

# **Liverpool Victoria Friendly Society Limited**

**Annual PRA Insurance Returns for the year ended**

**31 December 2014**

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



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**Statement of solvency - long-term insurance business**Name of insurer **Liverpool Victoria Friendly Society Limited**

Global business

Financial year ended **31 December 2014**

Adjusted solo solvency calculation

R2	Company registration number 61/coll	GL/ UK/ CM	day month year			Units £000
			31	12	2014	
			<b>As at end of this financial year</b>			<b>As at end of the previous year</b>
			<b>1</b>			<b>2</b>

**Capital resources**

Capital resources arising within the long-term insurance fund	<b>11</b>	1660105	1650181
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	<b>12</b>		
Capital resources available to cover long-term insurance business capital resources requirement (11+12)	<b>13</b>	1660105	1650181

**Guarantee fund**

Guarantee fund requirement	<b>21</b>	367475	348077
Excess (deficiency) of available capital resources to cover guarantee fund requirement	<b>22</b>	956048	962424

**Minimum capital requirement (MCR)**

Long-term insurance capital requirement	<b>31</b>	335475	286982
Resilience capital requirement	<b>32</b>		
Base capital resources requirement	<b>33</b>	2176	2359
Individual minimum capital requirement	<b>34</b>	335475	286982
Capital requirements of regulated related undertakings	<b>35</b>	255650	252416
Minimum capital requirement (34+35)	<b>36</b>	591125	539398
Excess (deficiency) of available capital resources to cover 50% of MCR	<b>37</b>	1037628	1049108
Excess (deficiency) of available capital resources to cover 75% of MCR	<b>38</b>	889847	914258

**Enhanced capital requirement**

With-profits insurance capital component	<b>39</b>	380400	390038
Enhanced capital requirement	<b>40</b>	971525	929436

**Capital resources requirement (CRR)**

Capital resources requirement (greater of 36 and 40)	<b>41</b>	971525	929436
Excess (deficiency) of available capital resources to cover long-term insurance business CRR (13-41)	<b>42</b>	688580	720745

**Contingent liabilities**

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

Name of insurer **Liverpool Victoria Friendly Society Limited**

Global business

Financial year ended **31 December 2014**

	Company registration number	GL/UK/CM	day month year			Units
R3	61/coll	GL	31	12	2014	£000
		General insurance business 1	Long-term insurance business 2		Total as at the end of this financial year 3	Total as at the end of the previous year 4

**Core tier one capital**

Permanent share capital	11					
Profit and loss account and other reserves	12					
Share premium account	13					
Positive valuation differences	14		604130	604130	579223	
Fund for future appropriations	15		901387	901387	951991	
Core tier one capital in related undertakings	16		(145460)	(145460)	(190622)	
Core tier one capital (sum of 11 to 16)	19		1360057	1360057	1340592	

**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					

<b>Total tier one capital before deductions (19+24+25+26+27+28)</b>	<b>31</b>		1360057	1360057	1340592	
Investments in own shares	32					
Intangible assets	33		293	293		
Amounts deducted from technical provisions for discounting	34					
Other negative valuation differences	35					
Deductions in related undertakings	36		26573	26573	21785	
Deductions from tier one (32 to 36)	37		26866	26866	21785	
<b>Total tier one capital after deductions (31-37)</b>	<b>39</b>		1333191	1333191	1318807	

Components of capital resources

Name of insurer **Liverpool Victoria Friendly Society Limited**

Global business

Financial year ended **31 December 2014**

	Company registration number	GL/UK/CM	day	month	year	Units	
	R3	61/coll	GL	31	12	2014	£000
			General insurance business	Long-term insurance business	Total as at the end of this financial year	Total as at the end of the previous year	
			1	2	3	4	

**Tier two capital**

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

Fixed term preference shares	51					
Other tier two instruments	52			346603	346603	346309
Lower tier two capital in related undertakings	53			9313	9313	9983
<b>Lower tier two capital (51+52+53)</b>	<b>59</b>			355916	355916	356291

<b>Total tier two capital before restrictions (49+59)</b>	<b>61</b>			355916	355916	356291
Excess tier two capital	62					
Further excess lower tier two capital	63					
<b>Total tier two capital after restrictions, before deductions (61-62-63)</b>	<b>69</b>			355916	355916	356291

**Components of capital resources**

Name of insurer **Liverpool Victoria Friendly Society Limited**

Global business

Financial year ended **31 December 2014**

	Company registration number	GL/UK/CM	day	month	year	Units	
	R3	61/coll	GL	31	12	2014	£000
		General insurance business	Long-term insurance business	Total as at the end of this financial year	3	Total as at the end of the previous year	4
		1	2				

**Total capital resources**

Positive adjustments for regulated non-insurance related undertakings	71					
<b>Total capital resources before deductions (39+69+71)</b>	<b>72</b>		1689107	1689107	1675098	
Inadmissible assets other than intangibles and own shares	73		21169	21169	14874	
Assets in excess of market risk and counterparty limits	74					
Deductions for related ancillary services undertakings	75		7832	7832	7732	
Deductions for regulated non-insurance related undertakings	76					
Deductions of ineligible surplus capital	77				2311	
<b>Total capital resources after deductions (72-73-74-75-76-77)</b>	<b>79</b>		1660105	1660105	1650181	

**Available capital resources for GENPRU/INSPRU tests**

Available capital resources for guarantee fund requirement	81		1323524	1323524	1310501	
Available capital resources for 50% MCR requirement	82		1333191	1333191	1318807	
Available capital resources for 75% MCR requirement	83		1333191	1333191	1318807	

**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					
<b>Sum of financial engineering adjustments (91+92-93+94+95)</b>	<b>96</b>					



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

Name of insurer **Liverpool Victoria Friendly Society Limited**

Global business

Financial year ended **31 December 2014**

Long term insurance business

	Company registration number	GL/UK/CM	day month year			Units	
	R11	61/coll	GL	31	12	2014	£000
				This financial year 1		Previous year 2	
Gross premiums written		<b>11</b>			70387	65954	
Premiums taxes and levies (included in line 11)		<b>12</b>			107	109	
Premiums written net of taxes and levies (11-12)		<b>13</b>			70280	65846	
Premiums for classes 11, 12 or 13 (included in line 13)		<b>14</b>					
Premiums for "actuarial health insurance" (included in line 13)		<b>15</b>			13022	12459	
<b>Sub-total A (13 + 1/2 14 - 2/3 15)</b>		<b>16</b>			61599	57539	
Gross premiums earned		<b>21</b>			70387	65954	
Premium taxes and levies (included in line 21)		<b>22</b>			107	109	
Premiums earned net of taxes and levies (21-22)		<b>23</b>			70280	65846	
Premiums for classes 11, 12 or 13 (included in line 23)		<b>24</b>					
Premiums for "actuarial health insurance" (included in line 23)		<b>25</b>			13022	12459	
<b>Sub-total H (23 + 1/2 24 - 2/3 25)</b>		<b>26</b>			61599	57539	
<b>Sub-total I (higher of sub-total A and sub-total H)</b>		<b>30</b>			61599	57539	
<b>Adjusted sub-total I if financial year is not a 12 month period to produce an annual figure</b>		<b>31</b>					
Division of gross adjusted premiums amount sub-total I (or adjusted sub-total I if appropriate)	x 0.18	<b>32</b>			11088	10357	
	Excess (if any) over 61.3M EURO x 0.02	<b>33</b>			270	108	
<b>Sub-total J (32-33)</b>		<b>34</b>			10817	10249	
Claims paid in period of 3 financial years		<b>41</b>			103275	95451	
Claims outstanding carried forward at the end of the 3 year period	For insurance business accounted for on an underwriting year basis	<b>42</b>					
	For insurance business accounted for on an accident year basis	<b>43</b>			105354	96804	
Claims outstanding brought forward at the beginning of the 3 year period	For insurance business accounted for on an underwriting year basis	<b>44</b>					
	For insurance business accounted for on an accident year basis	<b>45</b>			100376	90723	
<b>Sub-total C (41+42+43-44-45)</b>		<b>46</b>			108252	101532	
Amounts recoverable from reinsurers in respect of claims included in Sub-total C		<b>47</b>			64263	54403	
<b>Sub-total D (46-47)</b>		<b>48</b>			43989	47130	
<b>Reinsurance Ratio (Sub-total D /sub-total C or, if more, 0.50 or, if less, 1.00)</b>		<b>49</b>			0.50	0.50	
<b>Premiums amount (Sub-total J x reinsurance ratio)</b>		<b>50</b>			5409	5124	
Provision for claims outstanding (before discounting and net of reinsurance)		<b>51</b>			70999	70554	
Provision for claims outstanding (before discounting and gross of reinsurance) if both 51.1 and 51.2 are zero, otherwise zero		<b>52</b>					
<b>Brought forward amount (See instruction 4)</b>		<b>53</b>			5124	4301	
Greater of lines 50 and 53		<b>54</b>			5409	5124	

**Calculation of general insurance capital requirement - claims amount and result**Name of insurer **Liverpool Victoria Friendly Society Limited**

Global business

Financial year ended **31 December 2014**

Long term insurance business

		Company registration number	GL/ UK/ CM	day month year			Units	
		R12	61/coll	GL	31	12	2014	£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	103275		95451	
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	105354		96804	
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	100376		90723	
Claims incurred in reference period (21+22+23-24-25)				26	108252		101532	
Claims incurred for classes 11, 12 or 13 (included in 26)				27				
Claims incurred for "actuarial health insurance" (included in 26)				28	82901		73206	
<b>Sub-total E (26 +1/2 27 - 2/3 28)</b>				29	52985		52728	
<b>Sub-total F - Conversion of sub-total E to annual figure (multiply by 12 and divide by number of months in the reference period)</b>				31	17662		17576	
Division of sub-total F (gross adjusted claims amount)	x 0.26			32	4592		4570	
	Excess (if any) over 42.9M EURO x 0.03			33				
<b>Sub-total G (32-33)</b>				39	4592		4570	
<b>Claims amount Sub-total G x reinsurance ratio (11.49)</b>				41	2296		2285	
Higher of premiums amount and brought forward amount (11.54)				42	5409		5124	
<b>General insurance capital requirement (higher of lines 41 and 42)</b>				43	5409		5124	

**Analysis of admissible assets**

Name of insurer **Liverpool Victoria Friendly Society Limited**

Global business

Financial year ended **31 December 2014**

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

R13	Company registration number	GL/UK/CM	day month year			Units	Category of assets
			31	12	2014		
	<b>61/coll</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2014</b>	<b>£000</b>	<b>10</b>
						<b>As at end of this financial year</b>	<b>As at end of the previous year</b>
						<b>1</b>	<b>2</b>
Land and buildings			<b>11</b>			108538	187090

**Investments in group undertakings and participating interests**

UK insurance dependants	Shares	<b>21</b>		14222	8167
	Debts and loans	<b>22</b>		300000	300000
Other insurance dependants	Shares	<b>23</b>			
	Debts and loans	<b>24</b>			
Non-insurance dependants	Shares	<b>25</b>		25944	25680
	Debts and loans	<b>26</b>			0
Other group undertakings	Shares	<b>27</b>			
	Debts and loans	<b>28</b>			
Participating interests	Shares	<b>29</b>			
	Debts and loans	<b>30</b>			

**Other financial investments**

Equity shares	<b>41</b>		963335	1001233
Other shares and other variable yield participations	<b>42</b>			
Holdings in collective investment schemes	<b>43</b>		1666688	1360427
Rights under derivative contracts	<b>44</b>		15154	2296
Fixed interest securities	Approved	<b>45</b>	1939732	1573448
	Other	<b>46</b>	2005701	1780609
Variable interest securities	Approved	<b>47</b>	129606	121704
	Other	<b>48</b>	201999	207101
Participation in investment pools	<b>49</b>			
Loans secured by mortgages	<b>50</b>		703080	467362
Loans to public or local authorities and nationalised industries or undertakings	<b>51</b>		24	30
Loans secured by policies of insurance issued by the company	<b>52</b>		284	318
Other loans	<b>53</b>			
Bank and approved credit & financial institution deposits	One month or less withdrawal	<b>54</b>	174271	156000
	More than one month withdrawal	<b>55</b>	103404	81878
Other financial investments	<b>56</b>			
Deposits with ceding undertakings	<b>57</b>			
Assets held to match linked liabilities	Index linked	<b>58</b>	63826	61243
	Property linked	<b>59</b>	1556955	1252672

**Analysis of admissible assets**

Name of insurer **Liverpool Victoria Friendly Society Limited**

Global business

Financial year ended **31 December 2014**

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

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets
<b>R13</b>	<b>61/coll</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2014</b>	<b>£000</b>
						<b>10</b>
						<b>As at end of this financial year</b>
						<b>As at end of the previous year</b>
						<b>1</b>
						<b>2</b>

**Reinsurers' share of technical provisions**

Provision for unearned premiums	<b>60</b>		
Claims outstanding	<b>61</b>		
Provision for unexpired risks	<b>62</b>		
Other	<b>63</b>		

**Debtors and salvage**

Direct insurance business	Policyholders	<b>71</b>	1235	6226
	Intermediaries	<b>72</b>		
Salvage and subrogation recoveries		<b>73</b>		
Reinsurance	Accepted	<b>74</b>		510
	Ceded	<b>75</b>	16643	9132
Dependants	due in 12 months or less	<b>76</b>	81363	59171
	due in more than 12 months	<b>77</b>		
Other	due in 12 months or less	<b>78</b>	20854	44837
	due in more than 12 months	<b>79</b>		

**Other assets**

Tangible assets	<b>80</b>	7978	6399
Deposits not subject to time restriction on withdrawal with approved institutions	<b>81</b>	111875	89724
Cash in hand	<b>82</b>		
Other assets (particulars to be specified by way of supplementary note)	<b>83</b>		
Accrued interest and rent	<b>84</b>	60174	57337
Deferred acquisition costs (general business only)	<b>85</b>		
Other prepayments and accrued income	<b>86</b>	17644	9371

Deductions from the aggregate value of assets	<b>87</b>		34853
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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)	<b>89</b>	10290531	8835113
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**Analysis of admissible assets**

Name of insurer **Liverpool Victoria Friendly Society Limited**

Global business

Financial year ended **31 December 2014**

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

	Company registration number	GL/UK/CM	day	month	year	Units	Category of assets
<b>R13</b>	<b>61/coll</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2014</b>	<b>£000</b>	<b>10</b>
						<b>As at end of this financial year</b>	<b>As at end of the previous year</b>
						<b>1</b>	<b>2</b>

**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)	<b>91</b>	10290531	8835113
Admissible assets in excess of market and counterparty limits	<b>92</b>		
Inadmissible assets directly held	<b>93</b>	20893	12807
Capital resources requirement deduction of regulated related undertakings	<b>94</b>	255650	252416
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	<b>95</b>		2311
Inadmissible assets of regulated related undertakings	<b>96</b>	27142	23852
Book value of related ancillary services undertakings	<b>97</b>	7832	7732
Other differences in the valuation of assets (other than for assets not valued above)	<b>98</b>	135844	180330
Deferred acquisition costs excluded from line 89	<b>99</b>		
Reinsurers' share of technical provisions excluded from line 89	<b>100</b>	365478	371547
Other asset adjustments (may be negative)	<b>101</b>	106759	57445
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)	<b>102</b>	11210130	9743553
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	<b>103</b>	81363	59171

**Analysis of admissible assets**

Name of insurer **Liverpool Victoria Friendly Society Limited**

Global business

Financial year ended **31 December 2014**

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

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	61/coll	GL	31	12	2014	£000	21
					<b>As at end of this financial year</b>	<b>As at end of the previous year</b>	
					<b>1</b>	<b>2</b>	
Land and buildings			<b>11</b>		97402	177062	

**Investments in group undertakings and participating interests**

UK insurance dependants	Shares	<b>21</b>	14222	8167
	Debts and loans	<b>22</b>	300000	300000
Other insurance dependants	Shares	<b>23</b>		
	Debts and loans	<b>24</b>		
Non-insurance dependants	Shares	<b>25</b>	25944	25680
	Debts and loans	<b>26</b>		0
Other group undertakings	Shares	<b>27</b>		
	Debts and loans	<b>28</b>		
Participating interests	Shares	<b>29</b>		
	Debts and loans	<b>30</b>		

**Other financial investments**

Equity shares	<b>41</b>	837649	851172	
Other shares and other variable yield participations	<b>42</b>			
Holdings in collective investment schemes	<b>43</b>	1453886	1179828	
Rights under derivative contracts	<b>44</b>	12416	952	
Fixed interest securities	Approved	<b>45</b>	1304802	991912
	Other	<b>46</b>	1931133	1701174
Variable interest securities	Approved	<b>47</b>	126603	118673
	Other	<b>48</b>	201168	206569
Participation in investment pools	<b>49</b>			
Loans secured by mortgages	<b>50</b>	703080	467362	
Loans to public or local authorities and nationalised industries or undertakings	<b>51</b>	24	30	
Loans secured by policies of insurance issued by the company	<b>52</b>	77	95	
Other loans	<b>53</b>			
Bank and approved credit & financial institution deposits	One month or less withdrawal	<b>54</b>	120228	136492
	More than one month withdrawal	<b>55</b>	95405	74980
Other financial investments	<b>56</b>			
Deposits with ceding undertakings	<b>57</b>			
Assets held to match linked liabilities	Index linked	<b>58</b>	63826	61243
	Property linked	<b>59</b>	1430872	1124530

**Analysis of admissible assets**

Name of insurer **Liverpool Victoria Friendly Society Limited**

Global business

Financial year ended **31 December 2014**

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

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets
<b>R13</b>	<b>61/coll</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2014</b>	<b>£000</b>
						<b>21</b>
						<b>As at end of this financial year</b>
						<b>As at end of the previous year</b>
						<b>1</b>
						<b>2</b>

**Reinsurers' share of technical provisions**

Provision for unearned premiums	<b>60</b>		
Claims outstanding	<b>61</b>		
Provision for unexpired risks	<b>62</b>		
Other	<b>63</b>		

**Debtors and salvage**

Direct insurance business	Policyholders	<b>71</b>	1230	6221
	Intermediaries	<b>72</b>		
Salvage and subrogation recoveries		<b>73</b>		
Reinsurance	Accepted	<b>74</b>		510
	Ceded	<b>75</b>	16643	9132
Dependants	due in 12 months or less	<b>76</b>	81363	59171
	due in more than 12 months	<b>77</b>		
Other	due in 12 months or less	<b>78</b>	13676	36817
	due in more than 12 months	<b>79</b>		

**Other assets**

Tangible assets	<b>80</b>	7978	6399
Deposits not subject to time restriction on withdrawal with approved institutions	<b>81</b>	105279	84916
Cash in hand	<b>82</b>		
Other assets (particulars to be specified by way of supplementary note)	<b>83</b>		
Accrued interest and rent	<b>84</b>	53540	50860
Deferred acquisition costs (general business only)	<b>85</b>		
Other prepayments and accrued income	<b>86</b>	17644	9371

Deductions from the aggregate value of assets	<b>87</b>		34853
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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)	<b>89</b>	9016092	7654463
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**Analysis of admissible assets**

Name of insurer **Liverpool Victoria Friendly Society Limited**

Global business

Financial year ended **31 December 2014**

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

	Company registration number	GL/UK/CM	day	month	year	Units	Category of assets
<b>R13</b>	<b>61/coll</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2014</b>	<b>£000</b>	<b>21</b>
						<b>As at end of this financial year</b>	<b>As at end of the previous year</b>
						<b>1</b>	<b>2</b>

**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)	<b>91</b>	9016092	7654463
Admissible assets in excess of market and counterparty limits	<b>92</b>		
Inadmissible assets directly held	<b>93</b>	20893	11896
Capital resources requirement deduction of regulated related undertakings	<b>94</b>	255650	252416
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	<b>95</b>		2311
Inadmissible assets of regulated related undertakings	<b>96</b>	27142	23852
Book value of related ancillary services undertakings	<b>97</b>	7832	7732
Other differences in the valuation of assets (other than for assets not valued above)	<b>98</b>	135844	180330
Deferred acquisition costs excluded from line 89	<b>99</b>		
Reinsurers' share of technical provisions excluded from line 89	<b>100</b>	335744	347346
Other asset adjustments (may be negative)	<b>101</b>	60278	49242
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)	<b>102</b>	9859477	8529588
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	<b>103</b>	81363	59171



**Analysis of admissible assets**

Name of insurer **Liverpool Victoria Friendly Society Limited**

Global business

Financial year ended **31 December 2014**

Category of assets **RNPFN assets**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	61/coll	GL	31	12	2014	£000	22
					<b>As at end of this financial year</b>	<b>As at end of the previous year</b>	
					<b>1</b>	<b>2</b>	
Land and buildings			<b>11</b>		11136	10028	

**Investments in group undertakings and participating interests**

UK insurance dependants	Shares	<b>21</b>		
	Debts and loans	<b>22</b>		
Other insurance dependants	Shares	<b>23</b>		
	Debts and loans	<b>24</b>		
Non-insurance dependants	Shares	<b>25</b>		
	Debts and loans	<b>26</b>		
Other group undertakings	Shares	<b>27</b>		
	Debts and loans	<b>28</b>		
Participating interests	Shares	<b>29</b>		
	Debts and loans	<b>30</b>		

**Other financial investments**

Equity shares	<b>41</b>	125687	150061	
Other shares and other variable yield participations	<b>42</b>			
Holdings in collective investment schemes	<b>43</b>	212802	180599	
Rights under derivative contracts	<b>44</b>	2738	1344	
Fixed interest securities	Approved	<b>45</b>	634930	581536
	Other	<b>46</b>	74568	79435
Variable interest securities	Approved	<b>47</b>	3003	3031
	Other	<b>48</b>	831	531
Participation in investment pools	<b>49</b>			
Loans secured by mortgages	<b>50</b>			
Loans to public or local authorities and nationalised industries or undertakings	<b>51</b>			
Loans secured by policies of insurance issued by the company	<b>52</b>	207	223	
Other loans	<b>53</b>			
Bank and approved credit & financial institution deposits	One month or less withdrawal	<b>54</b>	54043	19509
	More than one month withdrawal	<b>55</b>	7999	6898
Other financial investments	<b>56</b>			
Deposits with ceding undertakings	<b>57</b>			
Assets held to match linked liabilities	Index linked	<b>58</b>		
	Property linked	<b>59</b>	126083	128142

**Analysis of admissible assets**

Name of insurer **Liverpool Victoria Friendly Society Limited**

Global business

Financial year ended **31 December 2014**

Category of assets **RNPFN assets**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets
<b>R13</b>	<b>61/coll</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2014</b>	<b>£000</b>
						<b>22</b>
						<b>As at end of this financial year</b>
						<b>As at end of the previous year</b>
						<b>1</b>
						<b>2</b>

**Reinsurers' share of technical provisions**

Provision for unearned premiums	<b>60</b>		
Claims outstanding	<b>61</b>		
Provision for unexpired risks	<b>62</b>		
Other	<b>63</b>		

**Debtors and salvage**

Direct insurance business	Policyholders	<b>71</b>	6	5
	Intermediaries	<b>72</b>		
Salvage and subrogation recoveries		<b>73</b>		
Reinsurance	Accepted	<b>74</b>		
	Ceded	<b>75</b>		
Dependants	due in 12 months or less	<b>76</b>		
	due in more than 12 months	<b>77</b>		
Other	due in 12 months or less	<b>78</b>	7177	8021
	due in more than 12 months	<b>79</b>		

**Other assets**

Tangible assets	<b>80</b>		
Deposits not subject to time restriction on withdrawal with approved institutions	<b>81</b>	6596	4808
Cash in hand	<b>82</b>		
Other assets (particulars to be specified by way of supplementary note)		<b>83</b>	
Accrued interest and rent	<b>84</b>	6634	6476
Deferred acquisition costs (general business only)	<b>85</b>		
Other prepayments and accrued income	<b>86</b>		

Deductions from the aggregate value of assets	<b>87</b>		
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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)	<b>89</b>	1274438	1180650
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**Analysis of admissible assets**

Name of insurer **Liverpool Victoria Friendly Society Limited**

Global business

Financial year ended **31 December 2014**

Category of assets **RNPFN assets**

	Company registration number	GL/UK/CM	day	month	year	Units	Category of assets
<b>R13</b>	<b>61/coll</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2014</b>	<b>£000</b>	<b>22</b>
						<b>As at end of this financial year</b>	<b>As at end of the previous year</b>
						<b>1</b>	<b>2</b>

**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)	<b>91</b>	1274438	1180650
Admissible assets in excess of market and counterparty limits	<b>92</b>		
Inadmissible assets directly held	<b>93</b>		911
Capital resources requirement deduction of regulated related undertakings	<b>94</b>		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	<b>95</b>		
Inadmissible assets of regulated related undertakings	<b>96</b>		
Book value of related ancillary services undertakings	<b>97</b>		
Other differences in the valuation of assets (other than for assets not valued above)	<b>98</b>		
Deferred acquisition costs excluded from line 89	<b>99</b>		
Reinsurers' share of technical provisions excluded from line 89	<b>100</b>	29734	24201
Other asset adjustments (may be negative)	<b>101</b>	46481	8203
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)	<b>102</b>	1350653	1213965
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	<b>103</b>		

## Long term insurance business liabilities and margins

Name of insurer **Liverpool Victoria Friendly Society Limited**

Global business

Financial year ended **31 December 2014**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	<b>11</b>	8470338	7120515	
Cash bonuses which had not been paid to policyholders prior to end of the financial year	<b>12</b>			
Balance of surplus/(valuation deficit)	<b>13</b>	256355	290132	
Long term insurance business fund carried forward (11 to 13)	<b>14</b>	8726694	7410647	
Claims outstanding	Gross	<b>15</b>	39398	36521
	Reinsurers' share	<b>16</b>		
	Net (15-16)	<b>17</b>	39398	36521
Provisions	Taxation	<b>21</b>		
	Other risks and charges	<b>22</b>	9608	12345
Deposits received from reinsurers	<b>23</b>			
Creditors	Direct insurance business	<b>31</b>	22641	25317
	Reinsurance accepted	<b>32</b>		
	Reinsurance ceded	<b>33</b>	1041	2461
Debenture loans	Secured	<b>34</b>		
	Unsecured	<b>35</b>	346603	346309
Amounts owed to credit institutions	<b>36</b>			
Creditors	Taxation	<b>37</b>	28179	8763
	Other	<b>38</b>	252204	162025
Accruals and deferred income	<b>39</b>	62666	69402	
Provision for "reasonably foreseeable adverse variations"	<b>41</b>			
Total other insurance and non-insurance liabilities (17 to 41)	<b>49</b>	762341	663142	
Excess of the value of net admissible assets	<b>51</b>	801496	761324	
Total liabilities and margins	<b>59</b>	10290531	8835113	

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	<b>61</b>	37616	22248
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	<b>62</b>	1558811	1254335

Total liabilities (11+12+49)	<b>71</b>	9232679	7783657
Increase to liabilities - DAC related	<b>72</b>		
Reinsurers' share of technical provisions	<b>73</b>	365478	371547
Other adjustments to liabilities (may be negative)	<b>74</b>	710585	636358
Capital and reserves and fund for future appropriations	<b>75</b>	901387	951991
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)	<b>76</b>	11210130	9743553

**Long term insurance business liabilities and margins**Name of insurer **Liverpool Victoria Friendly Society Limited**

Global business

Financial year ended **31 December 2014**Total business/Sub fund **Long Term Insurance Business**Units **£000**

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

Mathematical reserves, after distribution of surplus	<b>11</b>	7466282	6151329	
Cash bonuses which had not been paid to policyholders prior to end of the financial year	<b>12</b>			
Balance of surplus/(valuation deficit)	<b>13</b>	8758	94958	
Long term insurance business fund carried forward (11 to 13)	<b>14</b>	7475041	6246286	
Claims outstanding	Gross	<b>15</b>	34691	30857
	Reinsurers' share	<b>16</b>		
	Net (15-16)	<b>17</b>	34691	30857
Provisions	Taxation	<b>21</b>		
	Other risks and charges	<b>22</b>	9608	12345
Deposits received from reinsurers	<b>23</b>			
Creditors	Direct insurance business	<b>31</b>	22519	25136
	Reinsurance accepted	<b>32</b>		
	Reinsurance ceded	<b>33</b>	7	309
Debenture loans	Secured	<b>34</b>		
	Unsecured	<b>35</b>	346603	346309
Amounts owed to credit institutions	<b>36</b>			
Creditors	Taxation	<b>37</b>	27910	8495
	Other	<b>38</b>	236043	154666
Accruals and deferred income	<b>39</b>	62173	68736	
Provision for "reasonably foreseeable adverse variations"	<b>41</b>			
Total other insurance and non-insurance liabilities (17 to 41)	<b>49</b>	739555	646852	
Excess of the value of net admissible assets	<b>51</b>	801496	761325	
Total liabilities and margins	<b>59</b>	9016092	7654463	

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	<b>61</b>	37616	22248
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	<b>62</b>	1432666	1125954

Total liabilities (11+12+49)	<b>71</b>	8205838	6798181
Increase to liabilities - DAC related	<b>72</b>		
Reinsurers' share of technical provisions	<b>73</b>		
Other adjustments to liabilities (may be negative)	<b>74</b>		
Capital and reserves and fund for future appropriations	<b>75</b>		
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)	<b>76</b>		

**Long term insurance business liabilities and margins**Name of insurer **Liverpool Victoria Friendly Society Limited**

Global business

Financial year ended **31 December 2014**Total business/Sub fund **RNPFN**Units **£000**

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

Mathematical reserves, after distribution of surplus	<b>11</b>	1004056	969186	
Cash bonuses which had not been paid to policyholders prior to end of the financial year	<b>12</b>			
Balance of surplus/(valuation deficit)	<b>13</b>	247597	195174	
Long term insurance business fund carried forward (11 to 13)	<b>14</b>	1251653	1164360	
Claims outstanding	Gross	<b>15</b>	4706	5664
	Reinsurers' share	<b>16</b>		
	Net (15-16)	<b>17</b>	4706	5664
Provisions	Taxation	<b>21</b>		
	Other risks and charges	<b>22</b>		
Deposits received from reinsurers	<b>23</b>			
Creditors	Direct insurance business	<b>31</b>	121	181
	Reinsurance accepted	<b>32</b>		
	Reinsurance ceded	<b>33</b>	1034	2152
Debenture loans	Secured	<b>34</b>		
	Unsecured	<b>35</b>		
Amounts owed to credit institutions	<b>36</b>			
Creditors	Taxation	<b>37</b>	269	268
	Other	<b>38</b>	16161	7359
Accruals and deferred income	<b>39</b>	493	666	
Provision for "reasonably foreseeable adverse variations"	<b>41</b>			
Total other insurance and non-insurance liabilities (17 to 41)	<b>49</b>	22786	16290	
Excess of the value of net admissible assets	<b>51</b>	(0)	(0)	
Total liabilities and margins	<b>59</b>	1274438	1180650	

