent Health Insurance - Individual - Linked	2.60	2.25
385	PHI Claims in Payment - Individual - Non-Linked	2.60	2.25
385	PHI Claims in Payment - Individual – Linked	2.60	2.25
390	Non Profit Deferred Annuities - Group - Bulk Purchase	3.33	3.03
390	Non Profit Deferred Annuities - Group - Other	3.33	3.03
390	Non Profit Deferred Retirements	3.33	3.03
395	Non Profit Post-1991 Annuities – Group	1.10	0.75
395	Non Profit Pre-1992 Annuities – Group	2.10	1.75
400	Personal Retirement Plan Annuities	3.33	3.03
400	Non Profit Annuities - Individual - Compulsory Purchase	3.33	3.03
400	Non Profit Annuities - Group - Bulk Purchase	3.33	3.03
400	Other Non Profit Annuities	3.33	3.03
400	Non Profit Annuities - Group - Bulk Purchase - Longevity	3.33	3.03
400	Non Profit Annuities - US	3.40	n/a
405	Non Profit Annuities - Impaired Life	3.33	3.03
405	Non Profit Annuities - Enhanced & Lifestyle Life	3.33	3.03
410	Group Life Assurance - Unapproved - pre 01/01/2013 business	2.10	1.75
410	Group Life Assurance - Unapproved - post 31/12/2012 business	2.60	2.25
410	Group Life Assurance – Approved	2.00	1.75
420	Permanent Health Insurance – Group	2.60	2.25
425	Permanent Health Insurance - Group - Claims in Payment	2.60	2.25
435	Widows' and Orphans' Pensions - Group - Approved	2.00	1.75
500	Capital Investment Portfolio	1.50	1.25
500	With-Profit Bond	1.50	1.25
505	Flexible Protection Plan	1.50	1.25
505	Prospects	1.50	1.25
510	Regular Savings Plan, New Savings Plan	1.50	1.25
515	Flexible Mortgage Plan	1.50	1.25
525	Individual UWP pensions - Accumulation units	1.75	1.50

Product Code	Product Type	31.12.2015	31.12.2014
		%	%
525	Individual UWP pensions - Initial units	1.25/1.50 ⁽¹⁾	1.25/1.50 ⁽¹⁾
535	Individual UWP pensions - Accumulation units	1.75	1.50
535	Individual UWP pensions - Initial units	1.25/1.50 ⁽¹⁾	1.25/1.50 ⁽¹⁾
545	Buy-Out Plan	2.25/2.25 ⁽³⁾	2.00/2.00 ⁽³⁾
545	Private Income Plan – Individual	1.75	1.50
555	Money Purchase Plan	1.75	1.50
555	High Performance Pension Plan	1.75	1.50
555	Private Income Plan – Group	1.75	1.50
555	1980 Bonus System – Group	1.75	1.50
571	Trustee Investment Plan	1.75	1.50
700	Portfolio Bond, Investment Bond	2.10 ⁽²⁾	1.75 ⁽²⁾
700	Other Life Property-Linked Single Premium	2.10	1.75
710	Life Property-Linked Whole of Life Regular Premium	2.10	1.75
710	Other Life Property-Linked Whole of Life Regular Premium	2.10	1.75
715	Life Property-Linked Endowment Regular Premium – savings	2.10	1.75
720	Life Property-Linked Endowment Regular Premium - cash	2.10	1.75
725	Overseas Pensions	2.00	1.75
725	Individual Property-Linked pensions - Accumulation units	0.00	0.00
725	Individual Property-Linked pensions - Generation 2 initial units	3.75	3.75
725	Individual Property-Linked pensions - Generation 5 initial units	3.25	3.25
725	Individual Property-Linked pensions - Generation 6 initial units	4.00	4.00
735	Group Property-Linked pensions - Accumulation units	0.00	0.00
735	Group Property-Linked pensions - Generation 2 initial units	3.75	3.75
735	Group Property-Linked pensions - Generation 5 initial units	3.25	3.25
735	Group Property-Linked pensions - Generation 6 initial units	4.00	4.00
750	Income Drawdown - Property Linked - Accumulation units	2.00	1.75
755	Trustee Investment Plan	2.00	1.75
795	Unit-Linked Term Assurance	2.00	1.75
901	PHI Claims in payment - RPI Linked	-0.90	-1.20
902	PHI Claims in payment - Group - RPI Linked	-0.90	-1.20
905	Index Linked Annuities in payment – Pensions	0.00	-0.26
905	Index Linked Annuities in payment - Non Pensions	-1.40	-1.60
905	Index Linked Annuities in payment - Group - CPI Linked - Bulk Purchase – Longevity	0.00	-0.26
905	Index Linked Annuities in payment - Group - CPI Linked - Bulk Purchase	0.00	-0.26
905	Index Linked Contingent Annuities - Group - CPI Linked - Bulk Purchase	0.00	-0.26
907	Deferred Annuities - Group - RPI-linked - Bulk Purchase	0.00	-0.26
907	Deferred Annuities - Group - CPI-linked - Bulk Purchase	0.00	-0.26

- (1) Generation 2 units 1.25% (1.25% at 31.12.2014)
 Generation 5 units 1986 - 1991 1.50% (1.50% at 31.12.2014)
 Generation 5 units 1992 + 1.25% (1.25% at 31.12.2014)
 Generation 6 units 1990 - 1994 1.25% (1.25% at 31.12.2014)
 Generation 6 units 1995 + 1.50% (1.50% at 31.12.2014)

- (2) Accumulation units that are credited in respect of single premiums paid under Investment Bonds (Series 1 and 2), Portfolio Bonds (Series 1 to 4) and Discounted Gift Bonds are actuarially funded for the first 5 policy years. The units are reduced by 5% at policy inception, reducing in monthly steps to 0% at the end of 5 years.

Accumulation units that are credited in respect of single premiums paid under Portfolio Bonds (Series 8 and 10) are actuarially funded for the first 7 policy years. The units are reduced by 14% at policy inception, reducing in monthly steps to 0% at the end of 7 years. There is no actuarial funding for the Select Portfolio Bonds.

- (3) First rate is in-deferment, second rate is in-possession.
- (4) From 2015, for Protection business, an appropriate valuation interest rate is applied at all times during the projection, i.e. when liabilities switch from being negative to positive the valuation interest rate will also switch from being high (4.60%) to low (2.60% gross and 2.10% net). The crossover point at which the margin changes direction is assessed for broad product groups but applied at a policy by policy level. A single rate is used if liabilities are negative (4.60%) or positive (2.60% gross and 2.10% net) throughout. For 2014, for product groups where liabilities were positive, the lower interest rate (2.25% gross and 1.75% net) was used. However, for product groups where liabilities were negative, the higher rate (6.60%) was used. Following the application of PS06/14 to non profit unit linked investment contracts in 2015, some contracts have negative sterling liabilities. A higher prudent valuation interest rate of 4.60% is used for contracts with negative liabilities and a lower prudent valuation interest of 2.10% or 2.00% is used for contracts with positive liabilities.

For unit-linked contracts, the rates at which future cash flows are discounted when calculating sterling reserves are:

	Non-Profit		With-Profits	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Life	2.10%/4.60% ⁽⁴⁾	1.75%	1.5%	1.25%
Pensions	2.00%/4.60% ⁽⁴⁾	1.75%	1.75%	1.50%
Overseas	2.00%	1.75%	n/a	n/a

- (5) As at 31 December 2015 the valuation interest rate for all US Universal Life reinsurance transactions were based on the risk adjusted yield based on the assets backing the reserves (with risk adjustments in line with those for the annuity business shown in 4(3)). As at 31 December 2014, the valuation interest rate for a US Universal Life reinsurance transaction with William Penn Life Insurance Company was based on a segregated funds withheld account.
- (6) As at 31 December 2015 the valuation interest rate for a US Term reinsurance transaction with Banner Life Insurance Company was based on the risk adjusted yield based on the assets backing the reserves (with risk adjustments in line with those for the annuity business shown in 4(3)). As at 31 December 2014, the valuation interest rate for all US Term reinsurance transactions were based on an unsegregated funds withheld account.

4(3) Yield Risk Adjustments

Using historic published information for corporate debt defaults by original credit rating and outstanding term to maturity, nominal weighted average long term allowances for default are calculated. These allowances are then applied as a deduction from the yields on the company's fixed and variable interest portfolios. The default allowances allow for the possible recovery (or partial recovery) of capital in the event of a default. The recovery rate is based on the security level of the underlying assets.

The default assumption for approved securities is based on the Moody's default assumption for the appropriate credit rating and a 50% recovery rate. The credit rating for gilts issued by the UK government has been assumed to be AAA. A single weighted assumption is then calculated based on the mix of assets.

For the 31.12.2015 valuation (but not the 31.12.2014 valuation) property sale and leaseback assets have been included within the setting of the overall default assumption. For these assets the contribution to overall default allowance is based on the credit rating of the tenant, in line with Legal & General's standard default probabilities. Furthermore a prudent residual value upon default of the tenant is assumed by taking the current vacant possession value less depreciation costs with no allowance for

future property price inflation. At 31.12.2014 the default provisions for unapproved corporate debt securities and property sale and leaseback assets were calculated separately.

Where different assumptions have been made depending upon the mix of assets in the Society excluding annuity business or its annuity business the deductions have been denoted (a) and (b) respectively.

Type of security	Yield Deduction		Yield deduction	
	31.12.15		31.12.14	
	(a)	(b)	(a)	(b)
Approved fixed and variable	5 bps p.a	9bps p.a	5 bps p.a	9 bps p.a
Unapproved fixed and variable:	35 bps p.a	42 bps p.a	35 bps p.a	40 bps p.a

The table below shows an indicative breakdown by credit rating for unapproved fixed and variable corporate bonds:

Adjustments by credit rating

Credit rating	Yield Deduction		Yield Deduction	
	31.12.15		31.12.14	
	(a)	(b)	(a)	(b)
AAA	3 bps p.a	5 bps p.a	3 bps p.a	6 bps p.a
AA	9 bps p.a	13 bps p.a	9 bps p.a	13 bps p.a
A	22 bps p.a	30 bps p.a	22 bps p.a	31 bps p.a
BBB	38 bps p.a	53 bps p.a	39 bps p.a	55 bps p.a
Lower rated (BB to CCC)	181 bps p.a	222 bps p.a	327 bps p.a	256 bps p.a
Unrated	24 bps p.a	29 bps p.a	25 bps p.a	27 bps p.a
Other		25 bps p.a		25 bps p.a.

Other includes RPI linked bonds (approved and unapproved), CDOs and floating rate notes. Given the protracted impact of current economic uncertainty in the credit markets, an additional allowance for an increase in defaults above historical averages has been included in the liabilities. For annuity business an additional reserve of £447m (£512m at 31 December 2014) has been held. For annuity business the total allowance for default is equivalent to approximately 55bps p.a. over the lifetime of the credit assets held (54bps p.a. as at 31 December 2014). For participating business the allowance has been made by a further reduction in the risk adjusted yield of 35bps p.a. to 70bps p.a. in total (unchanged from 31 December 2014).

For business excluding annuities, dividend yields have been reduced by 3.75% of the yield to reflect uncertainty over future dividends (unchanged from 31 December 2014). Dividend yields for equities held by annuities have been reduced by 20% of the yield to reflect uncertainty of payment in the future.

Land investments for business excluding annuities were segmented by category of tenant, and default rates were applied according to the status of the tenant to arrive at an overall risk adjustment of 1% of the available yield (1.25% at 31 December 2014).

For other assets judgement was used in setting risk adjustments according to the category of asset and security of income.

4(4) Mortality and Morbidity Bases.

Valuation rates of mortality and morbidity for each product code are given in the table below. Some product codes contain minor lines of business with different bases to those shown below. Such bases have not been declared on grounds of immateriality. In addition, some product codes contain an immaterial amount of business and have also been excluded from the table below.

The table refers to mortality and morbidity codes rather than bases. A description of the basis for each of the codes is given after the table at both the current and previous investigation dates.

Where two bases are given, the first applies to the period in-deferment and the second to the period in-possession.

For policies using basis A or basis P at 31 December 2015, an additional allowance for scheme specific mortality has been applied where deemed appropriate.

Product Code	Product Type	31.12.2015	31.12.2014
100	WP conventional whole life	Nn	Nn
120	Cashbuilder	K	K
120	Other WP savings endowments	K	K
125	Build Up	K	K
165	Personal Retirement Plan	H/D	H/D
200	WP Annuity	C	C
300	Whole of Life Protection Plan	Ff	Ff
300	Whole of Life over 50's	Xx	Xx
300	Universal Life - US business	Qq/Vv	Qq/Vv
300	NP regular premium endowments and other whole life	R	R
315	WP Non Participating Buy-Out Plan	Q/B	Q/B
320	WP Non Participating 1980 Bonus System – Group	-	-
325	Pension Term Assurance	I	I
325	Term Assurance	J	J
325	Overseas Term Assurance	Ll	Ll
325	Term Assurance US	Qq	Qq
330	Decreasing Term Assurance	J	J
330	Family and Personal Income Plan - pre 01/01/2013 business	J	J
330	Family and Personal Income Plan - post 31/12/2012 business	J	J
340	Accelerated Critical Illness - guaranteed premiums	T/Uu	T/Uu
345	Accelerated Critical Illness - reviewable premiums	T/Uu	T/Uu
350	Stand-alone Critical Illness - guaranteed premiums	U/Uu	U/Uu
355	Stand-alone Critical Illness - reviewable premiums	U/Uu	U/Uu
360	Income Protection Benefit	Oo/Ii	Oo/Ii
360	Other Permanent Health Insurance - Individual - Non-Linked	W/Gg	W/Gg
365	Mortgage Payment Insurance	W/Hh	W/Hh
365	Other Permanent Health Insurance - Individual – Linked	X/Jj	X/Jj
385	Claims in Payment - Individual - Non-Linked	M	M
385	Claims in Payment - Individual – Linked	L	L
390	Non Profit Deferred Annuities - Group - Bulk Purchase	P/A	P/A
390	Non Profit Deferred Annuities - Group – Other	P/B	P/B
390	Non Profit Deferred Retirements - Group - Bulk Purchase	A	A
390	Non Profit Deferred Retirements – Other	B	B
395	Non Profit Annuities (PLA)	B	B
400	Personal Retirement Plan Annuities	D	D
400	Non Profit Annuities - Individual - Compulsory Purchase	C	C
400	Non Profit Annuities - Group - Bulk Purchase	A	A
400	Other Non Profit Annuities	B	B
405	Non Profit Annuities - Annuity Plus inforce business written pre May 2014	Rr	Rr
400	Non Profit Annuities - US	Yy	n/a
405	Non Profit Annuities - Enhanced Annuity inforce business	Tt	Tt
405	Non Profit Annuities – Enhanced & Annuity Plus new business	Ww	Ww
410	Group Life Assurance	Mm	Mm
420	Permanent Health Insurance - Group–	Mm	Mm
425	Permanent Health Insurance - Group - Claims in Payment	N	N
435	Widows' and Orphans' Pensions - Group	Mm	Mm
500	Capital Investment Portfolio	Pp	Pp
500	With-Profit Bond	Y	Y

Product Code	Product Type	31.12.2015	31.12.2014
505	Flexible Protection Plan	Bb	Bb
505	Prospects	Z	Z
510	Regular Savings Plan, New Savings Plan	Z	Z
515	Flexible Mortgage Plan	Aa	Aa
525	Individual UWP pensions	F	F
535	Group Money Purchase Pensions UWP	F	F
545	Buy-Out Plan	Q/B	Q/B
545	Private Income Plan – Individual	G	G
555	Money Purchase Plan	-	-
555	High Performance Pension Plan	-	-
555	Private Income Plan - Group	G	G
555	1980 Bonus System - Group	-	-
571	Trustee Investment Plan UWP	F	F
700	With Profit Bond	Y	Y
700	Capital Investment Portfolio and Capital Preservation Plan	Pp	Pp
700	Investment Bond and Portfolio Bond	Oo	Oo
710	Flexible Protection Plan	Bb	Bb
710	Prospects	Z	Z
710	Property-Linked Permanent Health Insurance	X	X
710	Property-Linked Critical Illness	Dd	Dd
710	Other Life Property-Linked Whole of Life Regular Premium	I	I
715	Regular Savings Plan, New Savings Plan	Z	Z
715	Capital Accumulation Plan	Z	Z
720	Flexible Mortgage Plan	Aa	Aa
725	Overseas Pensions	Kk	Kk
725	Other Individual Property-Linked pensions	F	F
735	Group Property-Linked pensions	F	F
750	Income Drawdown - Property-Linked	F	F
755	Trustee Investment Plan	F	F
795	Unit-Linked Term Assurance (Series 1 and 2)	Cc	Cc
795	Unit-Linked Term Assurance (Series 3)	Aa	Aa
901	PHI Claims in payment - RPI-Linked - Individual	L	L
902	PHI Claims in payment - RPI-Linked - Group	N	N
905	Annuities - Individual - RPI-linked - Personal Retirement Plan	D	D
905	Annuities - Individual - RPI-linked - Compulsory Purchase	C	C
905	Annuities - Individual - RPI-linked - Other	B	B
905	Annuities - Group - RPI-linked - Bulk Purchase	A	A
905	Annuities - Group - RPI-linked - Other	B	B
905	Annuities - Group - CPI-linked - Bulk Purchase	A	A
907	Deferred Annuities - Group - RPI-linked - Bulk Purchase	P/A	P/A
907	Deferred Annuities - Group - CPI-linked - Bulk Purchase	P/A	P/A

Code Letters used for the 2015; Mortality / Morbidity Basis

- A** 82.2% of PCMA00 for males and 86.7% of PCFA00 for females. After age 100, mortality rates are based on analysis of UK death registrations for lives born between 1875 and 1900. For ages 91 to 99, rates for each product group are a blend of the same table used before age 90 and the analysis of UK death registrations. Allowance for future improvement as per the adjusted CMI Working Paper 69 projection CMI2013 for both males and females. Male improvement assumes convergence to Long Term Rate (LTR) of 2% per annum up to age 85, tapering to 0% at 120. Female improvement assumes convergence to LTR of 1.5% per annum up to age 85, tapering to 0% at 120. Adjustments are made to the projections to correct for over-dispersion and errors in the 1960's data.

- B** 75.6% of PCMA00 for males and 83.5% of PCFA00 for females for ages 90 and below. After age 100, mortality rates are based on analysis of UK death registrations for lives born between 1875 and 1900. For ages 91 to 99, rates for each product group are a blend of the same table used before age 90 and the analysis of UK death registrations. Allowance for future improvement as per the adjusted CMI Working Paper 69 projection CMI2013 for both males and females. Male improvement assumes convergence to Long Term Rate (LTR) of 2% per annum up to age 85, tapering to 0% at 120. Female improvement assumes convergence to LTR of 1.5% per annum up to age 85, tapering to 0% at 120. Adjustments are made to the projections to correct for over-dispersion and errors in the 1960's data.
- C** 65.1% of PCMA00 for males and 71.9% of PCFA00 for females for ages 90 and below. After age 100, mortality rates are based on analysis of UK death registrations for lives born between 1875 and 1900. For ages 91 to 99, rates for each product group are a blend of the same table used before age 90 and the analysis of UK death registrations. Allowance for future improvement as per the adjusted CMI Working Paper 69 projection CMI2013 for both males and females. Male improvement assumes convergence to Long Term Rate (LTR) of 2% per annum up to age 85, tapering to 0% at 120. Female improvement assumes convergence to LTR of 1.5% per annum up to age 85, tapering to 0% at 120. Adjustments are made to the projections to correct for over-dispersion and errors in the 1960's data.
- D** 70.1% of PCMA00 for males and 63.9% of PCFA00 for females for ages 90 and below. After age 100, mortality rates are based on analysis of UK death registrations for lives born between 1875 and 1900. For ages 91 to 99, rates for each product group are a blend of the same table used before age 90 and the analysis of UK death registrations. Allowance for future improvement as per the adjusted CMI Working Paper 69 projection CMI2013 for both males and females. Male improvement assumes convergence to Long Term Rate (LTR) of 2% per annum up to age 85, tapering to 0% at 120. Female improvement assumes convergence to LTR of 1.5% per annum up to age 85, tapering to 0% at 120. Adjustments are made to the projections to correct for over-dispersion and errors in the 1960's data.
- F** A1967-70 Ultimate rated down 4 years for females.
- G** A1967-70 Ultimate rated down 2 years.
- H** 20% of A1967-70 Ultimate rated down 4 years for females.
- I** If a life has been coded as a smoker TMS00 or TFS00 Select 5 for males and females respectively is applied; if a life has been coded as a non-smoker TMN00 or TFN00 Select 5 for males and females respectively is applied.

The percentage of table applied varies by duration and smoker status as follows

	Duration	1	2	3	4	5	6+
Male	Non-Smoker	72%	90%	88%	86%	83%	82%
	Smoker	70%	92%	79%	81%	87%	83%
Female	Non-Smoker	72%	90%	88%	86%	83%	88%
	Smoker	70%	92%	79%	81%	87%	91%

- J** If a life has no terminal illness cover, has been underwritten and:
- (i) has been coded as a smoker 78% TMS00 or TFS00 Select 5 for males and females respectively is applied;
 - (ii) has been coded as a non-smoker 82% TMN00 or TFN00 Select 5 for males and females respectively is applied;
 - (iii) if uncoded an arithmetic average of smoker and non-smoker experience is applied.
- If a life has no terminal illness cover, has not been underwritten and:
- (i) has been coded as a smoker TMS00 or TFS00 Select 5 for males and females respectively is applied;
 - (ii) has been coded as a non-smoker TMN00 or TFN00 Select 5 for males and females respectively is applied.

The percentage of table applied varies by duration, gender and smoker status as follows:

	Duration	1	2	3	4	5	6+
Male	Non-Smoker	132%	165%	164%	158%	154%	153%
	Smoker	130%	169%	146%	150%	162%	153%
Female	Non-Smoker	132%	165%	164%	158%	154%	162%
	Smoker	130%	169%	146%	150%	162%	168%

If a life has terminal illness cover and:

- (i) has been coded as a smoker TMS00 or TFS00 Select 5 for males and females respectively is applied;
- (ii) has been coded as a non-smoker TMN00 or TFN00 Select 5 for males and females respectively is applied.

The percentage of table applied varies by duration and smoker status as follows:

	Duration	1	2	3	4	5	6+
Male	Non-Smoker	66%	83%	82%	79%	76%	76%
	Smoker	64%	84%	72%	75%	81%	76%
Female	Non-Smoker	66%	83%	82%	79%	76%	81%
	Smoker	64%	84%	72%	75%	81%	84%

K 110% of AM92 or AF92 Ultimate for males and females respectively. In joint life cases the second life is assumed to be 3 years younger than the first life.

L 30% CMI Report No. 12 termination rates.

M A1967-70 Ultimate rated up 5 years.

N CMI Report No. 12 termination rates. The percentage of the table applied varies as follows:

Inception	Gender	Duration since claim first absent					
		1	2	3	4-7	8-10	11+
Inceptions Before 1/1/2008	Male	57.8%	116.5%	108.8%	95.2%	68.8%	64.5%
Inceptions Before 1/1/2008	Female	62.1%	121.6%	119.9%	100%	56%	52.5%
Inceptions after 1/1/2008	Male	57.8%	116.5%	108.8%	95.2%	80	75
Inceptions after 1/1/2008	Female	62.1%	121.6%	119.9%	100%	80	75

P 81.3% of PNMA00 up to age 55, and a blend of PNMA00/PCMA00 between age 55 and 65, and PCMA00 for age 65 and above. 86.7% of PNFA00 up to age 55, and a blend of PNFA00/PCFA00 between age 55 and 65, and PCFA00 for age 65 and above. Allowance for future improvement as per the adjusted CMI Working Paper 69 projection CMI2013 for both males and females. Male improvement assumes convergence to Long Term Rate (LTR) of 2% per annum up to age 85, tapering to 0% at 120. Female improvement assumes convergence to LTR of 1.5% per annum up to age 85, tapering to 0% at 120. Adjustments are made to the projections to correct for over-dispersion and errors in the 1960's data.

Q 48% of A1967 / 70 Ultimate rated down 3 years for males and 47% of A1967 / 70 Ultimate rated down 6 years for females in deferment.

R A1967-70 Ultimate rated down 2 years. In joint life cases the second life is assumed to be 3 years younger than the first life.

T If a life has:

- (i) been coded as a smoker ACMSL04 or ACFSL04 Select 2 for males and females respectively is applied;
- (ii) been coded as a non-smoker ACMNL04 or ACFNL04 Select 2 for males and females respectively is applied.

The percentage of table applied varies by duration, gender and smoker status and whether the life has Total Permanent Disability (TPD) cover as follows:

		Duration	1	2	3	4	5	6+
With TPD cover	Male	Non-Smoker	166%	127%	124%	124%	124%	124%
		Smoker	139%	139%	109%	109%	109%	109%
	Female	Non-Smoker	166%	127%	145%	145%	145%	145%
		Smoker	139%	139%	139%	139%	139%	139%
With no TPD cover	Male	Non-Smoker	161%	124%	119%	119%	119%	119%
		Smoker	135%	135%	106%	106%	106%	106%
	Female	Non-Smoker	161%	124%	141%	141%	141%	141%
		Smoker	135%	135%	135%	135%	135%	135%

Rates are assumed to deteriorate (increase) from a base year of 2013 at 0.5% p.a. for males and 0.75% p.a. for females. For guaranteed contracts, the rates are assumed to deteriorate by a further 1% p.a. for policy durations of 6 years and above.

- U** ACMNL04_ and ACMSL04_U for male non-smoker and smoker, and Ultimate and ACFNL04_U and ACFSL04_U for males and for females non smoker and smoker respectively and excluding death decrements. For males, if a life has been coded as a smoker 146% of the table is applied; if a life has been coded as a non-smoker 165% of the table is applied. For females, if a life has been coded as a smoker 186% of the table is applied; if a life has been coded as a non-smoker 194% of the table is applied. Rates are assumed to deteriorate (increase) from a base year of 2013 at 1% p.a. for males and 1.75% p.a. for females.
- W** 40% AM80 select 5.
- X** AM92 or AF92 Ultimate for males and females respectively. If a life has been coded as a smoker a loading of 75% is used; if a life has been coded as a non-smoker a loading of 30% is used.
- Y** 110% of AM92 or AF92 Ultimate for males and females respectively.
- Z** 50% of AM92 or AF92 Ultimate for males and females respectively.
- Aa** AM92 or AF92 Ultimate for males and females respectively. If a life has been coded as a smoker 140% of this table is used; if a life has been coded as a non-smoker 70% of this table is used; if a life is un-coded 80% of this table is used. If the contract provides additional critical illness benefits an additional loading of 220% is applied.
- Bb** AM92 or AF92 Ultimate for males and females respectively. If a life has been coded as a smoker 200% of this table is used; if a life has been coded as a non-smoker 80% of this table is used; if a life is un-coded 90% of this table is used. If the contract provides additional critical illness benefits an additional loading of 225% is applied.
- Cc** AM92 or AF92 Ultimate for males and females respectively. If a life has been coded as a smoker 220% of this table is used; if a life has been coded as a non-smoker 125% of this table is used.
- Dd** AM92 or AF92 Ultimate for males and females respectively. If a life has been coded as a smoker 510% of this table is used; if a life has been coded as a non-smoker 335% of this table is used.
- Ff** During the 5 year select period, if a life has been coded as a smoker, TMS00 or TFS00 Select 5 for males and females respectively is applied. If a life has been coded as a non-smoker, TMN00 or TFN00 Select 5 for males and females respectively is applied. The percentage of table applied varies by duration and smoker status as follows:

	Duration	1	2	3	4	5
Male	Non-Smoker	80%	90%	98%	78%	70%
	Smoker	71%	76%	88%	80%	76%
Female	Non-Smoker	80%	90%	98%	78%	70%
	Smoker	71%	76%	88%	80%	76%

The ultimate rates applied varies by age and smoker status as follows:

Age band	Ultimate rates
up to 65 (inclusive)	55% of TMN00 and 58% of TFN00 for non-smokers; 58% of TMS00 and 57% of TFS00 for smokers
66 to 74	rates are calculated using multi-way regression techniques fitted to adjacent rates (59-65 and 75-81)
75 to 90	60% of AM92 and 74% AF92
91 to 99	rates are calculated using multi-way regression techniques fitted to adjacent rates (84-90 and 100-106)
100 and over	mortality rates are based on analysis of UK death registrations for lives born between 1875 and 1900

Allowance for future improvement commencing 1.1.2012 for both males and females whilst business is ceded to reinsurer after which any improvement is maintained but no further improvement applied. The allowance is as per an adjusted version of CMIB's mortality improvement model (CMI 2013) with the following parameters:

Males: Long Term Rate of 1.5% p.a. up to age 85 tapering to 0% at 120;

Females: Long Term Rate of 1% p.a. up to age 85 tapering to 0% at 120.

Future improvements are generally assumed to converge to the long term rate in 2026.

- Gg** CMI Report No 12 (CMIR12) inception and termination rates as follows:-
 Inception: $x\%$ of CMIR12 Method B (select 5) rates, where $x = a.b.c.d.100$ and
 $a = 1 + \text{loading to standard premium rates (e.g. for occupation, female, medical)}$
 $b = 0.8$
 $c = 1.7$ if the deferred period is 26 weeks, 1 for all other deferred periods
 $d = 1$ for occupation classes I and II, 2.4 for occupation classes III, IV and uncoded
 Termination: 35% of CMIR12 rates

- Hh** CMI Report No 12 (CMIR12) inception and termination rates as follows:-
 Inception: $x\%$ CMIR 12 Method B (select 5) where $x = a.b.c.d.100$ and

$a = 0.8$ loading if the deferred period is 0-4 weeks
 0.9 loading if the deferred period is 5-8 weeks
 1.0 loading if the deferred period is 9-13 weeks
 1.4 loading if the deferred period is 14-26 weeks
 1.6 loading if the deferred period is 27-52 weeks

$b = 1.0$ loading for Males
 1.5 loading for Females

$c = 1.0$ loading for occupation class I
 1.5 loading for occupation class II
 1.8 loading for occupation class III
 2.8 loading for occupation class IV

$d = 1.2$ loading for Smokers
 0.9 loading for Non Smokers

Termination: 35% of CMIR12 rates

- Ii** CMI Report No 12 (CMIR12) inception and termination rates as follows:-
 Inception: 52% of $x\%$ of CMIR 12 Method B (select 5) where $x = a.b.c.d.100$ and

$a = 1.0$ loading if the deferred period is 4 weeks
 1.03 loading if the deferred period is 13 weeks

1.95 loading if the deferred period is 26 weeks
 3.52 loading if the deferred period is 52 weeks

b = 1.0 loading for Males
 1.75 loading for Females

c = 1.0 loading for occupation class I
 1.5 loading for occupation class II
 1.4 loading for occupation class III
 1.85 loading for occupation class IV

d = 1.37 loading for Smokers
 1.0 loading for Non Smokers

Terminations: x% CMIR 12 (SM75-78 graduations), with x varying by claim duration and deferred period as follows:

Claim Duration (Months)	Deferred Period (weeks)			
	4	13	26	52
1-2	20%			
3	28%			
4	41%	20%		
5-6	34%	20%		
7	33%	31%	30%	
8-9	38%	36%	23%	
10-12	51%	53%	50%	
13-24	46%	54%	50%	39%
25-60	44%	50%	35%	36%
61-132	44%	41%	32%	37%
133+	33%	29%	44%	27%

- Jj** CMI Report No 12 (CMIR12) inception and termination rates as follows:-
 Inception: x% of CMIR12 Method B (select 5) rates, where x=a.b.c.d.e.100 and a=0.40
 b=1.0 if the deferred period is 4 weeks, 1.5 if the deferred period is 13 weeks, 4.0 if the deferred period is 26 weeks and 5.3 if the deferred period is 52 weeks.
 c=1 for occupation class I, 1.5 for occupation class II, 2.7 for occupation class III and 4.5 for occupation class IV.
 d=0.9 for non-smokers, 1.2 for smokers
 e=1 for males, 3 for females
 Termination: 35% of CMIR12 rates
- Kk** 40% Sterbetafel DAV 1994, Germany, for males and females.
- Ll** Sterbetafel DAV 1994, Germany, for males and females. If a life has been coded as a smoker 65% of this table is used; if a life has been coded as a non-smoker 35% of this table is used; if a life is coded as a preferred life 28% of this table is used.
- Mm** Group Life, Group PHI and Group Widows and Orphans Pension business is valued using a claims ratio approach rather than an explicit mortality/morbidity table and assumption. The long term claims ratio assumption is set in line with the long term target profitability of the business, with an additional margin for prudence. However, claims ratios are actively monitored to ensure that observed claims ratios are within the required range to maintain this profitability target, and the long term assumption used in the valuation is compared against experience to assess credibility.
- Nn** 110% of AM92 or AF92 Ultimate rated down 2 years for males and females respectively. In joint life cases the second life is assumed to be 3 years younger than the first life.
- Oo** 100% of AM92 or AF92 Ultimate for males and females respectively.

- Pp** 75% of AM92 or AF92 Ultimate for males and females respectively.
- Qq/Vv** Mortality rates are now based on the Base mortality table: Society of Actuaries (“SOA”) 2014 Valuation Basic Table (“VBT”), with scaling to allow for product class, smoker status, gender, issue age, duration, policy size, issue year, preferred wear off and mortality improvement. This applies to both Term and Universal Life business.
The peak 1 base table factors range from 86% to 138% for all smoker statuses under Term business, while universal life rates vary from 90% to 144%. The gender factors by age range from 71% to 84% for males and 67% to 82% for females. The duration factors by age vary from 90% to 120%. There are four sum assured bands with factors varying from 97% to 115%. Term factors vary from 97% to 106%, and issue year factors from 80% to 130%. Durational factors for Term business vary from 80% to 100% for both males and females. As for universal life, the duration factors vary from 80% to 100% for males and 94% to 100% for females. The preferred wear off adjustment begins at attained age 50, or 5 years after issue, whichever is later. The UW factor is worn off exponentially, to be 90% of the ultimate rate by attained age 75 (or 5 years after the wear-off began, whichever is later. The UW factor is then worn-off, exponentially, to be 100% of the ultimate rate by attained age 85 (or 6 years after the wear-off began, whichever is later). The initial and ultimate wear offs vary from 82% to 131% depending on the smoker status.
- Rr** 72.4% of PCMA00 for males and 79.9% of PCFA00 for females for ages 90 and below. After age 100, mortality rates are based on analysis of UK death registrations for lives born between 1875 and 1900. For ages 91 to 99, rates for each product group are a blend of the same table used before age 90 and the analysis of UK death registrations. Allowance for future improvement as per the adjusted CMI Working Paper 69 projection CMI2013 for both males and females. Male improvement assumes convergence to Long Term Rate (LTR) of 2% per annum up to age 85, tapering to 0% at 120. Female improvement assumes convergence to LTR of 1.5% per annum up to age 85, tapering to 0% at 120. Adjustments are made to the projections to correct for over-dispersion and errors in the 1960’s data.
- Tt** 102.3% of PCMA00 for males and 113.0% of PCFA00 for females for ages 90 and below. After age 100, mortality rates are based on analysis of UK death registrations for lives born between 1875 and 1900. For ages 91 to 99, rates for each product group are a blend of the same table used before age 90 and the analysis of UK death registrations. Allowance for future improvement as per the adjusted CMI Working Paper 69 projection CMI2013 for both males and females. Male improvement assumes convergence to Long Term Rate (LTR) of 2% per annum up to age 85, tapering to 0% at 120. Female improvement assumes convergence to LTR of 1.5% per annum up to age 85, tapering to 0% at 120. Adjustments are made to the projections to correct for over-dispersion and errors in the 1960’s data.
- Uu** For children’s critical illness cover, the Peak 1 reserve is calculated using an assumption of 50% of the CIBT93 Ultimate age 20 rate (excluding TPD and death causes) and assumes 1.5 children are covered by each policy.
- Ww** 120.9% of PCMA00 for males and 133.5% of PCFA00 for females for ages 90 and below. After age 100, mortality rates are based on analysis of UK death registrations for lives born between 1875 and 1900. For ages 91 to 99, rates for each product group are a blend of the same table used before age 90 and the analysis of UK death registrations. Allowance for future improvement as per the adjusted CMI Working Paper 69 projection CMI2013 for both males and females. Male improvement assumes convergence to Long Term Rate (LTR) of 2% per annum up to age 85, tapering to 0% at 120. Female improvement assumes convergence to LTR of 1.5% per annum up to age 85, tapering to 0% at 120. Adjustments are made to the projections to correct for over-dispersion and errors in the 1960’s data.
- Xx** If a life has been coded as a smoker or non-smoker, ELT15 M or ELT15 F with no select period for males and females respectively is applied. The percentage of table applied varies by duration and smoker status as follows:

		Duration	1	2	3	4	5	6+
Male	Non-Smoker		70%	88%	95%	88%	114%	104%
	Smoker		139%	147%	161%	155%	114%	104%
Female	Non-Smoker		70%	88%	95%	88%	114%	104%
	Smoker		139%	147%	161%	155%	114%	104%

- Yy** 94.5% and 96.2% of the RP-2014 Healthy Annuitant Total base table for males and females respectively, for ages 50 to 90. A peak 1 margin of 10% is applied for standard risk schemes, and 8% for low risk schemes.
 94.5% and 96.2% of the blended RP-2014 for males and females respectively, for ages under 50 or over 90. A peak 1 margin of 10% is applied for standard risk schemes, and 8% for low risk schemes.
 Allowance for future improvement commencing 1.1.2010 for males and 1.1.2011 for females as per an adjusted version of CMIB's mortality improvement model (US CMI 2011) with the following parameters:
 Males: Long Term Rate of 2% p.a. up to age 85 tapering to 0% at 120;
 Females: Long Term Rate of 1.5% p.a. up to age 85 tapering to 0% at 120.
 Future improvements are generally assumed to converge to the long term rate in 2026.

Code Letters used for the 2014 Mortality / Morbidity Basis

- A** 82.2% of PCMA00 for males and 86.7% of PCFA00 for females. After age 100, mortality rates are based on analysis of UK death registrations for lives born between 1875 and 1900. For ages 91 to 99, rates for each product group are a blend of the same table used before age 90 and the analysis of UK death registrations. Allowance for future improvement as per the adjusted CMI Working Paper 69 projection CMI2013 for both males and females. Male improvement assumes convergence to Long Term Rate (LTR) of 2% per annum up to age 85, tapering to 0% at 120. Female improvement assumes convergence to LTR of 1.5% per annum up to age 85, tapering to 0% at 120. Adjustments are made to the projections to correct for over-dispersion and errors in the 1960's data.
- B** 75.6% of PCMA00 for males and 83.5% of PCFA00 for females for ages 90 and below. After age 100, mortality rates are based on analysis of UK death registrations for lives born between 1875 and 1900. For ages 91 to 99, rates for each product group are a blend of the same table used before age 90 and the analysis of UK death registrations. Allowance for future improvement as per the adjusted CMI Working Paper 69 projection CMI2013 for both males and females. Male improvement assumes convergence to Long Term Rate (LTR) of 2% per annum up to age 85, tapering to 0% at 120. Female improvement assumes convergence to LTR of 1.5% per annum up to age 85, tapering to 0% at 120. Adjustments are made to the projections to correct for over-dispersion and errors in the 1960's data.
- C** 65.1% of PCMA00 for males and 71.9% of PCFA00 for females for ages 90 and below. After age 100, mortality rates are based on analysis of UK death registrations for lives born between 1875 and 1900. For ages 91 to 99, rates for each product group are a blend of the same table used before age 90 and the analysis of UK death registrations. Allowance for future improvement as per the adjusted CMI Working Paper 69 projection CMI2013 for both males and females. Male improvement assumes convergence to Long Term Rate (LTR) of 2% per annum up to age 85, tapering to 0% at 120. Female improvement assumes convergence to LTR of 1.5% per annum up to age 85, tapering to 0% at 120. Adjustments are made to the projections to correct for over-dispersion and errors in the 1960's data.
- D** 70.1% of PCMA00 for males and 63.9% of PCFA00 for females for ages 90 and below. After age 100, mortality rates are based on analysis of UK death registrations for lives born between 1875 and 1900. For ages 91 to 99, rates for each product group are a blend of the same table used before age 90 and the analysis of UK death registrations. Allowance for future improvement as per the adjusted CMI Working Paper 69 projection CMI2013 for both males and females. Male improvement assumes convergence to Long Term Rate (LTR) of 2% per annum up to age 85, tapering to 0% at 120. Female improvement assumes convergence to LTR of 1.5% per annum up to age 85, tapering to 0% at 120. Adjustments are made to the projections to correct for over-dispersion and errors in the 1960's data.
- F** A1967-70 Ultimate rated down 4 years for females.
- G** A1967-70 Ultimate rated down 2 years.
- H** 20% of A1967-70 Ultimate rated down 4 years for females.
- I** If a life has been coded as a smoker TMS00 or TFS00 Select 5 for males and females respectively is applied; if a life has been coded as a non-smoker TMN00 or TFN00 Select 5 for males and females respectively is applied.

The percentage of table applied varies by duration and smoker status as follows

	Duration	1	2	3	4	5	6+
Male	Non-Smoker	85%	94%	103%	81%	87%	86%
	Smoker	73%	79%	91%	83%	95%	90%
Female	Non-Smoker	85%	94%	103%	81%	87%	90%
	Smoker	73%	79%	91%	83%	95%	88%

- J** If a life has no terminal illness cover, has been underwritten and:
- (iv) has been coded as a smoker 84% TMS00 or TFS00 Select 5 for males and females respectively is applied;
 - (v) has been coded as a non-smoker 86% TMN00 or TFN00 Select 5 for males and females respectively is applied;
 - (vi) if uncoded an arithmetic average of smoker and non-smoker experience is applied.

If a life has no terminal illness cover, has not been underwritten and:

- (iii) has been coded as a smoker TMS00 or TFS00 Select 5 for males and females respectively is applied;
- (iv) has been coded as a non-smoker TMN00 or TFN00 Select 5 for males and females respectively is applied.

The percentage of table applied varies by duration and smoker status as follows:

	Duration	1	2	3	4	5	6+
Male	Non-Smoker	155%	172%	189%	150%	162%	158%
	Smoker	136%	146%	169%	154%	176%	167%
Female	Non-Smoker	155%	172%	189%	150%	162%	165%
	Smoker	136%	146%	169%	154%	176%	164%

If a life has terminal illness cover and:

- (v) has been coded as a smoker TMS00 or TFS00 Select 5 for males and females respectively is applied;
- (vi) has been coded as a non-smoker TMN00 or TFN00 Select 5 for males and females respectively is applied.

The percentage of table applied varies by duration, gender and smoker status as follows:

	Duration	1	2	3	4	5	6+
Male	Non-Smoker	77%	86%	94%	75%	81%	79%
	Smoker	68%	72%	84%	77%	87%	83%
Female	Non-Smoker	77%	86%	94%	75%	81%	83%
	Smoker	68%	72%	84%	77%	87%	82%

K 110% of AM92 or AF92 Ultimate for males and females respectively. In joint life cases the second life is assumed to be 3 years younger than the first life.

L 30% CMI Report No. 12 termination rates.

M A1967-70 Ultimate rated up 5 years.

N CMI Report No. 12 termination rates. The percentage of the table applied varies as follows:

Inception	Gender	Duration since claim first absent					
		1	2	3	4-6	7-10	11+
Inceptions Before 1/1/2008	Male	51.0%	108.8%	113.1%	81.6%	46.4%	43.5%
Inceptions Before 1/1/2008	Female	59.5%	114.8%	143.7%	113.6%	48.8%	45.8%
Inceptions after 1/1/2008	Male	51.0%	108.8%	113.1%	81.6%	75.0%	70.0%
Inceptions after 1/1/2008	Female	59.5%	114.8%	143.7%	113.6%	75.0%	70.0%

- P** 81.3% of PNMA00 up to age 55, and a blend of PNMA00/PCMA00 between age 55 and 65, and PCMA00 for age 65 and above. 86.7% of PNFA00 up to age 55, and a blend of PNFA00/PCFA00 between age 55 and 65, and PCFA00 for age 65 and above. Allowance for future improvement as per the adjusted CMI Working Paper 69 projection CMI2013 for both males and females. Male improvement assumes convergence to Long Term Rate (LTR) of 2% per annum up to age 85, tapering to 0% at 120. Female improvement assumes convergence to LTR of 1.5% per annum up to age 85, tapering to 0% at 120. Adjustments are made to the projections to correct for over-dispersion and errors in the 1960's data.
- Q** 48% of A1967 / 70 Ultimate rated down 3 years for males and 47% of A1967 / 70 Ultimate rated down 6 years for females in deferment.
- R** A1967-70 Ultimate rated down 2 years. In joint life cases the second life is assumed to be 3 years younger than the first life.
- T** If a life has:
- (iii) been coded as a smoker ACMSL04 or ACFSL04 Select 2 for males and females respectively is applied;
 - (iv) been coded as a non-smoker ACMNL04 or ACFNL04 Select 2 for males and females respectively is applied.

The percentage of table applied varies by duration, gender and smoker status and whether the policy includes TPC cover as follows:

		Duration	1	2	3	4	5	6+
With TPD cover	Male	Non-Smoker	173%	134%	130%	130%	130%	130%
		Smoker	134%	134%	115%	115%	115%	115%
	Female	Non-Smoker	173%	134%	151%	151%	151%	151%
		Smoker	134%	134%	145%	145%	145%	145%
With no TPD cover	Male	Non-Smoker	168%	131%	125%	125%	125%	125%
		Smoker	130%	131%	112%	112%	112%	112%
	Female	Non-Smoker	168%	131%	147%	147%	147%	147%
		Smoker	130%	131%	141%	141%	141%	141%

Rates are assumed to deteriorate (increase) from a base year of 2012 at 0.5% p.a. for males and 0.75% p.a. for females. For guaranteed contracts, the rates are assumed to deteriorate by a further 1% p.a. for policy durations of 6 years and above.

- U** CIBT93M Ultimate and CIBT93F Ultimate for males and females respectively and excluding death decrements. If a life has been coded as a smoker 125% of the table is applied; if a life has been coded as a non-smoker 83% of the table is applied. Rates are assumed to deteriorate (increase) from a base year of 2012 at 1% p.a. for males and 1.75% p.a. for females.
- Zero mortality is assumed for prudence.
- W** 40% AM80 select 5.
- X** AM92 or AF92 Ultimate for males and females respectively. If a life has been coded as a smoker a loading of 75% is used; if a life has been coded as a non-smoker a loading of 30% is used.
- Y** 110% of AM92 or AF92 Ultimate for males and females respectively.
- Z** 50% of AM92 or AF92 Ultimate for males and females respectively.
- Aa** AM92 or AF92 Ultimate for males and females respectively. If a life has been coded as a smoker 140% of this table is used; if a life has been coded as a non-smoker 70% of this table is used; if a life is un-coded 80% of this table is used. If the contract provides additional critical illness benefits an additional loading of 220% is applied.

- Bb** AM92 or AF92 Ultimate for males and females respectively. If a life has been coded as a smoker 200% of this table is used; if a life has been coded as a non-smoker 80% of this table is used; if a life is un-coded 90% of this table is used. If the contract provides additional critical illness benefits an additional loading of 225% is applied.
- Cc** AM92 or AF92 Ultimate for males and females respectively. If a life has been coded as a smoker 220% of this table is used; if a life has been coded as a non-smoker 125% of this table is used.
- Dd** AM92 or AF92 Ultimate for males and females respectively. If a life has been coded as a smoker 510% of this table is used; if a life has been coded as a non-smoker 335% of this table is used.
- Ff** If a life has been coded as a smoker, TMS00 or TFS00 Select 5 for males and females respectively is applied. If a life has been coded as a non-smoker, TMN00 or TFN00 Select 5 for males and females respectively is applied. The percentage of table applied varies by duration and smoker status as follows:

	Duration	1	2	3	4	5	6+
Male	Non-Smoker	80%	90%	98%	78%	70%	55%
	Smoker	71%	76%	88%	80%	76%	58%
Female	Non-Smoker	80%	90%	98%	78%	70%	58%
	Smoker	71%	76%	88%	80%	76%	57%

- Gg** CMI Report No 12 (CMIR12) inception and termination rates as follows:-
 Inception: $x\%$ of CMIR12 Method B (select 5) rates, where $x = a \cdot b \cdot c \cdot d \cdot 100$ and
 $a = 1 + \text{loading to standard premium rates (e.g. for occupation, female, medical)}$
 $b = 0.8$
 $c = 1.7$ if the deferred period is 26 weeks, 1 for all other deferred periods
 $d = 1$ for occupation classes I and II, 2.4 for occupation classes III, IV and uncoded
 Termination: 35% of CMIR12 rates

- Hh** CMI Report No 12 (CMIR12) inception and termination rates as follows:-
 Inception: $x\%$ CMIR 12 Method B (select 5) where $x = a \cdot b \cdot c \cdot d \cdot 100$ and

$a = 0.8$ loading if the deferred period is 0-4 weeks
 0.9 loading if the deferred period is 5-8 weeks
 1.0 loading if the deferred period is 9-13 weeks
 1.4 loading if the deferred period is 14-26 weeks
 1.6 loading if the deferred period is 27-52 weeks

$b = 1.0$ loading for Males
 1.5 loading for Females

$c = 1.0$ loading for occupation class I
 1.5 loading for occupation class II
 1.8 loading for occupation class III
 2.8 loading for occupation class IV

$d = 1.2$ loading for Smokers
 0.9 loading for Non Smokers

Termination: 35% of CMIR12 rates

- Ii** CMI Report No 12 (CMIR12) inception and termination rates as follows:-
 Inception: 52% of $x\%$ of CMIR 12 Method B (select 5) where $x = a \cdot b \cdot c \cdot d \cdot 100$ and

$a = 1.0$ loading if the deferred period is 4 weeks
 1.03 loading if the deferred period is 13 weeks
 1.95 loading if the deferred period is 26 weeks
 3.52 loading if the deferred period is 52 weeks

b = 1.0 loading for Males
1.75 loading for Females

c = 1.0 loading for occupation class I
1.5 loading for occupation class II
1.4 loading for occupation class III
1.85 loading for occupation class IV

d = 1.37 loading for Smokers
1.0 loading for Non Smokers

Terminations: x% CMIR 12 (SM75-78 graduations), with x varying by claim duration and deferred period as follows:

Claim Duration (Months)	Deferred Period (weeks)			
	4	13	26	52
1-2	20%			
3	28%			
4	41%	20%		
5-6	34%	20%		
7	33%	31%	30%	
8-9	38%	36%	23%	
10-12	51%	53%	50%	
13-24	46%	54%	50%	39%
25-60	44%	50%	35%	36%
61-132	44%	41%	32%	37%
133+	33%	29%	44%	27%

- Jj** CMI Report No 12 (CMIR12) inception and termination rates as follows:-
Inception: x% of CMIR12 Method B (select 5) rates, where x=a.b.c.d.e.100 and a=0.40
b=1.0 if the deferred period is 4 weeks, 1.5 if the deferred period is 13 weeks, 4.0 if the deferred period is 26 weeks and 5.3 if the deferred period is 52 weeks.
c=1 for occupation class I, 1.5 for occupation class II, 2.7 for occupation class III and 4.5 for occupation class IV.
d=0.9 for non-smokers, 1.2 for smokers
e=1 for males, 3 for females
Termination: 35% of CMIR12 rates
- Kk** 40% Sterbetafel DAV 1994, Germany, for males and females.
- Ll** Sterbetafel DAV 1994, Germany, for males and females. If a life has been coded as a smoker 65% of this table is used; if a life has been coded as a non-smoker 35% of this table is used; if a life is coded as a preferred life 28% of this table is used.
- Mm** Group Life, Group PHI and Group Widows and Orphans Pension business is valued using a claims ratio approach rather than an explicit mortality/morbidity table and assumption. The long term claims ratio assumption is set in line with the long term target profitability of the business, with an additional margin for prudence. However, claims ratios are actively monitored to ensure that observed claims ratios are within the required range to maintain this profitability target, and the long term assumption used in the valuation is compared against experience to assess credibility.
- Nn** 110% of AM92 or AF92 Ultimate rated down 2 years for males and females respectively. In joint life cases the second life is assumed to be 3 years younger than the first life.
- Oo** 100% of AM92 or AF92 Ultimate for males and females respectively.
- Pp** 75% of AM92 or AF92 Ultimate for males and females respectively.

Qq Mortality rates are based upon percentages of the Society of Actuaries (“SOA”) 1985-90 experience tables, with percentages varying by sex and underwriting type. The percentages vary from 28.91% to 54.67% for males and 33.09% to 57.42% for females. Percentage adjustments are made for policy issuance date and issuance age.

The aggregate male and female tables are split into smoker and non-smoker status by applying a range of factors depending on age. For males the factors vary between 0.80 and 1.00 for non-smokers and between 1.00 and 2.13 for smokers. For females the factors vary between 0.80 and 1.00 for non-smokers and between 1.00 and 2.07 for smokers.

Further adjustment factors are applied to change the slope of the SOA 1985-90 table by duration and to adjust for different risk factors based on Sum Assured, policy year and term. Adjustments are also made to reflect differences in mortality for substandard policies.

An additional mortality adjustment is applied for ages above 85 to align with industry experience

Rr 72.4% of PCMA00 for males and 79.9% of PCFA00 for females for ages 90 and below. After age 100, mortality rates are based on analysis of UK death registrations for lives born between 1875 and 1900. For ages 91 to 99, rates for each product group are a blend of the same table used before age 90 and the analysis of UK death registrations. Allowance for future improvement as per the adjusted CMI Working Paper 69 projection CMI2013 for both males and females. Male improvement assumes convergence to Long Term Rate (LTR) of 2% per annum up to age 85, tapering to 0% at 120. Female improvement assumes convergence to LTR of 1.5% per annum up to age 85, tapering to 0% at 120. Adjustments are made to the projections to correct for over-dispersion and errors in the 1960’s data.

Tt 101.3% of PCMA00 for males and 111.9% of PCFA00 for females for ages 90 and below. After age 100, mortality rates are based on analysis of UK death registrations for lives born between 1875 and 1900. For ages 91 to 99, rates for each product group are a blend of the same table used before age 90 and the analysis of UK death registrations. Allowance for future improvement as per the adjusted CMI Working Paper 69 projection CMI2013 for both males and females. Male improvement assumes convergence to Long Term Rate (LTR) of 2% per annum up to age 85, tapering to 0% at 120. Female improvement assumes convergence to LTR of 1.5% per annum up to age 85, tapering to 0% at 120. Adjustments are made to the projections to correct for over-dispersion and errors in the 1960’s data.

Uu For children’s critical illness cover, the Peak 1 reserve is calculated using an assumption of 50% of the CIBT93 Ultimate age 20 rate (excluding TPD and death causes) and assumes 1.5 children are covered by each policy.

Vv For non-conversion, mortality rates are based upon percentages of the Society of Actuaries (“SOA”) 1985-90 experience tables, with percentages varying by sex and underwriting type. The percentages vary from 25.39% to 93.73% for males and 35.11% to 118.83% for females. Percentage adjustments are made for policy issuance date and issuance age.

The aggregate male and female tables are split into smoker and non-smoker status by applying a range of factors depending on age. For males the factors vary between 0.80 and 1.00 for non-smokers and between 1.00 and 2.13 for smokers. For females the factors vary between 0.80 and 1.00 for non-smokers and between 1.00 and 2.07 for smokers.

Further adjustment factors are applied to change the slope of the SOA 1985-90 table by duration and to adjust for policy size. Adjustments are also made to reflect differences in mortality for substandard policies.

An additional mortality adjustment is applied for ages above 85 to align with industry experience.

For conversion policies, the mortality rate is based on a weighted average rate of adjusted non-conversion mortality rates. The weights are based on the likelihood of the policyholder falling into different health categories on the date of conversion. The base rates for each health category are derived by applying a multiplicative and additive factor to the corresponding non-conversion mortality rate.

Ww 110.7% of PCMA00 for males and 122.3% of PCFA00 for females for ages 90 and below. After age 100, mortality rates are based on analysis of UK death registrations for lives born between 1875 and 1900. For ages 91 to 99, rates for each product group are a blend of the same table used before age 90 and the analysis of UK death registrations. Allowance for future improvement as per the adjusted CMI Working Paper 69 projection CMI2013 for both males and females. Male improvement assumes convergence to Long Term Rate (LTR) of 2% per annum up to age 85, tapering to 0% at 120. Female improvement assumes convergence to LTR of 1.5% per annum up to age 85, tapering to 0% at 120. Adjustments are made to the projections to correct for over-dispersion and errors in the 1960's data.

Xx If a life has been coded as a smoker or non-smoker, ELT15 M or ELT15 F with no select period for males and females respectively is applied. The percentage of table applied varies by duration and smoker status as follows:

		Duration	1	2	3	4	5	6+
Male	Non-Smoker		68%	88%	103%	125%	114%	104%
	Smoker		134%	144%	163%	125%	114%	104%
Female	Non-Smoker		68%	88%	103%	125%	114%	104%
	Smoker		134%	144%	163%	125%	114%	104%

4(5) Table of morbidity bases

See the table in section 4(4).

Allowance made for future changes in morbidity

For term assurance contracts with a critical illness accelerator, the valuation reserves allow for future deterioration in morbidity experience of 0.50% p.a. for males and 0.75% p.a. for females. There is an additional loading for guaranteed contracts of 1.0% for policy durations greater than 5 years.

For non-unitised standalone critical illness contracts, the valuation reserves allow for future deterioration in morbidity experience of 1.00% p.a. for males and 1.75% p.a. for females. There is no additional loading for guaranteed contracts.

4(6) Table of expense bases

The following annual per policy maintenance expenses have been assumed in the calculation of mathematical reserves at 31 December 2015. Equivalent figures for 31 December 2014 are also provided. The valuation methodology for sterling reserve calculations for unit-linked business considers attributable and non-attributable expenses separately. As such the annual per policy maintenance expense for the relevant product codes shows attributable expenses only.

Where appropriate, tax relief on maintenance expenses has been allowed for at a rate of 20%.

In cases where the Society has the right to vary the monthly management charge on unit funds and the administration charge on linked contracts, no such increases have been taken into account. They have been assumed to remain constant at their current level.