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	<b>61</b>		
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	<b>62</b>	126145	128381

Total liabilities (11+12+49)	<b>71</b>	1026842	985476
Increase to liabilities - DAC related	<b>72</b>		
Reinsurers' share of technical provisions	<b>73</b>		
Other adjustments to liabilities (may be negative)	<b>74</b>		
Capital and reserves and fund for future appropriations	<b>75</b>		
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)	<b>76</b>		

**Analysis of derivative contracts**Name of insurer **Liverpool Victoria Friendly Society Limited**

Global business

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

		Company registration number	GL/ UK/ CM	day	month	year	Units	Category of assets	
		R17	61/coll	GL	31	12	2014	£000	10
<b>Derivative contracts</b>		Value as at the end of this financial year				Notional amount as at the end of this financial year			
		Assets <b>1</b>		Liabilities <b>2</b>		Bought / Long <b>3</b>		Sold / Short <b>4</b>	
Futures and contracts for differences	Fixed-interest securities	<b>11</b>							
	Interest rates	<b>12</b>	103007				456850	221870	
	Inflation	<b>13</b>							
	Credit index / basket	<b>14</b>							
	Credit single name	<b>15</b>							
	Equity index	<b>16</b>				1217			26938
	Equity stock	<b>17</b>							
	Land	<b>18</b>							
	Currencies	<b>19</b>							
	Mortality	<b>20</b>							
Other	<b>21</b>		7410		122155		607282	768832	
In the money options	Swaptions	<b>31</b>							
	Equity index calls	<b>32</b>							
	Equity stock calls	<b>33</b>							
	Equity index puts	<b>34</b>		15201					42140
	Equity stock puts	<b>35</b>							
	Other	<b>36</b>							
Out of the money options	Swaptions	<b>41</b>		1562					121188
	Equity index calls	<b>42</b>							
	Equity stock calls	<b>43</b>							
	Equity index puts	<b>44</b>		3032					104165
	Equity stock puts	<b>45</b>							
	Other	<b>46</b>							
Total (11 to 46)		<b>51</b>		130213		123372		1064132	1285133
Adjustment for variation margin		<b>52</b>		(115059)		(113491)			
Total (51 + 52)		<b>53</b>		15154		9881			

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 **Liverpool Victoria Friendly Society Limited**

Global business

Financial year ended **31 December 2014**Category of assets **Long Term Insurance Business Assets**

		Company registration number	GL/ UK/ CM	day	month	year	Units	Category of assets	
		R17	61/coll	GL	31	12	2014	£000	21
<b>Derivative contracts</b>		Value as at the end of this financial year				Notional amount as at the end of this financial year			
		Assets <b>1</b>		Liabilities <b>2</b>		Bought / Long <b>3</b>		Sold / Short <b>4</b>	
Futures and contracts for differences	Fixed-interest securities	<b>11</b>							
	Interest rates	<b>12</b>	50242				302530	221870	
	Inflation	<b>13</b>							
	Credit index / basket	<b>14</b>							
	Credit single name	<b>15</b>							
	Equity index	<b>16</b>				1217			26938
	Equity stock	<b>17</b>							
	Land	<b>18</b>							
	Currencies	<b>19</b>							
	Mortality	<b>20</b>							
Other	<b>21</b>	7410			122155		607282	768832	
In the money options	Swaptions	<b>31</b>							
	Equity index calls	<b>32</b>							
	Equity stock calls	<b>33</b>							
	Equity index puts	<b>34</b>	15201						42140
	Equity stock puts	<b>35</b>							
	Other	<b>36</b>							
Out of the money options	Swaptions	<b>41</b>							
	Equity index calls	<b>42</b>							
	Equity stock calls	<b>43</b>							
	Equity index puts	<b>44</b>	3032						104165
	Equity stock puts	<b>45</b>							
	Other	<b>46</b>							
Total (11 to 46)		<b>51</b>	75886			123372	909812	1163945	
Adjustment for variation margin		<b>52</b>	(63470)			(113491)			
Total (51 + 52)		<b>53</b>	12416			9881			

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 **Liverpool Victoria Friendly Society Limited**

Global business

Financial year ended **31 December 2014**Category of assets **RNPFN assets**

		Company registration number	GL/ UK/ CM	day	month	year	Units	Category of assets	
		R17	61/coll	GL	31	12	2014	£000	22
<b>Derivative contracts</b>		Value as at the end of this financial year				Notional amount as at the end of this financial year			
		Assets	Liabilities	Bought / Long	Sold / Short				
		1	2	3	4				
Futures and contracts for differences	Fixed-interest securities	11							
	Interest rates	12	52765			154320			
	Inflation	13							
	Credit index / basket	14							
	Credit single name	15							
	Equity index	16							
	Equity stock	17							
	Land	18							
	Currencies	19							
	Mortality	20							
Other	21								
In the money options	Swaptions	31							
	Equity index calls	32							
	Equity stock calls	33							
	Equity index puts	34							
	Equity stock puts	35							
	Other	36							
Out of the money options	Swaptions	41	1562					121188	
	Equity index calls	42							
	Equity stock calls	43							
	Equity index puts	44							
	Equity stock puts	45							
	Other	46							
Total (11 to 46)		51	54327				154320	121188	
Adjustment for variation margin		52	(51589)						
Total (51 + 52)		53	2738						

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 fund**Name of insurer **Liverpool Victoria Friendly Society Limited**With-profits fund **Long Term Insurance Business**Financial year ended **31 December 2014**Units **£000**

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

**Regulatory excess capital**

Regulatory value of assets	Long-term admissible assets of the fund	<b>11</b>	9016092	7654463
	Implicit items allocated to the fund	<b>12</b>		
	Mathematical reserves in respect of the fund's non-profit insurance contracts	<b>13</b>	4501598	3584858
	Long-term admissible assets of the fund covering the LTICR of the fund's non-profit insurance contracts	<b>14</b>	184996	155901
	Long-term admissible assets of the fund covering the RCR of the fund's non-profit insurance contracts	<b>15</b>		
	Total (11+12-(13+14+15))	<b>19</b>	4329498	3913705
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profits insurance contracts	<b>21</b>	2964685	2566471
	Regulatory current liabilities of the fund	<b>22</b>	739555	646852
	Total (21+22)	<b>29</b>	3704240	3213323
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		<b>31</b>	115057	97141
Resilience capital requirement in respect of the fund's with-profits insurance contracts		<b>32</b>		
Sum of regulatory value of liabilities, LTICR and RCR (29+31+32)		<b>39</b>	3819296	3310464
Regulatory excess capital (19-39)		<b>49</b>	510202	603241

**Realistic excess capital**

Realistic excess capital	<b>51</b>	341918	374360
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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)	<b>61</b>	168284	228881
Face amount of capital instruments attributed to the fund and included in capital resources (unstressed)	<b>62</b>	346603	346309
Realistic amount of capital instruments attributed to the fund and included in capital resources (stressed)	<b>63</b>	346603	346309
Present value of future shareholder transfers arising from distribution of surplus	<b>64</b>		
Present value of other future internal transfers not already taken into account	<b>65</b>		
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)	<b>66</b>	168284	228881

**With-profits insurance capital component for the fund**Name of insurer **Liverpool Victoria Friendly Society Limited**With-profits fund **RNPFN**Financial year ended **31 December 2014**Units **£000**

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

Regulatory value of assets	Long-term admissible assets of the fund	<b>11</b>	1274438	1180650
	Implicit items allocated to the fund	<b>12</b>		
	Mathematical reserves in respect of the fund's non-profit insurance contracts	<b>13</b>	519405	469303
	Long-term admissible assets of the fund covering the LTICR of the fund's non-profit insurance contracts	<b>14</b>	15980	13868
	Long-term admissible assets of the fund covering the RCR of the fund's non-profit insurance contracts	<b>15</b>		
	Total (11+12-(13+14+15))	<b>19</b>	739053	697479
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profits insurance contracts	<b>21</b>	484651	499883
	Regulatory current liabilities of the fund	<b>22</b>	22786	16290
	Total (21+22)	<b>29</b>	507437	516173
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		<b>31</b>	19500	20149
Resilience capital requirement in respect of the fund's with-profits insurance contracts		<b>32</b>		
Sum of regulatory value of liabilities, LTICR and RCR (29+31+32)		<b>39</b>	526937	536322
Regulatory excess capital (19-39)		<b>49</b>	212116	161157

**Realistic excess capital**

Realistic excess capital	<b>51</b>		
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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)	<b>61</b>	212116	161157
Face amount of capital instruments attributed to the fund and included in capital resources (unstressed)	<b>62</b>		
Realistic amount of capital instruments attributed to the fund and included in capital resources (stressed)	<b>63</b>		
Present value of future shareholder transfers arising from distribution of surplus	<b>64</b>		
Present value of other future internal transfers not already taken into account	<b>65</b>		
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)	<b>66</b>	212116	161157

**Realistic balance sheet**

Name of insurer **Liverpool Victoria Friendly Society Limited**  
 With-profits fund **Long Term Insurance Business**  
 Financial year ended **31 December 2014**  
 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	<b>11</b>	4329498	3913705
Implicit items allocated to the fund	<b>12</b>		
Value of shares in subsidiaries held in fund (regulatory)	<b>13</b>	340167	298994
Excess admissible assets	<b>21</b>		
Present value of future profits (or losses) on non-profit insurance contracts written in the fund	<b>22</b>	523005	431341
Value of derivatives and quasi-derivatives not already reflected in lines 11 to 22	<b>23</b>		
Value of shares in subsidiaries held in fund (realistic)	<b>24</b>	340228	299068
Prepayments made from the fund	<b>25</b>		
Realistic value of assets of fund (11+21+22+23+24+25-(12+13))	<b>26</b>	4852565	4345120
Support arrangement assets	<b>27</b>		
Assets available to the fund (26+27)	<b>29</b>	4852565	4345120

**Realistic value of liabilities of fund**

With-profits benefit reserve	<b>31</b>	2973732	2491415	
Future policy related liabilities	Past miscellaneous surplus attributed to with-profits benefits reserve	<b>32</b>	100578	315481
	Past miscellaneous deficit attributed to with-profits benefits reserve	<b>33</b>		
	Planned enhancements to with-profits benefits reserve	<b>34</b>		
	Planned deductions for the costs of guarantees, options and smoothing from with-profits benefits reserve	<b>35</b>		
	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	<b>36</b>	36590	22196
	Future costs of contractual guarantees (other than financial options)	<b>41</b>	608919	441206
	Future costs of non-contractual commitments	<b>42</b>	2180	1524
	Future costs of financial options	<b>43</b>		
	Future costs of smoothing (possibly negative)	<b>44</b>	32418	10796
	Financing costs	<b>45</b>		
	Any other liabilities related to regulatory duty to treat customers fairly	<b>46</b>		
	Other long-term insurance liabilities	<b>47</b>	2000	1125
Total (32+34+41+42+43+44+45+46+47-(33+35+36))	<b>49</b>	709504	747935	
Realistic current liabilities of the fund	<b>51</b>	739555	646852	
Realistic value of liabilities of fund (31+49+51)	<b>59</b>	4422792	3886203	

**Realistic balance sheet**

Name of insurer **Liverpool Victoria Friendly Society Limited**

With-profits fund **Long Term Insurance Business**

Financial year ended **31 December 2014**

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	<b>62</b>	4510646	3970760
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	<b>63</b>		
Value of relevant assets before applying the most adverse scenario (62+63)	<b>64</b>	4510646	3970760
Risk capital margin for fund (62-59)	<b>65</b>	87855	84557
Realistic excess capital for fund (26-(59+65))	<b>66</b>	341918	374360
Realistic excess available capital for fund (29-(59+65))	<b>67</b>	341918	374360
Working capital for fund (29-59)	<b>68</b>	429773	458918
Working capital ratio for fund (68/29)	<b>69</b>	8.86	10.56

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

Additional amount potentially available for inclusion in line 62	<b>81</b>		
Additional amount potentially available for inclusion in line 63	<b>82</b>		

**Realistic balance sheet**

Name of insurer **Liverpool Victoria Friendly Society Limited**  
 With-profits fund **RNPFN**  
 Financial year ended **31 December 2014**  
 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	<b>11</b>	739053	697479
Implicit items allocated to the fund	<b>12</b>		
Value of shares in subsidiaries held in fund (regulatory)	<b>13</b>		
Excess admissible assets	<b>21</b>		
Present value of future profits (or losses) on non-profit insurance contracts written in the fund	<b>22</b>	15682	13620
Value of derivatives and quasi-derivatives not already reflected in lines 11 to 22	<b>23</b>		
Value of shares in subsidiaries held in fund (realistic)	<b>24</b>		
Prepayments made from the fund	<b>25</b>		
Realistic value of assets of fund (11+21+22+23+24+25-(12+13))	<b>26</b>	754735	711099
Support arrangement assets	<b>27</b>		
Assets available to the fund (26+27)	<b>29</b>	754735	711099

**Realistic value of liabilities of fund**

With-profits benefit reserve	<b>31</b>	512271	504578	
Future policy related liabilities	Past miscellaneous surplus attributed to with-profits benefits reserve	<b>32</b>		
	Past miscellaneous deficit attributed to with-profits benefits reserve	<b>33</b>		
	Planned enhancements to with-profits benefits reserve	<b>34</b>	107039	87428
	Planned deductions for the costs of guarantees, options and smoothing from with-profits benefits reserve	<b>35</b>		
	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	<b>36</b>		
	Future costs of contractual guarantees (other than financial options)	<b>41</b>	16678	17011
	Future costs of non-contractual commitments	<b>42</b>		
	Future costs of financial options	<b>43</b>	95284	76648
	Future costs of smoothing (possibly negative)	<b>44</b>		4179
	Financing costs	<b>45</b>	677	238
	Any other liabilities related to regulatory duty to treat customers fairly	<b>46</b>		
	Other long-term insurance liabilities	<b>47</b>		4727
Total (32+34+41+42+43+44+45+46+47-(33+35+36))	<b>49</b>	219678	190231	
Realistic current liabilities of the fund	<b>51</b>	22786	16290	
Realistic value of liabilities of fund (31+49+51)	<b>59</b>	754735	711099	

**Realistic balance sheet**

Name of insurer **Liverpool Victoria Friendly Society Limited**

With-profits fund **RNPFN**

Financial year ended **31 December 2014**

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	<b>62</b>	754735	711099
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	<b>63</b>		
Value of relevant assets before applying the most adverse scenario (62+63)	<b>64</b>	754735	711099
Risk capital margin for fund (62-59)	<b>65</b>		
Realistic excess capital for fund (26-(59+65))	<b>66</b>		
Realistic excess available capital for fund (29-(59+65))	<b>67</b>		
Working capital for fund (29-59)	<b>68</b>		
Working capital ratio for fund (68/29)	<b>69</b>		

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

Additional amount potentially available for inclusion in line 62	<b>81</b>		
Additional amount potentially available for inclusion in line 63	<b>82</b>		

**Long-term insurance business : Revenue account**

Name of insurer **Liverpool Victoria Friendly Society Limited**  
 Total business / subfund **Summary**  
 Financial year ended **31 December 2014**  
 Units **£000**

Financial year 1	Previous year 2
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**Income**

Earned premiums	11	1150042	1095518
Investment income receivable before deduction of tax	12	323627	348053
Increase (decrease) in the value of non-linked assets brought into account	13	746792	(100066)
Increase (decrease) in the value of linked assets	14	74868	114642
Other income	15	7916	4514
<b>Total income</b>	<b>19</b>	<b>2303244</b>	<b>1462661</b>

**Expenditure**

Claims incurred	21	751451	716281
Expenses payable	22	189852	188166
Interest payable before the deduction of tax	23	23525	14201
Taxation	24	20946	(96)
Other expenditure	25	1423	1018
Transfer to (from) non technical account	26		
<b>Total expenditure</b>	<b>29</b>	<b>987197</b>	<b>919570</b>

Business transfers - in	31		
Business transfers - out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	1316047	543091
Fund brought forward	49	7410647	6867555
Fund carried forward (39+49)	59	8726694	7410647



**Long-term insurance business : Revenue account**

Name of insurer **Liverpool Victoria Friendly Society Limited**  
 Total business / subfund **Long Term Insurance Business**  
 Financial year ended **31 December 2014**  
 Units **£000**

Financial year 1	Previous year 2
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**Income**

Earned premiums	11	1152662	1094981
Investment income receivable before deduction of tax	12	285031	305523
Increase (decrease) in the value of non-linked assets brought into account	13	607845	(65882)
Increase (decrease) in the value of linked assets	14	72308	97287
Other income	15	7916	4518
<b>Total income</b>	<b>19</b>	<b>2125762</b>	<b>1436426</b>

**Expenditure**

Claims incurred	21	676452	640255
Expenses payable	22	183591	182446
Interest payable before the deduction of tax	23	23525	14201
Taxation	24	12015	2944
Other expenditure	25	1423	1018
Transfer to (from) non technical account	26		
<b>Total expenditure</b>	<b>29</b>	<b>897007</b>	<b>840863</b>

Business transfers - in	31		
Business transfers - out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	1228754	595562
Fund brought forward	49	6246286	5650724
Fund carried forward (39+49)	59	7475041	6246286

**Long-term insurance business : Revenue account**

Name of insurer **Liverpool Victoria Friendly Society Limited**  
 Total business / subfund **RNPFN**  
 Financial year ended **31 December 2014**  
 Units **£000**

Financial year 1	Previous year 2
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**Income**

Earned premiums	11	(2620)	537
Investment income receivable before deduction of tax	12	38596	42530
Increase (decrease) in the value of non-linked assets brought into account	13	138947	(34183)
Increase (decrease) in the value of linked assets	14	2560	17356
Other income	15		(4)
<b>Total income</b>	<b>19</b>	<b>177483</b>	<b>26235</b>

**Expenditure**

Claims incurred	21	74998	76026
Expenses payable	22	6261	5720
Interest payable before the deduction of tax	23		
Taxation	24	8930	(3040)
Other expenditure	25		
Transfer to (from) non technical account	26		
<b>Total expenditure</b>	<b>29</b>	<b>90190</b>	<b>78706</b>

Business transfers - in	31		
Business transfers - out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	87293	(52471)
Fund brought forward	49	1164360	1216831
Fund carried forward (39+49)	59	1251653	1164360

**Long-term insurance business : Analysis of premiums**

Name of insurer **Liverpool Victoria Friendly Society Limited**  
 Total business / subfund **Summary**  
 Financial year ended **31 December 2014**  
 Units **£000**

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

**Gross**

Regular premiums	11	204030	26841		230871	221728
Single premiums	12	153886	853250		1007135	957434

**Reinsurance - external**

Regular premiums	13	60180	23999		84179	78574
Single premiums	14	289	3497		3786	5070

**Reinsurance - intra-group**

Regular premiums	15					
Single premiums	16					

**Net of reinsurance**

Regular premiums	17	143850	2842		146693	143154
Single premiums	18	153597	849752		1003349	952364

**Total**

Gross	19	357916	880091		1238007	1179162
Reinsurance	20	60468	27497		87965	83644
Net	21	297447	852594		1150042	1095518

**Long-term insurance business : Analysis of premiums**

Name of insurer **Liverpool Victoria Friendly Society Limited**  
 Total business / subfund **Long Term Insurance Business**  
 Financial year ended **31 December 2014**  
 Units **£000**

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

**Gross**

Regular premiums	11	194891	23580		218471	207747
Single premiums	12	152657	845474		998131	946285

**Reinsurance - external**

Regular premiums	13	58578	1979		60557	55797
Single premiums	14		3382		3382	3253

**Reinsurance - intra-group**

Regular premiums	15					
Single premiums	16					

**Net of reinsurance**

Regular premiums	17	136313	21600		157914	151950
Single premiums	18	152657	842091		994748	943031

**Total**

Gross	19	347548	869053		1216601	1154031
Reinsurance	20	58578	5362		63939	59050
Net	21	288970	863692		1152662	1094981

**Long-term insurance business : Analysis of premiums**

Name of insurer **Liverpool Victoria Friendly Society Limited**  
 Total business / subfund **RNPFN**  
 Financial year ended **31 December 2014**  
 Units **£000**

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

**Gross**

Regular premiums	11	9139	3262		12401	13981
Single premiums	12	1229	7776		9004	11149

**Reinsurance - external**

Regular premiums	13	1602	22020		23622	22777
Single premiums	14	289	115		404	1816

**Reinsurance - intra-group**

Regular premiums	15					
Single premiums	16					

**Net of reinsurance**

Regular premiums	17	7537	(18758)		(11221)	(8796)
Single premiums	18	940	7661		8601	9333

**Total**

Gross	19	10368	11037		21405	25130
Reinsurance	20	1891	22135		24026	24593
Net	21	8477	(11098)		(2620)	537

## Long-term insurance business : Analysis of claims

Name of insurer **Liverpool Victoria Friendly Society Limited**  
 Total business / subfund **Summary**  
 Financial year ended **31 December 2014**  
 Units **£000**

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

**Gross**

Death or disability lump sums	11	134891	7036		141926	128376
Disability periodic payments	12					
Surrender or partial surrender	13	85507	113100		198607	211360
Annuity payments	14	1700	347489		349189	296857
Lump sums on maturity	15	106973	28919		135891	143698
<b>Total</b>	<b>16</b>	<b>329071</b>	<b>496543</b>		<b>825614</b>	<b>780291</b>

**Reinsurance - external**

Death or disability lump sums	21	50255	1653		51909	42474
Disability periodic payments	22					
Surrender or partial surrender	23					
Annuity payments	24	1350	20904		22254	21536
Lump sums on maturity	25					
<b>Total</b>	<b>26</b>	<b>51605</b>	<b>22558</b>		<b>74163</b>	<b>64010</b>

**Reinsurance - intra-group**

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

**Net of reinsurance**

Death or disability lump sums	41	84635	5382		90017	85902
Disability periodic payments	42					
Surrender or partial surrender	43	85507	113100		198607	211360
Annuity payments	44	350	326585		326935	275321
Lump sums on maturity	45	106973	28919		135891	143698
<b>Total</b>	<b>46</b>	<b>277465</b>	<b>473985</b>		<b>751451</b>	<b>716281</b>

## Long-term insurance business : Analysis of claims

Name of insurer **Liverpool Victoria Friendly Society Limited**  
 Total business / subfund **Long Term Insurance Business**  
 Financial year ended **31 December 2014**  
 Units **£000**

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

**Gross**

Death or disability lump sums	11	131761	6694		138455	124649
Disability periodic payments	12					
Surrender or partial surrender	13	71102	105863		176965	189466
Annuity payments	14	18	326821		326839	275273
Lump sums on maturity	15	67759	18343		86102	93344
<b>Total</b>	<b>16</b>	<b>270641</b>	<b>457720</b>		<b>728361</b>	<b>682733</b>

**Reinsurance - external**

Death or disability lump sums	21	50255	1653		51909	42474
Disability periodic payments	22					
Surrender or partial surrender	23					
Annuity payments	24					4
Lump sums on maturity	25					
<b>Total</b>	<b>26</b>	<b>50255</b>	<b>1653</b>		<b>51909</b>	<b>42478</b>

**Reinsurance - intra-group**

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

**Net of reinsurance**

Death or disability lump sums	41	81505	5040		86546	82175
Disability periodic payments	42					
Surrender or partial surrender	43	71102	105863		176965	189466
Annuity payments	44	18	326821		326839	275269
Lump sums on maturity	45	67759	18343		86102	93344
<b>Total</b>	<b>46</b>	<b>220386</b>	<b>456067</b>		<b>676452</b>	<b>640255</b>

## Long-term insurance business : Analysis of claims

Name of insurer **Liverpool Victoria Friendly Society Limited**  
Total business / subfund **RNPFN**  
Financial year ended **31 December 2014**  
Units **£000**

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

**Gross**

Death or disability lump sums	11	3130	342		3471	3727
Disability periodic payments	12					
Surrender or partial surrender	13	14405	7237		21642	21894
Annuity payments	14	1682	20668		22350	21583
Lump sums on maturity	15	39214	10576		49789	50354
<b>Total</b>	<b>16</b>	<b>58430</b>	<b>38823</b>		<b>97253</b>	<b>97558</b>

**Reinsurance - external**

Death or disability lump sums	21					
Disability periodic payments	22					
Surrender or partial surrender	23					
Annuity payments	24	1350	20904		22254	21532
Lump sums on maturity	25					
<b>Total</b>	<b>26</b>	<b>1350</b>	<b>20904</b>		<b>22254</b>	<b>21532</b>

**Reinsurance - intra-group**

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

**Net of reinsurance**

Death or disability lump sums	41	3130	342		3471	3727
Disability periodic payments	42					
Surrender or partial surrender	43	14405	7237		21642	21894
Annuity payments	44	332	(236)		96	52
Lump sums on maturity	45	39214	10576		49789	50354
<b>Total</b>	<b>46</b>	<b>57080</b>	<b>17918</b>		<b>74998</b>	<b>76026</b>



**Long-term insurance business : Analysis of expenses**

Name of insurer **Liverpool Victoria Friendly Society Limited**  
 Total business / subfund **Summary**  
 Financial year ended **31 December 2014**  
 Units **£000**

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

**Gross**

Commission - acquisition	11	43109	2957		46066	44245
Commission - other	12	2868	1087		3955	3965
Management - acquisition	13	62959	31385		94345	94290
Management - maintenance	14	27506	13085		40591	45666
Management - other	15	3646	1250		4895	
<b>Total</b>	<b>16</b>	<b>140088</b>	<b>49764</b>		<b>189852</b>	<b>188166</b>

**Reinsurance - external**

Commission - acquisition	21					
Commission - other	22					
Management - acquisition	23					
Management - maintenance	24					
Management - other	25					
<b>Total</b>	<b>26</b>					

**Reinsurance - intra-group**

Commission - acquisition	31					
Commission - other	32					
Management - acquisition	33					
Management - maintenance	34					
Management - other	35					
<b>Total</b>	<b>36</b>					

**Net of reinsurance**

Commission - acquisition	41	43109	2957		46066	44245
Commission - other	42	2868	1087		3955	3965
Management - acquisition	43	62959	31385		94345	94290
Management - maintenance	44	27506	13085		40591	45666
Management - other	45	3646	1250		4895	
<b>Total</b>	<b>46</b>	<b>140088</b>	<b>49764</b>		<b>189852</b>	<b>188166</b>

**Long-term insurance business : Analysis of expenses**

Name of insurer **Liverpool Victoria Friendly Society Limited**  
 Total business / subfund **Long Term Insurance Business**  
 Financial year ended **31 December 2014**  
 Units **£000**

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

**Gross**

Commission - acquisition	11	43109	2957		46066	44245
Commission - other	12	2868	1087		3955	3965
Management - acquisition	13	62959	31385		94345	94290
Management - maintenance	14	24142	10187		34330	39946
Management - other	15	3646	1250		4895	
<b>Total</b>	<b>16</b>	<b>136724</b>	<b>46867</b>		<b>183591</b>	<b>182446</b>

**Reinsurance - external**

Commission - acquisition	21					
Commission - other	22					
Management - acquisition	23					
Management - maintenance	24					
Management - other	25					
<b>Total</b>	<b>26</b>					

**Reinsurance - intra-group**

Commission - acquisition	31					
Commission - other	32					
Management - acquisition	33					
Management - maintenance	34					
Management - other	35					
<b>Total</b>	<b>36</b>					

**Net of reinsurance**

Commission - acquisition	41	43109	2957		46066	44245
Commission - other	42	2868	1087		3955	3965
Management - acquisition	43	62959	31385		94345	94290
Management - maintenance	44	24142	10187		34330	39946
Management - other	45	3646	1250		4895	
<b>Total</b>	<b>46</b>	<b>136724</b>	<b>46867</b>		<b>183591</b>	<b>182446</b>

**Long-term insurance business : Analysis of expenses**

Name of insurer **Liverpool Victoria Friendly Society Limited**  
Total business / subfund **RNPFN**  
Financial year ended **31 December 2014**  
Units **£000**

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

**Gross**

Commission - acquisition	11					
Commission - other	12					
Management - acquisition	13					
Management - maintenance	14	3364	2897		6261	5720
Management - other	15					
<b>Total</b>	<b>16</b>	<b>3364</b>	<b>2897</b>		<b>6261</b>	<b>5720</b>

**Reinsurance - external**

Commission - acquisition	21					
Commission - other	22					
Management - acquisition	23					
Management - maintenance	24					
Management - other	25					
<b>Total</b>	<b>26</b>					

**Reinsurance - intra-group**

Commission - acquisition	31					
Commission - other	32					
Management - acquisition	33					
Management - maintenance	34					
Management - other	35					
<b>Total</b>	<b>36</b>					

**Net of reinsurance**

Commission - acquisition	41					
Commission - other	42					
Management - acquisition	43					
Management - maintenance	44	3364	2897		6261	5720
Management - other	45					
<b>Total</b>	<b>46</b>	<b>3364</b>	<b>2897</b>		<b>6261</b>	<b>5720</b>

**Long-term insurance business : Linked funds balance sheet**

Name of insurer **Liverpool Victoria Friendly Society Limited**  
 Total business  
 Financial year ended **31 December 2014**  
 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	1556955	1253625
Directly held assets in collective investment schemes of connected companies	12		
Directly held assets in other collective investment schemes	13		
<b>Total assets (excluding cross investment) (11+12+13)</b>	<b>14</b>	<b>1556955</b>	<b>1253625</b>
Provision for tax on unrealised capital gains	15		953
Secured and unsecured loans	16		
Other liabilities	17		
<b>Total net assets (14-15-16-17)</b>	<b>18</b>	<b>1556955</b>	<b>1252672</b>

**Directly held linked assets**

Value of directly held linked assets	21		
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**Total**

Value of directly held linked assets and units held (18+21)	31	1556955	1252672
Surplus units	32		
Deficit units	33	1856	1663
<b>Net unit liability (31-32+33)</b>	<b>34</b>	<b>1558811</b>	<b>1254335</b>

**Long-term insurance business : Revenue account for internal linked funds**Name of insurer **Liverpool Victoria Friendly Society Limited**

Total business

Financial year ended **31 December 2014**Units **£000**

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

**Income**

Value of total creation of units	<b>11</b>	393329	341949
Investment income attributable to the funds before deduction of tax	<b>12</b>	74929	51561
Increase (decrease) in the value of investments in the financial year	<b>13</b>	9014	69235
Other income	<b>14</b>	11260	20493
<b>Total income</b>	<b>19</b>	488531	483238

**Expenditure**

Value of total cancellation of units	<b>21</b>	168214	172682
Charges for management	<b>22</b>	14643	12309
Charges in respect of tax on investment income	<b>23</b>		
Taxation on realised capital gains	<b>24</b>		
Increase (decrease) in amount set aside for tax on capital gains not yet realised	<b>25</b>		
Other expenditure	<b>26</b>	1392	2414
<b>Total expenditure</b>	<b>29</b>	184249	187404

Increase (decrease) in funds in financial year (19-29)	<b>39</b>	304283	295834
Internal linked fund brought forward	<b>49</b>	1252672	956838
Internal linked funds carried forward (39+49)	<b>59</b>	1556955	1252672

**Long-term insurance business : Summary of new business**

Name of insurer **Liverpool Victoria Friendly Society Limited**  
 Total business  
 Financial year ended **31 December 2014**  
 Units **£000**

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

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

Regular premium business	11	96504	1458		97962	90100
Single premium business	12	2488	14909		17397	16662
<b>Total</b>	<b>13</b>	<b>98992</b>	<b>16367</b>		<b>115359</b>	<b>106762</b>

**Amount of new regular  
premiums**

Direct insurance business	21	35292	5918		41210	35725
External reinsurance	22					
Intra-group reinsurance	23					
<b>Total</b>	<b>24</b>	<b>35292</b>	<b>5918</b>		<b>41210</b>	<b>35725</b>

**Amount of new single  
premiums**

Direct insurance business	25	143876	767420		911296	869709
External reinsurance	26					
Intra-group reinsurance	27					
<b>Total</b>	<b>28</b>	<b>143876</b>	<b>767420</b>		<b>911296</b>	<b>869709</b>

Long-term insurance business : Analysis of new business

Name of insurer **Liverpool Victoria Friendly Society Limited**  
 Total business  
 Financial year ended **31 December 2014**  
 Units **£000**  
 UK Life / Direct Insurance Business

Product code number 1	Product description 2	Regular premium business		Single premium business	
		Number of policyholders / scheme members 3	Amount of premiums 4	Number of policyholders / scheme members 5	Amount of premiums 6
300	Regular premium non-profit WL/EA OB	22336	6863		
325	Level term assurance	26145	6807		
330	Decreasing term assurance	13718	4045	5	120
340	Accelerated critical illness (guaranteed premiums)	11225	6558		
345	Accelerated critical illness (reviewable premiums)	802	595		
355	Stand-alone critical illness (reviewable premiums)	350	160		
360	Income protection non-profit (guaranteed premiums)	11363	4771		
365	Income protection non-profit (reviewable premiums)	1865	548		
380	Miscellaneous protection rider		176		
400	Annuity non-profit (CPA)			100	1229
435	Miscellaneous non-profit	4	0		
500	Life UWP single premium - Flexible Guarantee Bond			2374	141460
506	Life UWP whole life (ISA) - Life ISA	7	163	9	1028
510	Life UWP endowment - savings - Flexible Savings Plan (Series 2)	801	603		40
910	Miscellaneous index linked - Accelerated CI (guaranteed)	541	294		

Long-term insurance business : Analysis of new business

Name of insurer **Liverpool Victoria Friendly Society Limited**  
 Total business  
 Financial year ended **31 December 2014**  
 Units **£000**  
 UK Life / Direct Insurance Business

Product code number 1	Product description 2	Regular premium business		Single premium business	
		Number of policyholders / scheme members 3	Amount of premiums 4	Number of policyholders / scheme members 5	Amount of premiums 6
910	Miscellaneous index linked - Accelerated CI (reviewable)	70	24		
910	Miscellaneous index linked - Decreasing term assurance	404	91		
910	Miscellaneous index linked - Income protection NP (guaranteed)	5816	3141		
910	Miscellaneous index linked - Income protection NP (reviewable)	646	235		
910	Miscellaneous index linked - Level term assurance	390	103		
910	Miscellaneous index linked - Stand-alone CI (reviewable)	18	15		
915	Additional reserves index linked	3	101		



## Long-term insurance business : Analysis of new business

Name of insurer

Liverpool Victoria Friendly Society Limited

Total business

Financial year ended

31 December 2014

Units

£000

UK Pension / Direct Insurance Business

Product code number 1	Product description 2	Regular premium business		Single premium business	
		Number of policyholders / scheme members 3	Amount of premiums 4	Number of policyholders / scheme members 5	Amount of premiums 6
200	Annuity with-profits (CPA)			234	11110
400	Annuity non-profit (CPA)			327	7776
400	Annuity non-profit (CPA) - Protected Retirement Plan			3420	182205
405	Annuity non-profit (CPA impaired life)			3992	200794
530	Individual pensions UWP - increments - Flexible personal pension plan		28		455
530	Individual pensions UWP - increments - With Profits Retirement Plan		19		453
725	Individual pensions property linked	1	4	61	1248
730	Individual pensions property linked - increments	13	37	7	32
750	Income drawdown property linked		0	10	543
755	Trustee investment plan	1444	5831	6820	360533
905	Index linked annuity(CPA) impaired life			38	2271

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

Name of insurer **Liverpool Victoria Friendly Society Limited**  
 Category of assets **10 Total long term insurance business assets**  
 Financial year ended **31 December 2014**  
 Units **£000**

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

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

Land and buildings	11					
Approved fixed interest securities	12	517361	578366	18447	2.18	
Other fixed interest securities	13	1887933	1933665	88436	3.09	
Variable interest securities	14	204587	204587	11493	4.04	
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18	989723	882986	32284	3.70	
<b>Total</b>	<b>19</b>	<b>3599603</b>	<b>3599603</b>	<b>150660</b>	<b>3.15</b>	

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

Land and buildings	21	108538	264591	6955	2.63	18.99
Approved fixed interest securities	22	1438670	1753911	48031	2.09	18.87
Other fixed interest securities	23	155285	645538	17506	2.41	13.37
Variable interest securities	24	132878	249920	7195	2.63	18.68
UK listed equity shares	25	783824	880311	42195	4.82	2.36
Non-UK listed equity shares	26	107833	435372	12219	2.81	10.82
Unlisted equity shares	27	111846	111846			5.52
Other assets	28	2231274	728659	3973	0.55	0.51
<b>Total</b>	<b>29</b>	<b>5070146</b>	<b>5070146</b>	<b>138073</b>	<b>2.45</b>	<b>11.68</b>

**Overall return on with-profits assets**

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

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

Name of insurer **Liverpool Victoria Friendly Society Limited**  
 Category of assets **21 Long Term Insurance Business Assets**  
 Financial year ended **31 December 2014**  
 Units **£000**

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

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

Land and buildings	11					
Approved fixed interest securities	12	163732	224737	6902	2.43	
Other fixed interest securities	13	1832260	1877992	86411	3.15	
Variable interest securities	14	204587	204587	11493	4.04	
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18	989723	882986	32284	3.70	
<b>Total</b>	<b>19</b>	<b>3190301</b>	<b>3190301</b>	<b>137091</b>	<b>3.31</b>	

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

Land and buildings	21	97402	253455	6557	2.59	19.72
Approved fixed interest securities	22	1151516	1450627	41264	2.19	19.14
Other fixed interest securities	23	135847	551810	13060	2.33	13.54
Variable interest securities	24	129030	232974	5754	2.57	19.14
UK listed equity shares	25	658137	754624	36286	4.81	2.40
Non-UK listed equity shares	26	107833	380639	10136	2.66	11.19
Unlisted equity shares	27	111846	111846			5.52
Other assets	28	1939482	595119	3305	0.56	0.51
<b>Total</b>	<b>29</b>	<b>4331093</b>	<b>4331093</b>	<b>116363</b>	<b>2.47</b>	<b>11.93</b>

**Overall return on with-profits assets**

Post investment costs but pre-tax	31					10.98
Return allocated to non taxable 'asset shares'	32					10.98
Return allocated to taxable 'asset shares'	33					9.31

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

Name of insurer **Liverpool Victoria Friendly Society Limited**  
 Category of assets **22 RNPFN assets**  
 Financial year ended **31 December 2014**  
 Units **£000**

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

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

Land and buildings	11					
Approved fixed interest securities	12	353629	353629	11544	2.02	
Other fixed interest securities	13	55673	55673	2025	1.11	
Variable interest securities	14					
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18					
<b>Total</b>	<b>19</b>	<b>409302</b>	<b>409302</b>	<b>13569</b>	<b>1.89</b>	

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

Land and buildings	21	11136	11136	398	3.57	2.40
Approved fixed interest securities	22	287154	303284	6768	1.58	17.60
Other fixed interest securities	23	19437	93728	4445	2.90	12.40
Variable interest securities	24	3848	16946	1441	3.48	12.40
UK listed equity shares	25	125687	125687	5909	4.91	2.09
Non-UK listed equity shares	26		54732	2083	3.81	8.29
Unlisted equity shares	27					
Other assets	28	291792	133540	668	0.50	0.51
<b>Total</b>	<b>29</b>	<b>739053</b>	<b>739053</b>	<b>21711</b>	<b>2.36</b>	<b>10.18</b>

**Overall return on with-profits assets**

Post investment costs but pre-tax	31					11.03
Return allocated to non taxable 'asset shares'	32					11.03
Return allocated to taxable 'asset shares'	33					9.14

## Long-term insurance business : Fixed and variable interest assets

Name of insurer **Liverpool Victoria Friendly Society Limited**  
 Category of assets **10 Total long term insurance business assets**  
 Financial year ended **31 December 2014**  
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
<b>UK Government approved fixed interest securities</b>	<b>11</b>	1994141	15.33	2.16	2.16
<b>Other approved fixed interest securities</b>	<b>21</b>	338136	6.55	1.58	1.58
<b>Other fixed interest securities</b>					
AAA/Aaa	<b>31</b>	173843	8.94	2.38	2.10
AA/Aa	<b>32</b>	221020	7.50	2.44	2.05
A/A	<b>33</b>	1340705	7.98	2.83	2.36
BBB/Baa	<b>34</b>	643268	7.09	3.48	2.70
BB/Ba	<b>35</b>	18505	5.77	3.83	2.60
B/B	<b>36</b>	1351	24.48	4.77	3.25
CCC/Caa	<b>37</b>				
Other (including unrated)	<b>38</b>	180512	0.06	2.16	2.06
<b>Total other fixed interest securities</b>	<b>39</b>	2579203	7.22	2.89	2.38
<b>Approved variable interest securities</b>	<b>41</b>	158706	15.35	2.17	2.17
<b>Other variable interest securities</b>	<b>51</b>	295801	4.40	4.01	2.85
<b>Total (11+21+39+41+51)</b>	<b>61</b>	5365987	10.28	2.58	2.27

## Long-term insurance business : Fixed and variable interest assets

Name of insurer **Liverpool Victoria Friendly Society Limited**  
 Category of assets **21 Long Term Insurance Business Assets**  
 Financial year ended **31 December 2014**  
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
<b>UK Government approved fixed interest securities</b>	<b>11</b>	1414425	17.42	2.31	2.31
<b>Other approved fixed interest securities</b>	<b>21</b>	260939	5.47	1.48	1.48
<b>Other fixed interest securities</b>					
AAA/Aaa	<b>31</b>	148740	9.72	2.52	2.24
AA/Aa	<b>32</b>	162718	9.10	2.85	2.40
A/A	<b>33</b>	1312381	7.96	2.83	2.36
BBB/Baa	<b>34</b>	609937	7.03	3.48	2.69
BB/Ba	<b>35</b>	15507	5.74	3.78	2.58
B/B	<b>36</b>	1132	23.94	4.81	3.26
CCC/Caa	<b>37</b>				
Other (including unrated)	<b>38</b>	179387		2.14	2.06
<b>Total other fixed interest securities</b>	<b>39</b>	2429802	7.31	2.93	2.42
<b>Approved variable interest securities</b>	<b>41</b>	155687	15.61	2.20	2.20
<b>Other variable interest securities</b>	<b>51</b>	281873	4.37	4.01	2.85
<b>Total (11+21+39+41+51)</b>	<b>61</b>	4542726	10.46	2.70	2.35

## Long-term insurance business : Fixed and variable interest assets

Name of insurer **Liverpool Victoria Friendly Society Limited**  
 Category of assets **22 RNPFN assets**  
 Financial year ended **31 December 2014**  
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
<b>UK Government approved fixed interest securities</b>	<b>11</b>	579716	10.22	1.79	1.79
<b>Other approved fixed interest securities</b>	<b>21</b>	77197	10.19	1.94	1.94
<b>Other fixed interest securities</b>					
AAA/Aaa	<b>31</b>	25103	4.29	1.51	1.27
AA/Aa	<b>32</b>	58302	3.03	1.30	1.07
A/A	<b>33</b>	28323	9.12	2.96	2.45
BBB/Baa	<b>34</b>	33330	8.21	3.54	2.74
BB/Ba	<b>35</b>	2998	5.91	4.04	2.72
B/B	<b>36</b>	219	27.28	4.58	3.17
CCC/Caa	<b>37</b>				
Other (including unrated)	<b>38</b>	1125	9.45	5.18	2.90
<b>Total other fixed interest securities</b>	<b>39</b>	149401	5.69	2.24	1.79
<b>Approved variable interest securities</b>	<b>41</b>	3019	2.18	0.79	0.79
<b>Other variable interest securities</b>	<b>51</b>	13928	5.06	4.12	2.96
<b>Total (11+21+39+41+51)</b>	<b>61</b>	823261	9.28	1.92	1.82

## Long-term insurance business : Summary of mathematical reserves

Name of insurer **Liverpool Victoria Friendly Society Limited**Total business / subfund **Summary**Financial year ended **31 December 2014**Units **£000**

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

**Gross**

Form 51 - with-profits	11	665768	1421581		2087349	1803421
Form 51 - non-profit	12	371198	3312436	1209	3684843	3057815
Form 52	13	1020964	336475	1610	1359049	1259089
Form 53 - linked	14	129557	1429255		1558811	1254335
Form 53 - non-linked	15	167	8602		8770	4917
Form 54 - linked	16	95706	38351		134057	108640
Form 54 - non-linked	17					
<b>Total</b>	<b>18</b>	<b>2283360</b>	<b>6546701</b>	<b>2819</b>	<b>8832880</b>	<b>7488218</b>

**Reinsurance - external**

Form 51 - with-profits	21					
Form 51 - non-profit	22	193956	101292	(200)	295048	324149
Form 52	23					
Form 53 - linked	24					
Form 53 - non-linked	25					
Form 54 - linked	26	68006	2424		70430	47398
Form 54 - non-linked	27					
<b>Total</b>	<b>28</b>	<b>261962</b>	<b>103716</b>	<b>(200)</b>	<b>365478</b>	<b>371547</b>

**Reinsurance - intra-group**

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

**Net of reinsurance**

Form 51 - with-profits	41	665768	1421581		2087349	1803421
Form 51 - non-profit	42	177242	3211145	1409	3389796	2733666
Form 52	43	1020964	336475	1610	1359049	1259089
Form 53 - linked	44	129557	1429255		1558811	1254335
Form 53 - non-linked	45	167	8602		8770	4917
Form 54 - linked	46	27700	35927		63627	61243
Form 54 - non-linked	47					
<b>Total</b>	<b>48</b>	<b>2021397</b>	<b>6442985</b>	<b>3019</b>	<b>8467402</b>	<b>7116671</b>



**Long-term insurance business : Summary of mathematical reserves**

Name of insurer **Liverpool Victoria Friendly Society Limited**  
 Total business / subfund **Long Term Insurance Business**  
 Financial year ended **31 December 2014**  
 Units **£000**

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

**Gross**

Form 51 - with-profits	11	399510	1236559		1636069	1339291
Form 51 - non-profit	12	341771	2920201		3261972	2692764
Form 52	13	987594	336475	1610	1325679	1223336
Form 53 - linked	14	3411	1429255		1432666	1125954
Form 53 - non-linked	15	45	8602		8647	4845
Form 54 - linked	16	95706	38351		134057	108640
Form 54 - non-linked	17					
<b>Total</b>	<b>18</b>	<b>1828037</b>	<b>5969443</b>	<b>1610</b>	<b>7799090</b>	<b>6494830</b>

**Reinsurance - external**

Form 51 - with-profits	21					
Form 51 - non-profit	22	191317	73997		265314	299948
Form 52	23					
Form 53 - linked	24					
Form 53 - non-linked	25					
Form 54 - linked	26	68006	2424		70430	47398
Form 54 - non-linked	27					
<b>Total</b>	<b>28</b>	<b>259323</b>	<b>76421</b>		<b>335744</b>	<b>347346</b>

**Reinsurance - intra-group**

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

**Net of reinsurance**

Form 51 - with-profits	41	399510	1236559		1636069	1339291
Form 51 - non-profit	42	150455	2846204		2996658	2392816
Form 52	43	987594	336475	1610	1325679	1223336
Form 53 - linked	44	3411	1429255		1432666	1125954
Form 53 - non-linked	45	45	8602		8647	4845
Form 54 - linked	46	27700	35927		63627	61243
Form 54 - non-linked	47					
<b>Total</b>	<b>48</b>	<b>1568714</b>	<b>5893022</b>	<b>1610</b>	<b>7463346</b>	<b>6147485</b>

## Long-term insurance business : Summary of mathematical reserves

Name of insurer **Liverpool Victoria Friendly Society Limited**Total business / subfund **RNPFN**Financial year ended **31 December 2014**Units **£000**

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

**Gross**

Form 51 - with-profits	11	266258	185023		451281	464130
Form 51 - non-profit	12	29426	392236	1209	422871	365051
Form 52	13	33370			33370	35753
Form 53 - linked	14	126145			126145	128381
Form 53 - non-linked	15	123			123	72
Form 54 - linked	16					
Form 54 - non-linked	17					
<b>Total</b>	<b>18</b>	<b>455322</b>	<b>577258</b>	<b>1209</b>	<b>1033790</b>	<b>993387</b>

**Reinsurance - external**

Form 51 - with-profits	21					
Form 51 - non-profit	22	2639	27295	(200)	29734	24201
Form 52	23					
Form 53 - linked	24					
Form 53 - non-linked	25					
Form 54 - linked	26					
Form 54 - non-linked	27					
<b>Total</b>	<b>28</b>	<b>2639</b>	<b>27295</b>	<b>(200)</b>	<b>29734</b>	<b>24201</b>

**Reinsurance - intra-group**

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

**Net of reinsurance**

Form 51 - with-profits	41	266258	185023		451281	464130
Form 51 - non-profit	42	26787	364941	1409	393138	340850
Form 52	43	33370			33370	35753
Form 53 - linked	44	126145			126145	128381
Form 53 - non-linked	45	123			123	72
Form 54 - linked	46					
Form 54 - non-linked	47					
<b>Total</b>	<b>48</b>	<b>452683</b>	<b>549964</b>	<b>1409</b>	<b>1004056</b>	<b>969186</b>

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

Name of insurer **Liverpool Victoria Friendly Society Limited**  
 Total business / subfund **Long Term Insurance Business**  
 Financial year ended **31 December 2014**  
 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 OB	7743	26302	79				22174
105	Conventional whole life with-profits IB	170014	237414	4004				170671
115	Conventional whole life with-profits (tax exempt) IB	314553	52812	112				99256
115	Conventional whole life with-profits (tax exempt) OB	730	482	0				594
120	Conventional endowment with-profits OB savings	2882	43938	1080				44102
130	Conventional endowment with-profits IB	4387	13256	292				11719
140	Conventional endowment with-profits (tax exempt) IB	660	225	2				312
140	Conventional endowment with-profits (tax exempt) OB	4	3	0				4
165	Conventional deferred annuity with-profits	82	233 PA	7				3098
200	Annuity with-profits (CPA)	15	16 PA					277
210	Additional reserves with-profits OB							45805
215	Additional reserves with-profits IB							1500
300	Regular premium non-profit WL/EA OB	141430	754519	35188				31172
325	Level term assurance	132040	14655216	34031				146217
330	Decreasing term assurance	74632	8129168	22358				19286

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

Name of insurer **Liverpool Victoria Friendly Society Limited**  
 Total business / subfund **Long Term Insurance Business**  
 Financial year ended **31 December 2014**  
 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
340	Accelerated critical illness (guaranteed premiums)	51278	4394285	25045				48615
345	Accelerated critical illness (reviewable premiums)	10396	896847	4996				8751
350	Stand-alone critical illness (guaranteed premiums)	1988	139507	686				5267
355	Stand-alone critical illness (reviewable premiums)	3813	279417	1585				3295
360	Income protection non-profit (guaranteed premiums)	47686	758782	20424				(6207)
365	Income protection non-profit (reviewable premiums)	14586	242043	5480				(3200)
380	Miscellaneous protection rider	67110	30812	1080				4275
385	Income protection claims in payment	814	4950					26324
400	Annuity non-profit (CPA)	2	0					1
425	Group income protection claims in payment	54	1937					14356
435	Miscellaneous non-profit	953	39730	327				4026
440	Additional reserves non-profit OB							39594

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

Name of insurer **Liverpool Victoria Friendly Society Limited**  
 Total business / subfund **Long Term Insurance Business**  
 Financial year ended **31 December 2014**  
 Units **£000**  
 UK Life / Reinsurance ceded external

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
300	Regular premium non-profit WL/EA OB		609565	32697				(57451)
325	Level term assurance		11721686	22415				134733
330	Decreasing term assurance		6657428	14447				29004
340	Accelerated critical illness (guaranteed premiums)		3296080	16040				36265
345	Accelerated critical illness (reviewable premiums)		656881	3669				4322
350	Stand-alone critical illness (guaranteed premiums)		103957	812				1338
355	Stand-alone critical illness (reviewable premiums)		213591	1387				1102
360	Income protection non-profit (guaranteed premiums)		372541	4809				19772
365	Income protection non-profit (reviewable premiums)		49117	560				2314
385	Income protection claims in payment		1868					9766
425	Group income protection claims in payment		222					4118
435	Miscellaneous non-profit		1681	11				3567
440	Additional reserves non-profit OB							2467

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

Name of insurer **Liverpool Victoria Friendly Society Limited**  
 Total business / subfund **Long Term Insurance Business**  
 Financial year ended **31 December 2014**  
 Units **£000**  
 UK Pension / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
165	Conventional deferred annuity with-profits	24208	72525	2332				1003475
200	Annuity with-profits (CPA)	9077	19182 PA					233083
325	Level term assurance	12445	1594617	4625				13859
330	Decreasing term assurance	1963	158881	683				680
400	Annuity non-profit (CPA)	2262	1573 PA					35094
400	Annuity non-profit (CPA) - Protected Retirement Plan	10806	36968 PA					548918
405	Annuity non-profit (CPA impaired life)	39110	137911 PA					2321537
435	Miscellaneous non-profit	50	8815	25				54
440	Additional reserves non-profit OB							60

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

Name of insurer **Liverpool Victoria Friendly Society Limited**  
 Total business / subfund **Long Term Insurance Business**  
 Financial year ended **31 December 2014**  
 Units **£000**  
 UK Pension / Reinsurance ceded external

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
325	Level term assurance		892905	2017				9496
330	Decreasing term assurance		107394	371				343
405	Annuity non-profit (CPA impaired life)		82747 PA					64098
435	Miscellaneous non-profit		4714	20				16
440	Additional reserves non-profit OB							44

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

Name of insurer **Liverpool Victoria Friendly Society Limited**  
 Total business / subfund **RNPFN**  
 Financial year ended **31 December 2014**  
 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 OB	9	30	1				17
120	Conventional endowment with-profits OB savings	12824	110150	4101				79577
165	Conventional deferred annuity with-profits	16854	16226 PA	3584				182432
210	Additional reserves with-profits OB							4232
300	Regular premium non-profit WL/EA OB	157	1074	27				592
325	Level term assurance	17	740	5				5
330	Decreasing term assurance	6	183	2				2
390	Deferred annuity non-profit	52	29 PA	3				771
400	Annuity non-profit (CPA) post 92	1219	1189 PA					23234
400	Annuity non-profit (CPA) pre 92	908	433 PA					3661
440	Additional reserves non-profit OB							1161



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

Name of insurer **Liverpool Victoria Friendly Society Limited**  
 Total business / subfund **RNPFN**  
 Financial year ended **31 December 2014**  
 Units **£000**  
 UK Life / Reinsurance ceded external

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
400	Annuity non-profit (CPA) post 92		1189 PA					2197
400	Annuity non-profit (CPA) pre 92		433 PA					442

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

Name of insurer **Liverpool Victoria Friendly Society Limited**  
 Total business / subfund **RNPFN**  
 Financial year ended **31 December 2014**  
 Units **£000**  
 UK Pension / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
165	Conventional deferred annuity with-profits	16847	10417 PA	3115				185023
315	Individual deposit administration non-profit	842	7803	66				7555
390	Deferred annuity non-profit	4	1 PA					6
400	Annuity non-profit (CPA)	13594	20682 PA					384675







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

Name of insurer **Liverpool Victoria Friendly Society Limited**  
 Total business / subfund **Long Term Insurance Business**  
 Financial year ended **31 December 2014**  
 Units **£000**  
 UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
500	Life UWP single premium - All in One Bond	554	16340		16178	16178	34	16212
500	Life UWP single premium - Flexible Guarantee Bond	7089	405578		401562	397074	3098	400172
500	Life UWP single premium - Flexible Investment Bond	586	3527		3492	3485	314	3800
500	Life UWP single premium - Mutual Investment Bond	8961	70383		69686	69686	1209	70895
500	Life UWP single premium - With Profits Growth Bond (Series 1&2)	11689	200844		198856	198856	194	199049
500	Life UWP single premium - With Profits Growth Bond (Series 3&4)	3935	54789		54247	54247	1356	55603
500	Life UWP single premium - With Profits Income Bond	114	3670		3634	3634	158	3792
500	Life UWP single premium - With Profits Investment Bond (Series 1)	2876	57116		56550	56550	2041	58592
500	Life UWP single premium - With Profits Investment Bond (Series 2)	1117	20075		19876	19876	421	20297
505	Life UWP whole life regular premium - Family & Legacy Fund	2991	14069	592	4861	4861	5977	10839
505	Life UWP whole life regular premium - Flexible Whole of Life Plan	180	9921	33	337	337	154	490
506	Life UWP whole life regular premium (ISA) - Life ISA	9093	39955	3109	39955	39955	2615	42571
510	Life UWP endowment regular premium - savings - Flexible Savings Plan (Series 1)	144	963	87	1017	1017	5	1022
510	Life UWP endowment regular premium - savings- Flexible Savings Plan (Series 2)	15578	42132	7902	44457	44457	3508	47965
510	Life UWP endowment regular premium - savings- Maximum Investment Plan	336	2915	400	2629	2629	1	2630

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

Name of insurer **Liverpool Victoria Friendly Society Limited**  
 Total business / subfund **Long Term Insurance Business**  
 Financial year ended **31 December 2014**  
 Units **£000**  
 UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
510	Life UWP endowment regular premium - savings- Regular Savings Plan	613	3161	325	3536	3536	0	3537
510	Life UWP endowment regular premium - savings- Tax Free Savings Plan	20146	46633	5187	49045	49045	146	49191
515	Life UWP endowment regular premium - target cash - Mortgage Savings Plan	43	1357	34	938	938		938

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

Name of insurer **Liverpool Victoria Friendly Society Limited**  
 Total business / subfund **Long Term Insurance Business**  
 Financial year ended **31 December 2014**  
 Units **£000**  
 UK Pension / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
525	Individual pensions UWP - Appropriate Personal Pension Policy	25482	251553		251553	251553		251553
525	Individual pensions UWP - Flexible Personal Pension Plan	3684	33323	1053	33323	33323	101	33424
525	Individual pensions UWP - Top-up Company Pension Plan	83	597	19	597	597	2	599
525	Individual pensions UWP - With Profits Retirement Plan	3371	36989	1169	36989	36989	112	37101
571	Trustee investment plan UWP	158	13799	13339	12910	12910	889	13799





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

Name of insurer **Liverpool Victoria Friendly Society Limited**  
 Total business / subfund **RNPFN**  
 Financial year ended **31 December 2014**  
 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	Life UWP single premium	2575	23368		22182	22182	9	22191
506	Life UWP whole life regular premium (ISA)	3190	12785	716	10263	10263	916	11179

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

Name of insurer **Liverpool Victoria Friendly Society Limited**  
 Total business / subfund **Long Term Insurance Business**  
 Financial year ended **31 December 2014**  
 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
710	Life property linked whole life regular premium	66	119	8	3079	3079	27	3106
795	Miscellaneous property linked	320	9521	139	332	332	18	350

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

Name of insurer **Liverpool Victoria Friendly Society Limited**  
 Total business / subfund **Long Term Insurance Business**  
 Financial year ended **31 December 2014**  
 Units **£000**  
 UK Pension / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
725	Individual pensions property linked	2200	62422	498	62422	62422	533	62955
750	Income drawdown property linked	1210	76038		76038	76038	35	76073
755	Trustee investment plan	28176	1290795	15021	1290795	1290795	8034	1298829



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

Name of insurer **Liverpool Victoria Friendly Society Limited**  
Total business / subfund **Long Term Insurance Business**  
Financial year ended **31 December 2014**  
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
901	Index linked income protection claims in payment	490	9007		62795	62795		62795
910	Miscellaneous index linked	26155	17063	655	2812	2812		2812
910	Miscellaneous index linked - Accelerated CI (guaranteed)	1187	99975	735	2460	2460		2460
910	Miscellaneous index linked - Accelerated CI (reviewable)	747	77130	538	969	969		969
910	Miscellaneous index linked - Decreasing term assurance	5140	1073806	1688	(2728)	(2728)		(2728)
910	Miscellaneous index linked - Income protection NP (guaranteed)	31922	723095	19679	23263	23263		23263
910	Miscellaneous index linked - Income protection NP (reviewable)	4064	74905	1668	(68)	(68)		(68)
910	Miscellaneous index linked - Level term assurance	1479	261861	508	1919	1919		1919
910	Miscellaneous index linked - Stand-alone CI (guaranteed)	17	1086	8	26	26		26
910	Miscellaneous index linked - Stand-alone CI (reviewable)	552	65539	416	1497	1497		1497
915	Additional reserves index linked	614	6252	219	2762	2762		2762

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

Name of insurer **Liverpool Victoria Friendly Society Limited**  
 Total business / subfund **Long Term Insurance Business**  
 Financial year ended **31 December 2014**  
 Units **£000**  
 UK Life / Reinsurance ceded external