Product Code	Product Type	31.12.2015		31.12.2014	
		Premium Paying £	Paid Up/ Single Premium £	Premium Paying £	Paid Up/ Single Premium £
120	Cashbuilder	100.70	100.70	74.46	74.46
120	Other WP savings endowments	100.70	100.70	93.00	93.00
125	Build Up	100.70	100.70	129.66	129.66
165	Personal Retirement Plan	62.56		118.06	
300	Whole of Life Over 50s	13.28		13.45	
300	NP regular premium endowments and other whole life	20.41		25.39	
325	Pension Term Assurance	6.38		8.33	
325	Term Assurance	8.00		8.76	

Product Code	Product Type	31.12.2015		31.12.2014	
		Premium Paying £	Paid Up/ Single Premium £	Premium Paying £	Paid Up/ Single Premium £
330	Decreasing Term Assurance	8.00		8.76	
340	Accelerated Critical Illness - guaranteed premiums	9.81		11.04	
345	Accelerated Critical Illness - reviewable premiums	9.81		11.04	
350	Stand-alone Critical Illness - guaranteed premiums	11.94		12.88	
355	Stand-alone Critical Illness - reviewable premiums	11.94		12.88	
360	Income Protection Benefit ⁽¹⁾	9.83		11.97	
365	Mortgage Payment Insurance ⁽¹⁾	9.14		11.89	
365	Other Permanent Health Insurance - Individual - Linked ⁽¹⁾				
385	Claims in Payment - Individual - Non-Linked ⁽¹⁾				
385	Claims in Payment - Individual - Linked ⁽¹⁾				
400	Immediate Annuities - Non Profit		20.54		20.91
500	Life UWP single premium bonds		14.05		16.39
510	Regular Savings Plan, New Savings Plan ⁽²⁾				
515	Flexible Mortgage Plan ⁽³⁾				
525	UWP Individual Personal Pension and Self Employed Plan ⁽⁴⁾				
525	UWP Executive Pension Plan and Directors Plan	22.63	11.32	83.26	42.17
525	UWP Free Standing Pension Savings Plan	19.35	9.68	17.84	9.39
525	UWP Buy-Out Plan		22.63		34.24
535	UWP Group Personal Pension Plan ⁽⁵⁾				
535	UWP Company Pension Plan	22.63	11.32	48.24	25.09
535	UWP Company Sponsored Pension Savings Plan	22.63	11.32	46.68	24.60
545	Buy-Out Plan		104.65		161.92
545	Private Income Plan - Individual ⁽⁶⁾				
700	Life Property-Linked single premium		13.42		16.66
715	Regular Savings Plan, New Savings Plan ⁽²⁾				
715	Capital Accumulation Plan	11.82	10.64	11.84	5.92
720	Flexible Mortgage Plan ⁽³⁾				
725	Property-Linked Individual Personal Pension and Self Employed Plan ⁽⁴⁾				
725	Property-Linked Personal Investment Pensions Plan	14.95	13.46	16.39	8.63
725	Property-Linked Executive Pension Plan and Directors Plan	22.63	11.32	83.26	42.17
725	Property-Linked Executive Investment Retirement Plan	2.00	1.80	2.15	1.94
725	Property-Linked Free Standing Pension Savings Plan	19.35	9.68	17.84	9.38
735	Property-Linked Group Personal Pension Plan ⁽⁵⁾				
735	Property-Linked Company Pension Plan	22.63	11.32	48.24	25.08
735	Property-Linked Company Sponsored Pension Savings Plan	22.63	11.32	46.48	24.62

Product Code	Product Type	31.12.2015		31.12.2014	
		Premium Paying £	Paid Up/ Single Premium £	Premium Paying £	Paid Up/ Single Premium £
735	Group Pension Savings Plan	22.63	11.32	46.48	24.62
755	Trustee Investment Plan	2.00	1.80	2.15	1.94

- (1) For policies currently paying premiums an additional reserve is held in respect of maintenance expenses which would arise on any future claims. For claims currently in payment a reserve is held in respect of future maintenance expenses arising from the current claim. In both cases, claims expenses are assumed to be 4.13% (2.77% at 31 December 2014) of the claim amount for Income Protection Benefit and non-linked Permanent Health Insurance and 1.70% (1.88% at 31 December 2014) of the claim amount for Mortgage Payment Insurance. The claims expenses are 6.75% (6.75% at 31 December 2012) of the claim amount for other Permanent Health Insurance.
- (2) The expense basis varies according to the type of administration, sub-product and by sub-fund. The expense basis is either £11.82 premium paying and £10.64 paid up or £19.22 premium paying and £9.61 paid up as appropriate.
- (3) The expense basis varies according to the type of administration, sub-product and by sub-fund. The expense basis is either £11.82 premium paying and £10.64 paid up or £19.22 premium paying and £9.61 paid up as appropriate.
- (4) The expense basis varies according to the underlying administration system, sub-product and by sub-fund. The expense basis is either £19.35 premium paying and £9.68 paid-up (£4.84 for GPP leavers), £11.16 premium paying and £10.04 paid-up or £199.07 premium paying and £179.16 paid-up as appropriate. At 31 December 2014 expense basis is either £33.97 premium paying and £17.88 paid-up (£8.11 for GPP leavers), £18.05 premium paying and £9.49 paid-up, £33.72 premium paying and £17.74 paid-up (£9.94 for GPP leavers) or £103.95 premium paying and £54.72 paid-up as appropriate.
- (5) The expense basis varies according to the type of administration, sub-product and by sub-fund. The expense basis is either £22.63 premium paying and £11.32 paid-up, £2.00 premium paying and £1.80 paid-up or £11.79 premium paying and £5.90 paid-up as appropriate. At 31 December 2014, the expense basis is either £5.83 premium paying and £3.07 paid-up, £2.15 premium paying and £1.94 paid-up or £19.34 premium paying and £10.17 paid-up.
- (6) In this case, an aggregate expense reserve is held so no per policy expense assumption is required. The aggregate reserves are as follows.

	31 December 2015	31 December 2014
Private Income Plan - Individual	£12,432	£14,857

4(7) Unit Growth Rates

Below are the assumptions used, in conjunction with the expenses, to calculate any sterling reserve requirement.

	Percentage
Unit Growth – Gross	3.75% p.a
Unit Growth – Net	3.70% p.a
Future Expense Inflation	3.50% p.a
Future Increase in policy charges	0.00% p.a

4(8) Future bonus rates

With the exception of assessing surrender values on accumulating with-profits contracts, the mathematical reserves make no allowance for future annual reversionary bonus or terminal bonus in accordance with INSPRU 1.2.9R. The realistic (Peak 2) assessment of liabilities described in Appendix 9.4A provides for future annual reversionary and terminal bonus rates at rates consistent with the various investment scenarios and hence ensures that policyholders are treated fairly, either by validating the prudence of the (Peak 1) mathematical reserves or requiring a With-Profits Insurance Capital Component.

The liability in respect of accumulating with-profits contracts has been taken as the greater of the surrender value, calculated in accordance with INSPRU 1.2.70R and INSPRU 1.2.71R, and the discounted value of units accumulated to maturity or earlier death, allowing for any guaranteed rate of accumulation on benefits existing at the valuation date.

4(9) Lapse, Surrender and Paid-up assumptions

With the exception of those contracts and bases described below and in section 4(10), the valuation has not allowed for any form of discontinuance.

Non-Linked Contracts

For the majority of protection business, a valuation persistency basis has been set by applying a prudential margin over the best estimate assumptions. The margin acts to increase the best estimate lapse rate in the early part of a policy's lifetime (when it is being treated as an asset) but to reduce the best estimate lapse rate later in the policy's lifetime (when it is treated as a liability). The crossover point at which the margin changes direction is assessed for broad product groups but applied at a policy by policy level.

Any liability to reinsurers on discontinuance within the first four years from inception is allowed for explicitly in the cashflows using the valuation lapse basis, together with a prudent allowance for clawback of commission from agents upon lapse.

A summary of the lapse basis for major classes of business is given below.

Product		Average lapse / surrender / paid-up rate for the policy years			
		1 - 5	6 - 10	11 - 15	16 - 20
Level term	Lapse	10.5%	6.2%	4.5%	4.4%
Decreasing term	Lapse	10.6%	7.4%	5.4%	5.3%
Accelerated critical illness	Lapse	15.7%	9.9%	5.3%	5.1%
Pension Term (level and decreasing)	Lapse	9.4%	6.6%	4.8%	4.8%
Whole of Life (conventional Non Profit)	Lapse	4.7%	1.4%	1.3%	1.3%

US Term Business

Product		Average Lapse Rates for the policy years			
Policy Year		1-5	6-10	11-15	16-20
Ten Year Term Plan	Preferred Plus Nonsmoker	3.4%	5.1%	100.0%	100.0%
	Preferred Nonsmoker	3.9%	5.5%	100.0%	100.0%
	Standard Plus Nonsmoker	5.3%	5.3%	100.0%	100.0%
	Standard Nonsmoker	6.2%	6.3%	100.0%	100.0%
	Preferred Tobacco	8.2%	7.1%	100.0%	100.0%
	Standard Tobacco	8.2%	7.1%	100.0%	100.0%
Fifteen Year Term Plan	Preferred Plus Nonsmoker	1.9%	2.2%	2.8%	100.0%
	Preferred Nonsmoker	2.6%	2.8%	3.3%	100.0%
	Standard Plus Nonsmoker	3.4%	2.8%	3.3%	100.0%
	Standard Nonsmoker	4.7%	3.2%	3.9%	100.0%
	Preferred Tobacco	6.7%	4.2%	4.7%	100.0%
	Standard Tobacco	6.7%	4.2%	4.7%	100.0%
Twenty Year Term Plan	Preferred Plus Nonsmoker	1.8%	1.8%	1.2%	2.2%
	Preferred Nonsmoker	2.4%	1.9%	1.5%	2.3%
	Standard Plus Nonsmoker	3.5%	2.4%	2.0%	2.7%
	Standard Nonsmoker	4.4%	2.8%	2.0%	2.8%
	Preferred Tobacco	7.6%	3.8%	2.9%	3.4%
	Standard Tobacco	7.6%	3.8%	2.9%	3.4%
Thirty Year Term Plan	Preferred Plus Nonsmoker	1.8%	1.8%	1.5%	1.6%
	Preferred Nonsmoker	2.4%	1.8%	1.6%	1.6%
	Standard Plus Nonsmoker	3.8%	2.4%	1.7%	1.6%
	Standard Nonsmoker	5.2%	2.8%	1.6%	1.6%
	Preferred Tobacco	6.9%	3.7%	3.6%	3.6%
	Standard Tobacco	6.9%	3.7%	3.6%	3.6%

US Universal Life Business

Product		Average Lapse Rates for the policy years			
		1-5	6-10	11-15	16-20
Banner & Penn Advantra	Non-Smoker	1.6%	1.6%	1.6%	1.6%
	Smoker	2.4%	2.4%	2.4%	2.4%
Banner Continuity	Non-Conversion	3.2%	3.2%	3.2%	3.2%
Banner Continuity 100	Non-Conversion	6.4%	6.4%	6.4%	6.4%
	Conversion	3.2%	3.2%	3.2%	3.2%
Banner Continuity XXX		2.4%	4.2%	4.8%	4.8%
William Penn Longevity		2.4%	2.4%	2.4%	2.4%
William Penn Longevity 100	Non-Conversion	4.8%	4.8%	4.8%	4.8%
	Conversion	1.6%	1.6%	1.6%	1.6%
Banner and William Penn Life Umbrella 120		4.0%	2.1%	1.6%	1.6%

Unit-Linked Contracts

The valuation methodology for linked contracts includes a prudent lapse assumption. Investigations have identified that lighter surrenders for policies with positive sterling reserve are prudent and heavier surrenders for policies with negative sterling reserves are prudent, therefore the valuation assumptions for both linked pensions and linked life business are derived by reducing/increasing the long term best estimate assumptions by a prudential margin.

A summary of the assumptions for major classes of business for positive sterling reserves calculations is given below.

Product		Average lapse / surrender / paid-up rate for the policy years			
		1 – 5	6 – 10	11 – 15	16 – 20
UWP savings endowment	surrender	0.00%	0.00%	3.30%	4.40%
UWP target cash endowment	surrender	0.00%	1.00%	3.10%	2.30%
UL savings endowment	surrender	0.00%	0.00%	3.30%	4.40%
UL target cash endowment	surrender	0.00%	1.00%	3.10%	2.30%
UWP Bond	surrender	1.00%	3.50%	3.00%	2.30%
WP UL Bond	surrender	0.00%	2.70%	3.10%	2.50%
NP UL Bond	surrender	1.95%	7.35%	4.35%	3.90%
UWP individual pension regular premium	surrender	2.30%	2.30%	2.30%	2.30%
UWP individual pension single premium	surrender	1.80%	1.80%	1.80%	1.80%
WP UL individual pension regular premium	surrender	2.90%	2.70%	2.50%	2.50%
UWP Trustee Investment Plan regular premium	surrender	0.00%	0.00%	0.00%	0.00%
WP UL Trustee Investment Plan regular premium	surrender	0.00%	0.00%	0.00%	0.00%
WP UL individual pension single premium	surrender	2.40%	2.10%	2.00%	2.00%
UWP group pension regular premium	surrender	7.30%	7.20%	7.00%	7.00%
UWP group pension single premium	surrender	3.40%	3.40%	3.30%	3.30%
WP UL group pension regular premium	surrender	4.50%	3.90%	3.00%	3.00%
WP UL group pension single premium	surrender	6.00%	5.70%	4.40%	4.50%
UWP Trustee Investment Plan single premium	surrender	1.80%	9.60%	8.10%	8.10%
WP UL Trustee Investment Plan single premium	surrender	1.80%	9.60%	8.10%	8.10%
NP UL individual pension regular premium	surrender	4.80%	4.80%	2.85%	2.85%
NP UL group pension regular premium	surrender	1.05%	1.95%	1.65%	1.50%
NP UL TIP regular premium	surrender	0.00%	0.00%	0.00%	0.00%
NP UL individual pension single premium	surrender	7.20%	7.80%	3.30%	3.15%
NP UL Group pension single premium	surrender	5.70%	6.30%	4.20%	4.20%
NP UL TIP single premium	surrender	3.15%	12.00%	10.35%	10.35%

A summary of the assumptions for Non-profit savings business for negative sterling reserves calculations is given below.

Product		Average lapse / surrender / paid-up rate for the policy years			
		1 – 5	6 – 10	11 – 15	16 – 20
NP UL Bond	surrender	3.25%	12.25%	7.25%	6.50%
NP UL individual pension regular premium	surrender	8.00%	8.00%	4.75%	4.75%
NP UL group pension regular premium	surrender	1.75%	3.25%	2.75%	2.50%
NP UL TIP regular premium	surrender	0.00%	0.00%	0.00%	0.00%
NP UL individual pension single premium	surrender	12.00%	13.00%	5.50%	5.25%
NP UL Group pension single premium	surrender	9.50%	10.50%	7.00%	7.00%
NP UL TIP single premium	surrender	5.25%	20.00%	17.25%	17.25%

For regular premium unit-linked life contracts, sterling reserves assume that policies lapse once unit holdings have been exhausted by deductions, provided the policy is at least 10 years from inception. This is consistent with policy administration processes.

For unit-linked life bonds where the policyholder is taking automatic income withdrawals at the valuation date, sterling reserves are calculated assuming that the level of withdrawal continues indefinitely.

On some unitised pension contracts, income withdrawals may be taken. For those policies taking income at the valuation date, it is assumed that the rate of withdrawal continues throughout the life of the contract, subject to limits specified by the Government Actuary's Department. For contracts not taking income withdrawal at the valuation date, it is assumed that a proportion will elect to do so in future, at a rate in line with the Government Actuary's Department limits.

In addition, for linked pensions contracts where the policyholder has the option to make the contract paid-up, the provision for future expenses has been based on the maximum of:

- the reserve calculated assuming that regular premiums continue to be paid at the current level and,
- 50% of the reserve calculated assuming that regular premiums continued to be paid at the current level and 50% of the reserve calculated assuming that regular premiums ceased and the policy became paid up at the valuation date.

4(10) Any other material basis assumptions

(i) Early Retirement and Transfers

For Personal Retirement Pension contracts, valuation provisions are calculated allowing for prudent rates of transfer and early retirement. All policyholders are assumed to retire by age 70.

The assumed annual rates of future discontinuance are derived from recent office experience with a suitable margin for prudence and are detailed below.

Age	Early Retirement (over the year)	Early Retirement (during birth month)	Transfer
Less than 60	0.0%	0.0%	0.0%
60	2.90%	3.80%	1.40%
61 – 64	2.20%	0.40%	0.20%
65	6.10%	5.80%	0.70%
66 – 69	3.20%	0.80%	0.30%
70*	100.0%	100.0%	2.00%

* Any policies remaining in force at age 70 (after allowance for transfers out in the year prior to age 70), are assumed to retire in the month of their 70th birthday.

Any policies remaining in force after age 70, are assumed to retire in the month of their 75th birthday.

For Group Pension unit Linked contracts, valuation provisions are calculated allowing for prudent rates of early and late retirement. The assumed annual rates of future discontinuance are derived from recent office expenses with a suitable margin for prudence and are detailed below.

Age Band Previous CalYear	Corporate (excluding Buy Out Plan)		Corporate (Buy Out Plan)
	Contributing to Matured	Non- Contributing to Matured	Non-Contributing to Matured
	2015 %	2015 %	2015 %
0-16	0.0	0.0	0.0
17-19	0.0	0.0	0.0
20-24	0.0	0.0	0.0

25-29	0.0	0.0	0.0
30-34	0.0	0.0	0.0
35-39	0.0	0.0	0.0
40-44	0.0	0.0	0.1
45-49	0.0	0.0	0.1
50-53	0.0	0.1	0.1
54	0.8	6.0	3.6
55-58	0.8	3.9	2.8
59	2.9	10.0	6.9
60-63	3.8	7.9	5.9
64	28.4	32.6	39.1
65	10.1	18.9	19.0
66+	8.8	10.8	13.1

(ii) Proportions Married

For contingent benefits under deferred annuities and under bulk purchase and managed fund immediate annuities with an “any spouse” benefit, the proportion married assumption is set at the valuation date and is dependent on the age and sex of the first life at the valuation date. For contingent benefits under deferred annuities the proportion married assumption is set at the normal retirement age for the first life and is dependent on the age and sex of the first life at normal retirement age.

The rates of proportions married are set with reference to the ONS 2008 tables with a prudential margin.

For other contingent immediate annuities, the proportion married assumption assumes 100% of members are married at the inception of the policy, which is then decremented by the spouse's mortality thereafter (pre the valuation date using best estimate mortality, post the valuation date using prudent mortality).

4(11) Allowance for derivatives

Society holds interest rate derivatives (in sterling and in overseas currencies), inflation derivatives, credit default swaps and futures which affect the overall portfolio yield. These impacts are considered in setting the valuation interest rate.

4(12) Effect of INSPRU changes effective from 31 December 2006

The INSPRU changes effective from 31 December 2006 have been extended as at 31 December 2015 to the calculation of the non-linked reserves in respect of Unit Linked Contracts. The non-linked reserve is calculated at an individual policy level as required by the INSPRU rules. The floor of zero, previously applied, has been removed to allow the reserves to become negative and a prudent (high) discount rate has been applied.

The table below provides an estimate of the effect on mathematical reserves (net of reinsurance) as at the valuation date of the changes in valuation methodology as at the valuation date arising from changes in INSPRU valuation rules effective from 31 December 2006. These changes are in addition to those made at previous valuation dates.

Category	£m
Lapses on valuation of protection business	0
Negative reserves on valuation of protection business	0
Lapses on valuation of unit-linked business	-529
Attributable expenses on valuation of unit-linked business	

5. Options and guarantees

5. (1)(a) Guaranteed annuity rate options

Provision for guaranteed annuity options has been made by holding a reserve for the excess cost of providing an annuity on the guaranteed basis. This excess cost is calculated on a deterministic basis using a prudent set of assumptions.

The assumed rates of option take-up in the year following the reporting date have been set by reference to the Society's current experience together with a margin for prudence. The rate of take-up increases linearly such that after 15 years it is assumed that 95% of policyholders elect to take the guaranteed benefits (100% for some products). The guaranteed value has been compared with an annuity calculated using a 2.25% interest rate and the mortality basis defined by mortality code B in Section 4(4). Under certain contracts policyholders may select the rate at which the annuity is guaranteed to escalate; when calculating the annuity value in these cases an assumption has been made for the proportion of policyholders selecting different rates of escalation in each year following the valuation.

5.(1)(b) Guaranteed annuity rate options

(i) Product name	(ii) Basic reserve (£m)	(iii) Spread of o/s durations	(iv) Guarantee reserve (£m)	(v) Guaranteed annuity rate ¹	(vi) Increments	(vii) Form of annuity ²	(viii) Retirement ages
Money Purchase Plan	1.74	0 to 44 years	0.34	Currently £6.29 annuity for each £100 cash. The guaranteed basis may be revised at any time and the revised terms applied to all funds following that date.	Yes	As selected by the policyholder and permitted by legislation	55 to 65
Private Income Plan	34.3	0 to 33 years	29.3	£9.60 annuity for each £100 cash secured on the terms existing up to 31.12.1999 £8.12 annuity for each £100 cash secured on the terms from 1.1.2000 £6.22 annuity for each £100 cash secured on the terms from 1.1.2005. The guaranteed basis may be revised at any annual renewal date and the revised terms applied to new entrants, single premiums and premium increments from existing members following that date.	Yes	As selected by the policyholder and permitted by legislation	55 to 75
1980 Bonus System – Group	19.7	0 to 44 years	5.6	£9.60 annuity for each £100 cash for annuities purchased prior to the tenth 1st January following the commencement of the policy. Currently £5.65 annuity for each £100 cash for annuities purchased after the tenth 1st January following the commencement of the policy.	No	As selected by the policyholder and permitted by legislation	60 to 66

¹ for a level, single life annuity payable for a minimum of 5 years, male aged 65.

² Annuity rates are quoted in the form shown in (v) but, subject to the annuity being of equal value, the policyholder can elect to take their benefits at a different escalation rate, as a joint life annuity rather than single life and with a different guarantee period.

5.(2) Guaranteed surrender values

(i) Product name	(ii) Basic reserve (£m)	(iii) Spread of o/s durations	(iv) Guarantee reserve (£m)	(v) Guaranteed amount	(vi) MVA free conditions	(vii) In force premiums (£m)	(viii) Increments	(ix) Method and basis
New Cashbuilder	76.3	0 to 28 years	0.0	Guaranteed cash sum on surrender after 10 years. The policyholder has the option to continue paying premiums after 10 years in which case the guaranteed cash sum will increase usually by 10% (simple) per annum.	Death and maturity	1.0	No	Guaranteed cash sum is valued using an increase of 10.5% (simple) per annum. No credit is taken for future premiums after 10 years.
Investment Bond (Series 1 and 2)	2,034.7	Whole of life	Implicit in the Basic reserve	For those policies invested in the Protected UK Growth Fund, a minimum of 80% of the highest fund value ever reached (subject to an absolute minimum of 80% of the initial amount invested in units) less any early surrender charge, will be paid on surrender provided there have been no previous withdrawals. The protection is reduced proportionately upon partial withdrawal of funds and, in all cases, depends upon a third party honouring contracts they have made with the Society and only remains in force whilst the policy is invested in the Protected UK Growth fund, the protection being removed upon switch to another internal linked fund.	n/a	Single premium contract	Additional single premiums may be paid on then current terms.	Implicit in unit price of close matching assets.
With-Profit Bond (Series 1, 2 and 3)	126.2	Whole of life	Implicit in the Basic reserve	From the tenth anniversary of the payment of any single premium, the amount on final encashment is guaranteed to be no less than the amount of initial investment less the amount of all previous regular withdrawals. The guarantee ceases if the investment is switched out of With-Profits Fund units or any partial surrenders are taken.	Death and regular encashments not exceeding the current rate of interim bonus.	Single premium contract	Yes	No specific additional reserve held. The valuation method values the guaranteed benefits.

(i) Product name	(ii) Basic reserve (£m)	(iii) Spread of o/s durations	(iv) Guarantee reserve (£m)	(v) Guaranteed amount	(vi) MVA free conditions	(vii) In force premiums (£m)	(viii) Increments	(ix) Method and basis
With-Profit Bond (Series 4, 5, 6 and 7)	2,217.5	Whole of life	Implicit in the Basic reserve	For contracts sold prior to 1 April 2002, from the tenth anniversary of the payment of any single premium, the amount on final encashment is guaranteed to be no less than the amount of initial investment less the amount of all previous regular withdrawals. The guarantee ceases if the investment is switched out of the With-Profits Fund or any partial surrenders are taken. For Series 6 and 7 policies there is a Fixed Date, which is ten years after the initial date of allocation, when the surrender value of the contract is guaranteed to be no less than the original premium reduced by the amount of any regular withdrawals.	Death and regular encashments not exceeding the current rate of interim bonus	Single premium contract	Yes – but no guarantee attaches.	No specific additional reserve held. The valuation method values the guaranteed benefits.
Portfolio Bond (Series 1 to 10)	4,358.3	Whole of life	Implicit in the Basic reserve	For those policies invested in the Protected UK Growth Fund, a minimum of 80% of the highest fund value ever reached (subject to an absolute minimum of 80% of the initial amount invested in units) less any early surrender charge, will be paid on surrender provided there have been no previous withdrawals. The protection is reduced proportionately upon partial withdrawal of funds and, in all cases, depends upon a third party honouring contracts they have made with the Society and only remains in force whilst the policy is invested in the Protected UK Growth fund, the protection being removed upon switch to another internal linked fund.	n/a	Single premium contract	Additional single premiums may be paid on then current terms.	Implicit in unit price of close matching assets.
Build Up, Other Endowment, Whole of Life	440.7	0 to 24 years; 0 to 30 years; Whole of Life	Implicit in the Basic reserve	Under certain Build Up, Endowment and Whole of Life contracts there is a guaranteed cash sum payable on surrender	Death and maturity	14.3	No	Reserves are calculated with an underpin being the greater of the guaranteed surrender value and the non-guaranteed surrender value (the latter being subject to the prevailing market conditions).

(i) Product name	(ii) Basic reserve (£m)	(iii) Spread of o/s durations	(iv) Guarantee reserve (£m)	(v) Guaranteed amount	(vi) MVA free conditions	(vii) In force premiums (£m)	(viii) Increments	(ix) Method and basis
Portfolio bonds - MoneyBuilder	43.7	Whole of life	Zero	For those monies invested in the Money Builder (Investec) Fund continuously for 5 years, the Society guarantees that on surrender (at certain dates) an amount of at least that originally invested (reduced in proportion to the amount of units cashed in for regular withdrawals, surrenders or switches out of the fund) will be payable. Note that £93.2m basic reserve covered by this guarantee forms part of the £5,040.4m basic reserve for Portfolio Bond (Series 1 to 10).	n/a	Single premium contract	Additional single premiums may be paid on then current terms.	The guarantee reserve covers the time-value of the guarantee. The intrinsic cost after five years is included in the basic reserve.
With-Profit bonds series 8-15 – 5 & 10 year guarantees	321.1	Whole of life	Implicit in the basic reserve	At the tenth anniversary of the payment of any single premium, the amount on final encashment is guaranteed to be no less than the amount of initial investment less the amount of all previous regular withdrawals. The guarantee ceases when investments are switched out of With-Profits Fund units. On Series 8, 9, 12 & 13 bonds there is an additional guarantee at five years. For series 12-15 bonds the guarantee at ten years is for 120% of the original investment less withdrawals, and 110% at five years (where applicable)	Death and regular encashments not exceeding the current rate of interim bonus	Single premium contract	Yes	The intrinsic cost at five and ten years is included in the basic reserve
With-Profit bonds series 16-19 – 5 & 10 year guarantees	168.2	Whole of life	Implicit in the basic reserve	At the tenth anniversary of the payment of any single premium, the amount on final encashment is guaranteed to be no less than the amount of initial investment less the amount of all previous regular withdrawals. The guarantee ceases if the investment is switched out of With-Profits Fund units or any partial surrenders are taken. There is a capital guarantee of 100% and income guarantee of 110% after 10 years. There is also an option of 100% capital and income guarantee of 100% at duration 5. When the fund value falls below the guarantee amount, the fund value is increased to the guarantee amount.	Death and regular encashments not exceeding the current rate of interim bonus.	Single premium contract	Yes	The intrinsic cost at five and ten years is included in the basic reserve

(i) Product name	(ii) Basic reserve (£m)	(iii) Spread of o/s durations	(iv) Guarantee reserve (£m)	(v) Guaranteed amount	(vi) MVA free conditions	(vii) In force premiums (£m)	(viii) Increments	(ix) Method and basis
Level term assurance reinsured from William Penn Life Insurance of New York (US Term Business)	85.3	0 to 11 years	Implicit in the basic reserve	There is a guaranteed cash sum payable on surrender on some policies.	n/a	62.4	No	No specific additional reserve held. The valuation method values the guaranteed benefits, such that for policies where this applies, the Peak 1 reserve held will be equal or greater than the Guaranteed Cash Surrender Value at the reported date.
Non-Profit Longevity Swap - Pilkington scheme	Zero	Whole of Life	Zero	Value of the best estimate of the liability minus all future premiums.	n/a	Single premium contract	No	The surrender value basis agreed with the Trustees is derived using the projected, best estimate benefit cashflows and future premium amounts discounted on a predetermined basis dependent on the economic conditions at the valuation date. L&G would then be covered for each of (i) L&G's embedded value, (ii) maintenance expense allowance within the premium and (iii) cost of capital allowance within the premium. As such this would typically be a payment from the Trustees to L&G. Further, should this occur prior to December 2016 an additional charge is levied against the Trustees. The Peak 1 reserve held will at all times be equal to or greater than the guaranteed surrender value.
Non-Profit Longevity Swaps -Royal Ordinance (Crown Service) -Hadrian Trustees Limited (In respect of the Portsmouth, Fleet Support and VSEL Section) -BAE Systems	Zero	Whole of Life	Zero	Value of the best estimate of the liability minus all future premiums.	n/a	Single Premium Contract	No	The surrender value basis agreed with the Trustees is derived using the projected, best estimate benefit cashflows and future premium amounts discounted on a predetermined basis dependent on the economic conditions at the valuation date. L&G would then be covered for each of (i) L&G's embedded value, (ii) maintenance expense allowance within the premium and (iii) cost of capital allowance within the premium. As such this would typically be a payment from the Trustees to L&G. The Peak 1 reserve held will at all times be equal to or greater than the surrender value.