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
901	Index linked income protection claims in payment		1861		19383	19383		19383
910	Miscellaneous index linked - Accelerated CI (guaranteed)		67747	418	2202	2202		2202
910	Miscellaneous index linked - Accelerated CI (Reviewable)		43626	408	59	59		59
910	Miscellaneous index linked - Decreasing term assurance		699004	587	1210	1210		1210
910	Miscellaneous index linked - Income protection NP (guaranteed)		491542	8513	42140	42140		42140
910	Miscellaneous index linked - Income Protection NP (Reviewable)		52994	625	2701	2701		2701
910	Miscellaneous index linked - Level term assurance		190512	251	2173	2173		2173
910	Miscellaneous index linked - Stand-alone CI (guaranteed)		815	7	(4)	(4)		(4)
910	Miscellaneous index linked - Stand-alone CI (Reviewable)		39207	426	(28)	(28)		(28)
915	Additional reserves index linked		4689	285	(1828)	(1828)		(1828)

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

Name of insurer **Liverpool Victoria Friendly Society Limited**  
 Total business / subfund **Long Term Insurance Business**  
 Financial year ended **31 December 2014**  
 Units **£000**  
 UK Pension / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
905	Index linked annuity non-profit (CPA impaired life)	468	1672 PA		37914	37914		37914
910	Miscellaneous index linked - Decreasing term assurance	210	21423	132	58	58		58
910	Miscellaneous index linked - Level term assurance	407	90091	266	379	379		379



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

Name of insurer **Liverpool Victoria Friendly Society Limited**  
 Total business / subfund **Long Term Insurance Business**  
 Financial year ended **31 December 2014**  
 Units **£000**  
 UK Pension / Reinsurance ceded external

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
905	Index linked annuity non-profit (CPA impaired life)		1003 PA		2167	2167		2167
910	Miscellaneous index linked - Decreasing term assurance		2727	4				
910	Miscellaneous index linked - Level term assurance		36802	68	257	257		257



**Long-term insurance business: Analysis of valuation interest rate**Name of insurer **Liverpool Victoria Friendly Society Limited**Subfund **Long Term Insurance Business**Financial year ended **31 December 2014**Units **£000**

Product group 1	Net mathematical reserves 2	Net valuation interest rate 3	Gross valuation interest rate 4	Risk adjusted yield on matching assets 5
UK L&GA NP	105076	1.68	2.10	2.32
UK Pens NP	4359	2.10	2.10	2.32
UK PHI NP	(4317)	2.10	2.10	2.32
UK PHI NP claims in payment	26796	1.65	1.65	2.32
OB Pension With-Profits	1237807	2.30	2.30	2.37
OB Pension Non-Profit (Non-Profit Pension Annuity)	2305525	2.94	2.94	3.01
OB L&GA With-Profit Taxable	70197	3.01	3.36	3.54
OB L&GA With-Profit Non-Taxable	599	3.36	3.36	3.54
OB L&GA Non-Profit	4864	2.22	2.22	2.32
OB L&GA UWP Pension	322677	2.46	2.46	2.60
OB L&GA UWP Taxable	911242	2.21	2.46	2.60
OB L&GA UWP Non-Taxable	91761	2.46	2.46	2.60
OB Special Reserve	46444			
IB L&GA With-Profits Taxable	183396	4.01	4.46	4.63
IB L&GA With-Profits Non-Taxable	99701	4.46	4.46	4.63
IB Special Reserve	1689			
Unit Linked Sterling Reserve	11890	2.22	2.22	2.32
UK Misc NP	496	n/a	n/a	3.43
OB Pension Non-Profit (Protected Retirement Plan)	549788	2.94	2.94	3.01
<b>Total</b>	<b>5969990</b>			

**Long-term insurance business: Analysis of valuation interest rate**Name of insurer **Liverpool Victoria Friendly Society Limited**Subfund **RNPFN**Financial year ended **31 December 2014**Units **£000**

Product group 1	Net mathematical reserves 2	Net valuation interest rate 3	Gross valuation interest rate 4	Risk adjusted yield on matching assets 5
Life & GA WP Life WP	79594	1.75	2.19	2.24
Life & GA NP Life NP	599	1.63	2.03	2.17
Life & GA WP GA WP	182432	2.63	3.29	3.47
Life & GA NP GA NP	771	1.63	2.03	2.17
Life & GA NP GAF IA Post 92	21037	1.63	2.03	2.17
Life & GA NP GAF IA Pre 92	3219	2.03	2.03	2.17
Life & GA WP UWP Bond	22191	1.67	2.09	2.21
Life & GA NP UL Sterling	123	1.63	2.03	2.17
Life & GA NP Misc	1161	1.63	2.03	2.17
Pension WP	185023	3.29	3.29	3.47
Pension NP	6	2.03	2.03	2.17
Pension DAP	7555	3.29	3.29	3.47
Pension NP IA OS	1409	2.03	2.03	2.17
Pension NP IA UK	357380	2.03	2.03	2.17
Other Business WP ISA UWP	11179	2.09	2.09	2.21
Other Business WP Financing Costs	4232			
<b>Total</b>	877911			

**Long-term insurance business : Distribution of surplus**

Name of insurer **Liverpool Victoria Friendly Society Limited**  
 Total business / subfund **Summary**  
 Financial year ended **31 December 2014**  
 Units **£000**

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

**Valuation result**

Fund carried forward	11	8726694	7410647
Bonus payments in anticipation of a surplus	12	105419	96005
Transfer to non-technical account	13		
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	8832113	7506652
Mathematical reserves	21	8467402	7116671
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	364711	389981

**Composition of surplus**

Balance brought forward	31	290132	179535
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	74579	210446
Total	39	364711	389981

**Distribution of surplus**

Bonus paid in anticipation of a surplus	41	105419	96005
Cash bonuses	42		
Reversionary bonuses	43	2937	3844
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	108355	99849
Net transfer out of fund / part of fund	47		
Total distributed surplus (46+47)	48	108355	99849
Surplus carried forward	49	256355	290132
Total (48+49)	59	364711	389981

**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 **Liverpool Victoria Friendly Society Limited**  
Total business / subfund **Long Term Insurance Business**  
Financial year ended **31 December 2014**  
Units **£000**

Financial year	Previous year
1	2

**Valuation result**

Fund carried forward	11	7475041	6246286
Bonus payments in anticipation of a surplus	12	79236	78802
Transfer to non-technical account	13		
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	7554277	6325088
Mathematical reserves	21	7463346	6147485
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	90931	177603

**Composition of surplus**

Balance brought forward	31	94958	1
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	(4026)	177603
Total	39	90931	177603

**Distribution of surplus**

Bonus paid in anticipation of a surplus	41	79236	78802
Cash bonuses	42		
Reversionary bonuses	43	2937	3844
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	82173	82646
Net transfer out of fund / part of fund	47		
Total distributed surplus (46+47)	48	82173	82646
Surplus carried forward	49	8758	94958
Total (48+49)	59	90931	177603

**Percentage of distributed surplus allocated to policyholders**

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

**Long-term insurance business : Distribution of surplus**

Name of insurer **Liverpool Victoria Friendly Society Limited**  
 Total business / subfund **RNPFN**  
 Financial year ended **31 December 2014**  
 Units **£000**

Financial year	Previous year
1	2

**Valuation result**

Fund carried forward	11	1251653	1164360
Bonus payments in anticipation of a surplus	12	26182	17203
Transfer to non-technical account	13		
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	1277836	1181564
Mathematical reserves	21	1004056	969186
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	273779	212378

**Composition of surplus**

Balance brought forward	31	195174	179534
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	78605	32844
Total	39	273779	212378

**Distribution of surplus**

Bonus paid in anticipation of a surplus	41	26182	17203
Cash bonuses	42		
Reversionary bonuses	43		
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	26182	17203
Net transfer out of fund / part of fund	47		
Total distributed surplus (46+47)	48	26182	17203
Surplus carried forward	49	247597	195174
Total (48+49)	59	273779	212377

**Percentage of distributed surplus allocated to policyholders**

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

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

Name of insurer **Liverpool Victoria Friendly Society Limited**  
Original insurer **Liverpool Victoria Friendly Society Limited**  
Date of maturity value / open market option **01 March 2015**

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	7725	1883		UWP	N	7725
Endowment assurance	15	13749	4186		UWP	N	13749
Endowment assurance	20	22860	5001		CWP	N	22860
Endowment assurance	25	38982	11967		CWP	N	38982
Regular premium pension	5	15319	2844		UWP	N	15319
Regular premium pension	10	35123	8592		UWP	N	35123
Regular premium pension	15	56511	15613		UWP	N	56511
Regular premium pension	20	102720			CWP	N	48000
Single premium pension	5	16008	5103		UWP	N	16008
Single premium pension	10	20861	8284		UWP	N	20861
Single premium pension	15	20082	5204		UWP	N	20082
Single premium pension	20	N/A	N/A	N/A	N/A	N/A	N/A



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

Name of insurer **Liverpool Victoria Friendly Society Limited**  
Original insurer **Liverpool Victoria Friendly Society Limited**  
Date of surrender value **01 March 2015**

Category of with-profits policy 1	Duration at surrender (years) 2	Surrender value 3	Terminal bonus 4	MVA 5	CWP / UWP 6	MVA permitted? 7	Death benefit 8
Endowment assurance	5	N/A	N/A	N/A	N/A	N/A	N/A
Endowment assurance	10	7398	1711		UWP	Y	11250
Endowment assurance	15	13346	3931		UWP	Y	13346
Endowment assurance	20	22860	5001		CWP	N	28890
With-profits bond	2	N/A	N/A	N/A	N/A	N/A	N/A
With-profits bond	3	11818	2136		UWP	Y	12477
With-profits bond	5	14744	4380		UWP	Y	14848
With-profits bond	10	19607	8089		UWP	Y	19722
Single premium pension	2	11876	1597		UWP	Y	11876
Single premium pension	3	12973	2517		UWP	Y	12973
Single premium pension	5	16008	5103		UWP	Y	16008
Single premium pension	10	20861	8284		UWP	Y	20861

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

Name of insurer **Liverpool Victoria Friendly Society Limited**  
Original insurer **RNPFN**  
Date of maturity value / open market option **01 March 2015**

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	N/A	N/A	N/A	N/A	N/A	N/A
Endowment assurance	15	15189	6202	N/A	CWP	N	15189
Endowment assurance	20	22582	8106	N/A	CWP	N	22582
Endowment assurance	25	33912	11152	N/A	CWP	N	33912
Regular premium pension	5	N/A	N/A	N/A	N/A	N/A	N/A
Regular premium pension	10	N/A	N/A	N/A	N/A	N/A	N/A
Regular premium pension	15	65317	28205	N/A	CWP	N	65317
Regular premium pension	20	104089	41385	N/A	CWP	N	104089
Single premium pension	5	N/A	N/A	N/A	N/A	N/A	N/A
Single premium pension	10	N/A	N/A	N/A	N/A	N/A	N/A
Single premium pension	15	21672	1227	N/A	CWP	N	21672
Single premium pension	20	32597	323	N/A	CWP	N	32597

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

Name of insurer **Liverpool Victoria Friendly Society Limited**  
 Original insurer **RNPFN**  
 Date of surrender value **01 March 2015**

Category of with-profits policy 1	Duration at surrender (years) 2	Surrender value 3	Terminal bonus 4	MVA 5	CWP / UWP 6	MVA permitted? 7	Death benefit 8
Endowment assurance	5	N/A	N/A	N/A	N/A	N/A	N/A
Endowment assurance	10	N/A	N/A	N/A	N/A	N/A	N/A
Endowment assurance	15	15189	6202	N/A	CWP	N	26306
Endowment assurance	20	22582	8106	N/A	CWP	N	28788
With-profits bond	2	N/A	N/A	N/A	N/A	N/A	N/A
With-profits bond	3	N/A	N/A	N/A	N/A	N/A	N/A
With-profits bond	5	N/A	N/A	N/A	N/A	N/A	N/A
With-profits bond	10	N/A	N/A	N/A	N/A	N/A	N/A
Single premium pension	2	N/A	N/A	N/A	N/A	N/A	N/A
Single premium pension	3	N/A	N/A	N/A	N/A	N/A	N/A
Single premium pension	5	N/A	N/A	N/A	N/A	N/A	N/A
Single premium pension	10	N/A	N/A	N/A	N/A	N/A	N/A

**Long-term insurance capital requirement**Name of insurer **Liverpool Victoria Friendly Society Limited**

Global business

Financial year ended **31 December 2014**Units **£000**

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

**Insurance death risk capital component**

Life protection reinsurance	11	0.0%				
Classes I (other), II and IX	12	0.1%				
Classes I (other), II and IX	13	0.15%		0.50		
Classes I (other), II and IX	14	0.3%	30476206	5984155	45714	41015
Classes III, VII and VIII	15	0.3%	1636796	634992	0.50	2455
<b>Total</b>	<b>16</b>		<b>32113002</b>	<b>6619148</b>	<b>48170</b>	<b>43390</b>

**Insurance health risk and life protection reinsurance capital component**

Class IV supplementary classes 1 and 2 and life protection reinsurance	21				5409	5124
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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%	7073453	6850576	0.97	68506
Classes III, VII and VIII (investment risk)	33	1%	16477	14342	0.87	143
Classes III, VII and VIII (expenses fixed 5 yrs +)	34	1%	3079	3079	1.00	31
Classes III, VII and VIII (other)	35	25%				909
Class IV (other)	36	1%	187076	46609	0.85	1590
Class V	37	1%				
Class VI	38	1%				
<b>Total</b>	<b>39</b>				<b>71179</b>	<b>60113</b>

**Insurance market risk capital component**

Life protection and permanent health reinsurance	41	0%				
Classes I (other), II and IX	42	3%	7073453	6850576	0.97	205517
Classes III, VII and VIII (investment risk)	43	3%	16477	14342	0.87	430
Classes III, VII and VIII (expenses fixed 5 yrs +)	44	0%	3079	3079		
Classes III, VII and VIII (other)	45	0%	1555732	1555732		
Class IV (other)	46	3%	187076	46609	0.85	4770
Class V	47	0%				
Class VI	48	3%				
<b>Total</b>	<b>49</b>		<b>8835816</b>	<b>8470338</b>	<b>210718</b>	<b>178355</b>

<b>Long term insurance capital requirement</b>	<b>51</b>				<b>335475</b>	<b>286982</b>
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**Supplementary Notes to the Return**Name of company **Liverpool Victoria Friendly Society Limited**

Global business

Financial year ended **31 December 2014**

\*0201\* The Financial Services Authority, on the application of the firm, made a direction in February 2012 under section 148 of the Financial Services and Markets Act 2000. The direction allows the firm to reduce the deduction for intangible assets by an amount equal to the provision for any deferred tax liability arising on goodwill and the acquired value of in-force business. The direction took effect from 03 February 2012 and ended 02 February 2014.

The Prudential Regulation Authority, on the application of the firm, made a direction in February 2014 under section 138A of the Financial Services and Markets Act 2000. The direction allows the firm to reduce the deduction for intangible assets by an amount equal to the provision for any deferred tax liability arising on goodwill and the acquired value of in-force business. The direction took effect from 21 February 2014 and ends the earlier of (i) 01 April 2016 or (ii) the date the relevant *rule* is revoked or no longer applies to the firm (in whole or in part).

The FSA, on the application of the firm, made a direction under section 148 of the Financial Services and Markets Act 2000 in December 2012. The effect of the direction is to modify the provisions of *INSPRU* 3.1.35R and *IPRU(INIS)* Appendix 9.3 so that a more appropriate rate of interest is used for certain assets taken in combination. The direction took effect from 21 December 2012 and ends the earlier of (i) 01 April 2016 or (ii) the date the relevant *rule* is revoked or no longer applies to the firm (in whole or in part).

\*0301\* **Reconciliation of Net Admissible Assets**

<b>Net Admissible Assets</b>		<b>2014</b>	<b>2013</b>
		<b>£000's</b>	<b>£000's</b>
Form 13 Line 89	F13.89	10,290,531	8,835,113
Form 14 Line 11, 12 and 49	F14.71	(9,232,679)	(7,783,657)
CRR of regulated related undertakings	F13.94	255,650	252,416
Capital resource treated as liability in Form 14 line 35	F3.52	346,603	346,309
<b>Total Admissible Assets</b>	<b>F3.79</b>	<b>1,660,105</b>	<b>1,650,181</b>

\*0310\* **Positive Valuation Difference**

Positive valuation differences in respect of liabilities where valuation in GENPRU and INSPRU is lower than the valuation that the firm uses for external financial reporting purposes:

<b>Description</b>	<b>2014</b>	<b>2013</b>
	<b>£000s</b>	<b>£000s</b>
Peak two adjustment re LVFS	413,684	421,033
FFA adjustment re. RNPFN	247,605	196,093
New business reserve	(6,508)	(5,908)
Closure reserve	(56,355)	(42,805)
Data and re-investment reserve	(5,300)	(5,000)
Pension scheme revaluation to deficit reduction amount	10,700	15,500
Value of Non-Regulated Subsidiaries	304	310
<b>Total F3.14</b>	<b>604,130</b>	<b>579,223</b>

\*1308\* **Investments – long term insurance business**

- (a) The aggregate value of unlisted investments falling within lines 41, 42, 46 or 48 which have been valued in accordance with GENPRU 1.3 is £71,679k (2013: £80,966k)
- (b) The aggregate value of listed investments falling within lines 41, 42, 46 or 48 which have been valued in accordance with GENPRU 1.3 which are not readily realisable is £ Nil. (2013: £Nil)
- (c) The aggregate value of beneficial interests in collective investment schemes that:
- (i) are not schemes falling within the UCITS Directive;
  - (ii) are not authorised unit trust schemes or recognised schemes within the meaning of Part XVII of the Act;
  - (iii) do not employ derivative contracts unless they meet the criteria in INSPRU 3.2.5R;
  - (iv) 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
  - (v) do not include assets other than admissible assets among their property;
- is £Nil. (2013: £Nil)
- (d) The aggregate value of reversionary interests or remainders in property other than land or buildings is £ Nil. (2013: £Nil)

\*1309\*

**Hybrid Securities**

The aggregate value of those investments falling within lines 46 or 48 which are hybrid securities is £126,253k (2013: £124,168k).

\*1310\*

**Amounts receivable and payable**

Amounts due to and from any one person have been offset where appropriate in accordance with generally accepted accounting principles.

\*1311\*

**Restatement of 2013 numbers**

Within the Long Term Insurance Business Assets fund some assets backing index linked re-insurers share of tech provision were incorrectly split and have been restated per below table. The corresponding summary forms have also been restated.

	2013 Restated	2013 Return
	£000	£000
13.41	851,172	883,009
13.43	1,179,828	1,134,207
13.58	61,243	75,027

\*1313\*

**Aggregate Value of Rights**

The aggregate value of rights falling under INSPRU 2.1.35R, INSPRU 2.1.36R and INSPRU 2.1.37R is £Nil (2013: £Nil)

\*1316\*

**Tangible Leased Assets**

There are no tangible leased assets included in Line 80

\*1318\*

**Other Asset Adjustments**

The following gross up adjustments form part of the reconciliation of the PRA Forms to the stat accounts as per Line 13.101. The equal & opposite contra entries are reflected in Summary Form 14 Line 74

	2014	2013
	£'000	£'000
<b>Long Term Insurance Business:</b>		
Gross up of Bank accounts	-	(20,161)
Gross up derivatives	63,470	29,346
Gross up debtors	(11)	(120)
Gross up of intercompany debtor	(8,319)	27,664
Gross up of tax debtor	-	(869)
Gross up direct insurance creditors	(2)	(5,258)
Gross up LVER Loan		18,639
UL Liabilities included in 13.59	5,140	
<b>RNPFN:</b>		
Gross up of bank accounts	(5,251)	(5,636)
Gross up derivatives	51,589	19,550
Gross up of intercompany debtor		(5,487)
Gross of tax debtors	(1,625)	(1,455)
Adjustment to the value of the linked fund per line 13.59	1,768	1,232
	<b>106,759</b>	<b>57,445</b>

For the purposes of calculating the Business Amount the RNPFN intercompany debtor balance has been netted off against the Long Term Insurance Business intercompany creditor.

\*1305\* and \*1319\*

**Maximum permitted counterparty limits**

- (a) Except where the Board resolves otherwise, the maximum extent to which, in accordance with the investment guidelines operated by the Society, it was permitted to be exposed to any one counterparty was as follows:

Equities: The total holding across all funds in any equity shall not exceed 2.99% of the total capitalisation.

Fixed Interest: All deposits and other money market investments must be made with institutions rated at least A1 with SandP, P1 with Moody or F1 with Fitch. No single holding of Aaaa rated G7 Government shall represent more than 35% of the total bond fund.

Index Derivatives: Short positions covered by exposure to that market.

Net long positions covered by cash.

Stock Derivatives: Short positions covered by stock.

Currency Derivatives: Net Long positions up to 5% of total fund.  
Short positions covered by exposure to assets in that currency.

There are no formal guidelines in relation to counterparty exposure other than as stated above.

- (b) The maximum extent to which, in accordance with the guidelines operated by the Society, it was permitted to be exposed to any one counterparty, during the financial year, was as set out in section (a) above.
- (c) There were no occasions, during the financial year, on which any of these limits were exceeded.

\*1321\* **Shares in Dependants**

The negative value in certain non-regulated subsidiaries has been netted off against the value of the investment in subsidiaries made by the Society.

The solo return of LVPL, a subsidiary of LVFS, reports a breach of the counter party exposure limits in relation to intercompany balances between the subsidiary and parent. LVFS' adjusted solo return is not affected by this breach and therefore there is no impact on the LVFS adjusted solo return.

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

No provision was thought necessary as the company maintains sufficient admissible assets to meet reasonably foreseeable adverse variations.

\*1402\* **Liabilities**

- (a) There are no charges over the assets of the Society;
- (b) The potential liability to tax on capital gains that might arise if the Society disposed of its assets was £21,219k. (2013 £22,621k). This potential liability has been fully provided.
- (c) The Society has granted a contingent loan facility to the RNPFN fund, a closed fund within the Society, up to a maximum of £100.0m, to be used in the event of a shortfall in the capital resources of that fund. The RNPFN fund is required to manage its capital in a manner so as not to require use of this facility and, if it is used, to repay it to the Society as soon as possible. No drawdown of this facility is anticipated.  
Other than this there were no contingent liabilities (other than insurance liabilities) applicable to the Society.
- (d) The Society has granted a capital facility of £20m to the board of LVGIG to be used in the event of a shortfall in the capital solvency of LVGIG's regulated subsidiaries. This would take the form of a permanent capital contribution and repayment would therefore be dependent on the future solvency position of LVGIG. The risk appetite adopted by the LVGIG board requires the directors to manage its affairs within its agreed capital budget, with this facility only to be considered as a short-term emergency facility in the event of sudden and severe investment shocks or an insurance catastrophe event.  
Other than this there were no guarantees, indemnities or other contractual commitments (other than in the course of ordinary insurance business) in respect of the existing or future liabilities of any related companies.
- (e) In December 2014, the Group announced its agreement to take over the majority of the business interests of Teachers Provident Society Limited, which trades as Teachers Assurance. The transaction is subject to regulatory and Teachers Assurance member approval and it is expected that the deal will complete in early 2016  
The Directors are not aware of any other fundamental uncertainties affecting its business.

\*1403\* **Provisions**

Amounts in line 22 do not include any provisions in respect of a deficit in a regulated related undertaking.

\*1405\* **Other Differences**

Description	2014 £000s	2013 £000s
Peak two adjustment re LVFS	413,684	421,033
FFA adjustment re. RNPFN	247,605	196,092
New business reserve	(6,508)	(5,908)
Closure reserve	(56,355)	(42,804)
Data contingency	(5,300)	(5,000)
Gross up adjustments (see note 1318)	106,759	57,445
Pension scheme liability re-measured at deficit reduction amount	10,700	15,500
<b>Total F14.74</b>	<b>710,585</b>	<b>636,358</b>

\*1406\* **Movement of With Profits Fund**

The non-linked assets of the RNPFN fund have increased by £95,848k (2013: decreased by £65,566k)

*1600*	<p><b>Profit and Loss Account - Non Technical Account</b></p> <p>No Form 16 is included as there are no shareholders.</p>
*1701*	<p><b>Derivative Contracts Transferred by Variation Margin</b></p> <p>(a) The aggregate amount of any liability to repay such assets or equivalent assets is £ Nil (2013: £Nil)</p> <p>(b) The amount included on each line on Form 13 is: £Nil. (2013: £Nil)</p> <p>(c) The amount of any requirement to repay such assets or equivalent assets included on each line on Form 13 is: £Nil. (2013: £Nil)</p>
*4002*	<p><b>Other Income</b></p> <p>Income relates to fee and commission income, and income from transfer of investment business to external fund manager.</p>
*4002*	<p><b>Other Expenditure</b></p> <p>Expenditure relates to depreciation on premises.</p>
*4005*	<p><b>Basis of conversion of foreign currency</b></p> <p>Any income &amp; expenditure denominated in foreign currency has been translated at rates of exchange ruling as at the date of the transaction.</p>
*4006*	<p><b>Apportionment to Long Term Insurance Business Funds</b></p> <p>The two long term insurance business funds are independently maintained and each has its own identifiable assets. Investment income, taxation, expenses and any increase or decrease in the value of assets are allocated as they occur for each fund.</p>
*4008*	<p><b>Provision of Management Services</b></p> <p>The Group has entered into several long-term contracts following service outsourcing. These contracts will end no later than 2018. The present value of the remaining commitment is estimated at £78m (2013 £90m) for the Group and the Society.</p>
*4401*	<p><b>Basis of Valuation of Assets</b></p> <p>Assets shown in this form have been valued at published bid values at the close of business on 31 December 2014.</p>
*4502*	<p><b>Other Income</b></p> <p>Income relates to fee and commission income.</p>
*4502*	<p><b>Other Expenditure</b></p> <p>Other expenditure relates to commission paid</p>
*4702*	<p><b>Approximations in Apportioning Between Product Codes</b></p> <p>No approximations have been used to apportion between product codes</p>
*4801*	<p><b>Brand Names of Bonus Series</b></p> <p>No bonus series, with a reserve greater than 10% of the total with-profits mathematical reserves, uses a different 'asset share' philosophy.</p>
*4802*	<p><b>Interest in Default</b></p> <p>The expected income on defaulted bonds is zero.</p>
*4803*	<p><b>Assumptions Regarding Redemption Dates</b></p> <p>All securities assume the latest possible redemption date except for callable bonds, where the more onerous of the earliest and latest date is assumed.</p>
*4804*	<p><b>Significantly Different Yields</b></p> <p>No 'Other Assets' have a yield that is significantly different to the weighted average shown in column 4.</p>
*4805*	<p><b>Excess Exposure to a Counterparty etc</b></p> <p>LVFS has no Excess Exposure to a Counterparty as demonstrated by F13 L92 C1.</p>



*4806*	<p><b>Assets used to Calculate Return on Assets</b></p> <p>All assets shown in Column 2 are used to calculate the investment returns in Column 5.</p>
*4901*	<p><b>Disclosure of Rating Agency Used</b></p> <p>A combination of Moody's, S&amp;P and Fitch Credit Ratings has been used to classify the Other Fixed Interest Securities.</p>
*5102*	<p><b>Details of Approximations made in Estimating the Number of Policyholders</b></p> <p>The total number of contracts shown in column 3 of Form 51 exceeds the actual number of contracts in force at 31 December 2014 by 67,978 (2013: 67,153) of which 67,110 (2013: 66,264) are waiver benefits and 868 (2013: 889) are claims in payment.</p>
*5103*	<p><b>Business for a Product Classified as Miscellaneous</b></p> <p>Product code 380 includes FPP waiver of premium reserves. Product code 435 includes reserves for FPP Integrated Policies, non-FPP Income Shield and Flexi Protector Products.</p>
*5303*	<p><b>Business for a Product Classified as Miscellaneous</b></p> <p>Product code 795 includes reserves for Unit Linked Critical Illness and Income Protector Policies</p>
*5402*	<p><b>Details of Approximations made in Estimating the Number of Policyholders</b></p> <p>The total number of contracts shown in column 3 of Form 54 exceeds the actual number of contracts in force at 31 December 2014 by 26,623 (2013: 25,254) of which 26,133 (2013: 24,754) are waiver benefits and 490 (2013: 500) are claims in payment</p>
*5403*	<p><b>Business for a Product Classified as Miscellaneous</b></p> <p>The product description applying to product code 910 has been expanded in Form 54.</p>
*5600*	<p><b>Omission of Form</b></p> <p>Form 56 – Index-Linked Business has been omitted in respect of all categories because the entries would be blank</p>
*5701*	<p><b>Use of Negative Reserves for Offsetting</b></p> <p>A negative reserve of £4,317K arising from products in the UK PHI NP group has been used to offset positive reserves of £136,727K arising from the following product groups: UK L&amp;GA NP, UK Pens NP, UK PHI NP Claims in Payment, UK Misc NP</p>

\*5701\*

**Waiver**

As listed in note 0201 the FSA made a direction which the effect of is to modify the provisions of *INSPRU* 3.1.35R and *IPRU(INS)* Appendix 9.3 so that a more appropriate rate of interest is used for certain assets taken in combination. The information required by this waiver is as follows;

**Subfund: 21 Long Term Insurance Business**

Product group	Risk adjusted yield on matching assets (Form 57 column 5)	Corresponding asset yield
OB Pension With-Profits	2.37%	2.37%
OB Pension Non-Profit (Non-Profit Pension Annuity)	3.01%	3.76%
OB L&GA With-Profit Taxable	3.54%	4.17%
OB L&GA With-Profit Non-Taxable	3.54%	4.17%
OB L&GA Non-Profit	2.32%	2.34%
OB L&GA UWP Pension	2.60%	2.94%
OB L&GA UWP Taxable	2.60%	2.94%
OB L&GA UWP Non-Taxable	2.60%	2.94%
IB L&GA With-Profits Taxable	4.63%	5.75%
IB L&GA With-Profits Non-Taxable	4.63%	5.75%
Unit Linked Sterling Reserve	2.32%	2.34%
OB Pension Non-Profit (Protected Retirement Plan)	3.01%	3.76%

**Subfund: 22 RNPFN Fund**

Product group	Risk adjusted yield on matching assets (Form 57 column 5)	Corresponding asset yield
Life & GA WP Life WP	2.24%	2.28%
Life & GA NP Life NP	2.17%	2.17%
Life & GA WP GA WP	3.47%	3.64%
Life & GA NP GA NP	2.17%	2.17%
Life & GA NP GAF IA Post 92	2.17%	2.17%
Life & GA NP GAF IA Pre 92	2.17%	2.17%
Life & GA WP UWP Bond	2.21%	2.21%
Life & GA NP UL Sterling	2.17%	2.17%
Life & GA NP Misc	2.17%	2.17%
Pension WP	3.47%	3.64%
Pension NP	2.17%	2.17%
Pension DAP	3.47%	3.64%
Pension NP IA OS	2.17%	2.17%
Pension NP IA UK	2.17%	2.17%
Other Business WP ISA UWP	2.21%	2.21%

\*5801\*

**Details of Advance Interim, Mortuary or Terminal Bonuses**

The Society makes no special provision for the cost of bonuses paid on future claims.

Returns under the Accounts and Statements Rules

**Statement of additional information on derivatives required by Rule 9.29**

Name of company **Liverpool Victoria Friendly Society Limited**

Global business

Financial year ended **31 December 2014**

**DERIVATIVES COMMENTARY**

- a) Investment guidelines operated by the Society:
  - (i) Derivatives are only to be used for the purpose of risk reduction and efficient portfolio management and not for speculation; and
  - (ii) All positions involving contingent liabilities must be fully covered throughout the term of the derivative either by the underlying security or by the equivalent value in cash.
- b) The Society's derivative transactions during 2014 were all made only for the purposes of risk reduction and efficient portfolio management and as such were deemed potentially exercisable at some time during the term of the contract.
- c) The Society was not party to any derivative contracts during the financial year which were never likely to be exercised.
- d) The Society did not use any derivative contracts during the financial year which required a significant provision to be made for it under INSPRU 3.2.17R or (where appropriate) did not fall within the definition of a permitted derivative contract.
- e) The total value of fixed consideration received by the Society in return for granting rights under derivative contracts during the year was: £Nil.



Returns under the Accounts and Statements Rules

**Statement on Controllers required by Rule 9.30**

Name of company                    **Liverpool Victoria Friendly Society Limited**

Global business

Financial year ended            **31 December 2014**

**CONTROLLERS**

At 31 December 2014 Liverpool Victoria Friendly Society Limited had no controllers within the meaning of the rules.



APPENDIX 9.4 (rule 9.31(a))

**ABSTRACT OF VALUATION REPORT ON THE INVESTIGATION  
INTO THE FINANCIAL CONDITION OF THE SOCIETY  
IN RESPECT OF ITS LONG-TERM BUSINESS**

Throughout this document and for ease of reference, non-profit protection contracts within the LVFS Fund are referred to as “Protection Policies”. The business written in the LVFS Fund, excluding protection policies, is referred to as “Contracts Written in the LVFS Fund”. Business relating to The Royal National Pension Fund for Nurses (“RNPFN”), which is ring-fenced within LVFS, is referred to as “Contracts Written in the RNPFN Fund”.

Throughout this document the abbreviations “CWP” and “UWP” are used for Conventional With-Profits business and Unitised With-Profits business respectively.

**1. INTRODUCTION**

- 1.1 The valuation date to which the actuarial investigation relates is 31 December 2014.
- 1.2 The valuation date to which the previous actuarial investigation relates is 31 December 2013.
- 1.3 No interim valuations (for the purposes of rule 9.4) have been carried out since the previous valuation date.

**2. PRODUCT RANGE**

- 2.1 During the financial year, there have been some changes to the product range offered by LVFS, details of which are provided below. The RNPFN with-profits sub-fund is open only to new non-profit business arising from the vesting of deferred annuities from within the sub-fund.
- 2.2 The following paragraphs describe the new products launched during the year and significant changes to the features on existing products.

**2.2.1 Personal Sick Pay Insurance**

A new regular premium protection plan, designed to replace income for people who live and work in the UK in the event of sickness.

The product is available to those aged 17 – 59 last birthday at entry and expires before age 70. There are two types of cover, full and budget. The full cover covers the policy holder until they become well enough to work, whereas the budget cover only covers the policy holder for a maximum of 24 months for each claim. The product line provides the option of a zero deferred period, in addition to the 1, 4, 8, 13, 26, 52 and 104 week option.

## LIVERPOOL VICTORIA FRIENDLY SOCIETY LIMITED

### 2.2.2 1 year term Protected Retirement Plan (PRP)

A new variant of the existing PRP product was launched allowing a 1 year policy term to be chosen.

### 2.2.3 Personal Pension Drawdown (under Flexible Transition Account)

A drawdown plan which sits within the FTA wrapper. Funds must be invested in insured funds only and policyholders are able to take capped or flexible drawdown. All other product terms remain unchanged in line with the existing capped drawdown proposition.

The product was launched as a special offer with a reduced annual service charge, but including an initial charge.

### 2.2.4 Flexible Guarantee Funds

This is a new with-profits investment choice for the SIPP (Flexible Transitions Account) based closely on the existing with-profits Flexible Guaranteed Bond. The product is a single premium unitised with-profits investment, with an option to buy a capital guarantee from a range of terms at any time.

There are three fund options based on investment risk appetite: Cautious, Balanced and Managed Growth.

## 3. DISCRETIONARY CHARGES AND BENEFITS

- 3.1 No Market Value Reductions (“MVRs”) have been applied during the period since the previous valuation.
- 3.2 The details of changes to premiums on reviewable protection policies since the previous actuarial investigation are shown below:-

<b>Product</b>	<b>Range of Premium Changes</b>	<b>Number of Policies Affected by the Change</b>	<b>Number of Policies Not Changed Although Permitted</b>
Individual PHI	-70% to +4%	156	14,117
Critical illness	-1% to +139%	41	8,133
Income protector	Nil	Nil	172
Care protector	Nil	Nil	2

- 3.3 The rate of interest added to non-profit deposit administration policies written in the RNPFN Fund during 2014 was 2.2% until 5/4/2014 and then an interim rate 2.7% for the remainder of the year. The final rate from 5/4/2014 onwards has not yet been declared and reserves have been calculated using the interim rate.



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- 3.4 There have been no changes to benefit or service charges on linked policies since the previous valuation date.
- 3.5 The Society has not made any changes to unit management charges or notional charges to accumulating with-profits policies since the previous valuation date.
- 3.6 The methods used for the creation and cancellation of units in internal-linked funds and determining unit prices for the allocation of units to, and the cancellation of units from, policies are described in the following paragraphs.

### 3.6.1 CONTRACTS WRITTEN IN THE LVFS FUND

- (a) There are several internal-linked funds, the largest of which is the LV= Balanced Index Fund which invest primarily in a range of UK and overseas shares and is managed by State Street Global Advisers Ltd. All units are Accumulation units.
- (i) Prices of units are determined each working day for each internal-linked fund. Both the allocation and cancellation of units in the pension policies and the creation and cancellation of units in the internal-linked funds are undertaken daily.
- (ii) The prices of the internal-linked funds are primarily derived from fund valuations at the close of the markets on the previous day. In general, a single price basis is used for all transactions.
- (iii) The price point applied to the allocation or de-allocation from policies depends on the type of transaction being undertaken. Premium payment and claim transactions will generally be processed using the price on the second working day after we receive a contribution and any required documentation. For switch transactions the price will be the date of the receipt of the policyholder request (or if this is not a working day, the next working day).
- (b) The same pricing basis applies to different policies at all times.
- (c) A number of the internal-linked pension funds invest in units in collective investment schemes. The price used to deal is the one immediately following receipt of the dealing instruction by the relevant external manager. The collective investment schemes are all priced daily.

## LIVERPOOL VICTORIA FRIENDLY SOCIETY LIMITED

### 3.6.2 PROTECTION POLICIES

- (a) There is one internal-linked life fund; the Managed Life Fund which invests primarily in a range of UK and overseas shares via a number of OEICs managed by Invesco Fund Managers Ltd. All units are Accumulation units.
  - (i) Valuations are carried out daily. The creation or cancellation of units takes place after the calculation of unit prices and is based on the maximum value of the fund (if the fund is on an offer basis) or the minimum value of the fund (if the fund is on a bid basis). Decisions on the creation or cancellation of units are made daily, within agreed guidelines.
  - (ii) The Society is entitled to deduct from the fund all costs and expenses incurred in the purchase, sale, maintenance or valuation of any assets; such amounts as the Society shall determine in respect of tax on income and capital gains; and an appropriate share of any other taxes or levies made on the Society. In addition the Society is entitled to deduct a management charge at a rate determined from time to time by the Society. The management charge is currently 0.5% per annum and is deducted daily.

Each unit has a bid price and an offer price. The bid price is not less than the minimum value of the fund divided by the number of units in the fund with the result rounded down by not more than 1% (a bid basis). The offer price does not exceed the maximum value of the fund divided by the number of units in the fund and multiplied by 100/95 with the result rounded up by not more than 1% (an offer basis). Normally, the bid price is not less than the offer price multiplied by 95%.

- (iii) The Society undertakes valuations of the fund in order to establish a maximum and a minimum value of that fund. The maximum value is based on the bid price at which the fund's assets might be purchased increased by any taxes, charges or other expenses payable upon purchase. The minimum value is based on the bid price at which the fund's assets might be sold reduced by any taxes, charges or other expenses payable upon sale.

### 3.6.3 CONTRACTS WRITTEN IN THE RNPFN FUND

- (a) The RNPFN Fund maintains one internal-linked fund, the Managed Growth Fund. All units are Accumulation units.
  - (i) Valuations are carried out weekly and at the month end. The creation or cancellation of units takes place at the valuation on or following the receipt of premiums or request to cancel units.

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- (ii) The determination of unit prices for the Managed Growth Fund depends on whether the pricing is for a net inflow or outflow of funds.

When the fund is valued for a net inflow position, units are created or cancelled at the creation price. This price is determined by valuing the assets at the middle market price adjusted by an Acquisition Factor. This Factor is estimated to give the lowest offered dealing price on the bid/offer spread of the underlying investments including all costs that would be incurred in purchasing such assets and net of all investment management charges, charges on the investments, liabilities and provisions in respect of the investments and deductions, if any, for tax. This total is divided by the number of units to give the creation price.

When the fund is valued for a net outflow position, units are created or cancelled at the cancellation price. This is determined by valuing the assets at the middle market price adjusted by a Realisation Factor. This Factor is estimated to give the highest bid dealing price on the bid/offer spread of the underlying investment net of all costs that would be incurred in disposing of the assets, investment management charges, charges on investments, liabilities and provisions in respect of investments and deductions, if any, for tax. This total is divided by the number of units to give the cancellation price.

At the present time the Managed Growth Fund is in a net outflow position and so units are allocated to policies at the offer price which is determined as the cancellation price multiplied by 100/95 rounded to the nearest 0.1 pence. Units are de-allocated at 95% of the offer price.

- (iii) The fund operates on a forward pricing basis, and is normally valued at the prices ruling at the close of business on the valuation day. Unit transactions by policyholders can only take advantage of these prices if written confirmation of the transaction has been received by 10.00am that day.

- (b) The same pricing basis applies to different RNPFN policies at all times.

- 3.7 The methods used to determine the provision for tax on realised and unrealised capital gains and the percentage or percentages of those gains deducted or provided for during 2014 are described in the following paragraphs.

### 3.7.1 CONTRACTS WRITTEN IN THE LVFS FUND

The pensions linked business is not subject to tax.

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### **3.7.2 PROTECTION POLICIES**

The internal-linked fund includes a provision for tax on unrealised gains. This is calculated daily and is based on the full rate of tax on the gain after the indexation of book costs where applicable. Unrealised losses are offset against unrealised gains up to a maximum level of the unrealised gains. During 2014 the rate of tax used was 20%. When gains are realised, the relevant part of this provision is removed and charged directly to the fund against the proceeds of the disposal.

For assets subject to a deemed disposal treatment at the end of each year, the tax liabilities and provisions in the funds on the relevant date are calculated accordingly, as if the assets had actually been disposed of on that date.

### **3.7.3 CONTRACTS WRITTEN IN THE RNPFN FUND**

The internal linked fund includes a provision for tax on unrealised gains. This is calculated at least weekly and is based on the full rate of tax on the gain after the indexation of book costs where applicable. Unrealised losses are offset against unrealised gains up to a maximum level of the unrealised gains. During 2014 the rate of tax used was 20%. When gains are realised, the unrealised gain provision is removed. The realised gain is charged directly to the fund against the proceeds of the disposal.

For assets subject to a deemed disposal treatment at the end of each year, the tax liabilities and provisions in the funds on the relevant date are calculated accordingly, as if the assets had actually been disposed of on that date.

- 3.8 The rate of discount, commission or other allowances made to the Society on the purchase, sale or holding of units and the extent to which the policyholder benefits from such discounts, commission or other allowance is described in the following paragraphs.

#### **3.8.1 CONTRACTS WRITTEN IN THE LVFS FUND**

A number of internal-linked pension funds hold units of the type referred to in paragraph 5 of part 1 of Appendix 3.2 of IPRU(INS). Part of the charge levied by the external manager on the assets underlying the units is rebated to the Society. The size of the rebate is up to 0.75% per annum and accrues to the relevant internal-linked fund.

#### **3.8.2 PROTECTION POLICIES**

The Society has an agreement with Invesco Fund Managers Limited under which it receives a rebate (calculated monthly and received quarterly), sufficient to reduce the periodic management charge on the units to the equivalent of 0.5% per annum.

The full benefit of this rebate (less any tax thereon) is credited to the relevant fund.

- 3.8.3 No other discount, commission or other allowance is received by the Society on the purchase, sale or holding of any units of the type referred to in paragraph 5 of part 1 of Appendix 3.2 of IPRU(INS), to which any of the insurer's contracts are linked.

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### 4. VALUATION BASIS (OTHER THAN FOR SPECIAL RESERVES)

4.1 The investigation has involved the determination for each type of insurance of the net liability in respect of the contracts in force at the date of the investigation.

The following principles and methods have been adopted in the valuation:

#### 4.1.1 CONTRACTS WRITTEN IN THE LVFS FUND

- (i) For all types of insurance other than those for which a different method has been explicitly described below, the gross premium method of valuation has been adopted using the bases described in sub-paragraphs 4.2, 4.4, 4.6, 4.7, 4.8 and 4.9. The bases so described have been determined so as to have regard to the nature and the terms of the assets already available and those anticipated will become available in the future. The liability has been calculated as the present value of the benefits plus the present value of expenses less the present value of gross premiums with an allowance for reinsurance where appropriate. The liability has been calculated using cash flow methods.
- (ii) Allowance has been made for the payment of claims immediately on the occurrence of the event giving rise to the claim.
- (iii) The following policies have been valued using model points:
  - Industrial Branch contracts;
  - Ordinary Branch with-profits whole life contracts;
  - Ordinary Branch accumulating with-profits contracts; and
  - With-Profits Pension Annuity contracts.Any negative reserve in respect of any single model point is eliminated. Where model points are shown to understate the reserves, an adjustment factor is applied to remove any understatement in the reserves. The model point groupings used are as described in Appendix 9.4A. All other policies are valued individually.
- (iv) Industrial Branch conventional paid-up and fully-paid whole life contracts are adjusted to allow for 'gone-aways'. These arise where the policyholder is no longer aware of the policy's existence (and may have already died) and where it is not practical to trace the policyholder (or next-of-kin). All Industrial Branch conventional paid-up and fully-paid whole life contracts where the policyholder is aged over 100 are excluded. Reduction factors are applied to the remaining contracts depending on the age and type of product, based on the mortality experience of the business, relative to that of a premium-paying policy.
- (v) For accumulating with-profit policies, the liability has been determined as the greater of two values:
  - (a) a gross premium valuation, using discounted cash flow methods, allowing for future benefits including guaranteed benefits payable on

## LIVERPOOL VICTORIA FRIENDLY SOCIETY LIMITED

death or on surrender at a specified date, future expenses and future premiums; and

- (b) the surrender value, excluding any allowance for final bonus.

For regular premium policies, the liability is increased where necessary, to allow for premiums ceasing in future. For single premium bonds, the liability is increased where necessary to allow for future benefit guarantees on surrender, as described in sub-paragraph 5.2(a).

The assumptions used in the discounted cash flow calculations are described in sub-paragraphs 4.2, 4.4, 4.6, 4.7, 4.8 and 4.9.

- (vi) Allowance has been made in the determination of the CWP Pension discount rate for an interest rate swap. The swap has been arranged with Morgan Stanley to hedge the guarantee costs of the CWP Pension. The swap is made up of a basket of payer and receiver swaps of increasing tenor. The yield assumed on this asset has been calculated by taking the internal rate of return on the individual swaps, as required by INSPRU 3.1.30R.
- (vii) Due regard has been taken of the duty to treat customers fairly, as required by INSPRU 1.2.10R(6) by ensuring that the reserves are sufficiently strong to meet liabilities to policyholders as they become due and include adequate margins to meet adverse deviations in experience.

The custom and practice of the Society in the manner and timing of the distribution of profits or the grant of discretionary additions over the duration of each policy, as required by INSPRU 1.2.10R(5) has been taken into account by including previously declared reversionary bonus in future cash flows. The valuation method adopted makes no provision for future bonuses on with-profits policies except as described in sub-paragraph 5.2(a). Policyholders' reasonable expectations are met in Peak 2.

- (viii) The provision made for any prospective liability for tax on unrealised capital gains is equal to the capital gains tax liability that would be incurred if all assets were sold at the valuation date. This is offset against tax charged to policyholders in the WPBR.
- (ix) For policies linked to the internal-linked fund, a unit reserve is held equal to the value of the units allocated to the policies based on the valuation price per unit in Form 55. A sterling reserve has also been calculated using a gross premium cash flow approach. Items of future income and outgo were projected and if necessary a sterling reserve established which is sufficient to eliminate any resulting strains. A check has been made to ensure that the total reserve is always no less than the surrender value at any time. The sterling reserve was calculated using the bases described in sub-paragraphs 4.2, 4.4, 4.6 and 4.7.

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- (x) For conventional with-profit pension deferred annuities, it is assumed that 75% (moving to 95% over 20 years) will take the guaranteed annuity at retirement rather than the alternative cash option.

### 4.1.2 PROTECTION POLICIES

- (i) The liability has been calculated using cash flow methods, as the present value of the benefits plus the present value of expenses less the present value of gross premiums with an allowance for reinsurance where appropriate.
- (ii) Most individual permanent health insurance policies issued on standard tables terminate on a specified birthday. The termination date has been taken into account in determining the value of benefits. Where appropriate, the reserve in respect of waiver of premium has been included in the value of benefits and the value of premiums assumes that all future premiums are paid when due.
- (iii) For non-linked permanent health insurance policies and index-linked permanent health insurance policies, the reserve has been calculated assuming rates of claim inception and terminations for healthy lives and rates of claim termination for disabled lives.
- (iv) Policies subject to an extra premium on account of health have been valued by increasing the standard rate of mortality or morbidity, subject to the overall reserve being no lower than the reserve on an unrated life. This minimum is applied at a product level. The increase in mortality or morbidity is specified by the amount of the extra premium relative to the standard premium. Policies with per mille loadings have been excluded and an additional reserve of one year's extra premium is held.
- (v) For group permanent health insurance policies a reserve has been made in respect of disabled lives calculated by valuing the claim as the value of the benefits plus the value of expenses. An additional reserve of £200,000 has been set up to cover potential disputes from claims arising on permanent health insurance policies.
- (vi) Policies linked to OEICs were valued by reserving the full amount of the market value of the units deemed to be standing to the credit of policies, plus one year's premium not invested in units.
- (vii) All policies have been valued individually. Negative reserves are permitted, except for Pension Term Assurances.

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### 4.1.3 CONTRACTS WRITTEN IN THE RNPEN FUND

- (i) All With-profit policies are valued on model points using a gross premium method taking account of the age of the policyholder(s) at the valuation date. Non-profit policies have been valued individually using a gross premium method taking account of the age of the policyholder(s) at the valuation date.
- (ii) For non-linked policies valued using the gross premium method, the reserve has been calculated as the present value of benefits plus the present value of expenses less the present value of gross premiums.
- (iii) For life deferred annuities with guaranteed surrender values the mathematical reserve established is the greater of the gross premium reserve and the guaranteed surrender value.
- (iv) For temporary assurances a manual reserve is held equal to the single premium or annual premium as appropriate.
- (v) For immediate annuity policies, the reserve is calculated as the present value of benefits plus the present value of expenses, with an allowance for the reinsurance premiums. Allowance is made for the unexpired guarantee period. The standard guarantee period is 5 years but exceptions are possible.
- (vi) The valuation method adopted makes no provision for future bonuses on with- profits life policies. Policyholders' reasonable expectations are met in Peak 2.
- (vii) All With-profit policies have been valued using model points and any negative reserve in respect of any single model point eliminated. Where model points are shown to understate the reserves, by comparison with the reserve based on individual policies, an adjustment factor is applied to remove any understatement in reserves. The model point groupings used are as described in Appendix 9.4A.
- (viii) No specific reserve has been made for future bonuses.
- (ix) The provision made for any prospective liability for tax on unrealised capital gains is equal to the capital gains tax liability that would be incurred if all assets were sold at the valuation date. This is offset against tax charged to policyholders in the WPBR.



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- (x) For policies linked to the internal-linked fund, a unit reserve is held equal to the value of the units allocated to the policies based on the valuation price per unit shown in Form 55. A sterling reserve has also been calculated using a gross premium cash flow approach. Items of future income and outgo were projected and if necessary a sterling reserve established which is sufficient to eliminate any resulting strains. A check has been made to ensure that the total reserve is always no less than the surrender value at the time. The sterling reserve was calculated using the bases described in sub-paragraphs 4.2, 4.4, 4.6 and 4.7.

4.2 The annual percentage rates of interest, net of tax where appropriate, used for determining the mathematical reserves described in sub-paragraph 4.1 were as follows:-

Product Group	Product Code Number	Interest Rate as at:-	
		31 December 2014	31 December 2013
<b><u>CONTRACTS WRITTEN IN THE LVFS FUND</u></b>			
<b><u>ORDINARY BRANCH</u></b>			
With-Profits Taxable Life	100, 120, 125	3.01%	3.69%
With-Profits Non-Taxable Life	115, 140	3.36%	4.14%
With-Profits Pension	155, 165, 195	2.30%	3.48%
	200	4.46%	4.74%
Non-Profit Pension	400	2.89%	3.87%
	405, 905	2.89%	3.87%
	725, 750, 755	2.22%	3.34%
UWP Taxable Life	500, 505, 510	2.21%	2.79%
UWP Non-Taxable Life	506, 516, 525, 510	2.46%	3.14%
UWP Pension	525	2.46%	3.14%
<b><u>INDUSTRIAL BRANCH</u></b>			
With-Profits Taxable	105, 130	4.01%	4.19%
With-Profits Non-Taxable	105, 115, 130, 140	4.46%	4.74%
<b><u>PROTECTION POLICIES</u></b>			
Whole of Life and Term Assurance	435 instalments	1.32%	1.96%
	910 <sup>1,2</sup>	1.68%	2.52%
	300, 325, 330 <sup>2</sup>	1.68%	2.52%
Pensions Term Assurance	910 <sup>1</sup>	2.10%	3.15%
	910 instalments <sup>1</sup>	1.65%	2.45%
	325, 330	2.10%	3.15%
PHI Non-Profit – active lives	340, 345, 350,		

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	355, 360, 365, 380, 910 <sup>1</sup>	2.10%	3.15%
PHI Non-Profit – claims in payment	385, 425, 901 <sup>1</sup>	1.65%	2.45%
<b><u>CONTRACTS WRITTEN IN RNPEN FUND</u></b>			
With-Profits Life	100,120	1.75%	2.62%
	165	2.63%	2.94%
Non-Profit Life	390	1.63%	2.57%
	400 post 1992	1.63%	2.57%
	400 pre 92 entry	2.03%	3.21%
	440,700,715	1.63%	2.57%
	All others	1.63%	2.57%
With-Profit Pension	All	3.29%	3.68%
Non-Profit Pension	315	3.29%	3.68%
	400	2.03%	3.21%
	All others	2.03%	3.21%
UWP Taxable Life	All	1.67%	2.54%
UWP Non-Taxable Life	All	2.09%	3.18%

<sup>1</sup> The interest rates given against these product codes are nominal rates of interest. Benefits in respect of index-linked policies are assumed to increase explicitly at a rate of 3.66% per annum as at the valuation date.

<sup>2</sup> The interest rate given is the net rate, and is used in respect of business commencing prior to 1<sup>st</sup> January 2013. Business commencing on or after this date is valued using the gross interest rate of 2.10% as at the valuation date.

- 4.3 The determination of risk-adjusted yields to allow for equity, property and other fixed interest securities is set out below:

The method used to adjust the yield on corporate bonds, in accordance with INSPRU 3.1.41R, was to reduce the yields by 40% of the spread over gilts of equivalent outstanding term, to allow for the risk of default.

For callable bonds, where the borrower has the option to repay earlier than the maturity date, the yield is calculated at the next call date, except where the next call date is within six months of the valuation date the lower of the yield to next call date and yield to maturity is used. Where the yield to next call date is negative, the yield to maturity is used.

Additionally, for contracts written in the LVFS Fund, allowance has been made in the determination of the discount rate for non-profit annuities backed by equity release assets. The yield assumed on this asset has been calculated by taking the internal rate of return on risk adjusted cashflows derived from projected best estimate cashflows reduced to allow for the relevant risk margins.

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In accordance with INSPRU 3.1.33R and 3.1.36R the method used to adjust the yield on real estate was, on an individual property basis, to:

- (a) consider both retrospective and prospective earnings and rental yields (where available) and use the lower;
- (b) cap yields on any individual asset at 10%;
- (c) reduce yield by 25% of the excess of the capped running yield over the annualized 15 year gilt yield.

In accordance with INSPRU 3.1.33R and 3.1.37R the method used to adjust the yield on equities was to:

- (a) take the average of the dividend and earnings yields, or the dividend yield if higher;
- (b) reduce the yield on overseas equities by 15% to allow for withholding tax;
- (c) cap yields on any individual asset at 10%.
- (d) reduce yield by 25% of the excess of the capped running yield over the annualized 15 year gilt yield;
- (e) Additionally, for contracts written in the LVFS Fund, adjust to allow for the time-decay of the options written in connection with the equities (as per INSPRU 3.1.30-3.1.31). It is assumed that the equity options are not exercised and expire worthless.

4.4 The mortality bases used to determine the mathematical reserves described in sub-paragraph 4.1 are shown below:-

Product Group	Product Code Number	Mortality Basis as at:-	
		31 December 2014	31 December 2013
<b>CONTRACTS WRITTEN IN THE LVFS FUND</b>  <b>ORDINARY BRANCH</b> With-Profits Non-Taxable Life	165 deferred Males	102% AMC00 <sup>3</sup>	102% AMC00 <sup>3</sup>
	165 deferred Females	102% AFC00 <sup>3</sup>	102% AFC00 <sup>3</sup>
	165,195 in payment Males	85% RMV00 <sup>3</sup>	85% RMV00 <sup>3</sup>
	165,195 in payment Females	85% RFV00 <sup>3</sup>	85% RFV00 <sup>3</sup>
	All others	90% AM80ult -3F	90% AM80ult -3F

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With-Profits Taxable Life	All	90% AM80ult -3F	90% AM80ult -3F
Non-Profit Life	325,330	NS: 95% AM/F80 S: 165% AM/F80	NS: 95% AM/F80 S: 165% AM/F80
	400 Males	85% RMV00 <sup>3</sup>	85% RMV00 <sup>3</sup>
	400 Females	85% RFV00 <sup>3</sup>	85% RFV00 <sup>3</sup>
	300 (males & females)	90% AM80ult -3F	90% AM80ult -3F
With-Profits Pension	165 deferred Males	102% AMC00 <sup>3</sup>	102% AMC00 <sup>3</sup>
	165 deferred Females	102% AFC00 <sup>3</sup>	102% AFC00 <sup>3</sup>
	165 in payment Males	85% RMV00 <sup>3</sup>	85% RMV00 <sup>3</sup>
	165 in payment Females	85% RFV00 <sup>3</sup>	85% RFV00 <sup>3</sup>
	200 in payment Males	85% RMV00 <sup>3</sup>	85% RMV00 <sup>3</sup>
	200 in payment Females	85% RFV00 <sup>3</sup>	85% RFV00 <sup>3</sup>
	200 WPPA (Series 1 – 3) Males	80.75% RMV00 <sup>3</sup>	80.75% RMV00 <sup>3</sup>
	200 WPPA (Series 1 – 3) Females	80.75% RFV00 <sup>3</sup>	80.75% RFV00 <sup>3</sup>
	200 WPPA (Series 4) Males	80.75% RMV00 <sup>3</sup>	80.75% RMV00 <sup>3</sup>
	200 WPPA (Series 4) Females	80.75% RFV00 <sup>3</sup>	80.75% RFV00 <sup>3</sup>

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Non-Profit Annuity	325	NS: 95% AM/F80 S: 165% AM/F80	NS: 95% AM/F80 S: 165% AM/F80
	400 Males	85% RMV00 <sup>3</sup>	85% RMV00 <sup>3</sup>
	400 Females	85% RFV00 <sup>3</sup>	85% RFV00 <sup>3</sup>
	400 PRP Males	80.75% RMV00 <sup>3</sup>	80.75% RMV00 <sup>3</sup>
	400 PRP Females	80.75% RFV00 <sup>3</sup>	80.75% RFV00 <sup>3</sup>
	405, 905 Males	80.75% RMV00 <sup>4</sup>	80.75% RMV00 <sup>4</sup>
	405, 905 Females	80.75% RFV00 <sup>4</sup>	80.75% RFV00 <sup>4</sup>
	725,750,755	96%AX92C20	96%AX92C20
UWP Taxable Life	500	96% AM80ult	96% AM80ult
	All others	96% AM/F80 2yr select	96% AM/F80 2yr select
UWP Non-Taxable Life	506	96% AM/F80 2yr select	96% AM/F80 2yr select
	All others	96% AM/F80ult	96% AM/F80ult
UWP Pension	525 APPS	78% AM80ult	78% AM80ult
	All others	96% AM80ult	96% AM80ult
<b><u>INDUSTRIAL BRANCH</u></b> With-Profits Taxable	All	96% up to age 80, rising linearly to 120% at age 100 ELT16	96% up to age 80, rising linearly to 120% at age 100 ELT16
With-Profits Non-Taxable	All	96% up to age 80, rising linearly to 120% at age 100 ELT16	96% up to age 80, rising linearly to 120% at age 100 ELT16
<b><u>PROTECTION POLICIES</u></b>	300 50+ Plan	75% Modified AMC00/AFC00 Ult <sup>1,7</sup>	77% Modified AMC00/AFC00 Ult <sup>1</sup>
Whole of Life/Term Assurance	300 ASDA 50+ Plan	75% Modified AMC00/AFC00 Ult <sup>1,7</sup>	75% Modified AMC00/AFC00 Ult <sup>1</sup>
	300 Lifetime +	75% Modified AMN00/AMS00/AFN00/AFS00 (3yr select) <sup>1,7</sup>	75% Modified AMN00/AMS00/AFN00/AFS00 (3yr select) <sup>1</sup>
	300 Others	100%AM92/AF92	100%AM92/AF92
	325, 330 & 910 FPP Life	120.6% Modified TMN00/TMS00/TFN00/TFS00 <sup>1</sup>	152.3% Modified TMN00/TMS00/TFN00/TFS00 <sup>1</sup>

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	325, 330 & 910 Non-FPP Life	120.6% Modified TMN00/TMS00/TFN00/TFS00 <sup>1</sup>	152.3% Modified TMN00/TMS00/TFN00/TFS00 <sup>1</sup>
	325, 330, 910 Vanilla Term Assurance	120% Modified TMN00/TMS00/TFN00/TFS00 <sup>1</sup>	120% Modified TMN00/TMS00/TFN00/TFS00 <sup>1</sup>
Pensions Term Assurance	325, 330 & 910	120.6%TMN00/TMS00/TFN00/TFS00 <sup>1</sup>	152.3%TMN00/TMS00/TFN00/TFS00 <sup>1</sup>
PHI Non-Profit	All	70% AM92/AF92	70% AM92/AF92
<b><u>CONTRACTS WRITTEN IN THE RNPEN FUND</u></b>			
With-Profits Life	165 deferred All others	42.5% AM/F00ult 72% AM/F00ult	42.5% AM/F00ult 72% AM/F00ult
Non-Profit Life	300 500,575,700 390  400 <sup>2</sup>	72% AM/F00ult 72% AM/F00ult 42.5% AM/F00ult  Male: 61.2% IML00 <sup>5</sup> Female: 72.3% IFL00 <sup>6</sup>	72% AM/F00ult 72% AM/F00ult 42.5% AM/F00ult  Male: 61.2% IML00 <sup>5</sup> Female: 72.3% IFL00 <sup>6</sup>
With-Profit Pension	All deferred  In payment	42.5% AM/F00ult  Male: 61.2% IML00 <sup>5</sup> Female: 72.3% IFL00 <sup>6</sup>	42.5% AM/F00ult  Male: 61.2% IML00 <sup>5</sup> Female: 72.3% IFL00 <sup>6</sup>
UWP Taxable Life	All	72% AM/F00ult	72% AM/F00ult
UWP Non-Taxable Life	All	72% AM/F00ult	72% AM/F00ult
Non-Profit Pension	All Deferred  In Payment	42.5% AM/F00ult  Male: 61.2% IML00 <sup>5</sup> Female: 72.3% IFL00 <sup>6</sup>	42.5% AM/F00ult  Male: 61.2% IML00 <sup>5</sup> Female: 72.3% IFL00 <sup>6</sup>

<sup>1</sup> Ultimate sample mortality rates, defined as a modification to a standard table, are given below. The sample rates shown are before the application of the appropriate overall percentage multiplier as summarised in the table above.