There are no guaranteed unit-linked maturity values.

5.(3) Guaranteed insurability options – conversion and renewal

The value of a conversion option under a convertible term assurance is taken as the liability that would be incurred by issuing on the latest option date a whole life contract with regular premiums calculated on the select equivalent of the valuation mortality basis together with an additional margin.

Under New Savings Plan and Capital Accumulation Plan, where there is an option to extend the policy term, there is no change to the sum assured which is typically less than the unit value at the option date. Given the low rates of take up and the projected nil cost at the option date, no guarantee reserve is held.

Under Unit Term Assurance, the historic take up rates have been zero.

For With Profits Immediate Annuities in Payment, the annuitant has the option to convert the asset share to a non-profit annuity on then current terms. No additional guarantee reserve is deemed necessary as, any excess of the asset share over the basic liability represents a reserve for future bonus for which no allowance has been made in accordance with INSPRU 1.2.70R (see Section 4(8)).

Under US Term Business, after the level premium term, there is an option to renew the policy annually up to a specified age at a yearly reviewable rate. No guarantee reserve is deemed necessary as the premium level can be changed if this option is selected.

Other than the above, it is generally the case that the historic rates of conversion and renewal have been negligible and margins in the valuation are therefore considered sufficient to cover any cost of the options.

Guaranteed insurability options – increases in cover

For Cashbuilder, Build-up, Whole of Life and Endowments a reserve is held of 1 year's extra premium, where charged, for increasing cover options. Otherwise, no explicit provision is made for future increases in cover as the take-up rates are historically negligible; additionally, there is an element of self-selection as generally only healthy lives will take up the options. Margins in the valuation are therefore considered sufficient to cover any future cost.

(i) Product name	(ii) In force premiums (£m)	(iii) Sum assured (£m)	(iv) Description of option	(v) Guarantee reserve (£m)
Term Assurance, Term Assurance with Critical Illness, Standalone Critical Illness Cover and Tax Efficient Life Insurance Plan	548.5	28,950	<p>Under certain contracts there is the option to increase the level of cover without the need to provide further evidence of health, upon the occurrence of certain events. These include marriage, birth or adoption of a child, or increasing a mortgage if the policyholder is moving or improving an existing property. This option can only be exercised 3 times, with a maximum increase of £50,000 each time. For ex-NWL policies, there is no limit to the number of increases, but the sum of all increases cannot exceed £200,000.</p> <p>The policyholder is eligible for this option if the Life Assured is younger than 45 upon entry. For ex-NWL policies, this age limit is 75. It can only be exercised before age 50 (older life for joint life policies) for most policies (55 for ex-NWL policies).</p> <p>The option cannot be exercised if the policy is subject to a terminal illness or a critical illness claim, or the policyholder has been diagnosed as having such an illness as described in the policy conditions. The option cannot be exercised whilst subject to a waiver claim or if suffering from a disability as described in the policy conditions.</p>	Implicit in the Basic reserve
Flexible Mortgage Plan (Series 1 to 8, 10 to 12)	32.9	1,629.6	If the life assured's mortgage changes while the policy is in full force, a further policy may be effected without medical evidence, subject to limits imposed by the Society.	Implicit in the Basic reserve
Family and Personal Income Plan and Family and Personal Income Plan Standalone Critical Illness Cover	11.7	1,767	<p>Under certain contracts there is the option to increase the level of cover without the need to provide further evidence of health, upon the occurrence of certain events. These include marriage, birth or adoption of a child, or increasing a mortgage if the policyholder is moving or improving an existing property. An increase in cover is also allowed if there is an increase in the salary of the Life Assured. The maximum increase allowed is the lesser of (a) £350 per month and (b) a maximum percentage which is the percentage increase in the monthly salary and 10% of the original benefit. The maximum total increase permitted is the lesser of £1,050 per month and 30% of the original benefit amount.</p> <p>The policyholder is eligible for this option if the Life Assured is younger than 45 upon entry. It can only be exercised before age 50 (older life for joint life policies). The option cannot be exercised if the policy is subject to a terminal illness or a critical illness claim, or the policyholder has been diagnosed as having such an illness as described in the policy conditions. The option cannot be exercised whilst subject to a waiver claim or if suffering from a disability as described in the policy conditions.</p>	Implicit in the Basic reserve
Mortgage Payment Insurance	3.3	28.8 pa	There is an option to increase the level of benefit without medical evidence in the event of an increase in the mortgage amount due to moving house or extending an existing property.	Implicit in the Basic reserve
Income Protection benefit	7.2	81.8 pa	There is an option to increase the level of benefit without medical evidence in the event of an increase in the insured's salary following a promotion or change of employment.	Implicit in the Basic reserve
Flexible Protection Plan (Series 3 to 6)	14.4	1,465.7	For Series 3 policies issued after 31 March 1990 and all Series 4, 5 and 6 policies, a further policy may also be affected without evidence of health on the marriage of the life assured or on the birth or legal adoption of a child. The sum assured on such a policy must not exceed one third of the initial sum assured for the original policy, and this option is only exercisable three times. This option is available only if the policy was accepted on standard terms.	Implicit in the Basic reserve

(i) Product name	(ii) In force premiums (£m)	(iii) Sum assured (£m)	(iv) Description of option	(v) Guarantee reserve (£m)
Permanent Health Insurance (Series 1, 2 and 3)	0.8	0	<p>Every three years, or otherwise at the Society's discretion, a review will take place to monitor the relationship between premium and benefit levels. Should the Society consider the premium to be insufficient the level of income benefit will be reduced, though the policyholder may affect an additional policy, on the then current terms, without medical evidence for a benefit equal to the amount of the reduction.</p> <p>For Series 1 and 2 policies, at the first policy review there is an option, subject to certain restrictions, to increase the income benefit without further medical evidence. Any increase must give a total benefit which is not more than twice the initial income benefit and which is no higher proportion of the life assured's total annual earnings than applied at outset.</p>	Implicit in the Basic reserve
Unit-Linked Term Assurance (Series 3)	2.6	678.0	Plans have a further mortgage option to take out an additional plan with no evidence of health on moving house or on extending the home. There is no limit on the number of times that this option may be exercised, but the total increase in sum assured must not exceed the original sum assured. The option is only available on policies accepted on standard terms and is subject to age limits.	Implicit in the Basic reserve
Whole of Life, Build Up, New Cashbuilder, Endowment	42.8	1,293	<p>Under certain policies, an option is available which allows the life assured, during each consecutive two-year period from the policy date for a maximum period of ten years, to effect, without evidence of health, new Whole of Life, Endowment, Build Up or Cashbuilder policies. The total death sum assured of the new policy or policies during each two year period must not exceed the lower of £37,500 and 75% of the death sum assured of the original policy (75% of the substantive element if the option is added to a combination policy).</p> <p>Under Build Up there is a special option on a policy anniversary, provided the remaining term to the maturity date is not less than 10 years, whereby the basic sum assured may be increased without further evidence of health subject to payment of the appropriate increased premium. The increase in the sum assured must not be less than the minimum amount for which the Society would issue a new policy at the date of exercise of the option, but may not be greater than the difference between the guaranteed death sum assured and the basic sum together with the bonuses attaching at the time.</p>	Implicit in the Basic reserve

5. (4) Other guarantees and options

Under contracts where there is an option as to the form in which benefits may be taken, the general principle adopted (unless otherwise described below) is to assume 100% take up of the benefit which gives rise to the greater valuation liability on the stated valuation basis.

Paid-up options

Product name	Amount of business (£m)	Description of option/guarantee	Additional reserve (£m)	Method and basis
Flexible Protection Plan (Series 1 to 6), Prospects (Series 1 and 2)	Annual premium: 15.2	On conversion to a paid-up policy, the guaranteed sum assured may either be maintained at the same level or reduced to zero. In the former case the monthly deductions of the cost of life cover continue.	Zero	No additional reserve is held in respect of policies being made paid up in the future. For a paid-up policy the monthly administration charge, plus other appropriate charges, are deducted from the unit fund. Once the fund runs out the policy is lapsed, so no additional cost arises.
Flexible Mortgage Plan (Series 1 to 12)	Annual premium: 32.9	On conversion to a paid-up policy, the guaranteed sum assured may either be maintained at the same level or reduced to zero. In the former case the monthly deductions of the cost of life cover (and critical illness cover, where elected) continue.	Zero	No additional reserve is held in respect of policies being made paid up in the future. For a paid-up policy the monthly administration charge, plus other appropriate charges, are deducted from the unit fund. Once the fund runs out the policy is lapsed, so no additional cost arises.
Permanent Health Insurance (Series 1), Critical Illness Insurance (Series 1 to 4)	Annual premium: 1.4	The policy may be surrendered or converted to a paid-up policy. On conversion to a paid-up policy the guaranteed sum assured is reduced to zero.	Zero	No additional reserve is held in respect of policies being made paid up in the future. For a paid-up policy the monthly administration charge, plus other appropriate charges, are deducted from the unit fund. Once the fund runs out the policy is lapsed, so no additional cost arises.
Build Up	Annual premium: 14	A paid-up value and surrender value are available. On conversion to paid-up, the special guarantee on death is cancelled. Bonuses cannot be surrendered for cash except when the entire policy is surrendered.	Zero	No additional reserve is held in respect of future paid-up policies. Reserves are underpinned by the non-guaranteed surrender value. Theoretically this would be the actuarially equivalent to the paid-up value. Release of any reserve on the cancellation of the special guarantee on death should offset any unlikely strain in the paid-up value basis due to approximations made.
Money Purchase Plan, High Performance Plan, Private Income Plan.	Annual premium: 0.3	The policyholder has the option to discontinue contributions. In this event, the amount of the member's retirement fund at that time will remain subject to the terms of the policy until the member retires, dies or leaves service.	This option does not require an additional reserve	

Early retirement/discontinuance options

Product name	Amount of business (£m)	Description of option/guarantee	Additional reserve (£m)	Method and basis
1980 Bonus System – Group (In force)	Basic reserve: 19.7	The policy may either be surrendered for a lump sum or a "10 Year Discontinuance Option" selected. Under the 10 Year Discontinuance Option the policy will remain in force for a further 10 years from the date of discontinuance during which time any contractual annual interest and annual bonuses will continue to be added; any extractions during this period will be subject to the usual policy discontinuance terms. At the end of the 10 years the policy will terminate and the nominal value paid to the trustees. The lump sum surrender value proceeds may be applied to purchase deferred annuity benefits with the Society on enhanced terms.	Implicit in the Basic reserve	The guaranteed sum assured was taken to be the nominal cash amount accrued at the valuation date. These contracts were valued by taking the greater of the discounted value of these sums assured accumulated with any contractual interest to the expiry of the guarantee period, and the value of the discontinuance options available.
1980 Bonus System – Group (Discontinuance)	Basic reserve: 105.3	The lump sum surrender value proceeds may be applied to purchase deferred annuity benefits with the Society on enhanced terms. For schemes which discontinued after 1 January 1999, the deferred annuities will be purchased on current terms as at the purchase date. For all other discontinued schemes, the deferred annuities will be purchased on the basis agreed as at the discontinuance date, regardless of purchase date.	Implicit in the Basic reserve	For schemes which discontinued after 1 January 1999, no additional reserve has been calculated because the deferred annuity will be based on current terms. For all other schemes, the deferred annuity reserve is calculated based on the cash value of the discontinued scheme multiplied by a factor depending on the guaranteed terms for the scheme.
Personal Retirement Plan	Basic reserve: 649.2	Policyholders have the option to retire early between ages 60 and 70 when the benefits payable will be recalculated on the guaranteed terms applicable to each premium paid at the date of premium payment as if the contract was written to the modified retirement age. Prior to age 60 a transfer value may be taken on non-guaranteed terms.	Implicit in the Basic reserve	See Section 4(1)(k).
Pension Savings Plan and Company Pension Plan	Basic reserve: 4.1	For certain schemes that have converted to linked contracts, for any discontinuance before maturity we guarantee to pay at least the value of the units i.e. no market value reduction factor will be applied to With-Profits units on early discontinuance.	1.4	To meet this guarantee an additional reserve equal to any excess of the face value of the units over the mathematical reserve is held.
Group deferred annuity	Basic reserve: 6,494.0	Certain contracts include a cash option on guaranteed terms. These vary by scheme and are expressed as a cash amount for £1 p.a. annuity. For retirements other than normal retirement age the factors are no more or less generous than those at normal retirement age.	Zero	The calculation for this option assumes neutral cost and the company incurs no financial loss if the policyholder exercises this option.
	502.7	Certain contracts include an option to retire early on generous terms. These vary by scheme and are calculated as re-valued benefits at date of early retirement discounted by a rate from NRD to date of early retirement.	11.6	The reserve for this option is the excess of the reserve assuming the option is taken up over the reserve assuming the option is not exercised.
	290.0	Certain contracts contain an option to retire due to ill-health. These vary by scheme and are calculated as the re-valued benefits at date of ill-health retirement.	1.4	The reserve for this option is calculated as 0.5% of the reserve for the basic liability.

Index-linking options

Product name	Amount of business (£m)	Description of option/guarantee	Additional reserve (£m)	Method and basis
Flexible Protection Plan (Series 1 to 6)	Basic reserve: 130.2	On each third policy anniversary, a further policy may be affected on the then current terms and conditions without evidence of health for a sum assured not exceeding the current sum assured multiplied by the proportionate increase in the Index of Retail Prices over the preceding three years. This option is available only if the policy was accepted on standard terms and if the option has been exercised on each previous occasion.	Implicit in the Basic reserve	None calculated as premiums increased in line with increments in sum assured.
Group deferred annuity, Immediate Annuities in Payment, PHI Claims in Payment	Basic reserve: 12,423.7	Certain contracts include a guarantee where the index linked increases in deferment and in possession cannot fall below, or increase above, a specified rate, or include inflation underpin guarantees to fixed increases.	75.0	Four thousand real-world stochastic simulations of future changes in the RPI Index are produced. For sample policies the discounted value of benefits payable under each simulation is expressed as a percentage loading to the discounted value of benefits that match the RPI Index. The 80 th percentile is then calculated for each sample benefit type and then a weighted average loading for the portfolio is derived. These loadings are then applied to the relevant basic reserves, with a minimum total reserve of £75.0m applied if necessary. This resulted in a total gross reserve of £75.0m(2014: £50m).
Index linked WOL	Basic reserve: 12.3	The indexation option allows the plan to keep pace with inflation by increasing the amount of cover in line with the Retail Prices Index (RPI) each year. This can be done without the need for any further medical evidence. The amount of cover will increase directly in line with the rise in RPI	Implicit in the Basic reserve	None calculated as premiums increased in line with increments in sum assured.

Withdrawal options

Current rates of withdrawal are allowed for in sterling reserve calculations. For policies invested in property-linked units where the withdrawal option is considered to be broadly neutral no provision is required for future withdrawals.

For Capital Investment Portfolio (Series 1, 5 and 6) policies invested in With-Profits Fund units, in the gross premium valuation the maximum rate of withdrawal is assumed to be payable on all contracts in future as a MVR is guaranteed not to apply to regular encashments not exceeding 7.5% pa.

Product name	Amount of business (£m)	Description of option/guarantee	Additional reserve (£m)
Capital Investment Portfolio (Series 1, 5, 6 and 7)	Basic reserve: 840.5	Regular withdrawals may be taken by encashment of units at their bid value. Policies invested in the Distributor Fund have the 'natural' income (which depends on the dividend, rents etc. payable on the underlying investments) arising within that fund paid to them at regular intervals. Otherwise policies have the option to make partial withdrawals which are payable at regular intervals. The amount of withdrawal can be selected as a percentage of either the single premium or the bid value of units. Alternatively, if the policy is invested in the With-Profits Fund, the amount of withdrawal can be related to interim bonus rates.	Zero
Capital Investment Portfolio (Series 2, 3, and 4)	Basic reserve: 73.2	Policies have the option to make regular partial withdrawals by encashment of units at their bid value. The amount of withdrawal can be selected as a percentage of either the single premium or the bid value of units.	Zero
Capital Investment Portfolio (Series 8, 9, and 10)	Basic reserve: 314	Under Series 9 policies regular withdrawals may be taken by encashment of units at their bid value. Policies invested in the Distributor Fund have the 'natural' income (which depends on the dividend, rents etc. payable on the underlying investments) arising within that fund paid to them at regular intervals. Otherwise policies have the option to make partial withdrawals which are payable at regular intervals. The amount of withdrawal can be selected as a percentage of either the single premium or the bid value of units. Regular withdrawals may not be taken under Series 8 policies although policies invested in the Distributor Fund may take the 'natural' income referred to above. Under Series 10 contracts, in addition to the 'natural' income the policyholder may take regular withdrawals of 3% of either the single premium or the bid value of units.	Zero
Investment Bond (Series 1 and 2)	Basic reserve: 2,034.7	Under Investment Bond Series 1 and Portfolio Bond policies regular withdrawals may be taken by encashment of units at their bid value subject to a maximum of 7.5% of either the amount invested or the fund value. Under Series 2 contracts policyholders may elect to take a 'natural' income (which depends on the dividend, rents etc. payable on the underlying investments) arising paid to them at regular intervals. Otherwise policies have the option to make partial withdrawals which are payable at regular intervals. The amount of withdrawal can be selected as a percentage of either the single premium or the bid value of units, subject to a maximum of 4%.	Zero
Portfolio Bond (Series 1, 2, 3 and 4)	Basic reserve: 4,083.6		
Portfolio Bond (Series 5 to 10)	Basic reserve: 274.7	Under Portfolio Bond policies regular withdrawals may be taken by encashment of units at their bid value subject to a maximum of 7.5% p.a. of either the amount invested or the fund value. Policyholders may elect to take a 'natural' income (which depends on the dividend, rents, etc. payable on the underlying investments) paid to them at regular intervals.	Zero
With-Profit Bond (Series 1 to 7)	Basic reserve: 2,559.0	Regular withdrawals may be taken by encashment of units at their bid value. Policies have the option to make partial withdrawals which are payable at regular intervals. The amount of withdrawal can be selected as a percentage of either the single premium or the bid value of units. Additionally for Series 1, 4 and 6, if the policy is invested in the With-Profits Fund units, the amount of withdrawal can be related to interim bonus rates.	Zero
With-Profit Bond (Series 8 to 15)	Basic reserve: 358.7	Regular withdrawals may be taken by encashment of units at their bid value. Policies have the option to make partial withdrawals which are payable at regular intervals. The amount of withdrawal can be selected as a percentage of either the single premium or the bid value of units. Additionally for Series 1, 4 and 6, if the policy is invested in the With-Profits Fund units, the amount of withdrawal can be related to interim bonus rates.	Zero
Self Invested Personal Pension (Group and Individual), Trustee Investment Plan, Trustee Buyout Plan and Portfolio Plus Pensions	Basic Reserve: 4,336.0	At retirement there is the option to elect to take income withdrawals instead of purchasing an annuity. The income withdrawal payments are taken by encashment of units at their bid value. The amount taken must be in line with limits specified by the GAD and are subject to review every 3 years.	Zero

Commutation options

Product name	Amount of business (£m)	Description of option/guarantee	Additional reserve (£m)	Method and basis
Personal Retirement Plan	Basic reserve: 649.2	Each premium secures a guaranteed amount of annuity plus a cash sum upon retirement at age 70. The amount of benefit secured by each single premium is not guaranteed at inception. At maturity the total proceeds of a policy may be taken in cash form, on terms that are guaranteed, to purchase similar benefits from another insurer.	Implicit in the Basic reserve	See Section 4(1)(k)
Buy-Out Plan, Money Purchase Plan, High Performance Plan, Private Income Plan.	Basic reserve: 286.3	The policyholder, subject to policy terms, has a choice regarding the proportion of policy proceeds taken as Tax Free Cash or annuity and with regard to the form of the annuity.	Implicit in the Basic reserve	This option is cost neutral.

Other options and guarantees

Product name	Amount of business (£m)	Description of option/guarantee	Additional reserve (£m)	Method and basis
Capital Investment Portfolio (Series 8 and 10), Investment Bond (Series 2)	Basic reserve: 469.9	The sum assured is guaranteed to be no less than the initial premium.	Implicit in the Basic reserve	Unit values have been reduced to 75% of their values at the valuation date.
Flexible Protection Plan (Series 1)	Basic reserve: 16.2	At the tenth or any subsequent policy anniversary, the policyholder may reduce the premium to £1 pa, the guaranteed sum assured to £50 and may then take a series of partial surrender values at regular intervals. The policy's share of the plan charge is reduced to zero.	Zero	No explicit provision is made as there is limited take-up of this option and the sum assured reduces to £50.
Build Up, New Cashbuilder, Other Endowment		<p>A loan option is available for up to 95% of the Surrender Value. The minimum loan, which can be taken, is £1000 initially, with further loans being a minimum of £500. Interest is charged 6 monthly in arrears, with repayment being made either throughout the term or at the end of the term.</p> <p>Under certain Build Up contracts a guaranteed maturity value has been granted after the endowment review process.</p>	<p>Zero</p> <p>3.5</p>	<p>No mathematical reserves are held – accounting provision is made instead.</p> <p>The maturity guarantee reserve is the difference between the maturity guarantee and the current basic sum assured plus bonuses declared at valuation date, discounted at the valuation rate of interest over the remaining term.</p>

Product name	Amount of business (£m)	Description of option/guarantee	Additional reserve (£m)	Method and basis
Buy-Out Plan	Basic reserve: 256	A minimum annuity on vesting of the Guaranteed Minimum Pension (or Widow/er's Guaranteed Minimum Pension on earlier death) as secured under the contract is guaranteed.	260.4	For the With Profit Buy Out Plan, the cost on the appropriate annuity valuation basis of providing any statutory Guaranteed Minimum Pension liability at Normal Retirement Date or earlier death is calculated and compared to the projected policy proceeds at the time of the claim. A reserve is held for any shortfall. For the Non Profit Buy Out Plan (where the policy benefits are in terms of an annuity per annum at Normal Retirement Date as opposed to an accumulated fund as under the With Profit policy), the statutory Guaranteed Minimum Pension liability is purchased at outset and so no additional reserve is required.
Group Life, Group PHI, Group CIC	Premium: 329.8	Premium rates are guaranteed for a given period (usually 2 years)	Zero for CIC Implicit in the Basic reserve for all others	A loading is applied where appropriate to the office premium to allow for any expected variation in the scheme's age profile over the rate guarantee period.
Mortgage Payment Insurance	Basic reserve: -4.3	Option to increase mortgage commitments by up to £500 per month within 6 months after specified events. This option can be exercised up to 3 times but is subject to age restrictions.	Zero	No explicit provision is made. Changes in reserves are included in prudence margins.
Worksave Pension Trust	Premium: 238.8	The AMC is guaranteed until the member retires or transfers to another scheme.	Zero	No explicit provision is made. Changes in reserves are included in prudence margins.
US Universal Life Business - Banner	Basic reserve: 92.5	The US Universal Life Business tranche contains an interest rate guarantee which is contractually not less than 2%, 3% or 4% p.a. depending on the product type and vintage. The guarantee applies to future premiums via the Flexible Premium Option.	8.7	The expected cost of these guarantees is calculated using a stochastic model in which a number of scenarios are run. The provision included in the Peak 1 reserve is the most onerous expected investment cost less the intrinsic value of the guarantee. A prudent allowance is included for the risks inherent in the Flexible Premium Option.
US Universal Life Business - Penn	Basic reserve: 43.9	The US Universal Life Business tranche contains an interest rate guarantee which is contractually not less than 2%, 3% or 4% p.a. depending on the product type and vintage. The guarantee applies to future premiums via the Flexible Premium Option.	0.53	The expected cost of these guarantees is calculated using a stochastic model in which a number of scenarios are run. The provision included in the Peak 1 reserve is the most onerous expected investment cost less the intrinsic value of the guarantee. A prudent allowance is included for the risks inherent in the Flexible Premium Option.

Switching

Additionally, almost all of the Society's unit-linked and unitised with-profits contracts are written with options to switch between funds. In some cases the option may be exercised a specified number of times each year without charge.

6. Expense Reserves

- 6(1) The valuation methodology for sterling reserve calculations on unit-linked business considers attributable expenses and non-attributable expenses separately (INSPRU 1.2.54 AG).

The total non-unit reserve consists of a sterling reserve for attributable expenses and a non-attributable expense reserve. The attributable expenses are defined as those that are directly related to a contract and include expenses which vary with the volume of business for a particular contract type; here a per policy reserve is calculated. All other expenses are defined as non-attributable expenses and a separate reserve is calculated, at the homogeneous risk group level, taking into account the emerging surplus from policy cash flows.

The aggregate amount, gross of any eligible tax relief, arising during the twelve months after the valuation date from implicit and explicit reserves made in the valuation to meet expenses in fulfilling contracts in force at the valuation date, was:

Homogeneous Risk Group	Implicit Allowances £m	Explicit allowances £m	Non-attributable Expenses £m	Total £m
Unitised Pension business:				
Group Products 1	0.0	2.3	2.6	4.9
Individual Products 1	0.6	44.5	11.0	56.1
Group Products 2	0.5	7.3	1.9	9.6
Individual Products 2	0.0	7.4	1.8	9.3
Unitised Life business:				
Non Profit Products 1	1.0	8.3	1.6	11.0
Non Profit products 2	2.1	18.7	3.7	24.5
With Profit Products 1	1.0	16.8	0	17.8
With Profit Products 2	1.1	22.7	0	23.9
Non-unitised business:				
All expenses attributable	68.6	76.9	n/a	145.5
Total	74.8	205.1	22.7	302.6

Note: Due to the rounding of figures to one decimal place, totals may appear not to sum correctly.

The pension business homogeneous risk groups are defined as Group business and Individual business, further split between type of administration system (denoted 1 or 2 above). The Group business is included in product codes 525, 535, 725, 735 and 755 and the Individual business in product codes 525 and 725.

The life business homogeneous risk groups are defined as non-profit business and with-profit business, further split between type of administration system (denoted 1 or 2 above). The non-profit business is included in product codes 365, 385, 700, 710, 715, 720, 795, 901 and 915 and the with-profit business in product codes 500, 505, 510, 515, 700, 710, 715 and 720.

- 6(2) Implicit allowances arise on non-linked and unit-linked contracts. For non-linked contracts, an implicit margin for future investment expenses is made when setting the valuation interest rate. There is a small amount of business valued using a net premium approach, for which the margin between the net premium and gross premium has been ignored for the calculation of the amount given in 6(1) because it is immaterial.
- 6(3) The amount of maintenance expense at line 14 of Form 43 is £204m. The aggregate amount of expense loadings expected to arise in 2016 as calculated in 6(1) above exceeds this amount for the following reasons:
- the effect of one year's inflation on 2015 expenses;
 - the inclusion of prudential margins in the valuation expense assumptions;
 - the inclusion of amounts required to cover certain 2016 investment expenses in the figure calculated in 6(1) above;
 - exclusion of non-recurring exceptional expenses.

- 6(4) A projection has been made of new business volumes for the year following the valuation date, using the Society's internal plans. A calculation was performed of the total embedded value of this business at the point of sale, allowing for realistic budgeted expenses and other margins in the products at the same levels as those applying at the end of the reporting period. Since this calculation gave a positive result, no reserve under this requirement was held.
- 6(5) For the majority of business an explicit expense reserve has been held, calculated using expected per policy costs derived with reference to actual office expenses in the 12 months prior to the valuation date, allowing for any expected increases, including the effect of assumed inflation and a margin for prudence. In addition, where necessary, allowance has been made for any exceptional expenses.

For the closed conventional life endowment book, an additional expense reserve has been held to allow for the slower run off of certain expenses compared to projected contract counts. These expenses are the element of financial reporting costs expected to be fixed in the short term, and costs associated with processing policy claims, which are expected to peak in the short term.

An additional reserve has been held to allow for unavoidable exceptional expenses.

For those minor classes of business where an explicit expense reserve has not been made, the adequacy of the margin between the net premium and office premium has been tested. Further details are provided in Sections 4(1)a and 4(1)e.

In addition, estimates were made of anticipated expenses arising from cessation of writing new business borne by Society. These included costs of branch closure, write-off costs, and the need to fund, in the short term, fixed costs currently apportioned as acquisition costs. The expenses were allocated to products using current expense apportionment methods. A reserve was held if the additional expenses could not be supported by margins emerging in the period over which they are expected to be incurred. A reserve of £25.6m was held in this respect.

Redundancy costs and costs associated with terminating management agreements arising from cessation of writing new business has been indemnified by Legal and General Group and no reserve is required within Legal & General Assurance Society Limited.

- 6(6) For unit linked business, the non-attributable expense reserve at the valuation date is set as the reserve required to meet any such expenses over the lifetime of the policies that are not deemed to be offset by emerging surpluses from that homogenous risk group.

The non attributable expense reserves at the valuation date were:

Homogeneous Risk Group	£m
Unitised Pension business:	
Group Products 1	26
Individual Products 1	209
Group Products 2	29
Individual Products 2	50
Unitised Life business:	
Non Profit Products 1	20
Non Profit products 2	60
With Profit Products 1	0.0
With Profit Products 2	0.0
Total	394

7. Mismatching reserves

- 7(1) The sum of the mathematical reserves (other than liabilities for property linked benefits) and the liabilities in respect of deposits received from reinsurers as shown in Form 14, analysed by reference to the currencies in which the liabilities are expressed to become payable, together with the value of the assets, analysed by reference to currency, which match such liabilities are as follows:

Currency	Liabilities (£m)	Assets (£m)	Proportion
Sterling	47,939	37,119	77.4%
US \$		7,928	16.5%
Euro		1,328	2.8%
Japanese Yen		199	0.4%
HK \$		85	0.2%
Australian \$		65	0.1%
Swiss Franc		68	0.1%
Russian Ruble		28	0.1%
South Korean Won		28	0.1%
Taiwanese \$		28	0.1%
Swedish Krona		31	0.1%
Indian Rupee		22	0.0%
Canadian \$		19	0.0%
Danish Krone		15	0.0%
Norwegian Krone		10	0.0%
Chinese Yuan		9	0.0%
Other		955	2.0%
Total	47,939	47,939	100.00%

The above analysis allows for the investment strategy of removing currency risk via hedging on the non sterling denominated bond portfolio within the 'With Profits Part of Fund'.