50+ Plan (Product code 300) 31 December 2014

Age	Male		Female	
	Smoker	Non-Smoker	Smoker	Non-Smoker
55	0.005610	0.005610	0.003640	0.003640

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50+ Plan (Product Code 300) 31 December 2013

	Male		Female	
Age	Smoker	Non-Smoker	Smoker	Non-Smoker
55	0.005338	0.005338	0.003484	0.003484

ASDA 50+ Plan (Product code 300) 31 December 2014

	Male		Female	
Age	Smoker	Non-Smoker	Smoker	Non-Smoker
55	0.008696	0.004937	0.006042	0.002912

ASDA 50+ Plan (Product code 300) 31 December 2013

	Male		Female	
Age	Smoker	Non-Smoker	Smoker	Non-Smoker
55	0.009486	0.004422	0.006235	0.002749

Lifetime + (Product code 300)

	Male		Female	
Age	Smoker	Non-Smoker	Smoker	Non-Smoker
25	0.000542	0.000428	0.000262	0.000262
35	0.000883	0.000483	0.000558	0.000348
45	0.001467	0.000780	0.001227	0.000615
55	0.004172	0.001869	0.003100	0.001402

FPP Life and Non FPP Life and Pension (Codes 325, 330 & 910) 31 December 2014

	Male		Female	
Age	Smoker	Non-Smoker	Smoker	Non-Smoker
25	0.000549	0.000356	0.000258	0.000212
35	0.000676	0.000458	0.000431	0.000347
45	0.001335	0.000794	0.001132	0.000624
55	0.003894	0.001922	0.003554	0.001537

FPP Life and Non FPP Life and Pension (Codes 325, 330 & 910) 31 December 2013

	Male		Female	
Age	Smoker	Non-Smoker	Smoker	Non-Smoker
25	0.000580	0.000280	0.000255	0.000188
35	0.000715	0.000360	0.000426	0.000308
45	0.001411	0.000624	0.001118	0.000554
55	0.004116	0.001512	0.003509	0.001364

VTA (Product code 325, 330 & 910)

	Male		Female	
Age	Smoker	Non-Smoker	Smoker	Non-Smoker
25	0.000700	0.000334	0.000305	0.000225
35	0.000862	0.000430	0.000509	0.000369
45	0.001702	0.000745	0.001337	0.000663
55	0.004964	0.001802	0.004198	0.001634

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<sup>2</sup> For reserving for expenses and reinsurance charges only.

<sup>3</sup> Adjusted with improvements of 100% of 2013 CMI mortality improvement model, (core assumption, 1.50% long-term improvement factor to age 90, tapering to 0% at age 120).

<sup>4</sup> Adjusted with improvements of 100% of 2013 CMI mortality improvement model, (core assumption, 1.50% long-term improvement factor to age 90, tapering to 0% at age 120) and adjusted for mortality convergence at advanced ages using a series of additive and multiplicative factors according to lifestyle or medical condition, gender, age and duration in-force.

<sup>5</sup> Adjusted with improvements of 100% of 2009 CMI mortality improvement model, with a long-term improvement rate of 1.75%.

<sup>6</sup> Adjusted with improvements of 100% of 2009 CMI mortality improvement model, with a long-term improvement rate of 1.5%.

<sup>7</sup> An allowance is made for future mortality improvements using uniform age-specific improvement rates derived as weighted-averages of CMI\_2013 1.5% LT.

### 4.4.1 CONTRACTS WRITTEN IN THE LVFS FUND

For Ordinary Branch Non-Profit Life and Pension the mortality table used in the calculation of the mathematical reserves for males has been adjusted for AIDS on the basis of 40% of Projection R6A of the Institute of Actuaries AIDS Working Party Bulletin No 5.

The expectations of life for the annuitant mortality bases in the above table (Product Code Numbers 165, 195, 395 and 400 – standard lives) are as follows:-

	Expectation of life (years)			
	Males		Females	
	2014	2013	2014	2013
<b>Annuities in Payment</b>				
Age 65	25.1	25.0	28.2	28.1
Age 75	15.9	15.8	18.3	18.2
<b>Deferred Annuities</b>	<b>Expectation of life at age 65 (years)</b>			
Age 45	27.3	27.2	30.3	30.2
Age 55	26.2	26.1	29.2	29.1

The expectations of life for the annuitant mortality bases in the above table (Product Code Numbers 405 and 905 – impaired lives) are as follows:-

Product Code 405	Expectation of life (years)			
	Males		Females	
	2014	2013	2014	2013
<b>Annuities in Payment</b>				
<b>Cancer (Aggressive)</b>				
Age 65	11.1	11.0	11.9	11.9
Age 75	8.2	8.2	9.1	9.1
<b>Cancer (Mild)</b>				
Age 65	21.7	21.6	24.1	24.0



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Age 75	14.2	14.1	16.2	16.1
<b><i>Cancer (Moderate)</i></b>				
Age 65	19.0	18.9	21.0	21.0
Age 75	12.7	12.6	14.4	14.4
<b><i>Cardio (All Other)</i></b>				
Age 65	21.8	21.7	23.4	23.3
Age 75	13.7	13.6	14.9	14.7
<b><i>Cardio (AMI)</i></b>				
Age 65	21.8	21.7	23.4	23.3
Age 75	13.7	13.6	14.9	14.7
<b><i>Cardio (Mild)</i></b>				
Age 65	24.2	24.1	27.0	26.9
Age 75	15.7	15.6	17.9	17.8
<b><i>Diabetes</i></b>				
Age 65	23.1	23.0	25.5	25.3
Age 75	14.5	14.4	16.1	16.0
<b><i>Lifestyle (Blood Pressure)</i></b>				
Age 65	24.2	24.1	27.4	27.3
Age 75	15.3	15.2	17.8	17.7
<b><i>Lifestyle (Obesity)</i></b>				
Age 65	24.2	24.1	27.4	27.3
Age 75	15.3	15.2	17.8	17.7
<b><i>Neurological</i></b>				
Age 65	16.9	16.7	21.2	21.1
Age 75	10.4	10.3	13.2	13.1
<b><i>New Smoker</i></b>				
Age 65	22.2	22.1	24.7	24.6
Age 75	13.9	13.8	15.6	15.5
<b><i>Respiratory</i></b>				
Age 65	20.8	20.7	25.8	25.7
Age 75	12.6	12.5	16.3	16.2

**4.4.2 CONTRACTS WRITTEN IN THE RNPFN FUND**

The expectations of life for the annuitant mortality bases in the above table (Product Code Number 400) are as follows:-

	<b>Expectation of life (years)</b>			
	<b>Males</b>		<b>Females</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
<b>Annuities in Payment</b>				
Age 65	28.4	28.3	28.8	28.7
Age 75	18.5	18.4	18.6	18.4
<b>Deferred Annuities</b>	<b>Expectation of life at age 65 (years)</b>			
Age 45	31.0	30.9	31.0	30.9
Age 55	29.7	29.6	29.9	29.8

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4.5 The morbidity basis used to determine the mathematical reserves described in sub paragraph 4.1 for product codes 360, 365, 385, 425, 901 and 910 (excluding the Mortgage Lifestyle & Protection Plan and the Waiver Rider Benefit) was as follows:-

Basis	Morbidity Basis as at:-	
	31 December 2014	31 December 2013
<b><u>Inception rates</u></b>		
Base table FPP	105.2% CMIR12	33.0% CMIR12
Base table Conventional IP	114.0% CMIR12	33.0% CMIR12
Adjustment Age 22, Male <sup>1</sup>	1.05	1.00
Adjustment Age 27, Male <sup>1</sup>	0.95	1.00
Adjustment Age 32, Male <sup>1</sup>	1.08	1.00
Adjustment Age 37, Male <sup>1</sup>	1.08	1.00
Adjustment Age 42, Male <sup>1</sup>	1.08	1.00
Adjustment Age 47, Male <sup>1</sup>	1.13	1.00
Adjustment Age 52, Male <sup>1</sup>	1.08	1.00
Adjustment Age 57, Male <sup>1</sup>	0.93	1.00
Adjustment Age 62+, Male <sup>1</sup>	0.73	1.00
Adjustment Age 22, Female <sup>1</sup>	1.15	1.85
Adjustment Age 27, Female <sup>1</sup>	1.00	1.85
Adjustment Age 32, Female <sup>1</sup>	1.00	1.85
Adjustment Age 37, Female <sup>1</sup>	1.03	1.85
Adjustment Age 42, Female <sup>1</sup>	1.10	1.85
Adjustment Age 47, Female <sup>1</sup>	1.10	1.85
Adjustment Age 52, Female <sup>1</sup>	0.98	1.85
Adjustment Age 57, Female <sup>1</sup>	0.80	1.85
Adjustment Age 62+, Female <sup>1</sup>	0.55	1.85
Non-Smoker multiple	0.97	0.96
Smoker multiple	1.29	1.32
Deferred 4 weeks multiple - Male	0.60	1.00
Deferred 8 weeks multiple – Male	0.68	1.25
Deferred 13 weeks multiple – Male	0.75	1.50
Deferred 26 weeks multiple – Male	1.09	2.30
Deferred 52 weeks multiple – Male	1.80	3.75
Deferred 104 weeks multiple – Male	1.80	3.40
Deferred 4 weeks multiple – Female	0.90	1.00
Deferred 8 weeks multiple – Female	1.28	1.25
Deferred 13 weeks multiple – Female	1.67	1.50
Deferred 26 weeks multiple – Female	2.84	2.30
Deferred 52 weeks multiple – Female	4.97	3.75
Deferred 104 weeks multiple – Female	4.97	3.40
Occupation Class “Professional” multiple	0.55	1.15

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Occupation Class 1 multiple	0.60	1.00
Occupation Class 2 multiple	0.95	2.10
Occupation Class 3 multiple	1.25	2.75
Occupation Class 4 multiple	1.60	4.75
Deferred 4 or 8 Weeks, Occupation Class 3 or 4 Multiple	1.125	1.00
In-force up to 1 year multiple, Male	0.70	1.00
In-force 1 to 2 years multiple, Male	0.95	1.00
In-force up to 1 year multiple, Female	0.85	1.00
<b><u>Termination rates – Individual Business</u></b>		
Occupational Class “Professional” or 1, Durations up to 1 month	44.0% CMIR12	39.7% CMIR12
Occupational Class “Professional” or 1, Durations between 1 and 2 months	44.8% CMIR12	39.7% CMIR12
Occupational Class “Professional” or 1, Durations between 2 and 3 months	46.4% CMIR12	39.7% CMIR12
Occupational Class “Professional” or 1, Durations between 3 and 6 months	48.0% CMIR12	39.7% CMIR12
Occupational Class “Professional” or 1, Durations between 6 and 60 months	48.0% CMIR12	55.6% CMIR12
Occupational Class “Professional” or 1, Durations greater than 60 months	40.0% CMIR12	55.6% CMIR12
Occupational Class 2, 3 or 4, Durations up to 1 month	43.2% CMIR12	39.7% CMIR12
Occupational Class 2, 3 or 4, Durations between 1 and 2 months	44.8% CMIR12	39.7% CMIR12
Occupational Class 2, 3 or 4, Durations between 2 and 3 months	45.6% CMIR12	39.7% CMIR12
Occupational Class 2, 3 or 4, Durations between 3 and 6 months	46.4% CMIR12	39.7% CMIR12
Occupational Class 2, 3 or 4, Durations between 6 and 9 months	48.8% CMIR12	55.6% CMIR12
Occupational Class 2, 3 or 4, Durations between 9 and 12 months	51.2% CMIR12	55.6% CMIR12
Occupational Class 2, 3 or 4, Durations between 12 and 60 months	54.4% CMIR12	55.6% CMIR12
Occupational Class 2, 3 or 4, Durations greater than 60 months	40.0% CMIR12	55.6% CMIR12
Deferred Period 4 weeks multiple	0.98	1.00
Deferred Period 8 weeks multiple	0.96	1.00
Deferred Period 13 weeks multiple	0.93	1.00
Deferred Period 26 weeks multiple	0.79	1.00
Deferred Period 52 weeks multiple	0.76	1.00
Deferred Period 104 weeks multiple	0.76	1.00
<b><u>Termination rates – Group Business</u></b>		
	37.3% CMIR12	37.3% CMIR12

<sup>1</sup> Multiples for intermediate ages obtained by interpolating.

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The morbidity basis used to determine the mathematical reserves described in sub paragraph 4.1 for the Waiver Rider Benefit of product codes 380 and 910 was as follows:-

<b>Basis</b>	<b>Morbidity Basis as at:-</b>	
	<b>31 December 2014</b>	<b>31 December 2013</b>
<b><u>Inception rates</u></b>	33.0%	33.0%
Base table FPP	CMIR12	CMIR12
Female lives multiple	1.85	1.85
Non-Smoker multiple	0.96	0.96
Smoker multiple	1.32	1.32
Deferred 8 weeks multiple	1.25	1.25
Deferred 13 weeks multiple	1.50	1.50
Deferred 26 weeks multiple	2.30	2.30
Deferred 52 weeks multiple	3.75	3.75
Deferred 104 weeks multiple	3.40	3.40
Occupation Class "Professional" multiple	1.15	1.15
Occupation Class 1 multiple	1.00	1.00
Occupation Class 2 multiple	2.10	2.10
Occupation Class 3 multiple	2.75	2.75
Occupation Class 4 multiple	4.75	4.75
Index-linked future increment multiple	1.00	1.00
Future increment options multiple	1.00	1.00
<b><u>Termination rates – individual business</u></b>		
Durations up to 6 months	39.7% CMIR12	39.7% CMIR12
Durations greater than 6 months	55.6% CMIR12	55.6% CMIR12

The CMIR12 table used was type a; excluding unreported claims. Allowance was made for future changes in morbidity for non-MLP business only by increasing inception rates by 1.0% pa for guaranteed premium contracts up to a maximum of 20%. No additional allowance was made for any possible detrimental impact of significant changes in the incidence of disease or developments in medical science on morbidity experience.

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The morbidity basis used to determine the mathematical reserve for product codes 360 and 910 for the Mortgage Lifestyle & Protection Plan (MLP) was as follows:-

Basis	Morbidity Basis as at:-	
	31 December 2014	31 December 2013
<b><u>Inception rates</u></b>	120.0%	120.0%
Base table	CMIR12	CMIR12
Female lives multiple	2.12	2.12
Non-Smoker multiple	0.97	0.97
Smoker multiple	1.29	1.29
Deferred 4 weeks multiple	0.60	0.60
Deferred 8 weeks multiple	0.68	0.68
Deferred 13 weeks multiple	0.75	0.75
Deferred 26 weeks multiple	1.09	1.09
Deferred 52 weeks multiple	1.80	1.80
Deferred 104 weeks multiple	1.80	1.80
Occupation Class "Professional" multiple	0.55	0.55
Occupation Class 1 multiple	0.60	0.60
Occupation Class 2 multiple	0.95	0.95
Occupation Class 3 multiple	1.40	1.40
Occupation Class 4 multiple	2.80	2.80
<b><u>Termination rates</u></b>		
Durations less than 1 month	43.8% CMIR12	43.8% CMIR12
Durations between 1 and 2 months	44.8% CMIR12	44.8% CMIR12
Durations between 2 and 3 months	46.2% CMIR12	46.2% CMIR12
Durations between 3 and 6 months	47.6% CMIR12	47.6% CMIR12
Durations between 6 and 9 months	48.2% CMIR12	48.2% CMIR12
Durations between 9 and 12 months	48.9% CMIR12	48.9% CMIR12
Durations between 12 and 24 months	49.8% CMIR12	49.8% CMIR12
Durations between 24 and 36 months	49.8% CMIR12	49.8% CMIR12
Durations between 36 and 48 months	49.8% CMIR12	49.8% CMIR12
Durations between 48 and 60 months	49.8% CMIR12	49.8% CMIR12
Durations greater than 60 months	40.0% CMIR12	40.0% CMIR12

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4.6 The expense bases used to determine the mathematical reserves described in sub-paragraph 4.1 were as follows:-

4.6.1 **CONTRACTS WRITTEN IN THE LVFS FUND**

Product Group	Product Code Number	Expense Basis as at:-			
		31 December 2014		31 December 2013	
		Premium Paying	Paid-Up	Premium Paying	Paid-Up
<b>ORDINARY BRANCH</b>					
CWP whole of life	100,115	£43.01	£36.85	£43.01	£36.85
CWP savings endowment	120,140	£43.01	£36.85	£43.01	£36.85
CWP pensions	165	£47.52	£40.70	£48.73	£41.80
NP whole of life	300	£35.86	£30.80	£35.86	£30.80
NP endowment	300	£35.86	£30.80	£35.86	£30.80
Term assurance	325,330	£19.92		£19.92	
Annuity with/non-profit	200/400	-	£57.09	-	£58.52
Annuity non-profit	400 PRP	-	£52.36 <sup>1</sup>	-	£54.78 <sup>1</sup>
Impaired annuity non-profit	405, 905	-	£52.36 <sup>1</sup>	-	£54.78 <sup>1</sup>
UWP Bond	500	-	£44.00	-	£45.10
UWP whole of life	505	£48.40	£41.58	£48.95	£44.44
UWP whole of life (ISA)	506	£56.21	£48.18	£53.35	£45.76
UWP savings endowment	510	£48.40	£41.58	£48.95	£44.44
UWP target cash endowment	515	£48.40	£41.58	£48.95	£44.44
UWP regular premium pension	525 APPS	-	£40.70	-	£41.80
	525 Other	£47.52	£40.70	£48.73	£41.80
UL Pensions	725,750,755	£92.73 <sup>1</sup>	£92.73 <sup>1</sup>	£69.74 <sup>1</sup>	£69.74 <sup>1</sup>
<b>INDUSTRIAL BRANCH</b>					
CWP whole of life	105,115	£16.39	£16.39	£7.48	£19.60
CWP savings endowment	130,140	£16.39	£16.39	£7.48	£7.48

<sup>1</sup> An additional expense reserve has been set up to cover the expected expense over-run on Non Profit Pension Annuity, Protected Retirement Plan and Unit Linked Pensions business.

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Allowance is also made for investment expenses by reducing the valuation interest rates shown in sub-paragraph 4.2 by:

<b>Product Group</b>	<b>Investment Expense as at:-</b>	
	<b>31 December 2014</b>	<b>31 December 2013</b>
CWP Pensions	0.12%	0.11%
Other With-Profits	0.26%	0.24%
Impaired Annuity non-profit	0.13%	0.14%
Annuity non-profit (PRP)	0.13%	0.14%

The rates of tax relief assumed on expenses used to determine the mathematical reserves described in sub-paragraph 4.1 were as follows:-

<b>Product Group</b>	<b>Rate of Tax Relief as at:-</b>	
	<b>31 December 2014</b>	<b>31 December 2013</b>
<b><u>ORDINARY BRANCH</u></b>		
With-Profits Taxable Life	20%	20%
With-Profits Non-Taxable Life	Nil	Nil
Non-Profit Life	Nil	Nil
With-Profits Pension	Nil	Nil
Non-Profit Pension	Nil	Nil
UWP Taxable Life	20%	20%
UWP Non-Taxable Life	Nil	Nil
UWP Pension	Nil	Nil
<b><u>INDUSTRIAL BRANCH</u></b>		
With-Profits Taxable	20%	20%
With-Profits Non-Taxable	Nil	Nil

The inflation rates applied to maintenance expenses used to determine mathematical reserves were as follows:-

<b>Parameter</b>	<b>Basis as at:-</b>	
	<b>31 December 2014</b>	<b>31 December 2013</b>
With-Profits	4.07% per annum	4.35% per annum
Non Profit	3.57% per annum	3.85% per annum

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### 4.6.2 PROTECTION POLICIES

The expense bases used to determine the mathematical reserves described in sub-paragraph 4.1 were as follows:-

Product Group	Product Code Number	Expense basis as at:-	
		31 December 2014	31 December 2013
50+ Plan	300	£15.07	£16.83
ASDA 50+ Plan	300	£15.07	£16.83
Lifetime +	300	£60.06	£67.76
FPP Life	325, 330, 910	£19.03	£22.55
Non-FPP Life	325, 330, 910	£19.03	£22.55
Non-FPP Pension	325, 330, 910	£28.05	£41.91
VTA	325, 330, 910	£12.21	£10.78
Critical Illness – Standalone	350, 355, 910	£28.16	£32.34
Critical illness – Accelerated	340, 345, 910	£28.16	£32.34
Income protection	360, 365, 910	£28.49	£30.36
Income protection claims in payment	385, 425, 901	£641.63	£754.38

Renewal commission was assumed paid on all regular premium protection policies. Allowance was made for investment expenses of protection policies by reducing the valuation interest rate shown in sub-paragraph 4.2 by 0.12%.

The rates of tax relief assumed on expenses used to determine the mathematical reserves described in sub-paragraph 4.1 were as follows:-

Product Group	Rate of Tax Relief as at:-	
	31 December 2014	31 December 2013
Term Assurance and Whole of Life	20%*	20%*
Pension Term Assurance	Nil	Nil
PHI Non-Profit	Nil	Nil

\*Applicable only to Protection policies sold on or before 31 December 2012.

The inflation rates applied to maintenance expenses used to determine mathematical reserves were as follows:-

Basis as at:-	
31 December 2014	31 December 2013
3.57% per annum	3.85% per annum



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**4.6.3 CONTRACTS WRITTEN IN THE RNPFN FUND**

		PP	SP/PUP	PP	SP/PUP
CWP savings endowment	120	£43.01	£36.85	£40.92	£35.09
CWP pensions	165	£47.52	£40.70	£46.31	£39.71
CWP Life Deferred Annuity	165,390	£43.01	£36.85	£40.92	£35.09
Annuity in payment (Life)	400	£57.09	£57.09	£52.91	£52.91
Annuity in payment (Pension)	400	£57.09	£57.09	£56.10	£56.10
UWP ISA	506	£56.21	£48.18	£50.71	£43.45
UWP bond	500	£44.00	£44.00	£41.14	£41.14
UL bond	700	£44.00	£44.00	£41.14	£41.14
UL savings endowment	715	£43.01	£36.85	£40.92	£35.09

For contracts written in the RNPFN Fund, an allowance was made for investment expenses by reducing the valuation interest rate shown in sub-paragraph 4.2 by 0.187% for With-Profits contracts and 0.132% for Non-Profit contracts.

The rates of tax relief assumed on expenses used to determine the mathematical reserves described in sub-paragraph 4.1 were as follows:-

Product Group	Rate of Tax Relief as at:-	
	31 December 2014	31 December 2013
With-Profits Life	20%	20%
Non-Profit Life	20%	20%
With-Profit Pension	Nil	Nil
Non-Profit Pension	Nil	Nil
UWP Taxable	20%	20%
UWP Non-Taxable	Nil	Nil

The inflation rates applied to maintenance expenses used to determine mathematical reserves were as follows:-

Basis as at:-	
31 December 2014	31 December 2013
4.07% per annum	4.35% per annum

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- 4.7 The growth and inflation rates used to determine the mathematical reserves for linked business were as follows:-

Parameter	Basis as at:-	
	31 December 2014	31 December 2013
Gross fund growth rate		
- LVFS	Gilt Curve	Gilt Curve
- RNPFN Fund	2.17% per annum	3.34% per annum
Net fund growth rate		
- LVFS	Gilt Curve	Gilt Curve
- RNPFN Fund	1.63% per annum	2.57% per annum

- 4.8 No allowance has been made for future bonus, except to the extent that this is included in the cost of guarantees described in sub-paragraph 5.2(a).
- 4.9 The lapse rates used in this actuarial investigation are shown below. Where negative reserves are permitted, different lapse rates are applied over the lifetime of a policy depending upon whether the underlying reserve is positive or negative.

Product	Decrement	Average rate for the policy years			
		1-5	6-10	11-15	16-20
CWP OB Endowment Assurance (PP)	Surrender	1.40%	1.40%	1.40%	1.40%
CWP OB Endowment Assurance (PUP)		1.80%	1.80%	1.80%	1.80%
CWP OB Whole Life Assurance (PP)	Surrender	0.60%	0.60%	0.60%	0.60%
CWP OB Whole Life Assurance (PUP)		0.60%	0.60%	0.60%	0.60%
CWP OB Pen Def Annuity (PP & PUP)	Surrender	0.24%	0.24%	0.24%	0.24%
CWP IB End Assurance (PP)	Surrender	1.00%	1.00%	1.00%	1.00%
CWP IB End Assurance (PUP)		0.40%	0.40%	0.40%	0.40%
CWP IB Whole Life Assurance (PP)	Surrender	0.80%	0.80%	0.80%	0.80%
CWP IB Whole Life Assurance (PUP)		0.12%	0.12%	0.12%	0.12%
APPS	Surrender	0.48%	0.48%	0.48%	0.48%
UWP Bond	Surrender	6.40%	6.40%	6.40%	6.40%
UWP ISA	Surrender	6.40%	6.40%	6.40%	6.40%
UL Whole Life	Surrender	6.40%	6.40%	6.40%	6.40%
UL Endowment	Surrender	2.40%	2.40%	2.40%	2.40%
UL Pensions	Surrender	6.40% <sup>1</sup>	6.40% <sup>1</sup>	6.40% <sup>1</sup>	6.40% <sup>1</sup>
Endowment (CWP and NP)	Surrender	1.20%	1.20%	1.20%	1.20%
Life Deferred Annuity	Surrender	0.80%	0.80%	0.80%	0.80%
Pension Deferred Annuity	Surrender	1.60%	1.60%	1.60%	1.60%
Level term – Positive reserve	Lapse	5.70%	3.60%	2.80%	2.80%
Level term – Negative reserve	Lapse	10.70%	6.60%	5.20%	5.20%
Decreasing term – Positive reserve	Lapse	5.00%	5.50%	4.90%	4.90%
Decreasing term – Negative reserve	Lapse	9.40%	10.10%	9.10%	9.10%
Income protection – Positive reserve	Lapse	6.70%	5.60%	4.60%	4.60%
Income protection – Negative reserve	Lapse	12.50%	10.40%	8.50%	8.50%
Accelerated Critical Illness – Positive reserve	Lapse	8.50%	4.80%	2.80%	2.80%

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Accelerated Critical Illness – Negative reserve	Lapse	15.90%	9.00%	5.20%	5.20%
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<sup>1</sup> This represents the surrender assumption for the UL Pensions product still open to new business. For Legacy policies the surrender assumption is 12%.

4.10 The critical illness rates used are based on the reinsurer’s assessment of likely experience prudently adjusted. Sample critical illness rates are as follows:-

Male Age	Critical illness rate (guaranteed)	
	Term	
	Standalone	Accelerated
25	0.000698	0.000966
35	0.001315	0.001537
45	0.003347	0.003907
55	0.010068	0.011285

A loading of 1.25% is applied to the rates in the table above for each year of term up to a maximum of 25 years.

Male Age	Critical illness rate (reviewable)	
	Whole of Life	
	Standalone	Accelerated
25	0.000557	0.000776
35	0.001006	0.001093
45	0.002495	0.002534
55	0.006284	0.006384

A loading of 3% is applied to the rates in the table above and an additional 15% is applied for the first 10 years of use.

Male Age	Critical illness rate (reviewable)	
	Term, Policies Written 01/06/2001 to 18/02/2003	
	Standalone	Accelerated
25	0.000341	0.000625
35	0.000691	0.000917
45	0.002017	0.002425
55	0.005463	0.006152

For standalone contracts a loading of 5% is applied to the rates in the table above for the first 5 years of use, for accelerated contracts the loading is 3%.

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Male Age	Critical illness rate (reviewable)	
	Term, Policies Written From 19/02/2003	
	Standalone	Accelerated
25	0.000541	0.000722
35	0.000992	0.001068
45	0.002536	0.002573
55	0.006411	0.006503

For standalone contracts a loading of 7.5% is applied to the rates in the table above for the first 5 years of use, for accelerated contracts the loading is 5%. For contracts effected after 30 January 2004 a loading of 6.25% applies in the first 5 years for all contracts.