- 7(3) A reserve has been created to cover the currency mismatch arising on business reinsured to the Society from William Penn Life Insurance Company of New York and Banner Life Insurance Company.

The currency mismatch reserve is calculated by taking 10% of the reserve to which the currency mismatch applies. This is the same basis as at 31 December 2014. A reserve of £3.8m gross of reinsurance (£ 28m at 31 December 2014), and £3.8m net of reinsurance (£0m at 31 December 2014) has been held. The change in the mismatch reserve has moved in line with the underlying reserve, which reduced due to assumption changes.

The Society invests a proportion of assets backing annuity reserves in non-sterling denominated assets, and there is a hedging programme in place to mitigate interest rate and currency risks. A total additional reserve of £101m has been held to cover the residual future costs, split £52m for basis risks from entering into USD 6 month forward contracts, and £60m for mismatch risks from variable 3 month USD LIBOR swapped into variable 6 month GBP LIBOR.

For other business, no explicit reserve is held in respect of currency mismatching as there is a margin in the valuation interest rate to cover the currency mismatch risk.

7(4)–(6) No Resilience Capital Requirement has been determined, in accordance with INSPRU 3.1.7G as the Society is a “realistic basis” life firm.

7(7) In the event of surrender of a policy the Society generally has the ability to control cashflow by adjusting the surrender value.

For non-participating contracts, the results of projections of the cashflows (net of reinsurance) emerging on the valuation basis are used to determine investment guidelines for the corresponding attributed invested assets. Although the fund is thereby substantially immunised against changes in interest rates, an interest rate margin is retained.

For participating contracts, having considered projected cashflows on a variety of bases, the reserves established as described elsewhere in this report are sufficient to meet liabilities.

No additional reserve has therefore been held.

8. Other Special Reserves

(i) Converted policies reserve

A reserve is held in respect of certain High Performance Pension Plan, Private Income Plan and Money Purchase Plan policies that have converted to Section 32 Buy Out 1995, Executive Pension Plan 1995, Personal Pension Plan 1995 and Group Pension Savings Plan 1995 contracts. The Society currently operates a procedure to ensure that on death, or at retirement, the benefits paid to outgoing policyholders will have a value that is no less than that which would have been available if the conversion had not taken place. A reserve of £65.1m is held to cover this concession.

(ii) Reinsurance Default risk

An additional reserve of £51.3m has been held to cover the costs to be met by Society in respect of the potential default of the Society’s external reinsurance counterparties. The reserve has been calculated prospectively, by applying an annual default rate for each counterparty, to the estimated exposure to that counterparty in each year.

The projection of the estimated future exposure has been obtained by considering the amount of additional reserve that the Society would have to set up following reinsurer default. The rate used to discount future exposure is consistent with the rate used to discount the mathematical reserves.

In respect of the internal reinsurance of certain business to Legal & General Reinsurance Company Limited, no additional reinsurer default risk reserve is deemed necessary.

(iii) Potential Policyholder Compensation

Provision has been made for the cost of compensation arising from sales of mortgage endowment policies. The reserve has been calculated by applying an average uphold rate to the average cost of compensation for all open and projected complaints. Appropriate allowance for projected expenses has been made along with a prudential margin.

Provision has also been made for the costs of compensation arising from sales of individual pensions contracts in connection with transfers and opt-outs from occupational pension schemes. Where redress has been made by increasing the value of the policyholder's contract with the Society, provision has been made by an increase in unit reserves.

In cases where it is certain that the policyholders affected will be reinstated in their original occupational pension scheme a reserve equivalent to the cost of reinstatement on the basis prescribed is held. For those priority cases, where reinstatement is not yet certain reserves have been calculated as if policy benefits were equivalent to those offered by the occupational scheme. The value of these benefits has been calculated on a basis that is in accordance with the Government Actuary's letter to Appointed Actuaries dated 29 May 1997. The valuation rate of interest will not exceed that which would be determined according to the first method set out in that letter and with reference to the assets underlying the appropriate unit liabilities. An interest rate, net of price inflation, of 0.00% has been used (was 0.00% at 31/12/2014). For Phase 2 contracts, the reserve held has generally been based upon the assumption that existing policy benefits will be enhanced. An additional reserve has also been held for the potential cost of compensation arising from sales of Free Standing Additional Voluntary Contribution contracts. The total provision for the above items at end 2015 is £197.5m.

(iv) Tax reclaims

Additional reserves totalling £71.3m have been held for the expected increase in policyholder liabilities arising from potential tax reclaims. The tax reclaims mainly relate to the application of withholding tax, and to HMRC Foreign Dividend Exemption Claims.

The additional reserves have been calculated by estimating the probability of each claim being successful and then applying that probability to the amount of the claim. The probabilities of success were set based on legal advice.

A tax asset has been created with value equal and opposite to the additional reserves.

(v) With Profit Fund run off of expenses

Additional expense reserves totalling £235.2m have been held in respect of the prudent additional cost of progressively increasing unit costs over the future run-off of the With Profit Fund.

The additional expense reserve has been calculated as the prudent projected costs in excess of existing unit costs that are expected to arise over the run off period of the With Profit Fund (prudently assuming no further management actions are taken to reduce projected expense levels).

(vi) PRA Deferred Tax Capping Reserve

Policyholder liabilities are capped for prior year tax losses. However, some of this capping is expected to be temporary. Therefore policyholder liabilities are expected to increase in future as positive market movements cause the capping from previous deferred tax losses to be removed. A reserve has been set-up to ensure that this effect does not cause a future valuation strain. This reserve is held in respect of the Non Profit Savings BLAGAB unit-linked funds.

The reserve was £26m at year end 2015.

(vii) Unit Linked Protection Additional Provision

Following an internal review of some unit linked protection products, a reserve was set up to cover historic issues relating to the administration of the product. The reserve at year end 2015 is £16m.

9. Reinsurance

- 9.(1)** No premiums for reinsurance ceded on a facultative basis were payable during the report period to reinsurers who are not authorised to carry on insurance business in the United Kingdom.
- 9.(2)** Below are details of the reinsurance treaties where the Society was the cedant and under which business was in force at the date of the investigation.
- 9 (d) A. Swiss Re Europe S.A. UK Branch** (from 11 July 2006 GE Frankona was incorporated into Swiss Re Life and Health, and from 1 January 2008, Swiss Re Life & Health became Swiss Re Europe S.A.)
- (l) The reinsurer is authorised to carry on insurance business in the United Kingdom
 - (m) The Society and the reinsurer are not connected

	(e) Nature and extent of cover	(f) Premiums payable during report period (£000)	(h) Open to new business	(j) Mathematical reserves ceded (£000)	(k) Retention for new policies
1	Critical Illness Insurance (Series 1 and 2) 50% quota share of sums at risk with a maximum of 50% of £500,000	117	No	20	n/a
2	Life Assurance Business (linked) Sums at risk in excess of the Society's retention	258	Yes	43	Up to £549,999
3	Ordinary Life 50% quota share over the Society's retention with a current maximum of 50% of £2.5m in respect of business from 1 July 1987, plus second surplus over the Society's retention with a maximum of £200,000 in respect of business written prior to that date.	7	No	2	n/a
4	Flexible Mortgage Plan (Series 5 to 10) and Unit-Linked Term Assurance (Series 3) 50% quota share of sums at risk on policies with Critical Illness benefit, with a maximum of 50% of £500,000 plus for business from 2 October 1995 100% of the excess with a maximum ceded of £5m (£3m in respect of business prior to 14 December 1998).	3,040	No	513	n/a
5	Critical Illness Insurance (Series 3 & 4) 75% quota share of the first £500,000 sums at risk plus 100% of the excess with a maximum ceded of £5m (£2m in respect of business prior to 14 December 1998).	439	No	119	n/a
6	Flexible Protection Plan (Series 6) 75% quota share of the first £500,000 sums at risk plus 100% of the excess with a maximum ceded of £5m on policies with critical illness benefit (£3m in respect of business prior to 14 December 1998).	864	No	145	n/a
7	Term Assurance/ Decreasing Term 75% quota share with a current maximum of 75% of £200,000 in respect of business from 28 July 1997 (previously £250,000 in respect of business from 2 October 1995). In respect of business from 1 January 2000 quota share increased to 90%. This treaty does not cover policies where the sum assured increases annually in line with the Retail Prices Index.	13,054	No	20,841	n/a
8	Term Assurance Surplus over the Society's retention with a maximum ceded of £5m in respect of business from 1st January 1995. In respect of business from 1 October 2000, and for original sums assured in excess of £200,000, 90% quota share on the first £500,000 plus 100% of the excess. This treaty only covers policies with the option to convert to a whole life or endowment assurance without further medical evidence.	98	No	371	n/a
9	Term Assurance with Critical Illness 80% quota share of first £500,000 sums assured, plus 100% of excess with a maximum ceded of £5m (£3m in respect of business prior to 14 December 1998). In respect of business from 1 January 2000 quota share increased to 90%. This treaty only covers policies with the option to convert to a whole life or endowment assurance without further medical evidence.	606	No	1,632	n/a

	(e) Nature and extent of cover	(f) Premiums payable during report period (£000)	(h) Open to new business	(j) Mathematical reserves ceded (£000)	(k) Retention for new policies
10	Critical Illness/ Decreasing Critical Illness 90% quota share of first £500,000, plus 100% of excess with a maximum ceded of £5m (£1m in respect of business prior to 14 December 1998). Prior to 18 March 2001, quota share was 85%.	3,382	No	19,140	n/a
11	Family and Personal Income Plan (Critical Illness) 90% quota share of the first £3,750 per month plus 100% of the excess, with a maximum ceded of £5m on an equivalent lump sum basis.	18	No	(7)	n/a
12	Mortgage Payment Insurance 85% quota share of the first £48,000 p.a. Prior to 20 May 2002 quota share was 75%.	1,727	No	35,516	n/a
13	Term/Decreasing Term Assurance, Term/Decreasing Term Assurance with Critical Illness, Critical Illness/Decreasing Critical Illness. 50% quota share of first £150,000, plus 100% of the excess with a maximum ceded of £3m in respect of Term business and 50% quota share of first £100,000, plus 100% of the excess with a maximum ceded of £1.5m in respect of Critical Illness business. Business transferred in from Alliance & Leicester Life Assurance Company.	534	No	2,824	n/a
14	Term/Decreasing Term Assurance with Critical Illness. 50% quota share of first £250,000 with a maximum ceded of £125,000 in respect of business from 18 January 2004, plus for business from 24 July 2005, 100% of the excess with a maximum ceded of £375,000 for personal cover and £875,000 for business cover.	4180	No	(2,133)	n/a
15	Family and Personal Income Plan with Critical Illness. 50% quota share of first £2,000 per month with a maximum ceded of £1,000 per month in respect of business from 18 January 2004, plus for business from 24 July 2005, 100% of the surplus with a maximum ceded of £3,000 per month.	131	No	11	n/a
16	Whole of Life Quota Share arrangement set up to accept conversions from a Convertible Term Assurance policy. Surplus over the Society's retention with a maximum ceded of £4,550,000 in respect of business from 22 May 2005.	21	Yes	(1,975)	Up to £50,000
17	Ordinary Permanent Health Insurance Surplus over the Society's retention with a maximum of £10,200 p.a.	3	No	2	n/a
18	Group Critical Illness 50% quota share.	6485	Yes	2286	Up to £250,000
19	Permanent Health Insurance (linked) 75% quota share of the first £48,000 p.a. plus 100% of the excess, with a maximum ceded of £88,000 p.a.	471	No	15,099	n/a

	(e) Nature and extent of cover	(f) Premiums payable during report period (£000)	(h) Open to new business	(j) Mathematical reserves ceded (£000)	(k) Retention for new policies
20	Term/Decreasing Term, with Critical Illness 90% quota share of first £500,000 plus 100% of excess with a maximum ceded of £1m. This treaty does not cover policies with the option to convert to whole life or endowment assurance without further medical evidence.	3,715	No	9,192	n/a
21	Income Protection Benefit 85% quota share of first £12,000 p.a. plus 100% of the excess with a maximum ceded of £118,200 p.a.	1,207	No	26,665	n/a
22	Voluntary Group Life 50% quota share.	574	Yes	231	Up to £75,000
23	Whole of Life 50% quota share of first £20,000 with a maximum ceded of £10,000 in respect of business from August 2004.	310	No	1,811	n/a
24	Whole of Life Surplus over the Society's retention with a maximum ceded of £4,550,000 in respect of business from 22 May 2005.	76	No	(658)	n/a
25	Term Assurance 90% quota share of the first £200,000 with a maximum ceded of £180,000 in respect of business from 18 March 2007.	15,549	No	60,983	n/a
26	Term Assurance with Critical Illness 50% quota share of first £200,000 with a maximum ceded of £100,000 in respect of business from 18 March 2007.	905	No	2,231	n/a
27	Term Assurance, Decreasing Term Assurance, Term Assurance with Critical Illness, Decreasing Term Assurance with Critical Illness, Stand Alone Critical Illness. Combination of treaties with varying proportions of reinsurance, some on a surplus only basis and others on a 90% quota share basis.	3,323	No	11,772	n/a
28	Income Protection Business From January 2010, 85% quota share on the first £12,000 pa, then 100% of the excess with maximum ceded of £198,200 p.a.	5,100	Yes	39,218	Up to £1,800 p.a.
29	Term Assurance with Critical Illness From 20 June 2011, 90% quota share of the first £500,000 plus 100% of excess for Reviewable CIC with a maximum ceded of £2,950,000. From 19 September 2011, 90% quota share of the first £500,000 plus 100% of excess for Guaranteed CIC.	21,849	Yes	143,594	Up to £50,000

	(e) Nature and extent of cover	(f) Premiums payable during report period (£000)	(h) Open to new business	(j) Mathematical reserves ceded (£000)	(k) Retention for new policies
30	<p>Family and Personal Income Plan with Critical Illness</p> <p>From 20 June 2011, 90% quota share of first £500,000 plus 100% of the excess, with a maximum ceded of £2,950,000 for Reviewable CIC on an equivalent lump sum basis.</p> <p>From 19 September 2011, 90% quota share of first £500,000 plus 100% of the excess, with a maximum ceded of £2,950,000 for Guaranteed CIC on an equivalent lump sum basis.</p>	990	Yes	1,309	Up to £375 p.m.
31	<p>Term Assurance and Decreasing Term Assurance with Critical Illness</p> <p>From 1 July 2015, 90% quota share of the first £500,000 plus 100% of the excess for Guaranteed and Reviewable CIC with a maximum ceded of £2,950,000</p>	474	Yes	5,520	Up to £50,000
32	<p>Family and Personal Income Plan with Critical Illness</p> <p>From 1 July 2015, 90% quota share of first £500,000 plus 100% of the excess, with a maximum ceded of £2,950,000 for Guaranteed and Reviewable CIC on an equivalent lump sum basis.</p>	14	Yes	65	Up to £50,000 on an equivalent lump sum basis
33	<p>Longevity Reinsurance</p> <p>Longevity reinsurance arrangement of the actual annuity payments covered under the longevity arrangement between Legal & General Assurance society and the beneficiary. 10% of the actual annuity payments is reinsured to Swiss Re Europe S.A. and 10% is retained by the Company.</p>	16,013	No	6,687	n/a
34	<p>Longevity Reinsurance</p> <p>Longevity reinsurance arrangement of the actual annuity payments covered under the longevity arrangement between Legal & General Assurance society and the beneficiary. 90% of the actual annuity payments is reinsured to Swiss Re Europe S.A. and 10% is retained by the Company.</p>	47,113	No	79,890	n/a

9. (d) B. Munich Reinsurance Company (Life)

- (l) The reinsurer is authorised to carry on insurance business in the United Kingdom
- (m) The Society and the reinsurer are not connected

	(e) Nature and extent of cover	(f) Premiums payable during report period (£000)	(h) Open to new business	(j) Mathematical reserves ceded (£000)	(k) Retention for new policies
35	Term Assurance/Decreasing Term Surplus over the Society's retention with a maximum of £5m in respect of business from 1 st January 1995. For Level and Decreasing Term from 28 July 1997 where the original sum assured exceeds £200,000, 75% quota share of first £500,000 plus 100% of excess, with a maximum ceded of £5m. In respect of business from 30 July 2000 the quota share for Level and Decreasing Term increased to 90%. From 17 June 2001, this treaty includes Level & Decreasing Term, where the original sum assured is less than £200,000 on 90% quota share. This treaty does not cover policies with the option to convert to a whole life or endowment assurance without further medical evidence.	16,093	No	45,513	n/a
36	Family and Personal Income Plan 90% quota share of first £3,750 per month plus 100% of the excess, with a maximum ceded of £5m on an equivalent lump sum basis.	416	No	(793)	n/a
37	Level Term Assurance 90% quota share of the first £500,000 plus 100% of the excess, with a maximum ceded of £5m in respect of business from 18 th March 2007. Since November 2007 the maximum ceded has increased to £10m	15,488	No	77,999	n/a
38	Guaranteed Acceptance Plan From 1 July 2013, 50% quota share of first £20,000 with a maximum ceded of £10,000.	2,525	Yes	68,965	Up to £10,000
39	Term Assurance and Decreasing Term Assurance with Critical Illness From 1 July 2015, 100% quota share with a maximum ceded of £3,000,000 for Guaranteed and Reviewable CIC.	2,026	Yes	28,154	£0
40	Family and Personal Income Plan with Critical Illness From 1 July 2015, 100% quota share with a maximum ceded of £3,000,000 for Guaranteed and Reviewable CIC on an equivalent lump sum basis.	22	Yes	84	£0

9. (d) C. RGA International Reinsurance Company Ltd (UK Branch)

- (l) The reinsurer is authorised to carry on insurance business in the United Kingdom
(m) The Society and the reinsurer are not connected

	(e) Nature and extent of cover	(f) Premiums payable during report period (£000)	(h) Open to new business	(j) Mathematical reserves ceded (£000)	(k) Retention for new policies
41	Term/ Decreasing Term with Critical Illness 90% quota share of first £500,000 plus 100% excess with a maximum ceded of £2.5m. From 21 January 2001, 90% quota share of first £500,000, plus 100% of excess with a maximum ceded of £5m for business greater than or equal to £200,000. This treaty does not cover policies with an option to convert to whole life or endowment assurance without further medical evidence.	3,288	No	15,599	n/a

	(e) Nature and extent of cover	(f) Premiums payable during report period (£000)	(h) Open to new business	(j) Mathematical reserves ceded (£000)	(k) Retention for new policies
42	Family and Personal Income Plan with Critical Illness 90% quota share of first £3,750 per month plus 100% of the excess, with a maximum ceded of £2.5m on an equivalent lump sum basis. This treaty does not cover policies where the original benefit is less than £1,500 per month.	72	No	(52)	n/a
43	Group Life/WOPs Surplus over the Society's retention with minimum of £1 and maximum of £8.75m	1885	Yes	903	Up to £1.8m

9. (d) D. RGA Americas Reinsurance Co. Ltd

- (l) The reinsurer is not authorised to carry on insurance business in the United Kingdom
(m) The Society and the reinsurer are not connected

	(e) Nature and extent of cover	(f) Premiums payable during report period (£000)	(h) Open to new business	(j) Mathematical reserves ceded (£000)	(k) Retention for new policies
44	Term Assurance/ Decreasing Term with Critical Illness For contracts where the original sum assured is less than £200,000, 90% quota share with a current maximum of 90% of £200,000. This treaty does not cover policies with an option to convert to whole life or endowment assurance without further medical evidence.	14,062	No	60,415	n/a
45	Family Income Benefit with Critical Illness For contracts where the original monthly benefit is less than £1,500, 90% quota share with a current maximum of 90% of £1,500 per month.	142	No	(105)	n/a
46	Legal & General Deutschland Term Assurance For policies with a term shorter than 15 years, the Ceding Company retains 80% of each risk. For policies with a term longer or equal to 15 years, the Ceding Company retains 20% of each risk.	1,886	No	2,992	n/a

9. (d) E. RGA International Reinsurance Ltd (UK Branch), RGA Americas Reinsurance Co. Ltd, Sun Life Assurance Co. of Canada (Barbados), Partner Reinsurance Co. (Zurich)

- (l) RGA International is authorised to carry on insurance business in the United Kingdom. The other reinsurers listed here are not.
(m) The Society and the reinsurers are not connected

	(e) Nature and extent of cover	(f) Premiums payable during report period (£000)	(h) Open to new business	(j) Mathematical reserves ceded (£000)	(k) Retention for new policies
47	<p>Term Assurance/ Decreasing Term with Critical Illness</p> <p>From 1 July 2002, for contracts where the original sum assured is £200,000 or more, 90% quota share of first £500,000 plus 100% excess with a maximum ceded of £2.5m. This treaty does not cover policies with an option to convert to whole life or endowment assurance without further medical evidence.</p> <p>The treaty is shared 10%:20%:35%:35% between the reinsurers as listed in (E) above.</p> <p>From 1 October 2008, Sun Life withdrew from the Reviewable critical illness treaty and RGA Americas picked up their share.</p> <p>From 1 July 2009 Sun Life withdrew from the Guaranteed critical illness treaty with RGA Americas picking up their share.</p>	2,226	No	10,693	n/a
48	<p>Family and Personal Income Plan with Critical Illness</p> <p>From 1 July 2002, for contracts where the original monthly benefit is £1,500 or more, 90% quota share of first £3,750 per month plus 100% of the excess, with a maximum ceded of £2.5m on an equivalent lump sum basis. This treaty does not cover policies where the original benefit is less than £1,500 per month.</p> <p>The treaty is shared 10%:20%:35%:35% between the reinsurers as listed in (E) above.</p> <p>From 1 October 2008, Sun Life withdrew from the Reviewable critical illness treaty and RGA Americas picked up their share.</p> <p>From 1 July 2009 Sun Life withdrew from the Guaranteed critical illness treaty with RGA Americas picking up their share.</p>	66	No	(20)	n/a

9. (d) F. RGA International Reinsurance Company Ltd (UK Branch), RGA Americas Reinsurance Co. Ltd, Partner Reinsurance Co. (Zurich)

(l) RGA International is authorised to carry on insurance business in the United Kingdom. The other reinsurers listed here are not.

(m) The Society and the reinsurers are not connected

	(e) Nature and extent of cover	(f) Premiums payable during report period (£000)	(h) Open to new business	(j) Mathematical reserves ceded (£000)	(k) Retention for new policies
49	<p>Term Assurance/ Decreasing Term with Critical Illness</p> <p>From 1 September 2002, for contracts where the original sum assured is less than £200,000, 90% quota share. This treaty does not cover policies with an option to convert to whole life or endowment assurance without further medical evidence.</p> <p>The treaty is shared 10%:50%:40% between the reinsurers as listed in (F) above.</p>	11,506	No	38,872	n/a
50	<p>Family Income Benefit with Critical Illness</p> <p>From 1 September 2002, for contracts where the original monthly benefit is less than £1,500, 90% quota share with a current maximum of 90% of £1,500 per month.</p> <p>The treaty is shared 10%:50%:40% between the reinsurers as listed in (F) above.</p>	74	No	(54)	n/a
51	<p>Term Assurance/ Decreasing Term with Critical Illness</p> <p>From 25 July 2004, for contracts where the original sum assured is less than £200,000, 90% quota share. This treaty does not cover policies with an option to convert to whole life or endowment assurance without further medical evidence.</p> <p>The treaty is shared 10%:50%:40% between the reinsurers as listed in (F) above.</p>	4,223	No	9,345	n/a
52	<p>Family Income Benefit with Critical Illness.</p> <p>From 25 July 2004, for contracts where the original monthly benefit is less than £1,500, 90% quota share with a current maximum of 90% of £1,500 per month.</p> <p>The treaty is shared 10%:50%:40% between the reinsurers as listed in (F) above.</p>	4	No	(13)	n/a
53	<p>Term Assurance/ Decreasing Term with Critical Illness</p> <p>From 25 July 2004, for contracts where the original sum assured is £200,000 or more, 90% quota share of first £500,000 plus 100% excess with a maximum ceded of £1m for business and £500,000 for personal. This treaty does not cover policies with an option to convert to whole life or endowment assurance without further medical evidence.</p> <p>The treaty is shared 10%: 55%: 35% between the reinsurers as listed in (F) above.</p>	722	No	2,209	n/a
54	<p>Family and Personal Income Plan with Critical Illness</p> <p>From 25 July 2004, for contracts where the original monthly benefit is £1,500 or more, 90% quota share of first £3,750 per month, with a maximum ceded of £500,000 on an equivalent lump sum basis. This treaty does not cover policies where the original benefit is less than £1,500 per month.</p> <p>The treaty is shared 10%:55%:35% between the reinsurers as listed in (F) above.</p>	43	No	(3)	n/a

	(e) Nature and extent of cover	(f) Premiums payable during report period (£000)	(h) Open to new business	(j) Mathematical reserves ceded (£000)	(k) Retention for new policies
55	<p>Term Assurance/ Decreasing Term with Critical Illness</p> <p>From 20 November 2005, for contracts where the original sum assured is less than £200,000, 90% quota share. This treaty does not cover policies with an option to convert to whole life or endowment assurance without further medical evidence.</p> <p>The treaty is shared 10%: 40%: 50% between the reinsurers as listed in (F) above.</p>	1,452	No	3,832	n/a
56	<p>Family and Personal Income Plan with Critical Illness</p> <p>From 20 November 2005, for contracts where the original monthly benefit is less than £1,500, 90% quota share with a current maximum of 90% of £1,500 per month.</p> <p>The treaty is shared 10%:40%:50% between the reinsurers as listed in (F) above.</p>	12	No	(14)	n/a

9. (d) G. RGA International Reinsurance Company Ltd (UK Branch), RGA Americas Reinsurance Co. Ltd

(l) RGA International is authorised to carry on insurance business in the United Kingdom. The other reinsurer listed here is not.

(m) The Society and the reinsurers are not connected

	(e) Nature and extent of cover	(f) Premiums payable during report period (£000)	(h) Open to new business	(j) Mathematical reserves ceded (£000)	(k) Retention for new policies
57	<p>Family Income Benefit</p> <p>From 20 July 2008, 90% quota share of the first £3,750 p.m. plus 100% of the excess, with a maximum ceded of £5m on any one case on an equivalent lump sum basis.</p> <p>The treaty is shared 5%:95% between the reinsurers as listed in (G) above.</p>	2,190	No	2,904	Up to £375 p.m.
58	<p>Whole of Life</p> <p>From 1 August 2013, 100% quota share with a maximum ceded of £5m on any one case. This treaty is solely with RGA International.</p>	452	Yes	10,465	£0
59	<p>Term Assurance/Decreasing Term Assurance</p> <p>From 1 January 2015, 100% quota share with a maximum ceded of £10m on any one case.</p> <p>This treaty is solely with RGA International.</p>	6,429	Yes	236,980	£0
60	<p>Family Income Benefit</p> <p>From 1 January 2015, 100% quota share with a maximum ceded of £10m on any one case on an equivalent lump sum basis.</p> <p>This treaty is solely with RGA International.</p>	370	Yes	4,510	£0

9. (d) H. Swiss Reinsurance Company, Swiss Re Europe S.A. UK Branch, RGA Americas Reinsurance Co. Ltd, Hannover Life Reassurance (Ireland) Ltd, RGA International Reinsurance Company Ltd (UK Branch).

(l) Swiss Re Europe S.A. UK Branch and RGA International are authorised to carry on insurance business in the United Kingdom. The other reinsurers listed here are not.

(m) The Society and the reinsurers are not connected

	(e) Nature and extent of cover	(f) Premiums payable during report period (£000)	(h) Open to new business	(j) Mathematical reserves ceded (£000)	(k) Retention for new policies
61	<p>Term Assurance/Decreasing Term Assurance</p> <p>The Society has five treaties with varying proportions of the business reassured under each treaty. Business ceded to Swiss Reinsurance Company and Swiss Re Europe S.A. UK Branch is reassured under a single treaty. From 28 April 2002, the overall effect is to achieve 90% quota share of the first £500,000 plus 100% of the excess, with a maximum ceded of £5m on any one case. No business has been reassured to Swiss Reinsurance Company after 31 December 2002. No business has been reassured to Swiss Re Europe S.A. UK Branch after 9 November 2003. No business was reassured with RGA International before 14 September 2003. Business ceded with RGA International and RGA Americas Reinsurance is reassured under a single treaty. No business was reassured to RGA International or RGA Americas Reinsurance after 17 September 2006.</p>	97,964	No	382,430	n/a
62	<p>Family and Personal Income Plan (Term Assurance)</p> <p>The Society has five treaties with varying proportions of the business reassured under each treaty. Business ceded to Swiss Reinsurance Company and Swiss Re Europe S.A. UK Branch is reassured under a single treaty. From 28 April 2002, the overall effect is to achieve 90% quota share of the first £3,750 per month plus 100% of the excess, with a maximum ceded of £5m on any one case on an equivalent lump sum basis. No business has been reassured to Swiss Reinsurance Company after 31 December 2002. No business has been reassured to Swiss Re Europe S.A. UK Branch after 9 November 2003. No business was reassured with RGA International before 14 September 2003. Business ceded with RGA International and RGA Americas Reinsurance is reassured under a single treaty. No business was reassured to RGA International or RGA Americas Reinsurance after 17 September 2006.</p>	4,135	No	(700)	n/a

9. (d) I. Partner Reinsurance Co. (Ireland)

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

(m) The Society and the reinsurer are not connected

	(e) Nature and extent of cover	(f) Premiums payable during report period (£000)	(h) Open to new business	(j) Mathematical reserves ceded (£000)	(k) Retention for new policies
63	Term Assurance/ Decreasing Term with Critical Illness 90% quota share of the first £500,000 plus 100% of the excess, with a maximum ceded of £1m on any one case in respect of business from 9 April 2006.	9,036	No	17,498	n/a
64	Family and Personal Income Plan with Critical Illness 90% quota share of the first £3,750 p.m. plus 100% of the excess, with a maximum ceded of £1m on any one case on an equivalent lump sum basis in respect of business from 9 April 2006.	91	No	(43)	n/a
65	Portfolio Regular Investment Plan 90% quota share of the first £500,000 plus 100% of the excess, with a maximum ceded of £10m on any one case in respect of business from 24 October 2010.	2	No	0	n/a
66	Longevity Reinsurance Longevity reinsurance arrangement of the actual annuity payments covered under the longevity arrangement between Legal & General Assurance society and the beneficiary. 35% of the actual annuity payments is reinsured to Partner Re Europe SE and 10% is retained by the Company.	20,172	No	12,772	n/a

9. (d) J. Pacific Life Re Ltd (formerly Scottish Re Ltd (SRL) and Scottish Annuity & Life Insurance Company (Cayman) Ltd (SALIC))

(l) Pacific Life Re Ltd is authorised to carry on insurance business in the United Kingdom. The other reinsurer listed here is not.

(m) The Society and the reinsurer are not connected

	(e) Nature and extent of cover	(f) Premiums payable during report period (£000)	(h) Open to new business	(j) Mathematical reserves ceded (£000)	(k) Retention for new policies
67	Pension Term Assurance/ Decreasing Term 90% quota share of the first £500,000 plus 100% of the excess, with a maximum ceded of £1m on any one case in respect of business from 9 April 2006 and prior to 7 December 2006.	9,0938,621	No	55,384	n/a
68	Longevity Reinsurance Longevity reinsurance arrangement of the actual annuity payments covered under the longevity arrangement between Legal & General Assurance society and the beneficiary. 15% of the actual annuity payments is reinsured to Partner Re Europe SE and 10% is retained by the Company.	13,679	No	4,620	n/a

9. (d) K. Pacific Life Re Ltd (formerly Scottish Re Ltd (SRL))

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

(m) The Society and the reinsurer are not connected

	(e) Nature and extent of cover	(f) Premiums payable during report period (£000)	(h) Open to new business	(j) Mathematical reserves ceded (£000)	(k) Retention for new policies
69	Decreasing Term Assurance From 18 March 2007, for contracts where the original sum assured is less than £200,000, 90% quota share with a maximum ceded of £180,000 on any one case.	7,369	No	11,958	n/a
70	Whole of Life From 20 April 2009 50% quota share of first £20,000 with a maximum ceded of £10,000.	106	No	0	Up to £10,000
71	Guaranteed Acceptance Plan From 7 June 2009, 50% quota share of first £20,000 with a maximum ceded of £10,000.	2,572	No	17,331	Up to £10,000

9. (d) L. Hannover Life Reassurance (Ireland) Ltd

- (l) The reinsurer is not authorised to carry on insurance business in the United Kingdom
(m) The Society and the reinsurer are not connected

	(e) Nature and extent of cover	(f) Premiums payable during report period (£000)	(h) Open to new business	(j) Mathematical reserves ceded (£000)	(k) Retention for new policies
72	Decreasing Term Assurance From 18 March 2007, for contracts where the original sum assured is greater than or equal to £200,000, 90% quota share of the first £500,000 and then 100% of the excess with a maximum ceded of £5m on any one case. From November 2007, the maximum ceded increased to £10m.	3,167	No	9,354	n/a
73	Family and Personal Income Plan 90% quota share of first £3,750 per month plus 100% of the excess, with a maximum ceded of £5m on an equivalent lump sum basis.	1,050	No	1,062	n/a
74	Decreasing Term Assurance Plan with Critical Illness From 20 June 2011 (Reviewable CIC) and from 19 September 2011 (Guaranteed CIC), 90% quota share of the first £500,000 and 100% of the excess, with a maximum ceded of £50,000 on any one case.	31,051	Yes	125,378	Up to £50,000

9. (d) M. XL Re

- (l) XL Re is authorised to carry on insurance business in the United Kingdom
(m) The Society and the reinsurer are not connected

	(e) Nature and extent of cover	(f) Premiums payable during report period (£000)	(h) Open to new business	(j) Mathematical reserves ceded (£000)	(k) Retention for new policies
75	Decreasing Term Assurance with Critical Illness From 18 March 2007, for contracts where the original sum assured is less than £200,000, 50% quota share of the first £200,000, with a maximum ceded of £100,000 on any one case.	1,418	No	1,567	n/a
76	Term Assurance/Decreasing Term Assurance with Critical Illness From 18 March 2007, 50% quota share of the first £250,000 and 100% of the excess, with a maximum ceded of £125,000 on any one case.	851	No	1,460	n/a
77	Term Assurance/Decreasing Term Assurance with Critical Illness From 20 July 2008, for contracts where the original sum assured is greater than £200,000, 50% quota share of the first £250,000 and 100% of the excess, with a maximum ceded of £1m (personal) or £2m (business) on any one case.	614	No	1,245	n/a
78	Term Assurance/Decreasing Term Assurance 90% quota share on the first £1m and then 100% of the excess to £5m /£10m (by age).	4,262	No	10,790	n/a

9. (d) N. Swiss Re Europe S.A. UK Branch, RGA International Reinsurance Company Ltd (UK Branch), RGA Americas Reinsurance Co. Ltd, Munich Reinsurance Company (Life), Partner Reinsurance Co. (Zurich)

(l) Swiss Re Europe S.A. UK Branch, RGA International and Munich Reinsurance Company (Life) are authorised to carry on insurance business in the United Kingdom. The other reinsurers listed here are not.

(m) The Society and the reinsurers are not connected

	(e) Nature and extent of cover	(f) Premiums payable during report period (£000)	(h) Open to new business	(j) Mathematical reserves ceded (£000)	(k) Retention for new policies
79	Term Assurance/Decreasing Term Assurance From 20 July 2008, the Society has five treaties with varying proportions of the business reassured under each treaty. The overall effect is to achieve 90% quota share of the first £500,000 plus 100% excess, with a maximum ceded of £10m on any one case.	81,305	No	381,678	n/a

9. (d) O. Swiss Re Europe S.A. UK Branch, RGA International, Munich Reinsurance Company (Life), Pacific Life Re Ltd, Scor Global Life reinsurance UK Ltd, Hannover Life Reassurance (Ireland) Ltd.

(l) Swiss Re Europe S.A. UK Branch, RGA International, Munich Reinsurance Company (Life) and Scor Global Life Reinsurance UK Ltd are authorised to carry on insurance business in the United Kingdom. The other reinsurers listed here are not.

(m) The Society and the reinsurers are not connected

	(e) Nature and extent of cover	(f) Premiums payable during report period (£000)	(h) Open to new business	(j) Mathematical reserves ceded (£000)	(k) Retention for new policies
80	Term Assurance/Decreasing Term Assurance From 20 June 2011, the Society has four treaties with varying proportions of the business reassured under each treaty. The overall effect is to achieve 100% reinsurance with a maximum ceded of £10m on any one case, with the exception of Scor Global Life Reinsurance UK Ltd which is on 90% quota share of the first £500,000 plus 100% of the excess.	80,287	Yes	765,921	Up to £50,000
81	Family and Personal Income Plan From 20 June 2011, the Society has four treaties with varying proportions of the business reassured under each treaty. The overall effect is to achieve 100% reinsurance with a maximum ceded of £10m on any one case, on an equivalent lump sum basis.	4,470	Yes	12,947	£0

9. (d) P. Scor Global Life Reinsurance UK Ltd, Scor Global Life Reinsurance Ireland Ltd

(l) Scor Global Life Reinsurance UK Ltd is authorised to carry on insurance business in the United Kingdom. The other reinsurer listed here is not.

(m) The Society and the reinsurers are not connected

	(e) Nature and extent of cover	(f) Premiums payable during report period (£000)	(h) Open to new business	(j) Mathematical reserves ceded (£000)	(k) Retention for new policies
82	Term Assurance/Decreasing Term Assurance with Critical Illness From 20 July 2008, for contracts where the original sum assured is less than £200,000, 50% quota share, with a maximum ceded of £100,000 on any one case.	8,939	No	26,139	Up to £100,000
83	Family and Personal Income Plan with Critical Illness From 20 July 2008, 50% quota share of first £2,000 per month plus 100% of the excess, with a maximum ceded of £3,000 per month.	247	No	290	Up to £1,000 pm
84	Term Assurance/Decreasing Term Assurance with Critical Illness From 20 July 2008, 90% quota share on the first £500,000, with a maximum ceded of £2,750,000 on any one case.	7,199	No	12,755	Up to £50,000
85	Family and Personal Income Plan with Critical Illness From 20 July 2008, 90% quota share of first £3,750 per month plus 100% of the excess, with a maximum ceded of £1m on any one case on an equivalent lump sum basis.	130	No	(34)	Up to £375pm
86	Portfolio Regular Investment Plan 90% quota share of the first £500,000 plus 100% of the excess, with a maximum ceded of £10m on any one case in respect of business from 10 September 2011.	4	No	0	Up to £50,000

	(e) Nature and extent of cover	(f) Premiums payable during report period (£000)	(h) Open to new business	(j) Mathematical reserves ceded (£000)	(k) Retention for new policies
87	Term Assurance/Decreasing Term Assurance From 1 January 2015, 100% quota share with a maximum ceded of £18m on any one case.	1,689	Yes	38,381	£0

9. (d) Q. Scor Global Life Reinsurance UK Ltd, Scor Global Life Reinsurance Ireland Ltd, XL Re, Royal Bank of Canada

(l) Scor Global Life Reinsurance UK Ltd and XL Re are authorised to carry on insurance business in the United Kingdom. The other reinsurers listed here are not.

(m) The Society and the reinsurers are not connected

	(e) Nature and extent of cover	(f) Premiums payable during report period (£000)	(h) Open to new business	(j) Mathematical reserves ceded (£000)	(k) Retention for new policies
88	Term Assurance, Decreasing Term Assurance, Term Assurance with Critical Illness, Decreasing Term Assurance with Critical Illness, Stand Alone Critical Illness. Combination of treaties with varying proportions of reinsurance, on a 90% quota share basis to either £500,000 or to £1m with 100% of the excess.	8,824	No	48,338	n/a

9. (d) R. Cologne Reinsurance Company United Kingdom Branch Ltd

(l) Cologne Reinsurance Company UK is not authorised to carry on insurance business in the United Kingdom

(m) The Society and the reinsurer are not connected

	(e) Nature and extent of cover	(f) Premiums payable during report period (£000)	(h) Open to new business	(j) Mathematical reserves ceded (£000)	(k) Retention for new policies
89	Whole of Life From 20 July 2008, 90% quota share on the first £500,000, plus 100% of the excess, with a maximum ceded of £5m on any one case.	2,037	No	(24,592)	Up to £50,000

9. (d) S. Legal & General Assurance (Pensions Management) Ltd (“L&G (PMC)”)

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

(m) The reinsurer is a connected company of the insurer.

	(e) Nature and extent of cover	(f) Premiums payable during report period (£000)	(h) Open to new business	(j) Mathematical reserves ceded (£000)	(k) Retention for new policies
90	Segregated Fund All business.	0	Yes	0	£0
91	Linked Pensions Unit Liability All liabilities under the UK L&G (PMC) funds. The	2,348,598	Yes	9,247,853	£0

	(e) Nature and extent of cover	(f) Premiums payable during report period (£000)	(h) Open to new business	(j) Mathematical reserves ceded (£000)	(k) Retention for new policies
	value of the reinsurance cover is determined by reference to the prices of certain of the L&G (PMC) internal linked funds.				
92	Overseas Linked Unit Liabilities All liabilities under the L&G (PMC) European Equity Index and L&G (PMC) World Equity funds. The value of the reinsurance cover is determined by reference to the prices of certain of the L&G (PMC) internal linked funds.	4,980	Yes	68,444	£0

9. (d) T. J P Morgan Life Assurance Ltd (“JPMLAL”)

- (l) The reinsurer is authorised to carry on insurance business in the United Kingdom
(m) The Society and the reinsurer are not connected

	(e) Nature and extent of cover	(f) Premiums payable during report period (£000)	(h) Open to new business	(j) Mathematical reserves ceded (£000)	(k) Retention for new policies
93	Linked Pensions Unit Liabilities All liabilities under the JPMLAL Lifetime Growth, JPMLAL Lifetime Moderate, JPMLAL UK Disciplined Equity, JPMLAL Global (All World ex UK) Equity unit funds together with certain pension business accumulating with-profit liabilities. The value of the reinsurance cover is determined by reference to the prices of certain of JPMLAL’s internal linked funds.	6,910	Yes	108,132	£0

9. (d) U. Deutsche Asset Management Life & Pensions Limited (“Deutsche”)

- (l) The reinsurer is authorised to carry on insurance business in the United Kingdom
(m) The Society and the reinsurer are not connected

	(e) Nature and extent of cover	(f) Premiums payable during report period (£000)	(h) Open to new business	(j) Mathematical reserves ceded (£000)	(k) Retention for new policies
94	Linked Pensions Unit Liabilities All liabilities under the Deutsche Life UK Equity, Deutsche Life Overseas Equity, Deutsche Life Global Growth, Deutsche Life Balanced unit funds together with certain pension business accumulating with-profit liabilities. The value of the reinsurance cover is determined by reference to the prices of certain of Deutsche’s internal linked funds.	7,593	Yes	118,194	£0

9. (d) V. Legal & General Reinsurance Company Limited

- (l) The reinsurer is not authorised to carry on insurance business in the United Kingdom
(m) The Society and the reinsurer are connected

	(e) Nature and extent of cover	(f) Premiums payable during report period (£000)	(h) Open to new business	(j) Mathematical reserves ceded (£000)	(k) Retention for new policies
95	10% of non profit Pension Annuity business (excluding the Cash-Out Retirement Plan, Fixed Term Retirement Plan and US Bulk Annuity (Reassurance Accepted)), and 10% of the external reinsurer default risk are reinsured, including new business but excluding expenses with respect to this annuity business. The premiums payable and amounts ceded are net of premiums paid and recoveries received from other (external) reinsurances on this business.	172,545	Yes	4,170,653	£0

9. (d) W. A combination of reinsurers, comprising:

Reinsurance Syndicate	Share to 14 October 2015				Share to 14 October 2016			
	£50m xs £50m	£50m xs £100m	£50m xs £150m	£50m xs £200m	£50m xs £50m	£50m xs £100m	£50m xs £150m	£50m xs £200m
AIG Europe Ltd	7.20%	7.20%	7.20%	7.20%	2.00%	2.00%	2.00%	2.00%
Beazley 3623	8.00%	8.00%	8.00%	8.00%	7.45%	7.45%	7.45%	7.45%
Argo 1200	2.70%	2.70%	2.70%	2.70%	3.00%	3.00%	3.00%	3.00%
Sirius 1945	3.10%	3.10%	3.10%	3.10%	2.90%	2.90%	2.90%	2.90%
AWAC	7.20%	7.20%	7.20%	7.20%	6.80%	6.80%	6.80%	6.80%
Markel 3000	7.20%	7.20%	7.20%	7.20%	7.20%	7.20%	7.20%	7.20%
Arch Re	6.10%	6.10%	6.10%	6.10%	5.90%	5.90%	5.90%	5.90%
Amlin Bermuda	1.40%	1.40%	1.40%	1.40%	1.20%	1.20%	1.20%	1.20%
Partner Re	5.90%	5.90%	5.90%	5.90%	3.27%	3.27%	3.27%	3.27%
Axis Re	10.60%	10.60%	10.60%	10.60%	10.62%	10.62%	10.62%	10.62%
HCC International	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Liberty 4472	2.10%	2.10%	2.10%	2.10%	1.90%	1.90%	1.90%	1.90%
AnTrust 1206	1.60%	1.60%	1.60%	1.60%	1.95%	1.95%	1.95%	1.95%
Torus 1301	2.10%	2.10%	2.10%	2.10%	2.40%	2.40%	2.40%	2.40%
Atrium 609	1.30%	1.30%	1.30%	1.30%	1.40%	1.40%	1.40%	1.40%
Pembroke 4000	2.80%	2.80%	2.80%	2.80%	3.00%	3.00%	3.00%	3.00%
RMA, on behalf of Toa Re	2.20%	2.20%	2.20%	2.20%	1.90%	1.90%	1.90%	1.90%
Lansforsakringar	0.60%	0.60%	0.60%	0.60%	0.30%	0.30%	0.30%	0.30%
Advent 780	0.70%	0.70%	0.70%	0.70%	0.50%	0.50%	0.50%	0.50%
Hardy 382	2.50%	2.50%	2.50%	2.50%	3.25%	3.25%	3.25%	3.25%
ARK 4020	1.10%	1.10%	1.10%	1.10%	1.30%	1.30%	1.30%	1.30%
Kiln 510	5.20%	5.20%	5.20%	5.20%	5.90%	5.90%	5.90%	5.90%
Transatlantic Re	8.20%	8.20%	8.20%	8.20%	9.50%	9.50%	9.50%	9.50%
Hiscox 566 (Lineslip)	3.50%	3.50%	3.50%	3.50%	7.00%	7.00%	7.00%	7.00%
Acappella Consortium (Lineslip)	2.40%	2.40%	2.40%	2.40%	2.76%	2.76%	2.76%	2.76%
ANV 1861					1.00%	1.00%	1.00%	1.00%
Zon Re, on behalf of Lloyd's syndicates					2.60%	2.60%	2.60%	2.60%
RMG, on behalf of Sirius					2.00%	2.00%	2.00%	2.00%
Zon Re, on behalf of Chubb & Son								
TOTAL	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

(l) The reinsurers are a combination of those authorised to carry on insurance business in the United Kingdom, EEA or overseas Reinsurer.

(m) The Society and the reinsurers are not connected

	(e) Nature and extent of cover	(f) Premiums payable during report period (£000)	(h) Open to new business	(j) Mathematical reserves ceded (£000)	(k) Retention for new policies
96	Group risk catastrophe excess of loss This treaty became effective on 1 September 2011, renewed in 2015 and remains in force until 14 October 2016. It covers business written to the Group and Individual Life account and the Group Income Protection Account.	1515	Yes	n/a	n/a

(e) Nature and extent of cover	(f) Premiums payable during report period (£000)	(h) Open to new business	(j) Mathematical reserves ceded (£000)	(k) Retention for new policies
<p>The reassurance limits are:</p> <ul style="list-style-type: none"> • A maximum of £200m with an excess of £50m per event. • A maximum of £1.25m per person for Life. • A maximum of £6.375m per person for Group Income Protection. • A minimum of 8 lives per event. <p>The exclusions include: Nuclear terrorism, wars, invasions and hostilities among others.</p>				

9. (d) X. A combination of reinsurers, comprising:

Reinsurance Syndicate	
ARK	42.5%
Beazley	13.0%
Argo	12.8%
Kiln	7.75%
Pembroke	8.45%
Atrium	8.5%
Sirius	2.0%
Axis Re SE, Eire	5.0%
Total	100.0%

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

(m) The Society and the reinsurer are not connected

(e) Nature and extent of cover	(f) Premiums payable during report period (£000)	(h) Open to new business	(j) Mathematical reserves ceded (£000)	(k) Retention for new policies
<p>97 Group Permanent Health Insurance</p> <p>Surplus cover of 90% for annual benefits above 80k where the life is medically underwritten.</p>	584	Yes	1173	-

9. (d) Y. Marias Falls Insurance Co, Limited of Hamilton, Bermuda

(l) The reinsurer is not authorised to carry on insurance business in the United Kingdom

(m) The Society and the reinsurer are not connected

(e) Nature and extent of cover	(f) Premiums payable during report period (£000)	(h) Open to new business	(j) Mathematical reserves ceded (£000)	(k) Retention for new policies
<p>98 Group Permanent Health Insurance, Claims in Payment</p> <p>The treaty came to effect December 2012 and remains in-force in perpetuity until expiry of ceded liabilities or cancellation of treaty.</p> <p>The future income benefits of a closed group of claimants (DHL Supply Chain UK) are entirely reinsured.</p>	0	No	8223	n/a

9. (d) Z. HSBC Life (UK) Limited

- (l) The reinsurer is authorised to carry on insurance business in the United Kingdom
(m) The Society and the reinsurer are not connected

	(e) Nature and extent of cover	(f) Premiums payable during report period (£000)	(h) Open to new business	(j) Mathematical reserves ceded (£000)	(k) Retention for new policies
99	Linked Pensions Unit Liabilities All liabilities under the Amanah fund	65	Yes	0	£0

9. (d) AA. Threadneedle Pensions Ltd

- (l) The reinsurer is authorised to carry on insurance business in the United Kingdom
(m) The Society and the reinsurer are not connected

	(e) Nature and extent of cover	(f) Premiums payable during report period (£000)	(h) Open to new business	(j) Mathematical reserves ceded (£000)	(k) Retention for new policies
100	Linked Pensions Unit Liabilities All liabilities under the Cautious Pathway fund, Balanced Pathway fund, Adventurous Pathway fund, UK Equity fund, Property fund, Multi Asset fund, Mixed fund and the Company 1 Property fund	5,915	Yes	30,811	£0

9. (d) AB. Allianz Global Life Limited

- (l) The reinsurer is authorised to carry on insurance business in the EEA
(m) The Society and the reinsurer are not connected

	(e) Nature and extent of cover	(f) Premiums payable during report period (£000)	(h) Open to new business	(j) Mathematical reserves ceded (£000)	(k) Retention for new policies
101	Group Life Assurance, Dependants and Orphans Pensions and Group Income Protection Proportional reinsurance varying by each scheme. The proportion ceded may vary up to 100% depending on each scheme and nature of cover.	8,784	Yes	8,178 9,682 (PHI claims still in-force)	£0

9. (d) AC. Prudential Retirement Insurance and Annuity Company

- (l) The reinsurer is not authorised to carry on insurance business in the United Kingdom
(m) The Society and the reinsurer are not connected

	(e) Nature and extent of cover	(f) Premiums payable during report period (£000)	(h) Open to new business	(j) Mathematical reserves ceded (£000)	(k) Retention for new policies
102	Longevity Reinsurance Longevity reinsurance arrangement of the actual annuity payments covered under the longevity arrangement between Legal & General Assurance society and the beneficiary. 45% of the actual annuity payments is reinsured to PRIAC and 10% is retained by the Company.	71,781	No	28,527	n/a
103	Longevity Reinsurance Longevity reinsurance arrangement of the actual annuity payments covered under the longevity arrangement between Legal & General Assurance society and the beneficiary. 75% of the actual annuity payments is reinsured to PRIAC and 10% is retained by the Company.	67,633	No	22,556	n/a

9. (d) AD. Berkshire Hathaway

- (l) The reinsurer is not authorised to carry on insurance business in the United Kingdom
(m) The Society and the reinsurer are not connected

	(e) Nature and extent of cover	(f) Premiums payable during report period (£000)	(h) Open to new business	(j) Mathematical reserves ceded (£000)	(k) Retention for new policies
104	Longevity Reinsurance 75% quota share reinsurance of pre-commutation annuities from 2025 onwards in respect of two bulk purchase schemes. There is a cap on the total benefit payments to be made from Berkshire Hathaway to Legal & General	277,648	No	253,536	n/a

9. (d) AE. RGA Global Reinsurance Company, Ltd

- (l) The reinsurer is not authorised to carry on insurance business in the United Kingdom
(m) The Society and the reinsurer are not connected

	(e) Nature and extent of cover	(f) Premiums payable during report period (£000)	(h) Open to new business	(j) Mathematical reserves ceded (£000)	(k) Retention for new policies
105	Longevity Reinsurance Longevity reinsurance arrangement of the actual annuity payments covered under the longevity arrangement between Legal & General Assurance society and the beneficiary. 80.75% of the actual annuity payments is reinsured to RGA and 15% is retained by the Company.	27,395	No	16,207	n/a
106	Longevity Reinsurance Longevity reinsurance arrangement of the actual annuity payments covered under the longevity arrangement between Legal & General Assurance society and the beneficiary. 16.15% of the actual annuity payments is reinsured to RGA and 15% is retained by the Company.	79,504	No	17,005	n/a

9. (d) AF. RBC Royal Bank of Canada Insurance Company

- (l) The reinsurer is not authorised to carry on insurance business in the United Kingdom
(m) The Society and the reinsurer are not connected

	(e) Nature and extent of cover	(f) Premiums payable during report period (£000)	(h) Open to new business	(j) Mathematical reserves ceded (£000)	(k) Retention for new policies
107	Longevity Reinsurance Longevity reinsurance arrangement of the actual annuity payments covered under the longevity arrangement between Legal & General Assurance society and the beneficiary. 17.5% of the actual annuity payments is reinsured to RBC and 10% is retained by the Company.	20,172	No	12,772	n/a

- (g) The Society has not entered into any deposit back arrangements.
- (n) No material legal risk attaches to any of the treaties above. The Society has credit risk exposure to each of the reinsurers above, but none exceeds internal exposure limits such that the reduction in mathematical reserves need be restricted. Additionally an explicit reserve has been set up to cover the cost of potential reinsurer default (see Section 8).
- (o) For all contracts of reinsurance, any repayment of commission in respect of lapse or surrender would be exceeded by an associated repayment of premium, hence no additional provision is necessary.

For certain contracts of reinsurance arranged on a quota share basis, a rebate of premium is received from the reinsurer. Provision has been made for the repayment of any excess of rebate received over the amount earned in the event of policyholder lapse.

- (p) The Society has not entered into any financing arrangements.

10. Reversionary (or annual) bonus

- 10(1) The rates of annual and reversionary bonus declared for each bonus series are given in the following table. Under some categories lower rates of bonus apply where a policy has been converted to a reduced paid-up contract or where premiums are deemed to have been discontinued and these are shown separately. Unit-linked benefits linked to internal investment funds do not benefit from bonus additions.

Participating with-profits policies share in profits from outset. Bonuses vest when claims are paid.

Except for Group Policies (1980 Bonus System) and With Profit Annuity, the bonus rates shown applied to policies which were in force on 31 December 2015 and which had not become a claim (including attainment of normal retirement age or retirement for High Performance Pension Plan annual bonuses), cancellation or surrender before 18 February 2016.

For With Profit Annuity the reversionary bonus rates shown for 2015 are those which apply to policies for one year from the renewal date of the policy on or after 1 April 2016, and similarly for 2014.