- 4.11 Negative reserves are permitted on all protection products except Pension Term Assurances.

## 5. OPTIONS AND GUARANTEES

### 5.1

- (a) For deferred annuity policies in the RNPFN Fund, the net liability has been determined as the sum of the following calculations:

- i) the value of the original guaranteed cash option and attaching bonuses; and
- ii) the additional cost resulting from the guaranteed annuity option.

The liability under part i) has been calculated using a gross premium valuation with a minimum of the guaranteed death and surrender value. On death or surrender before vesting the amount payable is the higher of:

- iii) the total cash value, including any declared reversionary bonus, and
- iv) a return of premiums accumulated with interest, the interest rate is guaranteed and varies by year of entry.

The liability under part ii) has been calculated using a market consistent asset model using the model point groupings described in paragraph 6 of Appendix 9.4A. The liability for each model point has been calculated as the difference in value between an annuity calculated using stochastically generated market consistent annuity rates and the guaranteed annuity for the model point. The liabilities have been multiplied by appropriate rates representing the assumed future guaranteed annuity take-up experience. A similar calculation has been used for the maintenance expenses associated with the annuities. The maturity amount for which the annuity values are calculated is the sum of the guaranteed cash option and attaching bonuses.

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The guaranteed annuity take-up rates used in the calculation were as follows:

- i) Pension deferred annuities: 75% in the first year after the valuation date,  
Increasing by 1% per annum up to a maximum of 95%
- ii) Life deferred annuities: 10% in the first year after the valuation date,  
increasing by 1% per annum up to a maximum of 20%

The calculations have allowed for the fact that for certain With-Profits Deferred Annuity contracts the fund available at maturity will be not less than for equivalent Pension Deposit Administration contracts. Similarly, ensuring for certain Pension Deposit Administration contracts the fund available at maturity will be no less than for the equivalent With-Profits Pension Deferred Annuity contract.

- (b) Details of the guaranteed annuity rate options are shown in the table below.

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<b>Product Name</b>	<b>Basic Reserve (£m)</b>	<b>Spread of Outstanding Durations (years)</b>	<b>Guarantee Reserve (£m)</b>	<b>Guaranteed Annuity rate (Male 65) (%)</b>	<b>Increments (Y/N)</b>	<b>Form of The Annuity</b>	<b>Retirement Ages</b>
Life Deferred Annuities	150.5	3 to 20	32.7	10.53	N	Single life, payments yearly in arrears, no guarantee	50-75
Pensions With-Profits Deferred Annuity Pre 01/07/1979	0.0	0 to 1	-	10.53	N	As above	60-65
Pensions With-Profits Deferred Annuity 1/7/1979 to 31/01/1983	0.2	0 to 6	0.2	12	N	As above	55-75
Pensions With-Profits Deferred Annuity 01/02/1983 to 30/09/1995	29.0	0 to 26	32.5	12.72	N	As above	50-75
Pensions With-Profits Deferred Annuity 01/10/1995 to 28/02/1997	14.6	0 to 31	13.1	10.53	N	As above	50-75
Pensions With-Profits Deferred Annuity 01/03/1997 to 30/11/1998	29.3	0 to 30	14.9	7.22	N	Single life, payments monthly in arrears, no guarantee	50-75
Pensions With-Profits Deferred Annuity Post 30/11/1998	42.2	0 to 44	9.1	5.46	N	As above	50-75

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5.2 For With-Profits Bonds written in the LVFS Fund where future benefits include the option to take partial withdrawals with no Market Value Reduction ("MVR") or the option to surrender at a specified date with no MVR, an additional reserve has been calculated using stochastic methods. The additional reserve has been calculated using the market consistent asset model, model point groupings and assumptions as described in paragraph 6 of Appendix 9.4A, but with the following changes to assumptions:

- Mortality: as per sub-paragraph 4.4 above.
- Lapses: nil (except at the specified date when no MVR applies)
- Take-up rate for partial withdrawals: Peak 2 assumption x 2
- No allowance has been made for future bonuses.

No allowance is made for the no MVR guarantee on the Individual Savings Accounts written in the RNPFN Fund, as the risk is not regarded as significant.

Details of the guaranteed surrender and no MVR options in force as at the valuation date where the basic reserve exceeds the lesser of £10m and 1% of the total gross mathematical reserves are shown on the next pages. The MVR free conditions in the table referred to in sub-paragraph 5.2 are coded as follows:-

MVR Free Condition Code	MVR Free Condition
A	No MVR is applied on death and at the 5 <sup>th</sup> and 10 <sup>th</sup> policy anniversary. There is a guarantee that the surrender value will not be less than the original single premium. This guarantee does not apply to additional single premiums paid or if any withdrawals have been made.
B	No MVR is applied on death or on regular withdrawals of up to 7.5% of the single premium each year.
C	As per B above and in addition no MVR is applied on surrender at the tenth policy anniversary or at a later date nominated at inception and or on diagnosis of a terminal illness or on the need for long-term care.
D	As per B above and in addition the amount payable on surrender on the tenth policy anniversary is subject to a minimum value of the single premium less any withdrawals.
E	As per B above and in addition no MVR is applied on diagnosis of a terminal illness or on the need for long-term care.
F	No MVR is applied on death or on diagnosis of a terminal illness.
G	No MVR is applied on encashment of units purchased by contributions made 10 years or more before the date of encashment or on death at any time.

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<b>Product Name</b>	<b>Basic Reserve £m</b>	<b>Spread of Outstanding Durations (years)</b>	<b>Guarantee Reserve £m</b>	<b>Guaranteed Amount £m</b>	<b>MVR free Conditions (see previous page)</b>	<b>In-force Premium £m</b>	<b>Increments (Y/N)</b>
Mutual Investment Bond	69.8	No time bound guarantees	1.08	69.7	B	Nil	N
With-Profits Investment Bond (Series 1)	56.8	No time bound guarantees	1.84	56.6	C	Nil	N
With-Profits Investment Bond (Series 2)	20.3	No time bound guarantees	0.00	19.9	E	Nil	N
With-Profits Growth Bond (series 1 & 2)	199.0	No time bound guarantees	0.00	198.9	E	Nil	N
With-Profits Growth Bond (series 3 & 4)	54.6	Up to 3 years 10 months	1.04	54.3	D	Nil	N
All-in-One Bond	16.2	3 years and 10 months	0.03	16.2	F	Nil	N
Flexible Guaranteed Bond (and Flexible Guaranteed Funds)	411.2	5 years and 4 months	2.73	401.6	F	Nil	N
RNPFN With-Profits Bond	22.2	n/a	0	23.4	-	Nil	N
RNPFN ISA	11.2	n/a	0	12.8	G	0.7	N

The application of B in the table above to the With-Profits Growth Bond (all series) is non-contractual.



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5.3

- (a) The basic reserve on LVFS contracts with guaranteed insurability options do not exceed the lesser of £10m and 1% of the total gross mathematical reserves.

No specific allowance is made in the calculation of the mathematical reserves for guaranteed insurability options, conversion or renewal options on Protection policies as these are deemed to be covered by the use of prudent assumptions in setting the mortality and morbidity bases, the actual experience against which these are set having included the effects of previous options being taken-up.

- (b) The conversion and renewal options in force as at the valuation date on Protection policies where the total sum assured exceeds £1bn are as follows:-

<b>Product Name</b>	<b>In-Force Premiums £000s</b>	<b>Sum Assured £'000s</b>	<b>Description Of the Option (see below)</b>
Convertible term	18	6,917	A
Index-related term	29	10,254	B
Mortgage protection	2,130	332,785	C
Index-related FIB	2	549	D
Critical illness	693	115,656	E
Critical life	1,548	267,241	E, F
Critical Illness Mortgage	10	1,485	E
Critical Mortgage	320	32,709	E, F
Increasing benefit PHI	507	25,133	G
Business expense	313	18,384	H
Care Protector	90	281	I
FPP	96,192	20,801,688	J
MLP	4,701	194,045	K

As stated in sub-paragraph 5.3(a) above, no specific allowance is made in the calculation of the mathematical reserves for guaranteed insurability options, no guarantee reserve is therefore provided in the table above.

The conversion and renewal options in the table referred to in sub-paragraph 5.3(b) are coded as follows:-

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<b>Conversion/ Renewal Option Code</b>	<b>Conversion/Renewal Option Condition</b>
A	Convertible term assurance policies give the policyholder the right to convert at any time to a life protection policy for the same sum assured without further medical evidence.
B	Index-related term assurance policies give the policyholder the right to effect without medical evidence a further index-related term assurance on every third policy anniversary to expire no later than the original policy. The ratio of the sum assured under the new policy to that under the original policy may not exceed the greater of 25% or the rate of increase in the General Index of Retail Prices during the preceding three years. The maximum age at expiry is 65.
C	Mortgage protection policies incorporate options to effect replacement policies without evidence of health if a new mortgage is effected or if the original mortgage term is extended.
D	Index-related family income assurance policies give the policyholder the right to effect, without medical evidence, a further index-related family income assurance policy on every third policy anniversary to expire no later than the original policy. The ratio of the sum assured per annum under the new policy to that under the original policy may not exceed the greater of 25% and the increase in the General Index of Retail Prices during the preceding three years.
E	Critical Illness policies include a guaranteed insurability option. The sum assured can be increased by up to 25% of the initial amount on marriage, birth or adoption of a child or on taking out or increasing a residential mortgage.
F	Critical Life policies may include a buy-back option, under which the policyholder has the right to effect life assurance cover 12 months after the date of a critical illness claim, to replace the life assurance cover which had been provided under the Critical Life policy.
G	Increasing benefit option permanent health insurance policies include an option to increase benefit every three years. The increases are at a rate of 25% of existing benefit, including options already exercised, but are subject to evidence that the insured's income is sufficient to merit the revised level of benefit. No increase is permitted during claim under policies effected since April 1989. The premium rate charged for the increase in benefit is based on the insured's attained age at the date of increase. The policy conditions applying to any increase are those applicable to new policies effected at the date of the increase.

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H	Business Expenses policies include the right to effect, without medical evidence, a further business expenses policy on every third policy anniversary to terminate not later than the original policy. The ratio of the benefit under the new policy to that under the original policy may not exceed the greater of 25% or the rate of increase in the General Index of Retail Prices over the preceding three years.
I	All Care Protector policies include an option every three years to increase benefits without medical evidence by up to 20%. The additional premium payable is based on the current rates for age next birthday at the time and the option is unavailable during the deferred period or in claim.
J	Lump sum benefit incorporates the option to increase cover without evidence of health, subject to some restrictions, following (a) marriage, (b) birth/adoption of a child, (c) increase in mortgage on moving house or house improvement, or (d) divorce. Disability benefits incorporate the option to increase cover without evidence of health, subject to some restrictions, following an increase in mortgage on moving house or house improvement. Critical illness benefits incorporate the option to add life cover without evidence of health, subject to some restrictions following (a) marriage or (b) birth/adoption of a child.
K	Mortgage & Lifestyle Protection policies include a guaranteed insurability option. The monthly benefit can be increased by up to 50% without evidence of health, subject to some restrictions, on marriage or divorce, birth or adoption of a child or on increasing a residential mortgage.

5.4 LVFS Low cost endowment contracts where the amount payable at maturity would otherwise be lower than the minimum guaranteed death benefit have been valued as full endowments with the sum assured equal to the minimum guaranteed death benefit. The details as at the valuation date were as follows:-

<b>Amount of Premium</b>	£0.7m
<b>Amount of Basic Reserve</b>	£29.4m
<b>Amount of Additional Reserve</b>	£0.0m

There are no other guarantees and options where the basic reserve exceeds the lesser of £10m and 1% of the total gross mathematical reserves.

## 6. EXPENSE RESERVES

6.1 For the LVFS Fund, the aggregate amount grossed up for taxation where appropriate, expected to arise during the twelve months after the valuation date from explicit allowances made in the valuation to meet expenses in fulfilling contracts in force at the valuation date is £34.6m. This amount is based on those expenses explicitly included in future cash flows. The amount of investment expenses expected to arise from explicit allowance made in the valuation is £9.7m. No allowance is made for any other maintenance expenses. All expenses have been treated as attributable.

For the RNPFN Fund, the aggregate amount grossed up for taxation where appropriate, expected to arise during the twelve months after the valuation date from explicit allowances made in the valuation to meet expenses in fulfilling contracts in force at the valuation date is £5.0m. This amount is based on those expenses explicitly included in future cash flows. The amount of investment expenses expected to arise from explicit allowance made in the valuation is £1.4m, which is included in the above figure. No allowance is made for any other maintenance expenses. All expenses have been treated as attributable.

6.2 No implicit allowances were made in the valuation for expenses in either fund.

6.3 The amount of maintenance expenses shown at line 14 of Form 43 for LVFS is £34.3m and for RNPFN is £6.3m.

6.4 An additional reserve has been set up to cover the costs of remaining open to new business for twelve months following the valuation date and then to close to new business. The reserve allows for the expected acquisition expense over-runs on new business, the redundancy costs of restructuring the business to a closed fund operation and the expected impact on future unit costs both the level initially following closure and the rate at which future costs are assumed to inflate. This scenario resulted in an additional reserve of £62.9m.

6.5 There are no separate reserves set up for non-attributable expenses.

## 7. MISMATCHING RESERVES

7.1 99.9% of liabilities relating to contracts written in the LVFS Fund are denominated in sterling.

7.2 None of the liabilities in currencies other than sterling are explicitly matched by assets in those currencies, but the value of non-sterling (Euro) liabilities is less than the value of assets held in the same currency.

There are no non-sterling liabilities in the RNPFN Fund.

7.3 No reserve is held for currency mismatching.

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- 7.4 As the Society is a realistic basis life firm, no resilience capital requirement has been calculated.
- 7.5 An additional reserve is required by INSPRU 1.1.34R(2) with respect to cashflow matching for the non-profit annuity business in the LVFS Fund. The method used to determine this reserve is as follows:
- (i) A notional cash asset is set up to accumulate any surplus/ deficit arising from mismatch between asset and liability proceeds at each step.
  - (ii) Under the base scenario this notional cash asset earns investment income based on the asset IRR rate (and hence is zero at the end of the projection).
  - (iii) In the scenario to allow for mismatch risk, if the notional cash asset is positive (i.e. subject to reinvestment risk) it earns investment income based on the maximum reinvestment rate (as per INSPRU 3.1.45) but capped at the asset IRR. If the notional cash asset is negative, it earns investment income based on the reinvestment rate (capped at asset IRR) plus a borrowing margin of 2%.
  - (iv) The reserve is derived based on the additional cash that needs to be hypothecated at the current valuation date such that the cash asset turns zero at the end of the projection period in the scenario to allow for mismatch.

The value of this additional reserve is £3.3m.

## 8. OTHER SPECIAL RESERVES

- 8.1 An expense reserve has been set up in respect of maintenance expenses for the Non Profit Pension Annuity, Protected Retirement Plan and Unit Linked Pension products. These products are sold through the start-up business Retirement Solutions. The maintenance expenses are based on projected unit costs in 2016, and consequently it is necessary to reserve for an expense overrun in respect of this business over the intervening period. The additional reserve is £0.6m.
- 8.2 A reserve has been set up to cover claims under IB business for which the Society has no policy records. The additional reserve is £1.5m.
- 8.3 A reserve has been set up in respect of future costs arising from UIA policies written within Liverpool Victoria Life Company. The additional reserve is £0.25m.
- 8.4 A reserve has been set up to cover any potential deficiencies in the policy data used to calculate the reserves. The additional reserve is £2m.
- 8.5 No other special reserves exist.

**9. REINSURANCE**

- 9.1 No reinsurances were ceded in the twelve month period prior to the valuation date on a facultative basis to reinsurers who are not authorised to carry on business in the United Kingdom.
- 9.2 As at the valuation date the Society had nine treaties of reinsurance where it is the cedant and where premiums exceeded the lesser of £10m and 1% of gross premiums or reserves exceeded the lesser of £10m and 1% of total mathematical reserves. The details of the treaties are shown on the next pages.

In all cases the reinsurer is authorised to carry on insurance business in the United Kingdom and is not a connected company of the Society. The treaties are not subject to any material contingencies. No provision is considered necessary for any liability of the Society to refund any amounts of reinsurance commission in the event of lapse or surrender of the contract.

No financing arrangements exist in connection with any of the treaties.

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<b>Name of the Reinsurer</b>	<b>Nature and extent of the cover</b>	<b>Premiums Payable during the report period £</b>	<b>Deposit Back Arrangements</b>	<b>Treaty status</b>	<b>Amount of any undischarged obligation of the Insurer £</b>	<b>Amount Of mathematical reserves ceded £</b>	<b>Retention by the Insurer for new policies being insured</b>
Pacific Life Reinsurance Limited	The reinsurer provides 75% quota share cover on a risk premium basis for all FPP Critical Illness policies effective from 21 July 2006 until 31 December 2013.	9,913,083	None	Closed	None	36,857,740	N/A
Hannover Life Reinsurance Limited	The reinsurer provides 75% quota share cover for protection term assurance policies effected between 6 October 2003 and 15 <sup>th</sup> April 2010 and 50% quota share cover for Lifetime + policies effected after 15 April 2010. In all cases cover is provided on a risk premium basis.	10,095,418	None	Open	None	28,253,175	50%
General Reinsurance	The reinsurer provides 90% quota share cover for FPP Life, Family Income Assurance and Gift Inter Vivos Plan policies effected after 15 <sup>th</sup> April 2010. Cover is provided on a reduced level premium basis for policies with Level or Inflation-Linked benefits and on a risk premium basis for policies with decreasing benefits.	8,477,035	None	Open	None	68,672,645	10%.

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<b>Name of the Reinsurer</b>	<b>Nature and extent of the cover</b>	<b>Premiums Payable during the report period £</b>	<b>Deposit Back Arrangements</b>	<b>Treaty status</b>	<b>Amount of any undischarged obligation of the Insurer £</b>	<b>Amount Of mathematical reserves ceded £</b>	<b>Retention by the Insurer for new policies being insured</b>
Hannover Life Reinsurance Limited	The treaty provides a mortality swap on all annuity business in the RNPFN Fund. The treaty took effect from 1 January 2008.	22,691,147	None	Open	None	29,733,599	Zero
Munich Re	The reinsurer provides 50% quota share cover for FPP IP and Mortgage Protection Payment policies (except MPP Integrated Health and Waiver policies) effective from 6 October 2003 until 1 October 2011. Cover is provided on a risk premium basis. The maximum initial retention is 50% of each policy with an initial maximum benefit retained by the Society of £31,200pa (occupation class 1, 2) or £28,000pa (occupation class 3, 4).	5,758,807	None	Closed	None	17,777,483	N/A
Munich Re	The reinsurer provides 90% quota share cover for 50+ and Asda 50+ policies effective from 1 February 2004 until 14 July 2014. Cover is provided on a risk premium basis. The maximum benefit reinsured is £22,500.	5,772,295	None	Closed	None	-44,042,759	N/A



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<b>Name of the Reinsurer</b>	<b>Nature and extent of the cover</b>	<b>Premiums Payable during the report period £</b>	<b>Deposit Back Arrangements</b>	<b>Treaty status</b>	<b>Amount of any undischarged obligation of the Insurer £</b>	<b>Amount Of mathematical reserves ceded £</b>	<b>Retention by the Insurer for new policies being insured</b>
General Reinsurance	The reinsurer provides 90% quota share cover for FPP IP policies effective from 1st July 2011. Cover is provided on a risk premium basis. The maximum benefit retained by the Society is £15,000pa.	3,822,997	None	Open	None	72,711,515	10%
RGA Reinsurance UK Limited	The reinsurer provides 90% quota share cover for Vanilla Term Assurance policies effective on or after 17th December 2009. The maximum benefit retained by the Society is £125,000 per life.	3,564,861	None	Open	None	56,197,339	10%
RGA Reinsurance UK Limited	The treaty provides a mortality swap on 60% of all LVFS Non-Profit Impaired Life Annuity business.	84,559,213	None	Open	None	66,265,756	40%

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**10. REVERSIONARY (OR ANNUAL) BONUS**

10.1 Details of the reversionary (or annual) bonus rates applying during the year are as follows:-

Name of Bonus Series	Amount of Mathematical Reserves £m	Reversionary Bonus Rate for Financial Year	
		2014	2013
<b>CONTRACTS WRITTEN IN THE LVFS FUND</b>			
<b>Industrial Branch</b>	283.5	1.00%	1.00%
<b>Ordinary Branch Life Assurance</b>			
Conventional	116.1	2.00%	2.00%
Flexible Whole Life Plan	0.5	6.17%	5.54%
Tax Exempt Savings Plan	49.2	1.75%	1.75%
Life ISA	42.6	0.50%	0.50%
With-Profits Investment Bond/ With -Profits Growth Bond/ Maximum Investment Plan/ The Bank of Ireland Group Bond	337.8	1.00%	1.00%
Income Bond	3.8	3.00%	3.00%
Other Unitised With-Profits	569.2	1.50%	1.50%
<b>Ordinary Branch Pension</b>			
CWP Pensions	1,114.2	0.00%	0.00%
With-Profits Pension Annuity	124.3	1.90%/1.90%*	1.30%/1.40%*
Appropriate Personal Pension	251.6	1.81%	1.81%
Unitised With-Profits Pension	71.1	1.50%	1.50%
<b>CONTRACTS WRITTEN IN THE RNPFN FUND</b>			
Whole Life and Endowment	79.6	0.00%	0.00%
Life Deferred Annuities	182.4	0.00%	0.00%
With-Profits Bond	22.2	1.00%	1.00%
ISA	11.2	2.10%	2.10%
Pension Deferred Annuities	185.0	0.00%	0.00%

\* These are the bonus rates for series 1 and 2, and series 3 and 4 respectively.

10.2 For unitised with-profit business the table in sub-paragraph 10.1 shows the percentage increase in unit price during the year before the effect of charges.

10.3 The Society does not have any with-profits policies with super compound bonuses.

10.4 The Society does not have any with-profits bonus series where bonus rates vary.

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## APPENDIX 9.4A (rule 9.31(b))

### ABSTRACT OF VALUATION REPORT FOR REALISTIC VALUATION

Throughout this document and for ease of reference, business relating to The Royal National Pension Fund for Nurses (“RNPFN”), which is ring-fenced within LVFS, is referred to as “Contracts Written in the RNPFN fund”. All other business written in the LVFS fund is referred to as “Contracts Written in the LVFS fund”.

Throughout this document the abbreviations “CWP” and “UWP” are used for Conventional With-Profits business and Unitised With-Profits business respectively.

## 1. INTRODUCTION

- 1.1 The present investigation is made as at 31 December 2014.
- 1.2 The previous investigation was made as at 31 December 2013.
- 1.3 No interim valuations (for the purposes of rule 9.4) have been carried out since the previous valuation date.

## 2. ASSETS

- 2.1 The economic assumptions used to value the non-profit insurance contracts written in the LVFS Fund to determine the value of future profits (losses) on these contracts are as follows.

Parameter	Assumption	
	31 December 2014	31 December 2013
Risk discount rate		
- Life Protection	Yield curve + margin for risk and uncertainty	Yield curve + margin for risk and uncertainty
- Income Protection	Yield curve + margin for risk and uncertainty	Yield curve + margin for risk and uncertainty
- Critical Illness	Yield curve + margin for risk and uncertainty	Yield curve + margin for risk and uncertainty
- NP Annuity	Yield curve + Illiquidity premium + margin for risk and uncertainty	Yield curve + Illiquidity premium + margin for risk and uncertainty
- UL Pension	Yield curve + margin for risk and uncertainty	Yield curve + margin for risk and uncertainty
Expense inflation	3.32%	3.60%
Investment return on underlying assets		

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- Protection	Yield curve	Yield curve
- NP Annuity	Risk-adjusted IRR on backing assets	Risk-adjusted IRR on backing assets
- UL Pension	Yield curve	Yield curve

- 2.2 The realistic value of assets for the LVFS with-profits funds does not include an amount determined under INSPRU 1.3.33R(2).
- 2.3 The relevant assets, for the purpose of INSPRU 1.3.43R do not include assets arising from insurance contracts outside the LVFS with-profits funds.
- 2.4 The economic assumptions used to value the future profits (losses) on non-profit insurance contracts written in the LVFS Fund are provided in sub-paragraph 2.1 above.
- 2.5 The value of future profits on non-profit insurance contracts in sub-paragraph 2.1 above written in the LVFS fund is £523m. For the RNPFN fund, the corresponding value is £16m which falls below the £20m threshold required for disclosure.

### **3. WITH-PROFITS BENEFIT RESERVE LIABILITIES**

#### **3.1 CONTRACTS WRITTEN IN THE LVFS FUND**

- 3.1.1 For the purposes of Realistic Balance Sheet Reporting, the with-profits business is split into Category A and Category B business. Category A business consists of all product classes except:
- Paid-up conventional contracts;
  - Industrial Branch tax-exempt whole life contracts; and
  - Premium-paying and fully-paid Industrial Branch taxable whole life contracts with entry year prior to 1980;
- which represent Category B business. The with-profits benefit reserve (“WPBR”) in respect of category B business constitutes approximately 9% of the overall with-profits fund. The WPBR is calculated as the unsmoothed asset share for Category A business (a retrospective method) and as a gross premium reserve for Category B business (a prospective method).

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The WPBR and future policy related liabilities shown in Form 19 are split between the classes as follows.

Product Class	Valuation Method	With-Profits Benefit Reserve £m	Future Policy Related Liabilities £m
IB Endowment (PP)	Retrospective	20	3
IB Endowment (PUP)	Prospective	2	0
IB Whole Life (taxable PP and full-paid with entry year from 1980)	Retrospective	357	27
IB Whole Life (taxable PUP, non-taxable or entry year prior to 1980)	Prospective	259	13
OB Endowment (PP)	Retrospective	21	3
OB Endowment (PUP)	Prospective	1	0
OB Low Cost Endowment (PP)	Retrospective	32	4
OB Low Cost Endowment (PUP)	Prospective	1	0
OB Whole Life	Retrospective	45	5
OB Pensions	Retrospective	225	546
Unitised WP Bonds	Retrospective	1,048	27
Unitised WP ISA	Retrospective	59	8
Unitised WP Endowments	Retrospective	129	9
Unitised WP Pensions	Retrospective	489	55
With Profits Pension Annuity (WPPA)	Retrospective	184	44
Immediate Annuities	Prospective	103	0
<b>Total</b>		<b>2,974</b>	<b>744</b>

3.1.2 The total for the WPBR shown in the table above corresponds to the amount shown at line 31 of Form 19. The total for future policy related liabilities shown at line 49 of Form 19 includes a deduction of £36.6m at line 36 and an addition of £2.0m at line 47 to the total above. The deduction at line 36 represents the present value of the difference between expense charges deducted from unitised with-profit asset shares and the projected expenses associated with maintaining such business. The addition at line 47 represents a data contingency reserve.

3.1.3 All products or class of with-profits insurance contract are included in the With-Profits Benefit Reserve in the table above.

3.1.4 Industrial Branch conventional paid-up and fully-paid whole life contracts are adjusted to allow for 'gone-aways'. These arise where the policyholder is no longer aware of the policy's existence (and may have already died) and where it is not practical to trace the policyholder (or next-of-kin). All Industrial Branch conventional paid-up and fully-paid whole life contracts where the policyholder is aged over 100 are excluded. Reduction factors are applied to the remaining contracts depending on the age and type of product, based on the mortality experience of the business, relative to that of a premium-paying policy.

### 3.2 CONTRACTS WRITTEN IN THE RNPEN FUND

## LIVERPOOL VICTORIA FRIENDLY SOCIETY LIMITED

3.2.1 The with-profits benefit reserve (“WPBR”) for all classes of with-profits product is valued using a retrospective method. The results by type of product are provided below.

Product Class	With-Profits Benefit Reserve £m	Future Policy Related Liabilities £m
Endowment	114	1
General Deferred Annuity	201	27
Pension Deferred Annuity (RP)	121	65
Pension Deferred Annuity (SP)	26	19
Unitised With Profits	51	0
<b>Total</b>	<b>512</b>	<b>112</b>

3.2.2 The total for the WPBR shown in the table above corresponds to the amount shown at line 31 of Form 19. The total for future policy related liabilities shown at line 49 of Form 19 also includes £0.7m in respect of financing costs and £107.0m in respect of planned enhancements to the WPBR.

3.2.3 All products or class of with-profits insurance contract are included in the With-Profits Benefit Reserve in the table above.

#### **4. WITH-PROFITS BENEFIT RESERVE – RETROSPECTIVE METHOD**

4.1 The WPBR is calculated on an individual basis using a retrospective method of unsmoothed asset shares for all Category A contracts for LVFS business and all contracts for RNPFN business.

No contracts are valued on a grouped basis.

4.2 There are no significant changes to the method used to calculate the WPBR.

4.3 The previous LVFS expense investigation was carried out as at 31 December 2013. Expense investigations are carried out annually but expenses are monitored on a monthly basis.

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### 4.3.1 CONTRACTS WRITTEN IN THE LVFS FUND

The total expenses allocated to the WPBR during the current financial year are provided below.

<b>i) Amount of Initial Expenses:</b>	
Commission	£0.0m
Other	£3.3m
<b>Total</b>	<b>£3.3m</b>
<b>ii) Amount of Maintenance Expenses:</b>	
Investment Expenses	£3.1m
Other	£12.2m
<b>Total</b>	<b>£15.3m</b>
<b>Total</b>	<b>£18.6m</b>

Expenses are charged to the WPBR in respect of individual contracts by way of an annual inflating expense charge and a reduction to the annual investment return. Additional expenses of £13.1m have arisen during the year. These are management investment fees and expenses on non-profit business and have not been charged to the WPBR.

### 4.3.2 CONTRACTS WRITTEN IN THE RNPFN FUND

The total expenses allocated to the WPBR during the financial year in question are provided below.

<b>i) Amount of initial expenses</b>	£0.0m
<b>ii) Amount of maintenance expenses</b>	
- Per policy	£2.6m
- Investment Expenses	£1.4m
<b>Total</b>	<b>£4.0m</b>

The RNPFN Fund pays a fair share of LVFS's overall costs. The RNPFN Fund is allocated costs on the same basis as equivalent LVFS policies (subject to a test that they are no higher than could be obtained from a third party administrator).

Expenses of £2.9m have been charged to the RNPFN Fund during the current financial year that has not been charged to the WPBR. These expenses included the contingent loan fee and expenses on non-profit (including unit linked) business.