	Mathematical Reserves	% Reversionary Bonus Rate for	% Reversionary Bonus Rate for	% Total Guaranteed Bonus Rate for
(e) series	(£000)	2015	2014	2015
INDIVIDUAL NON-LINKED POLICIES:				
Private Income Plan	2,570	0.00	0.00	3.96
Personal Retirement Plan				
Year of premium payment:				
1972 – 1995	571,056	0.00	0.00	0.00

	Mathematical Reserves	% Reversionary Bonus Rate for	% Reversionary Bonus Rate for	% Total Guaranteed Bonus Rate for
(e) Bonus series	(£000)	2015	2014	2015
1996	6,948	0.50	0.25	0.50
1997	6,525	0.50	0.25	0.50
1998	6,284	0.25	0.25	0.25
1999 – 2000	10,657	0.25	0.25	0.25
2001	5,524	0.50	0.25	0.50
2002	5,861	1.25	1.00	1.25
2003	4,237	1.50	1.25	1.50
2004	3,751	1.00	0.75	1.00
2005	4,103	0.50	0.25	0.50
2006 - 2007	6,060	0.25	0.25	0.25
2008	2,688	1.00	0.75	1.00
2009	2,843	2.25	2.25	2.25
2010	2,706	1.75	1.75	1.75
2011	2,572	1.75	1.75	1.75
2012	2,324	2.50	2.50	2.50
2013	2,078	2.50	2.25	2.50
2014	1,833	2.50	2.25	2.50
2015	1,149	2.25		2.25
Buy Out Plan				
Year of premium payment:				
1985 – 1992	288,719	0.00	0.00	5.00
1993	52,333	0.00	0.00	4.50
1994	18,873	0.25	0.00	0.25
1995	6,412	0.15	0.00	1.25
With Profit Annuity				
03/04/2000-17/03/2002	18,711	2.00	2.00	2.00
28/02/2002-18/04/2003	25,871	2.00	2.00	2.00
01/04/2003-29/11/2003	4,400	2.00	2.00	2.00
12/11/2003-18/08/2006	100,599	1.71	1.71	1.71
01/08/2006-05/12/2007	42,949	1.50	1.50	1.50
18/11/2007-20/01/2012	70,883	1.88	1.88	1.88
03/01/2012-18/07/2012	5,926	1.75	1.75	1.75
01/07/2012 – 28/01/2013	5,166	1.75	1.75	1.75
12/12/2012 – 30/04/2013	705	1.5	1.75	1.5
Pre-1972 Personal Pensions	35			
Premium paying				
- on participating sum assured or annuity		0.50	0.50	0.50
- on bonuses already attaching		0.50	0.50	0.50
Paid up				
- on participating sum assured or annuity		0.50	0.50	0.50
- on bonuses already attaching		0.50	0.50	0.50
Other Assurances and Deferred Annuities	519,299			
Premium paying				
- on participating sum assured or annuity		1.25	1.25	1.25
- on bonuses already attaching		1.25	1.25	1.25
Paid up				
- on participating sum assured or annuity		1.00	1.00	1.00
- on bonuses already attaching		1.00	1.00	1.00
UNITISED WITH-PROFITS POLICIES (LIFE): ANNUAL PREMIUM POLICIES				
Flexible Mortgage Plan (Series 2, 4 & 5), Prospects	45,995	2.81	2.70	2.81

	Mathematical Reserves	% Reversionary Bonus Rate for	% Reversionary Bonus Rate for	% Total Guaranteed Bonus Rate for
(e) Bonus series	(£000)	2015	2014	2015
Flexible Mortgage Plan (Series 10 & 12)	90,110	2.48	2.35	2.48
Flexible Protection Plan (Series 3 & 4)	7,705	3.69	3.66	3.69
New Savings Plan (Series 1)	177	2.15	2.03	2.15
Flexible Mortgage Plan (Series 6 & 8)	140,018	1.37	1.08	2.27
Flexible Protection Plan (Series 5)	183	2.47	2.26	3.37
New Savings Plan (Series 2)	902	1.52	0.97	2.42
Regular Savings Plan (Series 1)	419	1.06	0.65	1.96
UNITISED WITH-PROFITS POLICIES (LIFE): SINGLE PREMIUM POLICIES				
Capital Investment Portfolio (Series 1)	25,021	2.40	2.35	2.40
Capital Investment Portfolio (Series 5)	54,672	2.00	1.75	2.00
Capital Investment Portfolio (Series 7)	214,601	2.93	2.47	2.93
With-Profit Bond (Series 1 & 4)	1,262,286	3.22	2.71	3.22
With-Profit Bond (Series 2, 3 & 5)	1,048,626	1.68	1.57	1.68
With-Profit Bond (Series 6)	16,538	2.87	2.48	2.87
With-Profit Bond (Series 7)	16,195	2.09	2.03	2.09
Capital Investment Portfolio (Series 6)	83,613	0.44	0.39	1.34
With-Profit Bond (Series 8 & 9)	46,624	5.22	4.46	5.22
With-Profit Bond (Series 10 & 11)	101,596	2.35	4.83	2.35
With-Profit Bond (Series 12 & 13)	20,506	5.50	4.83	5.50
With-Profit Bond (Series 14 & 15)	152,290	2.62	2.59	2.62
With-Profit Bond (Series 16 - 19)	168,170	2.05	1.94	2.05
UNITISED WITH-PROFITS POLICIES (PENSIONS):				
Trustee Investment Plan 1999 (Series 1)	171	0.00	0.00	0.00
Trustee Investment Plan 1999 (Series 2)	0	2.00	2.00	2.00
Personal Pension Plan 2000	35,902	2.77	2.69	2.77
Group AVC 2002 (Series 1)	259	2.72	2.66	2.72
Company Pension Scheme	3,175	2.34	2.14	2.34
Other contracts				
- without Contractual Minimum Addition				
Initial Units - Generation 2 & 4	7,347	0.00	0.00	0.35
Initial Units - Generation 5	21,511	0.00	0.00	0.60
Initial Units - Generation 6	27,473	0.00	0.00	0.18
Accumulation units	2,804,979	1.40	1.34	3.07
- with Contractual Minimum Addition				
Initial units	2,455	0.00	0.00	0.00
Accumulation units	242,058	1.05	0.69	2.15
GROUP NON-LINKED POLICIES:				
Private Income Plan	57,698	0.51	0.48	3.45
High Performance Pension Plan				
Premium Paying	163	0.00	0.00	4.25
Paid up	4,804	0.00	0.00	4.25
Money Purchase Plan				
Approved	985	0.02	0.01	4.47
Unapproved	0	0.00	0.00	0.00
Money Purchase Pension Plan (In Payment)	1,061	0.25	0.25	0.25
1971 Bonus System	417	0.00	0.00	0.00
1980 Bonus System				
Approved policies	79,259	1.17	0.98	1.23
Unapproved policies	0	0.00	0.00	0.00

- (2) In the above table, for unitised with-profits business the percentage bonus rates applied to units are shown.
- (3) In the above table both bonus rates in super compound bonus rates are shown separately.
- (4) For unitised with-profits and group non-linked policies, bonus rates vary by pool. The bonus rates shown are weighted averages across the individual pools for each bonus series.

For certain accumulating with-profits contracts, a guaranteed minimum rate of addition to benefits is payable, in addition to bonus. Both of these are included in the column headed “% Total Guaranteed Bonus Rate for 2015”.

Returns under Chapter 9, Appendix 9.4A of the Interim Prudential Sourcebook for Insurers
Abstract of Valuation Report for Realistic Valuation
Legal & General Assurance Society Limited
Financial Year Ended 31 December 2015

Introduction

- 1(1) The valuation to which this actuarial investigation relates is 31 December 2015.
- 1(2) The previous valuation related to 31 December 2014.
- 1(3) An interim valuation was carried out as at 30 June 2015.

Assets

- 2(1) For linked business written in the With Profits Sub-Fund the investment return, risk discount rate and expenses inflation are derived based on a full yield curve plus 10bps. The risk discount rate is based on the investment return curve plus a 1.25% margin for non market risk.

For other non-profit contracts a similar approach is taken but there is no 1.25% margin.

- 2(2) Not applicable
- 2(3) Not applicable
- 2(4) Not applicable

With-Profits Benefits Reserve Liabilities

- 3(1) Method 1: A retrospective method has been used for all significant classes of with-profits insurance contracts. For Traditional With-Profits contracts, this method is the calculation of an asset share. Asset shares are calculated by assessing the premiums received net of payments to policyholders, expenses and other deductions (for example for the cost of guarantees and options, and transfers to shareholders). These sums are then accumulated with investment returns, allowing for tax (including an allowance for tax in relation to unrealised capital gains or losses).

For Unitised With-Profits contracts, the calculation of the above asset share is still carried out, but the With-Profits Benefit Reserve for these contracts is defined to spread all expenses and non-economic profits and losses over the assumed term of the contract. This definition is used to manage payouts on Unitised With-Profits business and is derived as an accumulation of the allocated premiums less policyholder deductions, less partial withdrawals and transfers to shareholders, using the asset share investment return for these contracts, but allowing for a Surplus Yield Adjustment. The Surplus Yield Adjustment is defined so that the accumulation of the above cashflows at the asset share investment return allowing for the Surplus yield Adjustment converges to the asset share at maturity (or at a fixed term for policies without a maturity date, for example, fifteen years for many bonds).

The level of initial and renewal expenses on certain classes of business within asset share calculations has been capped at a level below that borne by the With Profits Sub Fund. The balancing amounts are met from the working capital of the With Profits Sub Fund, except for new business sold from 1 July 2012, where initial expenses in excess of the cap are charged to the shareholder's fund. Initial expense caps apply to most Unitised Life contracts written since 1995, some conventional life contracts sold in the late 1980s and early 1990s, most Unitised Pensions contracts written since 1995 and With Profits Annuity contracts. Renewal expense caps apply to most Unitised Pensions contracts written since 1997 and to a limited number of Unitised Life savings contracts.

For most business the level of shareholder transfer charged to asset shares has been restricted to a level below 10% of the Distributed Surplus. For most business sold before 1995 the deduction prior to 2005 was calculated as the transfer to shareholders determined assuming a 95:5 article plus tax as a result of the shareholder transfer consistent with the Shareholder Transfer being 10% of Distributed Surplus. For business sold since 1995 the percentage varies according to the type and version of the contract.

From 2005 onwards no charge is made in respect of the tax on the shareholder transfer and the percentage charged in respect of shareholder transfer varies according to the type and version of the contract.

Contractual Annual Interest and Contractual Minimum Addition are not bonus, and so do not generate a transfer to shareholders.

Method 2: For some minor classes of with-profits contracts a prospective method has been used. For these contracts the regulatory reserve has been used as a prudent approximation to the total of the with-profits benefits reserve and the future policy related liabilities. These minor classes are included within the following table under “Other”.

The following table shows the amounts of with-profits benefits reserve and the future policy related liabilities for each class of product.

£m	With-Profits Benefits Reserves	Future Policy Related Liabilities
Conventional Life	590	15
Unitised Bonds with guaranteed annual increments #	118	-1
Unitised Bonds without guaranteed annual increments	3,589	-56
Regular Premium unitised life business with guaranteed annual increments #	191	3
Regular Premium unitised life business without guaranteed annual increments	209	0
Unitised Pensions with guaranteed annual increments #	3,340	104
Unitised Pensions without guaranteed annual increments	571	3
Personal Retirement Plan	257	349
Buy Out Plan	115	207
Adaptable Funding Contract	25	5
With Profit Annuities	338	31
Other	75	268
Total	9,417	927

These contracts may also contain some monies on which no guaranteed annual increments are credited.

3(2) The amounts shown above equal the amounts shown at lines 31 and 49 of Form 19.

With-Profits Benefits Reserve – Retrospective Method

4(1) The following table shows the proportions of the with-profits benefits reserve which have been valued on an individual basis and on a grouped basis.

	Proportion valued on an individual basis	Proportion valued on a grouped basis
Method 1	99.7%	0.3%

4(1)(c) Where contracts have been grouped this is achieved by averaging the underlying policy data. The grouping process is designed to ensure that key features relevant to calculation of the with-profits benefits reserve and the future policy related liabilities are retained. Relevant key features include contract type, maturity year, year of investment and the presence and extent of certain guarantees.

The following table shows the relationship between the number of model points and the number of individual policies that they represent:

	Number of individual policies	Number of model points
Conventional Life	49,495	49,495
Unitised Life business	9,319,909	124,915
Unitised Pensions business	173,386	178,081
Personal Retirement Plan	14,967	132,033
Buy Out Plan	5,259	5,259
Adaptable Funding Contracts	51	38
With Profit Annuities	8,679	12,666
Total	9,571,747	502,487

For Unitised Life business, the number of individual policies exceeds the number of model points despite no grouping of data across individual lives. This is due to clustering on some contracts, where, for administrative reasons, each individual sale involves setting up a large number of identical policies.

For Unitised Pensions, the number of model points exceeds the number of individual policies because individual policies can have increments associated with them, for which separate model points are created.

For Personal Retirement Plan the number of model points exceeds the number of policies. This is a consequence of individual policies consisting of multiple premium tranches which are separately identified.

For With Profit Annuities the number of model points exceeds the number of policies. This is a consequence of some individual policies containing multiple benefits which are separately identified.

The grouping process is validated by comparing calculated regulatory reserves, numbers of policies in-force and current level of benefit against the results from ungrouped data. As a further validation the historic accumulation of pool values for accumulating with-profits contracts is compared against current pool values.

4(2)(a) There has been no significant change to the valuation method used to value the with-profits benefits reserve.

4(3)(a) The most recent expense investigation was carried out as at 31 December 2015.

4(3)(b) Expense investigations for the purpose of calculating with-profits benefits reserve are carried out yearly and updated half-yearly.

4(3)(c) Table of total expenses allocated to the with-profits benefits reserve during 2015:

Expenses allocated to with-profits benefits reserve (£m)	Initial expenses	Maintenance expenses	Total expenses
Conventional Life	0.0	6.1	6.1
Unitised Life	0.0	15.9	15.9
Unitised Pensions	0.5	10.0	10.5
Personal Retirement Plan	0.0	1.3	1.3
Buy Out Plan	0.0	0.8	0.8
Adaptable Funding Contracts	0.0	1.4	1.4
With Profit Annuities	0.0	0.4	0.4
Total	0.5	35.9	36.4

4(3)(c)(i) Initial expenses consist of acquisition commission, selling costs, underwriting and setting up costs when processing new business.

4(3)(c)(ii) Maintenance expenses include all other ongoing costs of administering existing policies including an allocation of Society's fixed costs and renewal commission.

4(3)(c)(iii) Expenses are attributed to with-profits policies in accordance with allocation bases determined by the Society to give a fair apportionment of expenses between contract classes. From 1999 commission has been charged as incurred. In earlier years it had been apportioned. The remaining expenses are generally allocated on the basis of an apportionment of the cost incurred in acquiring and administering the policies. The basis of apportionment is regularly reviewed for fairness and varies according to the category of expense. For example, for individual business sales expenses are generally apportioned in accordance with initial commission generated and administration expenses in accordance with numbers of policies processed within broad policy types.

An additional Peak 2 liability of £36m continues to be held in respect of the expected additional cost for all with profits (£15m for participating and £21m for non-profit) business of progressively increasing unit costs over the future run-off of the fund. This approach will be reconsidered for future reporting exercises in the light of any mitigating management actions.

Certain expenses charged to asset shares for most unitised with-profits life and pensions business written since 1995 and for some conventional life business written in the late 1980s and early 1990s have been capped at a level below that actually incurred. The levels of the expense caps vary by product type and vintage. From 2014, unit costs in respect of pension scheme deficit contributions are assumed to be capped at 2013 levels plus RPI. Where expenses are not capped the same expense deductions are applied to asset shares as are borne by the With Profits Sub Fund, suitably apportioned. Expenses in excess of the cap are charged to the Working Capital of the With Profits Sub Fund.

For new business sold from 1 July 2012, initial expenses in excess of the cap will be charged to the shareholder's fund.

For unitised with-profits business, the charging of expenses to the with-profits benefit reserve happens implicitly via the Surplus Yield Adjustment deduction from asset share investment return (see 3(1)).

4(3)(c)(iv) Expenses in excess of expense caps and certain categories of exceptional expenses are not allocated to the with-profits benefits reserve. The amounts of these incurred in 2015 are given in the table below.

Expenses allocated to other than with-profits benefits reserve	Amounts (£m)	Comments
Conventional Life / Personal Retirement Plan / Buy Out Plan	2.0	Expenses and compensation arising from reviewing mortgage endowments and other complaints.
Unitised Life	3.4	Expense Caps; Expenses and compensation arising from reviewing mortgage endowments and other complaints, share of pension scheme deficit cap cost and Solvency 2 costs
Unitised Pensions	9.5	Expense Caps; Expenses and compensation arising from Pensions Review and other complaints; share of pension scheme deficit cap cost and Solvency 2 costs
Total	14.9	

4(4) A charge is deducted from the with-profits benefits reserve for Buy Out Plans. This deduction is in respect of the guarantee to pay Guaranteed Minimum Pensions. The amount of the charge was £0.6m (2014: £0.6m).

A charge is deducted from the with-profits benefits reserve for certain Capital Protection Bonds, Capital Protection Plus Bonds and Capital Control Bonds. This deduction may be in respect of investment guarantees at their fifth policy anniversary, their tenth policy anniversary or both . The amount of the charge was £0.4m (2014: £3.5m).

The inherited estate is the excess of assets held within the Society LTF over and above the amount required to meet liabilities, including those which arise from the regulatory duty to treat customers fairly in settling discretionary benefits. Following the closure of the With-Profit Sub Fund, the Board will consider annually whether part of the Inherited Estate should be distributed to With Profits Policyholders. In adverse circumstances this may result in a deduction from investment returns in order to increase the value of the Inherited Estate. The amount and timing of any distribution from or deduction to increase the Inherited Estate shall be determined by the Board. Following this approach, the Board has agreed a charge of 0.2% in respect of changes in the cost of guarantees and options to be made as part of the 2015 bonus declaration (2014: nil).

During 2005 Society introduced a potential charge to the with-profits benefits reserve based on changes in the value of options and guarantees on with-profits participating business. Should the value of options and guarantees, after adjustment for guarantee costs met, new business and for the movement in the value of assets backing guarantee liabilities, increase when compared to the value assessed as at 30 June 2005 then Society had the right to make a charge equal to the value of that increase. Should the value of guarantees and options subsequently fall then, subject to it being prudent to do so, Society expected to refund the value of this reduction. This charge also known as DROGO (deduction in respect of guarantees and options) was limited to a maximum of 0.75% p.a. of the with-profits benefit reserve.

The following charges were applied for 2014 with no equivalent charge for 2015.

A refund of 0.55% was made to the with-profits benefits reserve as at 31 December 2014. This represents a refund of the remaining past accumulated charges.

A charge of 1.25% was also levied on all Unitised With-Profits policies at 31 December 2014 to adjust their asset shares in respect of unrecovered expenses on future claims so that fairness between different groups of with-profits policies can be maintained.

- 4(5) No charges are deducted from the With Profits Sub Fund for non-insurance risk.
- 4(6) A table showing the average over the preceding three financial years of claims paid out on with-profits insurance contracts compared to the with-profits benefits reserve for those claims:

Ratio of claims to with-profits benefits reserve plus any past miscellaneous surplus less any past miscellaneous deficit	Ratio for claims in 2013*	Ratio for claims in 2014	Ratio for claims in 2015
Death claims	116%	112%	112%
Surrender claims	98%	95%	94%
Maturity claims	103%	103%	108%

*The 2013 death and surrender claims ratios were restated following the change in the With-Profits Benefit Reserve definition for Unitised With-Profits business during 2014

- 4(7) The mix of assets backing the asset shares during 2015 varies by class of business. As a consequence the investment return varies by class of business, as detailed in the table on the next page.

Investment returns shown are gross of tax and investment expenses.

With-profits insurance contract type	Asset Mix currently applied to determine investment returns	With-Profit Benefit Reserve at 31/12/2015	Investment Return gross of tax, gross of investment expenses 1/1/2015 to 31/12/2015	Average With-Profit Benefit Reserve 1/1/2015 to 31/12/2015**	Weighted Return *
With Profit Annuities (fixed part)	100% invested in fixed interest	89,934	0.95%	91,351	0.0087%
With Profit Annuities (non-fixed part)	100% invested in 'real' assets (equities and property)	247,676	4.37%	252,689	0.1110%
Group Pensions contracts (1980 Bonus Series) eligible for Contractual Annual Interest	The asset mix for these contracts during 2015 increased from 50% to 51.5% invested in fixed interest with the balance in 'real assets'.	0	2.74%	726	0.0002%
Group Pensions contracts (1980 Bonus Series) not eligible for Contractual Annual Interest	The asset mix for these contracts is made up of the remainder of the assets, but allocated in such a way that pensions contracts will have 10% more invested in fixed interest securities than life contracts and Unitised With-Profits pensions contracts with CAI will have a further 5% more invested in fixed interest securities.	25,123	3.02%	36,294	0.0111%
Personal Retirement Pension contracts		261,912	3.03%	270,304	0.0824%
Conventional Section 32 Buy-Out Plans		117,937	3.03%	126,296	0.0385%
Other Conventional Pensions contracts		22,292	3.02%	25,706	0.0078%
Unitised With-Profits Pensions contracts CAI		3,066,121	2.86%	3,194,101	0.9191%
Unitised With-Profits Pensions contracts non-CAI		847,046	3.03%	850,525	0.2592%
Conventional Life contracts excluding those listed below		632,576	3.54%	789,661	0.2810%
Unitised With-Profits Life contracts excluding those listed below		1,824,168	3.35%	1,979,033	0.6670%
April 2002 and later With Profit Income Bonds and switches into With-Profits from 2003 on July 1997 and later Investment Bonds		10% more than Unitised With-Profits Life contracts in the row above, in fixed interest, and 5% less in respectively UK equities (including ventures) and overseas equities.	1,120,093	2.99%	1,096,595
Income Bonds pre April 2002	6.5% more than Unitised With-Profits Life contracts in the above, in fixed interest, with a similar real asset mix to the products above	516,241	3.17%	571,312	0.1824%
October 2003 and later With Profit Bonds which have a ten year money back guarantee	Part of each issue was invested in a derivative in order to provide the guarantee. All such derivative holdings have now matured. The remainder of the asset share is invested in the normal asset classes in the same proportions as the similar product without the guarantee would be invested.				
- Income Bonds		20,715	2.99%	19,797	0.0060%
- Other Bonds	24,729	3.24%	23,412	0.0076%	

With-profits insurance contract type	Asset Mix currently applied to determine investment returns	With-Profit Benefit Reserve at 31/12/2015	Investment Return gross of tax, gross of investment expenses 1/1/2015 to 31/12/2015	Average With-Profit Benefit Reserve 1/1/2015 to 31/12/2015**	Weighted Return *
Capital Protection Plus (available from November 2008), Capital Protection Bonds (available post 1/1/09), and Capital Control Bonds (available from March 2010)	The asset mix for the two versions of Capital Protection Plus & Capital Protection Bonds are determined relative to the asset mix for standard income and growth bonds respectively, with differences as follows: Fixed interest – the Capital Protection Plus Growth Bond and the Capital Protection Growth Bond have 5% more invested in fixed interest than the standard growth bond, with a corresponding reduction in the real asset mix.				
- Income Bonds		115,473	2.96%	115,808	0.0346%
- Other Bonds		484,819	3.05%	489,296	0.1500%
Total		9,416,854		9,932,904	3.0966%

* The weighted return per contract type is calculated as the investment return over the period, multiplied with the average benefit reserve over the period for that contract type, divided by the total average benefit reserve summed across all contract types.

** For new products or products where there were none in-force at the end of the year, the average is calculated over the in-force period.

With-Profits Benefits Reserve – Prospective Method

- 5(1) A prospective method has been used for some minor classes of with-profits contracts amounting to approximately 1% of the total with-profits benefits reserve. None of the assumptions involved are key assumptions.

Cost of any guarantees, options and smoothing

- 6(1) Cost of Guarantees, Options and Smoothing exceeds £50m.
- 6(2)(a) A single valuation method has been used to value the costs of guarantees, options and smoothing for all significant classes of with-profits insurance contracts. The method used is a Monte Carlo projection of the with-profits benefits reserve and the guaranteed amounts allowing for investment returns and bonuses. The investment returns and bonuses used depend on the underlying investment conditions in each scenario and on the asset mix backing each class of business. The values of guarantees, options and smoothing are obtained by averaging the relevant discounted amounts.

Where guarantees, options and smoothing apply simultaneously to a contract the costs have been assessed as follows:

Firstly the guarantee cost defined as the value of the amount by which the guaranteed benefit exceeds the with-profits benefits reserve.

Secondly the cost of smoothing defined as the value of the amount by which the smoothed benefit exceeds the higher of the guaranteed benefit and the with-profits benefits reserve.

Lastly the cost of the option defined as the extra cost associated with the option.

- 6(2)(b)(i) The method above applies to all material classes of with-profits insurance contracts, with the exception of With Profits Annuities where the guarantee cost and cost of smoothing are calculated together.
- 6(2)(b)(ii) All contracts are valued on a grouped basis.
- 6(2)(b)(iii) Contracts are grouped by averaging the underlying policy data. The grouping process is designed to ensure which key features relevant to the guarantees and options to be valued are retained. Relevant key features include contract type, maturity year, year of investment and the presence and extent of certain guarantees.

The number of contracts valued is 9,571,747. These are represented by 1,543 model points.

For each class of with-profits insurance contracts which is grouped, cash-flow projections are carried out on the grouped data on a number of bases. These projections are compared to similar projections carried out on data that has been grouped much more finely to ensure that significant attributes have not been lost. In addition key variables such as numbers of contracts, sums assured and regulatory reserve are compared to the results from ungrouped data.

- 6(3) There are no significant changes to the valuation methods for valuing the costs of guarantees, options and smoothing since the previous valuation.
- 6(4)(a)(i) The following types of guarantees, options and smoothing have been valued using a full stochastic approach.

Maturity Guarantees

These take the form of a minimum amount of benefit, including the addition of annual bonuses, which is guaranteed to be payable on maturity of the contract. In some cases the minimum amount of benefit may be expressed in the form of a guaranteed amount of annuity benefit.

Surrender Guarantees

These take one of the following forms:

A guaranteed amount of the single premium less withdrawals payable on surrender from the tenth anniversary for certain With-Profits Bond contracts sold before April 2002.

For Capital Protection Bonds, launched in May 2008, a guaranteed amount of single premium less withdrawals is payable on surrender at a fixed date which is ten years after the date of initial allocation. The same guarantee may also apply five years after the date of initial allocation, if selected by the policyholder at outset. There is a charge for this guarantee if selected.

For Capital Protection Plus Bonds, launched in November 2008, a guaranteed amount is payable on surrender at a fixed date which is ten years after the date of initial allocation. The guaranteed amount is 120% of single premium less withdrawals. An optional guarantee payable at the fifth anniversary date of 110% of single premium less withdrawals may be selected by the policyholder at outset. Charges are payable for both these guarantees.

For Capital Control Bonds, launched in March 2010, a guarantee applies whereby the benefit is topped-up (without requiring the contract to be surrendered) if it is lower than the guaranteed amount. This top-up will occur at fixed dates which are 5 or 10 years after the date of initial allocation. The default guarantee is 100% of single premium less any withdrawals at 10 years, with optional guarantees of 110% (of single premium less withdrawals) at 10 years, or 100% at both 5 and 10 years, or 100% at 5 years and 110% at 10 years. Charges are payable for these guarantees.

This guarantee top-up cost is captured as a reduction to the value of future guarantee charge.

Death Guarantees

These take the form of a minimum amount of benefit which is guaranteed to be payable on death. In some cases the minimum amount of benefit may be expressed in the form of a guaranteed amount of annuity benefit.

Annuity Guarantees

Certain older pensions contracts contain a guaranteed annuity option at retirement.

For Personal Retirement Plan contracts the benefit which is guaranteed to be payable at retirement may be taken as either a guaranteed cash amount or a guaranteed annuity.

Smoothing

Smoothing costs reflect the extent to which maturity, and for some classes of business surrender, payouts are smoothed from year to year. The cost reflects the difference between the amounts paid out and the higher of the guaranteed benefit and the relevant with-profits benefits reserve at the time, and may be positive or negative.

The table below demonstrates the extent to which guarantees are in or out of the money. The values shown are:

- The Intrinsic Guarantee cost. This represents the cost of the relevant guarantee when future investment conditions are assumed to be equal to the risk free rate of return for all asset classes.
- The Intrinsic Headroom. This represents the value of the amount by which the projected with-profits benefits reserve exceeds the projected guarantee amount, for guarantee points where the projected with-profits benefits reserve exceeds the projected guarantee. This figure is calculated on the same basis as the Intrinsic Guarantee cost.

£m	Intrinsic Guarantee cost	Intrinsic Headroom
Maturity Guarantee	365	561
Surrender Guarantee	8	735
Death Guarantee	8	Not applicable
Annuity Guarantees	191	0

Death guarantee costs represent the excess of the amount paid over the amount charged to the with-profits benefits reserve. This amount can never be less than zero.

6(4)(a)(ii) The Barrie & Hibbert Economic Scenario Generator v7.4.1 was used to generate the stochastic scenarios.

The UK nominal yield curve was calibrated to gilts + 10bps. The Bank of England nominal gilt yield curve was used for terms up to 25 years and thereafter, the tail was fitted to Strips. After 40 years, it was extrapolated using the Smith-Wilson method. Interest rate volatilities were calibrated, using the Enhanced LIBOR Market Model, to at-the-money swaption market data, again using the fitted curves for later years. Inflation rates were calibrated, using a 2-factor Vasicek model, to the Bank of England Inflation curve. Real rates are modelled implicitly as the difference between nominal yield and inflation.

Corporate bonds were modelled using a Jarrow, Lando & Turnbull model. Credit spreads were calibrated, by credit rating, to a market portfolio of bonds and transition probabilities were calibrated to historical data.

Equity volatilities were calibrated using the Stochastic Volatility Jump Diffusion model. Volatilities were fit to market option implied volatilities for a range of strike prices and durations up to 10 years and extrapolated thereafter. Property was modelled as a constant volatility equity-type asset. As there are no meaningful property options prices, volatility was calibrated to historic data from the IPD All UK Property Index, with volatility increased to 15% to counteract assumed smoothing bias in the data.

The model was calibrated to produce best estimate correlations between asset classes using market data from 1900 to 2015. The table below shows typical mean values for output correlations between the returns in excess of risk-free for various asset classes:

Asset	Property	Govt bonds	Overseas Equities	Nominal Short Rate	Corporate Bonds
UK Equities	0.38	0.15	0.77	-0.06	0.25
Property		0.10	0.25	-0.04	0.15
Govt bonds			0.16	-0.39	0.94
Overseas Equities				-0.06	0.25
Nominal Short Rate					-0.38

6(4)(a)(iii)

		Asset type (all UK assets)	K=0.75				K=1				K=1.5			
	N		5	15	25	35	5	15	25	35	5	15	25	35
	R	Annualised compound equivalent of the risk free rate assumed for the period	1.48%	2.56%	2.93%	2.94%	x	x	x	x	x	x	x	x
1		Risk-free zero coupon bond	928,953	684,019	485,636	362,991	x	x	x	x	x	x	x	x
2		FTSE All Share Index (p=1)	76,637	206,541	299,803	401,886	180,326	351,375	465,263	595,028	535,264	710,409	852,951	1,013,122
3		FTSE All Share Index (p=0.8)	73,282	179,162	240,150	303,821	172,879	306,538	374,462	453,457	516,420	626,392	691,618	781,485
4		Property (p=1)	30,814	113,360	204,159	288,775	132,085	252,329	369,377	472,238	522,442	630,508	770,485	888,418
5		Property (p=0.8)	28,194	89,787	147,421	198,600	123,926	207,685	277,862	336,915	502,458	540,256	602,353	654,870
6		15 year risk free zero coupon bonds (p=1)	49,163	53,572	30,266	54,112	122,371	111,036	125,726	202,993	500,868	506,978	549,461	624,401
7		15 year risk free zero coupon bonds (p=0.8)	47,041	45,684	20,524	18,598	116,585	88,933	57,227	86,533	479,057	401,487	366,320	384,203
8		15 year corporate bonds (p=1)	51,010	58,426	47,272	76,861	127,203	132,269	147,381	217,199	501,487	507,230	550,814	629,329
9		15 year corporate bonds (p=0.8)	48,781	49,078	28,497	34,905	121,227	104,282	83,893	107,810	479,949	405,644	370,829	392,242
10		Portfolio of 65% FTSE All Share and 35% property (p=1)	46,504	146,247	232,084	327,520	139,587	280,866	391,405	512,441	517,244	644,875	781,737	924,729
11		Portfolio of 65% FTSE All Share and 35% property (p=0.8)	43,817	122,411	178,330	236,737	132,253	237,850	302,251	375,949	497,258	557,430	617,687	694,894
12		Portfolio of 65% equity and 35% 15 year risk free zero coupon bonds (p=1)	43,511	119,700	185,650	268,718	134,093	241,609	328,144	439,891	509,848	596,133	699,127	838,613
13		Portfolio of 65% equity and 35% 15 year risk free zero coupon bonds (p=0.8)	41,012	99,401	138,733	186,759	126,926	201,444	247,767	313,150	489,362	509,168	539,535	615,311
14		Portfolio of 40% equity, 15% property, 22.5% 15 year risk free zero coupon bonds and 22.5% 15 year corporate bonds (p=1)	29,364	75,597	123,705	193,480	110,472	183,794	257,542	359,080	504,036	551,311	637,756	759,752
15		Portfolio of 40% equity, 15% property, 22.5% 15 year risk free zero coupon bonds and 22.5% 15 year corporate bonds (p=0.8)	27,477	59,509	84,849	121,887	103,594	146,092	180,406	234,873	482,840	458,525	472,921	532,820
			L=15				L=20				L=25			
16		Receiver swaptions	25.65%	20.69%	15.77%	9.85%	31.18%	25.53%	18.50%	11.43%	36.42%	29.12%	20.32%	12.55%

6(4)(a)(iv) For UK, the initial equity yield is 4.22% and the initial property rental yield is 4.3%. For US, the initial equity yield is 2.15% and no property is held in the US.

6(4)(a)(v)

Asset type (all US assets)		K=1			
N		5	15	25	35
R	Annualised compound equivalent of the risk free rate assumed for the period	1.95%	2.79%	3.18%	3.49%
1	Risk-free zero coupon bond	908,064	661,894	457,125	301,183
2	S&P 500 Index (p=1)	200,843	406,707	557,980	685,264

6(4)(a)(vi) Table of outstanding durations of significant guarantees, by cost, within material types of products: Outstanding durations (years) of significant guarantees	Guarantees on Death	Guarantees on Surrender	Guarantees on Maturity	Annuity Guarantees
Conventional Life			4	
Unitised Bonds with guaranteed annual increments	39 #	29		
Unitised Bonds without guaranteed annual increments	38 #	23		
Unitised Life Regular Premium business with guaranteed annual increments			6	
Unitised Life Regular Premium business without guaranteed annual increments			7	
Unitised Pensions business with guaranteed annual increments			9	14
Unitised Pensions business without guaranteed annual increments			10	14
Personal Retirement Plan	5	6	7	6
Buy Out Plan	5		5	14

Costs relate to the residual negative with-profits benefits reserve at the end of the projection period. This arises as a result of charges to the with-profits benefits reserve relating to earlier death payments.

Table of comparison of the fit of the asset models to relevant market traded instruments.

UK Equity Implied Volatilities (FTSE 100 forward 90% strike European Put Option)

Term	1	2	3	4	5	10
Market: Total for relevant market option (%)	20.86	20.65	20.78	21.05	21.39	23.50
Model: Values (%)	19.56	20.18	20.76	21.27	21.71	23.12
Model: Excess over relevant market option (%)	-1.31	-0.47	-0.02	0.22	0.32	-0.38

Market prices for UK equity options are not readily available beyond 10 years term.

The equity model generally exhibited a reasonable fit of the equity volatility surface when compared against relevant market traded instruments across available durations and strikes. Given the current skew in the surface, weighting was applied to centre the fit about the 80-100% strike to reflect the average liability moneyness percentage.

UK Swaption Implied Volatilities (at-the-money 20 year tenor receiver swap)

Term	1	2	3	4	5	7	10	15	20	25	30
Market: Total for relevant market swaption (%)	33.37	33.35	33.36	32.58	31.82	30.95	30.22	29.53	29.02	28.09	27.17
Model: Values (%)	36.45	35.76	35.10	34.42	33.73	32.33	30.17	26.36	22.37	19.00	16.65
Model: Excess over relevant market swaption (%)	3.07	2.41	1.74	1.84	1.92	1.38	-0.06	-3.17	-6.65	-9.09	-10.52

Market prices for UK swaptions are not readily available beyond 30 years term.

In fitting the swaption volatility surface, most weight is placed on the 20 year tenor swaption volatilities, as this is reflective of annuity guarantees

6(4)(a)(vii) The asset model was validated by projecting future income, gains and losses on asset values and comparing the net present value of these amounts to the current asset values. These tests were performed for different asset classes and across the entire portfolio. The net present values of the projected cashflows are consistent with the current asset values.

6(4)(a)(viii) 2000 projections were made of the assets and liabilities. To ensure reasonable convergence confidence intervals were assessed on the guarantee costs. These tests gave satisfactory results.

6(4)(b) Not applicable

6(4)(c) Not applicable

6(5)(a) Projection of the liabilities includes the setting of future bonus rates. These are set as follows:

Contractual Annual Interest

For policies where Contractual Annual Interest applies, an addition is made each year to benefits at a fixed, non-discretionary rate dependent on when the underlying premium was paid.

Contractual Minimum Addition

For policies where a Contractual Minimum Addition applies, this is set by reference to the relevant investment conditions using the same approach as that adopted in practice.

Reversionary Bonus

Conventional Classes: Rates are set by calculating the affordable rate based on the difference between the with-profits benefits reserve and a bonus reserve valuation with allowance for target levels of future terminal bonus.

Unitised Classes: For the majority of Society's unitised contracts distinct reversionary bonus rates are calculated for monies invested with different roll-up guarantees and for major product groups. The rate of reversionary bonus each year is based on an assessment of the supportable rate of reversionary bonus over either five or seven years and incorporates Society's view of investment returns over this period, allowance for sharing of miscellaneous profits and for a target level of terminal bonus. The extent to which the new rate of reversionary bonus moves towards this supportable rate depends on the level of supportable terminal bonus relative to target terminal bonus with a more rapid move to the target level if the current level of supportable terminal bonus is low. The final level of reversionary bonus is limited so that increases do not generate reversionary bonus levels higher than are supportable over the longer term.

For income bonds, where there is no terminal bonus payable, this approach is modified slightly to allow for the fact that the target level of terminal bonus is nil.

Where a Contractual Annual Interest or Contractual Minimum Addition applies, the rate of reversionary bonus is reduced by the relevant amount, subject to a minimum of zero.

Terminal Bonus

For all classes these are set with the intention that payouts will trend to the with-profits benefits reserve over the long-term. Smoothing applies by restricting the amount of investment return variance, compared to the expected long-term rate, which is passed on to policyholders.

When calculating the costs of guarantees, options and smoothing using a stochastic projection approach it is necessary to project the asset mix assumed to back the with-profits benefits reserve. For the majority of Society's business, a mix has been assumed that varies by major product class and also depends on the relationship between the with-profits benefits reserve and the value of guarantees for each product class. Subject to maximum and minimum levels of fixed interest investment a higher level of fixed interest holdings has been assumed when the value of guarantees is greater relative to the with-profits benefits reserve, with this level reducing as the with-profits benefits reserve increases relative to the guarantees. The appropriate mix is reassessed and adjustments made to the mix assumed at the end of each calendar year of the projection and between year-ends the mix changes in line with investment returns.

For one major product class, Unitised Life business, the asset mix is rebalanced at the end of each year to a mix based on that held to back this business at 1 January 2015. Between year-ends the mix changes in line with investment returns.

6(5)(b) Best estimates of the proportion of UK and Overseas Equities backing the with-profits benefits reserve and the future bonus rates on specified bases:

Equity backing ratio of the with-profits benefits reserve	Current financial year	After 5 years	After 10 years
Scenario (i) - Risk free return	43%	41%	41%
Scenario (ii) - High sensitivity	43%	41%	41%
Scenario (iii) - Low sensitivity	42%	40%	40%

Scenario (i) - Risk free return	2015	2020	2025
Reversionary bonus rates p.a.			
Unit Life Regular premiums with guaranteed annual increments	1.35%	0.86%	0.48%
Unit Life Regular premiums without guaranteed annual increments	2.56%	2.13%	3.33%
Unit Life Growth bonds with guaranteed annual increments	0.79%	0.06%	0.00%
Unit Life Growth bonds without guaranteed annual increments	1.78%	0.62%	0.14%
Unit Life Income bonds without guaranteed annual increments	3.22%	1.28%	0.36%
Unit Life Growth Capital Protection/Protection Plus/Control Bonds	1.88%	0.67%	0.23%
Unit Life Income Capital Protection/Protection Plus/Control Bonds	4.32%	2.02%	0.73%
Unitised Pensions business with guaranteed annual increments	1.27%	0.88%	0.84%
Unitised Pensions business without guaranteed annual increments	2.10%	2.16%	2.61%
Contractual annual increments p.a.			
Unit Life Growth bonds with guaranteed annual increments	0.90%	1.01%	1.11%
Unit Life Regular premiums with guaranteed annual increments	0.88%	0.99%	1.10%
Unitised Pensions business with guaranteed annual increments	1.85%	1.89%	1.98%

These rates are average rates of bonus declared across all policies and pools. The rates quoted include the impact of new premiums receiving a bonus based on the period since receipt of the premium.

Reversionary bonus is in addition to any guaranteed annual increments added on policies where it is relevant.

No dynamic management actions regarding annual bonuses have been assumed for Section 32 Buyout or Group Adaptable Funding contracts, as the effect of this is immaterial.

Scenario (ii) - High sensitivity	2015	2020	2025
Reversionary bonus rates p.a.			
Unit Life Regular premiums with guaranteed annual increments	1.35%	0.94%	0.60%
Unit Life Regular premiums without guaranteed annual increments	2.56%	2.37%	3.57%
Unit Life Growth bonds with guaranteed annual increments	0.79%	0.16%	0.00%
Unit Life Growth bonds without guaranteed annual increments	1.78%	0.80%	0.40%
Unit Life Income bonds without guaranteed annual increments	3.22%	1.45%	0.65%
Unit Life Growth Capital Protection/Protection Plus/Control Bonds	1.88%	0.78%	0.42%
Unit Life Income Capital Protection/Protection Plus/Control Bonds	4.32%	2.22%	1.10%
Unitised Pensions business with guaranteed annual increments	1.27%	1.03%	0.97%
Unitised Pensions business without guaranteed annual increments	2.10%	2.63%	2.85%
Contractual annual increments p.a.			
Unit Life Growth bonds with guaranteed annual increments	0.90%	1.14%	1.24%
Unit Life Regular premiums with guaranteed annual increments	0.88%	1.12%	1.23%
Unitised Pensions business with guaranteed annual increments	1.85%	1.90%	1.97%

Scenario (iii) - Low sensitivity	2015	2020	2025
Reversionary bonus rates p.a.			
Unit Life Regular premiums with guaranteed annual increments	1.35%	0.75%	0.36%
Unit Life Regular premiums without guaranteed annual increments	2.56%	1.91%	2.95%
Unit Life Growth bonds with guaranteed annual increments	0.79%	0.03%	0.00%
Unit Life Growth bonds without guaranteed annual increments	1.78%	0.52%	0.03%
Unit Life Income bonds without guaranteed annual increments	3.22%	1.11%	0.24%
Unit Life Growth Capital Protection/Protection Plus/Control Bonds	1.88%	0.57%	0.00%
Unit Life Income Capital Protection/Protection Plus/Control Bonds	4.32%	1.78%	0.47%
Unitised Pensions business with guaranteed annual increments	1.27%	0.76%	0.55%
Unitised Pensions business without guaranteed annual increments	2.10%	2.16%	2.14%
Contractual annual increments p.a.			
Unit Life Growth bonds with guaranteed annual increments	0.90%	0.87%	0.97%
Unit Life Regular premiums with guaranteed annual increments	0.88%	0.86%	0.96%
Unitised Pensions business with guaranteed annual increments	1.85%	1.87%	1.99%

6(6) Summary of the surrender and paid-up assumptions used to determine the costs in 6 (4) (a), (b) and (c)

Product		Average surrender / paid-up rate for the policy years			
		1-5	6-10	11-15	16-20
CWP savings endowment	surrender	No policies at these durations remain inforce			3.4%
CWP target cash endowment	surrender				3.4%
UWP savings endowment	surrender	0.0%	0.0%	5.2%	4.5%
UWP target cash endowment	surrender	0.0%	0.0%	5.2%	4.5%
UWP bond	surrender	1.9%	6.4%	5.5%	5.0%
UWP bond	automatic withdrawals	100% of current			
CWP pension regular premium	PUP	5.7%	5.7%	5.7%	5.7%
CWP pension regular premium	surrender	0.7%	1.5%	1.3%	1.3%
CWP pension single premium	surrender	3.0%	3.0%	3.0%	3.0%
UWP individual pension regular premium	PUP	13.9%	12.3%	6.2%	5.8%
UWP individual pension regular premium	surrender	4.5%	4.5%	4.5%	4.5%
UWP individual pension single premium	surrender	3.7%	3.6%	3.6%	3.6%

An additional decrement of 8.6% for With-Profits Income Bonds and 18.2% for With-Profits Growth Bonds has been assumed on the fifth policy anniversary to allow for the point at which surrender reductions (other than Market Value Adjustment Factors) cease to be applied.

Assumed take-up rates for guaranteed annuity options:

Annuity Valuation Yield	2.50%	5.00%	7.50%
2020	78%	49%	37%
2024	80%	54%	44%
2028	82%	60%	51%

Rates of annuitant mortality assumed:

	Males	Females
Base Mortality Table		
Personal Retirement Plan	78% PCMA00	71% PCFA00
Buy Out Plan	80% PCMA00	89% PCFA00
Guaranteed Annuity Options	80% PCMA00	See footnote
Mortality improver		
Personal Retirement Plan	Adjusted CMI 2013, Base date 01/01/10 with a long term rate of 1.5% at ages up to 85 tapering to 0% at 120	Adjusted CMI 2013, Base date 01/01/10 with a long term rate of 1.0% at ages up to 85 tapering to 0% at 120
Buy Out Plan	Adjusted CMI 2013, Base date 01/01/10 with a long term rate of 1.5% at ages up to 85 tapering to 0% at 120	Adjusted CMI 2013, Base date 01/01/10 with a long term rate of 1.0% at ages up to 85 tapering to 0% at 120
Guaranteed Annuity Options	Adjusted CMI 2013, Base date 01/01/10 with a long term rate of 1.5% at ages up to 85 tapering to 0% at 120	See footnote

For the base mortality assumption, the assumptions above only apply to ages 90 and below. Company specific mortality rates are used from ages 100 and above, with a smooth progression of rates between ages 91 and 100.

For Guaranteed Annuity Options on female lives, the reserves are calculated on the same mortality basis as for the male lives. A test is carried out to ensure that the resultant reserve calculated is not less than that which would be calculated on an appropriate female mortality basis.

- 6(7) Assumptions are made regarding the foreseeable actions that would be taken by policyholders in the projection of assets and liabilities.

With-Profits Bonds series 6 and 7, Capital Protection Bonds and Capital Protection Plus Bonds have an investment guarantee at their tenth policy anniversary. Capital Protection Bonds and Capital Protection Plus Bonds also have an optional investment guarantee at their fifth policy anniversary. Policies are assumed to surrender at each date where a guarantee applies if the asset share is less than 95% of the guaranteed benefit. Capital Control Bonds have the following four types of guarantees, where the last three are optional. A capital guarantee at the tenth policy anniversary; an optional investment guarantee of 10% at the tenth policy anniversary; an optional capital guarantee at the fifth and tenth policy anniversaries; and an optional guarantee which offers a capital guarantee at the fifth policy anniversary and an investment guarantee of 10% at the tenth policy anniversary.

All policies are assumed to mature once they reach the maturity date.

Personal Retirement Plans	Retirement rate p.a.
Age < 40	0.00%
Age 40 - 49	0.10%
Age 50 - 59	0.30%
Age 60	13.15%
Age 61 - 64	5.36%
Age 65	22.74%
Age 66 - 69	8.19%
Age 70 or later	100.00%

Nil early retirement decrements have been assumed on Unitised With-Profits Pensions business. The cost of guarantees, smoothing and options is more onerous at maturity than on early retirement.

Nil early retirement decrements have been assumed for Buy Out Plan business. Early retirement is not allowed under the contract if the fund is insufficient to purchase the Guaranteed Minimum Pension.

The maturity benefit defined under the Personal Retirement Plan is a given annuity benefit plus a cash sum equal to three times the initial level of annuity. All policies are assumed to take this cash benefit at retirement. At the policyholder's discretion the annuity benefit may be taken as a cash transfer payment. We assume that the more onerous of the two benefits will be payable.

Financing Costs

- 7 Not applicable

Other Long Term Insurance Liabilities

- 8 The following items are included in lines 46 and 47 of Form 19:

- Reserves relating to future costs in respect of regulatory reviews and other compensation: £180m
- Reserves relating to future shareholder transfers and associated tax in excess of the amounts expected to be charged to the with-profits benefits reserve: £74m
- Reserves relating to the expected increase to unit costs for participating business as the fund runs off: £15m
- Reserves relating to other miscellaneous expenses £3m.

No value is attributed in the first two items above to future tax relief within lines 46 and 47.

Realistic Current Liabilities

9 Current liabilities comprise:

	£m
Claims outstanding	86
Creditors arising out of Insurance Operations	1
Tax Liabilities	126
Other Creditors	91
Accruals and deferred income	1
Other provisions	128
WPSF Property Stamp Duty Land Tax	-3
	430

Tax Liabilities include tax on assets backing future policy related liabilities and reserves relating to the possibility that, in certain situations, tax relief may not be available on losses incurred.

The following table provides reconciliation:

	£m
Regulatory Current Liabilities	422
Change in Tax Provisions	8
Realistic Current Liabilities	430

Risk Capital Margin

10(a)(i) The risk capital margin is £41m.

The percentage changes in the market value of equities and real estate for the purpose of the market risk scenario for UK assets were 19.9% and 12.5% respectively. A rise in the market value of UK equities and a fall in the market value of real estate were the most onerous scenarios.

The US was the only significant territory for equities. The percentage changes in the market values derived in accordance with INSPRU 1.3.73G(1) for the purpose of the market risk scenario were 21.03% for US equities.

There were no other significant territories for the purposes of INSPRU 1.3.62R(1)(a).

10(a)(ii) The nominal change in yields assumed for fixed interest securities for the purpose of the market risk scenario for UK assets was 0.424%. This represented a change of 17.5% in the level of the annualised 15 year gilt yield of 2.42%. A rise in the level of yields was the more onerous change.

The US was a significant territory for fixed interest securities. The nominal change in yields assumed was 0.424% for US Bonds.

There were no other significant territories for the purposes of INSPRU 1.3.62R(1)(a).

10(a)(iii) The average increase in spread for bonds (weighted by value) that resulted from applying the credit risk scenario to the With Profits Sub Fund's assets was 38 basis points.

The change in value for the With Profits Sub Fund's assets as a result of applying the credit risk scenario was as follows:

a) Bonds	Reduction of 2.5%
b) Debts	No change
c) Reinsurance	Reduction of 0.2%
d) Analogous non-reinsurance financing arrangements	Not applicable
e) Other assets (by reference to INSPRU 1.3.78R)	No change

10(a)(iv) The average annual change in persistency experience (weighted by realistic value of liabilities) that results from applying the persistency risk scenario is a fall of 31.5% and results in an overall increase in the realistic value of liabilities of 0.5%.

10(a)(v) The asset value change in 10(a)(iii) is expected to be independent of the change in liability values in 10 (a)(iv).

10(b)(i) No additional management actions have been assumed in the calculation of the RCM.

10(b)(ii) Not applicable.

10(b)(iii) Not applicable.

10(b)(iv) Not applicable.

10(c)(i) All assets held to cover the risk capital margin are held in Society's With Profits Sub Fund. These assets may be analysed as follows:

Type of Asset	£m
Land and Buildings	145
Approved Fixed Interest Securities	2,935
Other Fixed Interest Securities	2,093
Variable Interest Securities	324
UK Listed Equity Shares	1,115
Non-UK Listed Equity Shares	1,885
Unlisted Equity Shares	533
All other assets shown in Form 48	1,405
Assets invested in Internal Linked Funds	3
Present value of future profits on non-profit insurance contracts written in the With Profits Sub Fund	376
Total	10,815

10(c)(ii) None of the assets used to cover the risk capital margin are located outside of the With Profits Sub Fund.

Tax

11 An assessment is made of the value of tax payable on unrealised gains at the balance sheet date. This assessment is based on assumptions about the turnover of the relevant assets. The value of this tax liability has been included in line 51 "Realistic Current Liabilities" in Form 19.

Current year tax is held as a reserve at statutory value within line 51 "Realistic Current Liabilities" in Form 19.

Tax relating to investment income and gains on assets backing the with-profits benefits reserve is charged to the relevant with-profits benefits reserve. Tax relating to unrealised gains is charged at a discounted rate, allowing for an average term to realisation.

When calculating the value of future policy related liabilities, tax relating to projected future investment income and gains on assets backing the with-profits benefits reserve is charged to the relevant with-profits benefits reserve. For the purposes of this calculation each major product line is assumed to be taxed on a stand-alone basis. Allowance has been made for the possibility that, in certain situations, tax relief may not be available on losses incurred.

Tax relating to future income on assets held to back the relevant future policy related liabilities has been allowed for.

Derivatives

12 The With-Profits Sub Fund held the following as at 31 December 2015.

- A £5.3m asset and £0.3m liability in respect of equity futures, with a £108m bought position and a £70m sold position

- A £0.9m asset and a £28.1m liability in respect of currency forwards selling euros and dollars for sterling with a £18m bought position and a £885m sold position
- A £25m asset in respect of interest rate swaps, with a £703m bought position
- A £4m asset and a £2m liability in respect of bond futures, with a £445m bought position and a £651m sold position
- A £0.1m liability in respect of property futures with a £54m sold position
- A £0.6m asset in respect of equity index put options, with a £0m bought position

There were no derivative positions held outside the With Profits Sub Fund to cover the risk capital margin.

Analysis of Working Capital

- 13 A reconciliation of the significant movements in the working capital of the with-profits fund is as follows:

	£m
Opening Working Capital	373
Investment Return on Opening Working Capital	11
Mismatch Profits and Losses on assets backing the future policy related liabilities	21
Modelling changes and opening adjustments	134
Economic Assumption Changes	13
Non-Economic Assumption Changes	42
Policyholder Action Assumption Changes	-1
Regulatory Change	0
Management Actions	19
Impact of New Business	-3
Change in Other Liabilities of lines 47 and 51 of Form 19	-12
Other Economic Variances	14
Other Non-Economic Variances	-19
Closing Working Capital	592

Other Non-Economic variances	£m
Tax mismatch	-9
Miscellaneous	-10
Total	-19

Returns under the Accounts and Statements Rules

Supplementary notes

Legal & General Assurance Society Limited

Financial year ended 31 December 2015

Rule 9.36: Information on the actuary who has been appointed to perform the with-profits actuary function

1. With-Profits Actuary

(a) Share and Debenture Interests

No share or debenture interests in the Company. However, the Actuary had the following share interests in the Company's ultimate holding company, Legal & General Group Plc:

As at 1 January 2015

As at 31 December 2015

Employee Share Plan

16,019

16,403

Corporate Sponsored Nominee

89,603

89,603

The Actuary also holds a number of share options in Legal & General Group Plc in Save as You Earn Contracts. The options held at 31 December 2015 were:

Number of Options	Option Price	Option date
5555	£1.08	1 June 2017
2432	£1.85	1 June 2017
1982	£2.27	1 June 2020
2036	£2.21	1 October 2020

During 2015 the Actuary exercised options previously granted under the Legal & General Company Share option plan. 4039 options were exercised at a price of £1.1783.

(b) Pecuniary Interest in any Transaction

Details of interests held by the Actuary with the Company or other subsidiaries of Legal & General Group Plc:

(i) A with-profits endowment policy with the Company for a sum assured of £15,803 including existing bonuses maturing in 2022.

(ii) Holdings in the Legal & General Group SIPP with Legal & General (Portfolio Management Services) Limited with a total value at 31 December 2015 of £76,767 including

23,273 shares in Legal & General Group Plc.

(iii) ISA Investments with Legal & General (Unit Trust Managers) Limited with a total value at 31 December 2015 of £35,318.

(c) **Remuneration as Actuary and Emoluments, Pension or Compensation as Director**

No remuneration or any other benefits receivable under any contract with the Company. However, the total remuneration and value of any other benefits received by the Actuary from Legal & General Resources Limited, a fellow subsidiary of the Company's ultimate holding company, Legal & General Group Plc, during the period from 1 January 2015 to 31 December 2015 amounted to £202,510.

(d) **Any Other Pecuniary Benefit**

No other pecuniary benefits received or receivable from the Company. However the Actuary's spouse is employed by Legal & General Investment Management (Holdings) Limited and receives remuneration commensurate with his responsibilities. He also has a WorkSave Pension Plan with Legal & General (Portfolio Management Services) Limited relating to a previous employer.

The Company has made a request to the Actuary to furnish to it the particulars pursuant to Paragraph 9.36 of IPRU (INS) Volume 1 and the information requested is set out above.

Directors' Certificate

Legal & General Assurance Society Limited

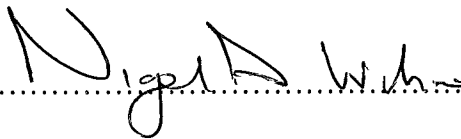
Global business


Financial year ended 31 December 2015

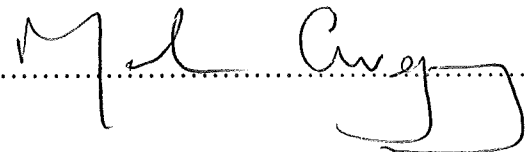
We certify that:

1. the return has been properly prepared in accordance with the requirements in IPRU (INS), GENPRU and INSPRU;
2. we are satisfied that throughout the financial year, the insurer has complied in all material respects with the requirements of the Fundamental Rules, SYSC and as well as the provisions of IPRU(INS), GENPRU, and INSPRU;
3. 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;
4. 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;
5. the with-profits fund has been managed in accordance with the Principles and Practice of Financial Management, as established, maintained and recorded under COBS 20.3; and
6. we have, in preparing the return, taken and paid due regard to-
 - (a) advice from every actuary appointed by the insurer to perform the actuarial function in accordance with SUP 4.3.13R; and
 - (b) advice from every actuary appointed by the insurer to perform the with-profits actuary function in accordance with SUP 4.3.16AR of the FCA Handbook and SUP 4.3.16R of the PRA Handbook.

The certificate required by IPRU(INS) Appendix 9.6 paragraph 1(1)(b)(ii) in respect of compliance since the end of the financial year in question with the requirements in SYSC, Fundamental Rules and the provisions of IPRU(INS), GENPRU and INSPRU and ongoing compliance has not been provided. This is because these requirements have been replaced as from 1 January 2016, the commencement date of Solvency II, so the firm is subject to a new regulatory regime.

N. D. Wilson Chairman 

C. J. Knight Director 

M. J. Gregory Director 

Legal & General Assurance Society Limited

Global business

Financial year ended 31 December 2015

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

We have audited the following documents prepared by the insurer pursuant to the Accounts and Statements Rules set out in Part I and Part IV of Chapter 9 to IPRU(INS) the Interim Prudential Sourcebook for Insurers, GENPRU the General Prudential Sourcebook and INSPRU the Prudential Sourcebook for Insurers ('the Rules') made by the Prudential Regulation Authority under section 137G of the Financial Services and Markets Act 2000:

- Forms 1 to 3, 11 to 20, 22 to 25, 37, 39 to 45, 48, 49, 56, 58 and 60 including the supplementary notes on pages 1 to 57, 69 to 74, 114, 117 to 119 and 122 to 146 ('the Forms');
- the statements required by IPRU(INS) rules 9.25, 9.26, 9.27 and 9.29 on pages 147 to 149 ('the statements'); and
- the valuation report[s] required by IPRU(INS) rule 9.31(a) on pages 151 to 257 ('the valuation reports').

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

- Forms 46, 47, 50 to 55, 57, 59A and 59B (including the supplementary notes) on pages 58 to 68, 75 to 77, 115 to 116, 120 to 121;
- the statements required by IPRU(INS) rules 9.30, 9.32, 9.32A and 9.36 on pages 147, 150 and 258 to 259; and
- the certificate required by IPRU(INS) rule 9.34(1) on pages 260 to 261.

Respective responsibilities of the insurer and its auditors

The insurer is responsible for the preparation of an annual return (including the Forms, the statements and the valuation reports) under the provisions of the Rules. The requirements of the Rules have been modified by directions treated as being issued under section 138A of the Financial Services and Markets Act 2000 on 23 July 2013 and 3 January 2014. Under IPRU(INS) rule 9.11 the Forms, the statements and the valuation reports 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 reports 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 statements and the valuation reports meet these requirements, and to report our opinion to you. We also report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the Forms, the statements and the valuation reports 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 statements and the valuation reports. 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 statements and the valuation reports.

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 statements and the valuation reports 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 statements and the valuation reports 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 reports appropriately reflect the requirements of INSPRU 1.2 and 1.3.

PricewaterhouseCoopers UP

PricewaterhouseCoopers LLP
Chartered Accountants

21 March 2016