- 4.4 For the WPPA product, series 3 and 4, there is a smoothing and guarantee charge of 0.75% p.a. taken into account in establishing “top up” (effective for one year only) bonus levels. The Society reserves the right to change this charge in the future. Explicit charges for guarantees are available on the All-in-1 Investment Bond, Capital Guarantee Bond, Flexible Guarantee Bond, Flexi Guarantee Plan and the Flexible Guarantee Funds. They are fixed for the period of the guarantee. The charges vary by investment fund choice, length of guarantee and when the guarantee was purchased.

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For the Pension income plus annuity product (PIPA), there is a management charge which is 1.8% a year which includes additional investment expenses. This is taken into account in establishing the declared investment return and includes the guarantee charge.

There are no other charges made to the WPBR in respect of the cost of guarantees or the use of capital in the current or preceding financial year for other products.

- 4.5 For LVFS unitised with-profit policies, charges in respect of non-insurance risk are deducted from the WPBR. The charges are a combination of an annual management charge, fixed policy fees and reduced allocation rates. A charge is also deducted from the investment return credited to the WPBR. The charges deducted are as follows.

Product category	Product	Allocation Rate	Monthly Policy Fee	Management Charge	Investment Charge
UWP ISA	Life ISA	100%	£0.65	1.75% pa	-
UWP bond	Income Bond	100%-103.75% (with adj. for age/members)	£0.00	0%	0.684% pa
UWP bond	Investment Bond	101%-102.25% (with adj. for members)	£0.00	0%	0.684% pa
UWP bond	Growth Bond	97.5%-107% (with adj. for age/members)	£0.00	0%	0.684% pa
UWP bond	Flexible Investment Bond	95%	£0.00	0.08% pa	-
UWP bond	Mutual Investment Bond	100%-102% (with adj. for members)	£0.00	0.6% pa	-
UWP bond	Bank of Ireland Bond	100%-100.75% (with adj. for BOI staff)	£0.00	1.5% pa	-
UWP bond	All-In-One Bond and Guaranteed Capital Bond	100% (extra 0.5% member/staff)	£0.00	1.00% pa	0%
UWP bond	Flexible Guarantee Bond (FGB) and Flexi Guarantee Plan	97% to 101.25% (extra 0.5% staff)	£0.00	1.5% pa investment less than £10,000, 1.3% pa £10,000 or more	0%
UWP endow	Tax Free Savings Plan	96%	£1.30	0%	-
UWP endow	Regular Savings Plan	97%	£0.97	0.08% pa	-
UWP endow	Flexible Savings Plan	96.8% (regular) 94% (single)	£0.97	0.08% pa	-
UWP endow	Flexible Savings Plan 2 (aka Flexible Savings Plan B)	100.0% (regular) 100.5% (single/CSMA)	£0.80	0.682% pa (10 years) 0.341% pa (thereafter)	-



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<b>Product category</b>	<b>Product</b>	<b>Allocation Rate</b>	<b>Monthly Policy Fee</b>	<b>Management Charge</b>	<b>Investment Charge</b>
UWP endow	Mortgage Savings Plan and Family and Legacy Fund	96.80	£0.97	0.08% pa	-
UWP endow	MAX (Initial and Level Charge Versions)	0%	£2.00	0%	0%
UWP pension	With Profit Retirement Plan and Flexible Personal Pension Plan	100% (with adj. for members)	-	1% pa	-
UWP pension	Flexible Personal Pension Plan (Augmentation Version)	100% (with adj. for members)	£1.50	0.1% pa	-
UWP pension	Top Up Company Pension Plan	100%	-	1% pa	-
UWP pension	Top Up Company Pension Plan (Augmentation Version)	100%	£1.37	0.1% pa	-
UWP pension	Appropriate Personal Pension	0%	£1.25	0%	0%

4.6 For RNPFN utilised with-profit policies, charges in respect of non-insurance risk are deducted from the WPBR. The charges are a combination of an annual management charge, fixed policy fees and reduced allocation rates. A charge is also deducted from the investment return credited to the WPBR. The charges deducted are as follows.

<b>Product category</b>	<b>Product</b>	<b>Allocation Rate</b>	<b>Monthly Policy Fee</b>	<b>Management Charge</b>	<b>Investment Charge</b>
UWP bond	With-Profits Bond	100% - 104%	£0.00	-	0.136% pa
UWP ISA	ISA	100%	£1.00 for regular premiums	2% pa	0.170% pa

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4.7 The ratio of claims paid on with-profits insurance contracts to the WPBR have been as follows.

<b>Ratio of claims paid to WPBR</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
LVFS Fund	100%	96%	98%
RNPFN Fund	105%	118%	120%

4.8 The investment return before tax and expenses allocated to the WPBR for 2014 is 11.4% for the LVFS Fund and 11.2% for the RNPFN Fund.

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**5. WITH-PROFITS BENEFIT RESERVE – PROSPECTIVE METHOD**

The key assumptions used in calculating the LVFS WPBR for those contracts where a gross premium reserve valuation was used are as follows.

<b>Parameter</b>	<b>Assumption</b>
a) Risk Discount Rate	
- Annuities in Payment	Note 1
- IB	Note 1
- OB	Note 1
b) Investment return	
- Annuities in Payment	Note 1
- IB	Note 1
- OB	Note 1
c) Expense inflation	
- Annuities in Payment	3.82%
- IB	Note 1
- OB	Note 1
d) i) Future assumed regular bonus rates	
- Annuities in Payment	0%
- IB	Note 1
- OB	Note 1
ii) Future assumed final bonus rates	
- Annuities in Payment	0%
- IB	Note 1
- OB	Note 1
e) Future Expenses per annum	
- Annuities in Payment	£51.90
- IB Premium Paying	£14.90
- IB Paid Up	£14.90
- IB WL Paid Up	£14.90
- OB Premium Paying	£39.10
- OB Paid Up	£33.50
f) Withdrawal assumptions	
- Annuities in Payment	0.00% at all durations
- IB Premium Paying Whole Life	1.00% at all durations
- IB Paid-up Whole Life	0.50% at all durations
- IB Paid-up Endowment	0.50% at all durations
- OB Premium Paying Whole Life	0.75% at all durations
- OB Paid-up Whole Life	0.75% at all durations
- OB Paid-up Endowment	2.25% at all durations

Note 1: For all business valued using a prospective method the WPBR is determined using the central scenario from the same ESG as that used to determine the FPRL. For IB and OB business, the WPBR uses a cash flow approach which allows for future reversionary and final bonuses.

A prospective method is not used to calculate the WPBR for policies in the RNPFN Fund.

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### 6. COSTS OF GUARANTEES, OPTIONS AND SMOOTHING

6.1 The costs of guarantees, options and smoothing under all products are included in the following sub-paragraphs. The cost of final bonus enhancements payable in accordance with the RNPFN Scheme is included in the planned enhancements to the WPBR.

6.2

- (a) The cost of guarantees, options and smoothing are calculated using a market consistent stochastic valuation for all product types except OB Pensions. For OB Pensions, a deterministic risk-free valuation is used as the calculation is materially the same as a stochastic valuation due to the high level of the underlying policy guarantees.
- (b)
- (i) For the LVFS Fund, OB Endowments, OB Low Cost Endowments and OB Pensions are valued on an individual basis. All other with-profits contracts are valued on a grouped basis.
  - (ii) For the RNPFN Fund, all with-profits contracts are valued on a grouped basis.
  - (iii) The grouping of policies into model points has regard to risk exposures. The grouping criteria used were chosen to reduce the risk of materially misstating the guarantee costs. Details of the model points used and the number of individual policies these represent for each product class are shown in the following tables.

<b>CONTRACTS WRITTEN IN THE LVFS FUND</b>	<b>Number of Individual Policies</b>	<b>Number of Model Points</b>
IB Endowment	5,047	705
IB Whole Life *	484,594	9,453
OB Endowment	1,525	1,525
OB Low Cost Endowment	1,357	1,357
OB Whole Life	8,448	792
OB Pensions	24,290	24,290
UWP Pensions	34,908	621
UWP Bonds	37,022	2,548
UWP Endowments	38,913	2,129
UWP ISA	12,261	365
WPPA	3,387	633

<b>CONTRACTS WRITTEN IN THE RNPFN FUND</b>	<b>Number of Individual Policies</b>	<b>Number of Model Points</b>
Endowment	12,824	738
General Deferred Annuity	16,854	506
Pension Def Annuity (RP)	11,961	3,049
Pension Def Annuity (SP)	5,009	699
Unitised With Profits	5,765	656

\* After adjustment for gone-aways

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To check the accuracy of the model points, the aggregate asset share, the number of policies valued and the mathematical reserve are compared with the results using individual policy data at the valuation date. The same figures are also projected deterministically and compared at 5 and 10-year intervals. The impact on guarantee costs of grouping policies into model points is also assessed by comparing the results of a small number of individual scenario projections carried out using both model points and individual policy data.

- (c) There are no residual types of products or classes of with-profits insurance contracts for which significant approximations were made.

6.3 Since the previous investigation as at 31 December 2013, the following significant changes have been made to the model:

- The method of grouping policies has been revised. For the LVFS Fund, OB Endowments, OB Low Cost Endowments and OB Pensions are now valued on an individual basis. There have also been changes to the grouping rules for IB Whole of Life and UWP Endowments. All RNPFN with-profits contracts remain valued on a grouped basis, however the grouping rule for UWP ISA has been revised.

### 6.4.1 CONTRACTS WRITTEN IN THE LVFS FUND

- (a) The future guarantee costs primarily relate to annuity guarantees under OB Pensions. Annuity guarantees under OB Pensions are deeply in-the-money.

There are also future guarantee costs relating to death and maturity guarantees and unitised with profit bond surrender guarantees.

There are no future option costs relating to the with-profits business.

### 6.4.2 CONTRACTS WRITTEN IN THE RNPFN FUND

The future guarantee costs primarily relate to maturity and death guarantees (sums assured and vested reversionary bonuses (or guaranteed surrender value)) for all with-profits business and surrender value guarantees that exist on some classes of with-profits business.

Where guarantees are in-the-money, these are likely to be under single premium Pension Deferred Annuities.

A policy is in the money if the sum assured plus projected reversionary bonuses is greater than the projected unsmoothed asset share at the claim date.

The future option costs relate to guaranteed annuity rate options on life and pension deferred annuity business taking into account the expected policyholder behaviour in relation to exercising that option. The vast majority of Deferred Annuities are significantly in-the-money.

## LIVERPOOL VICTORIA FRIENDLY SOCIETY LIMITED

6.4

- (b) The Asset Model used is the Barrie & Hibbert Market-Consistent Asset Model. This is a deflator model based on published financial economic theory that is capable of market-consistent valuations for multiple asset classes in multiple currencies. For this valuation it is calibrated to market data as at 31 December 2014 representative of the nature and term of the guarantees inherent in the with-profits business.

The key assumptions used in the calibration process are as follows.

- The model is calibrated to an initial yield curve equal to the yield curve at 31 December 2014 from Thomson Reuters.
  - The parameters for the volatility of the yield curve are derived from forward rate volatilities implied from the market prices of at-the-money swaptions. The forward rate volatilities used are typically in the range of 18.4% to 37.7%.
  - For the volatility of equity returns in excess of the short-term risk free returns, the model used is Stochastic Volatility Jump Diffusion (SVJD). The SVJD model combines a model that allows for stochastic, mean reverting volatility and a model that allows for “rare” (jump) events. The equity volatility is assumed to vary by term and moneyness by reproducing market option prices. The volatility parameters used are 10.0% for the SVJD variance model and 26.9% for the SVJD jump model.
  - A property volatility of 13% is assumed, derived from Barrie & Hibbert’s best-estimate levels of volatility.
  - A positive correlation between returns on fixed interest and equity is assumed of 15%.
  - A positive correlation between returns on fixed interest and property is assumed of 10%.
  - A positive correlation between returns on equity and property is assumed of 36%.
  - The correlations assumed reflect a judgement of the correlations that might reasonably be expected over the long term.
- (c) The annualised compound equivalent of the risk free rate(s) assumed for each duration (n) and values derived from the asset model of specified assets/options is shown in the following table.

**LIVERPOOL VICTORIA FRIENDLY SOCIETY LIMITED**

	K	0.75				1				1.5			
n	Duration (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 (r)	1.19%	2.26%	2.64%	2.60%	x	x	x	x	x	x	x	x
1	Risk-Free Zero Coupon Bond	£942,630	£715,359	£521,798	£406,814	x	x	x	x	x	x	x	x
2	FTSE All Share Index (p=1)	£77,540	£202,834	£309,703	£398,307	£181,286	£344,567	£477,968	£583,183	£526,374	£697,130	£858,153	£985,350
3	FTSE All Share Index (p=0.8)	£74,821	£179,222	£253,867	£312,240	£175,332	£305,306	£393,483	£458,989	£511,378	£622,722	£713,604	£781,468
4	Property (p=1)	£21,847	£90,954	£166,098	£234,048	£116,426	£218,649	£314,450	£396,926	£512,913	£591,744	£683,164	£777,734
5	Property (p=0.8)	£20,085	£72,441	£120,446	£162,632	£109,990	£180,946	£238,201	£286,556	£496,476	£511,434	£539,314	£580,994
6	15yr Risk-Free ZCBs (p=1)	£12,932	£17,010	£20,195	£38,488	£91,194	£97,517	£105,563	£150,454	£502,958	£505,443	£508,397	£538,890
7	15yr Risk-Free ZCBs (p=0.8)	£11,823	£10,713	£8,088	£14,244	£85,218	£67,555	£52,500	£66,983	£485,837	£412,370	£338,976	£327,680
8	15yr Corporate Bonds (p=1)	£12,932	£17,010	£20,195	£38,488	£91,194	£97,517	£105,563	£150,454	£502,958	£505,443	£508,397	£538,890
9	15yr Corporate Bonds (p=0.8)	£11,823	£10,713	£8,088	£14,244	£85,218	£67,555	£52,500	£66,983	£485,837	£412,370	£338,976	£327,680
10	Portfolio 1 (p=1)	£42,071	£134,069	£223,480	£308,435	£135,998	£261,317	£378,919	£478,803	£510,499	£617,003	£748,980	£865,722
11	Portfolio 1 (p=0.8)	£39,931	£114,242	£174,440	£231,944	£130,202	£224,949	£299,788	£363,652	£494,154	£539,571	£605,960	£668,798
12	Portfolio 2 (p=1)	£35,060	£111,288	£187,236	£264,609	£122,643	£228,712	£330,036	£425,711	£505,484	£580,041	£689,820	£802,027
13	Portfolio 2 (p=0.8)	£33,259	£93,704	£142,976	£193,830	£116,967	£194,486	£256,697	£316,556	£488,653	£503,102	£549,188	£607,736
14	Portfolio 3 (p=1)	£15,521	£59,779	£115,001	£181,126	£90,661	£160,909	£242,346	£326,434	£502,339	£530,097	£602,468	£696,083
15	Portfolio 3 (p=0.8)	£14,346	£46,942	£80,555	£122,915	£84,877	£128,971	£174,948	£226,520	£485,015	£446,358	£457,998	£503,660
16	Sterling Receiver Swaptions	26.16%	19.87%	18.60%	15.37%	31.77%	25.51%	23.60%	19.06%	37.37%	30.77%	27.98%	22.12%
0		Swap Duration = 15 years				Swap Duration = 20 years				Swap Duration = 25 years			

## LIVERPOOL VICTORIA FRIENDLY SOCIETY LIMITED

- (d) For the UK, the initial equity dividend yield is 3.54% and the initial property rental yield is 4.30%.
- (e) Exposures to territories other than the UK are modelled in the same way as exposures to the UK. The figures in the table above are based on a UK only calibration.

(f) **CONTRACTS WRITTEN IN THE LVFS FUND**

The following table shows the percentage of guarantee costs arising by outstanding duration. It also shows the fitting error of equities and five-year tenor swaptions used to calibrate the asset model at these durations.

Product	Outstanding Duration (years) *								
	5	10	15	20	30	40	50	60	70
IB Endowment	37%	28%	22%	11%	3%	0%	0%	0%	0%
OB Endowment	27%	40%	23%	8%	2%	0%	0%	0%	0%
OB LCE	35%	64%	1%	0%	0%	0%	0%	0%	0%
OB Pensions	0%	2%	5%	11%	29%	25%	18%	7%	1%
IB Whole of Life	5%	5%	6%	9%	23%	27%	20%	5%	0%
OB Whole of Life	0%	0%	0%	4%	27%	44%	21%	3%	0%
UWP Bonds	40%	57%	3%	0%	0%	0%	0%	0%	0%
UWP Endowments	21%	73%	5%	1%	0%	0%	0%	0%	0%
UWP ISA	35%	23%	15%	12%	12%	2%	0%	0%	0%
UWP Pensions	1%	6%	17%	29%	44%	1%	1%	0%	0%
<b>Total</b>	<b>1%</b>	<b>2%</b>	<b>6%</b>	<b>11%</b>	<b>29%</b>	<b>25%</b>	<b>18%</b>	<b>7%</b>	<b>1%</b>

Equity Fitting Error	2.63%	2.05%	1.76%	1.76%	1.97%	2.53%	3.28%	4.08%	4.89%
Swaption Fitting Error	1.74%	1.21%	0.93%	0.97%	1.47%	2.17%	3.06%	3.85%	5.41%

\* The heading durations represent the mid-point of the term bands used to group the liabilities by outstanding duration.

**CONTRACTS WRITTEN IN THE RNPFN FUND**

The most significant guarantees are those arising on maturity, surrender and death or from guaranteed annuity options. The following tables show the outstanding duration of these guarantees.

**Total Guarantee Costs**

Product	Outstanding duration to maturity (years)					
	0 to 5	5 to 10	10 to 15	15 to 20	20 to 25	25+
Endowment	65%	30%	5%	0%	0%	0%
Moneybuilder	61%	30%	8%	0%	0%	0%
Pension RP	55%	22%	15%	6%	2%	0%
Pension SP	58%	26%	12%	2%	1%	0%
Unitised With Profit	91%	9%	0%	0%	0%	0%

**Guaranteed Annuity Options**



## LIVERPOOL VICTORIA FRIENDLY SOCIETY LIMITED

Product	Outstanding duration to maturity (years)					
	0 to 5	5 to 10	10 to 15	15 to 20	20 to 25	25+
Moneybuilder	53%	36%	11%	0%	0%	0%
Pension RP	71%	19%	7%	2%	0%	0%
Pension SP	77%	17%	5%	1%	0%	0%

The swaption and equity option fitting errors are as per the equivalent figures for LVFS.

- (g) The deflated total return on equities and cash is calculated using the stochastic simulations generated to test the accuracy of the deflators used. For LVFS, the deflated values (for a unit investment of 1) at the average duration of the guarantees are 1.008002 for equities, 0.997051 for property and 1.000029 for cash. For RNPFN, the corresponding deflated values (for a unit investment of 1) are 1.004345 for equities, 1.001304 for property and 1.000254 for cash.
- (h)
- (i) The assets and liabilities are projected 2,000 times using different economic simulations generated by the Barrie & Hibbert Market-Consistent Asset Model. The results are compared to the output from a set of 5,000 simulations and it is concluded that 2,000 is the fewest number of simulations that can be used without introducing material simulation error for both LVFS and RNPFN.
  - (ii) None of the costs of guarantees, options or smoothing are valued using the market costs of hedging.
  - (iii) None of the costs of guarantees, options or smoothing are valued using deterministic projections with attributed probabilities.

6.5

- (a) The management actions that are assumed in the projection of assets and liabilities used to determine the costs of guarantees, options and smoothing are as follows.

### CONTRACTS WRITTEN IN THE LVFS FUND

- Reversionary bonus rates are set to current levels for all future projections.
- Future final bonus rates are determined by reference to smoothed base asset shares for all business except conventional whole-of-life business which uses unsmoothed base asset shares.
- Future asset allocation is determined by reference to the current asset allocation guidelines used in setting investment strategy and is also dependent on the FTSE 100 index level.
- Market Value Reductions (MVRs) are only applied to unitised with-profits bonds based on current practice. No changes to the MVR policy over time are assumed.
- Apart from WPPA series 3 and 4, FGB, and AIOB, guarantee costs are not charged to asset share although such charges are allowed by the PPFM.

### CONTRACTS WRITTEN IN THE RNPFN FUND

## LIVERPOOL VICTORIA FRIENDLY SOCIETY LIMITED

- No future reversionary bonuses are declared on conventional with-profits business.
  - Reversionary bonus rates for unitised with-profits business are determined by reference to the 15 year gilt yield.
  - Future final bonus rates are set to target unenhanced smoothed asset shares. An allowance is made for the requirement to distribute the RNPFN Fund's estate to policies by increasing the entry in line 34 of Form 19 so as to reduce the working capital in the Fund to zero. For conventional with-profits business annual changes in maturity payouts between similar policies are also limited to 20%.
  - A market value reduction (MVR) on unitised with-profits ISA policies is applied prior to the tenth policy anniversary if the nominal fund value exceeds the smoothed asset share. The MVR is equal to the excess of the nominal fund value over the smoothed asset share (provided that this leads to a MVR of 5% or greater).
  - Future asset allocation is determined by reference to the current asset allocation guidelines used in setting investment strategy.
  - No asset share charges for guarantee costs are made (such charges are allowed within the PPFM).
  - The maximum available capital support is not assumed to be written down other than in proportion to the size of the with-profits fund.
- (b) The best estimates as to the future proportions of the assets backing the with-profits benefit reserve which would consist of equities (whether UK or non-UK) and as to future bonus rates, in each case as at the end of the financial year in question in 5 years time and 10 years time are as follows.

<b>CONTRACTS WRITTEN IN THE LVFS FUND</b>	<b>31 December 2014</b>	<b>31 December 2019</b>	<b>31 December 2024</b>
<b>Equity Backing Ratio</b>			
Risk Free Yields	46%	39%	36%
Risk Free Yields Up*	46%	40%	37%
Risk Free Yields Down*	46%	39%	36%
<b>UWP Tax-exempt</b>			
Risk Free Yields	1.75%	1.75%	1.75%
Risk Free Yields Up*	1.75%	1.75%	1.75%
Risk Free Yields Down*	1.75%	1.75%	1.75%
<b>UWP Taxable</b>			
Risk Free Yields	1.50%	1.50%	1.50%
Risk Free Yields Up*	1.50%	1.50%	1.50%
Risk Free Yields Down*	1.50%	1.50%	1.50%

*\*Yield curve movements are with reference to an additive shift equal to +/-17.5% of the 15-year gilt rate.*

<b>CONTRACTS WRITTEN IN</b>	<b>31</b>	<b>31</b>	<b>31</b>
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**LIVERPOOL VICTORIA FRIENDLY SOCIETY LIMITED**

<b>THE RNPFN FUND</b>	<b>December 2014</b>	<b>December 2019</b>	<b>December 2024</b>
<b>Equity Backing Ratio</b>			
Risk Free Yields	21%	21%	21%
Risk Free Yields Up*	21%	21%	21%
Risk Free Yields Down*	21%	21%	21%
<b>UWP Tax-exempt</b>			
Risk Free Yields	2.10%	1.63%	2.01%
Risk Free Yields Up*	2.10%	1.85%	2.29%
Risk Free Yields Down*	2.10%	1.41%	1.75%
<b>UWP Taxable</b>			
Risk Free Yields	1.00%	1.30%	1.61%
Risk Free Yields Up*	1.00%	1.48%	1.83%
Risk Free Yields Down*	1.00%	1.13%	1.40%

*\*Yield curve movements are with reference to an additive shift equal to +/-17.5% of the 15-year gilt rate.*

These are calculated using the 31 December 2014 market consistent asset file.

- 6.6 A summary of the surrender and paid-up assumptions used to determine the costs in subparagraphs 6.4(a), (b) and (c) are as follows.

**6.6.1 CONTRACTS WRITTEN IN THE LVFS FUND**

<b>Product</b>	<b>Decrement</b>	<b>Average surrender/paid-up rate for the policy years</b>			
		<b>1-5</b>	<b>6-10</b>	<b>11-15</b>	<b>16-20</b>
CWP savings endowment	Surrender	N/A	1.44%	1.44%	1.44%
CWP target cash endowment	Surrender	N/A	2.00%	2.00%	2.00%
UWP target cash endowment	Surrender	4.00%	3.80%	2.00%	2.00%
UWP bond	Surrender	10.00%	10.00%	7.50%	7.50%
UWP bond	Automatic withdraw	2.00%	2.00%	2.00%	2.00%
CWP pension regular premium	PUP	N/A	1.50%	1.50%	1.50%
CWP pension regular premium	Surrender	N/A	0.30%	0.30%	0.30%
CWP pension single premium	Surrender	N/A	0.30%	0.30%	0.30%
UWP indiv pens regular premium	PUP	2.50%	2.50%	2.50%	2.50%
UWP indiv pens regular premium	Surrender	5.80%	4.80%	2.50%	2.50%
UWP indiv pens single premium	Surrender	5.80%	4.80%	2.50%	2.50%

For OB Pension policies, the cash commutation rate is 35%.

## LIVERPOOL VICTORIA FRIENDLY SOCIETY LIMITED

### 6.6.2 CONTRACTS WRITTEN IN THE RNPFN FUND

Product	Decrement	Average surrender/paid-up rate for the policy years			
		1-5	6-10	11-15	16-20
CWP Savings Endowment	Surrender	1.50%	1.50%	1.50%	1.50%
UWP Bond	Surrender	8.00%	8.00%	8.00%	8.00%
UWP Bond	Automatic withdrawals	0%	0%	0%	0%
CWP Pension regular premium	PUP	0%	0%	0%	0%
CWP Pension regular premium	Surrender	2.00%	2.00%	2.00%	2.00%
CWP Pension single premiums	Surrender	2.00%	2.00%	2.00%	2.00%

The assumed take-up rates of guaranteed annuity options are 75% for Pension Deferred Annuities and 7% initially increasing by 0.5% per annum up to a maximum of 20% for Life Deferred Annuities. The annuitant mortality assumed is:

- Males: 72% of IML00 upto 2007, then CMI\_2009 improvement with a long-term improvement of 1.75%
- Females: 85% of IFL00 upto 2007, then CMI\_2009 improvement model with a long-term improvement rate of 1.5%

6.7 There are no policyholder actions assumed in the projection of assets and liabilities in subparagraphs 6.4(a), (b) and (c).

## 7. FINANCING COSTS

LVFS does not have any financing arrangements in connection with its With Profit fund where LVFS receives financing from another source.

There is a support arrangement in place between LVFS and the RNPFN Fund. The scheme for the transfer of the business from RNPFN makes provision for capital support, by way of a contingent loan, of up to £100m to be made available to the RNPFN Fund from Liverpool Victoria Friendly Society Limited. The RNPFN Fund bears a charge of 1.0% per annum of the maximum capital support for this facility and will bear a maximum charge of 1.5% per annum on any assets transferred to the RNPFN Fund as part of this arrangement. The investment return on any assets transferred is payable to Liverpool Victoria Friendly Society Limited.

The facility is assumed only to be drawn on when the value of the RNPFN Fund falls short of the aggregate value of the mathematical reserves plus the LTICR in respect of the RNPFN Fund. Any capital and interest amounts are repaid as soon as practicable to the extent that a deficit of assets over liabilities (including the LTICR) will not arise by doing so. It is not intended that the capital support is available for distribution to policyholders.

The maximum capital support declines over time in proportion to the With-Profits Amount (the with-profit mathematical reserves plus any surplus in the RNPFN Fund). The facility has not been drawn on to date. Capital support of up to £65.9m is available during 2014.

## 8. OTHER LONG-TERM INSURANCE LIABILITIES

## LIVERPOOL VICTORIA FRIENDLY SOCIETY LIMITED

No amounts have been included in respect of 'any other liabilities related to the regulatory duty to treat customers fairly' shown at line 46 of Form 19 for either of the with-profits funds. For the LVFS Fund, the amount at line 47 of Form 19 'Other long-term insurance liabilities' represents the reserve held against poor or incomplete policy data.

### 9. REALISTIC CURRENT LIABILITIES

The value of the realistic current liabilities shown at line 51 of Form 19 is £732m for LVFS and £23m for the RNPFN Fund. The value of the realistic current liabilities is the same as the regulatory current liabilities and represents the net current liabilities of the with-profits fund.

### 10. RISK CAPITAL MARGIN

(a)

- (i) The risk capital margin as at 31 December 2014 is £87m for the LVFS Fund and £11m for the RNPFN Fund under the scenarios contained within INSPRU 1.3.44R. However, the risk capital margin for the RNPFN Fund is reset to zero, as a consequence of adding back the surplus in the Fund to the policy liabilities as planned enhancements.
- (ii) The scenarios tested for the purpose of calculating the risk capital margin are as follows.

Asset class	LVFS	RNPFN
Equities	20% fall	20% fall
Property	12.5% fall	12.5% fall
Fixed Interest	17.5% fall in the long-term gilt yield	17.5% rise in the long-term gilt yield
Fixed Interest Credit Risk	Increase in credit spreads	Increase in credit spreads
Persistency	32.5% decrease in termination rates	32.5% decrease in termination rates

- (iii) For the increase in credit spreads for the fixed interest stress test the average change in spreads is 12.8% for LVFS and 8.0% for RNPFN. The resulting total percentage change in bond value is 2.2% for LVFS and 1.0% for RNPFN.
  - (iv) The realistic value of the liabilities increases by 0.37% as a result of applying the persistency risk scenario for the LVFS Fund. For the RNPFN Fund the realistic liabilities do not increase as a result of applying the persistency risk scenario as any change in the cost of guarantees is offset by a change in the planned enhancements to the WPBR.
- (b) No changes to the decision rules for management action or policyholder behaviour are assumed in calculating the liabilities under the stressed conditions.
- (c)

## **LIVERPOOL VICTORIA FRIENDLY SOCIETY LIMITED**

- (i) The risk capital margin for the LVFS Fund is covered by the present value of future profits under the non-profit protection policies held in the Fund.

No assets are required to back the RNPFN risk capital margin.

- (ii) All the assets used to cover the risk capital margin in the LVFS Fund are located in the Fund.

### **11. TAX**

Gains or losses are assumed to be realised each year, and no distinction is made between unrealised and realised gains. The value of any tax asset for unrealised Capital Gains Tax losses is not modelled. Tax relief on renewal expenses is modelled as a percentage of projected expenses. Tax relief is only applied to the asset share projection on taxable products. No change in tax assumptions is made across different simulations in the stochastic model.

### **12. DERIVATIVES**

The LVFS With Profit fund holds equity options with a market value of £18.2m and interest rate swaps with a market value of £50.2m for the purpose of hedging risks. There are no derivatives held outside of the fund to cover the risk capital margin.

The RNPFN With Profit fund holds swaptions with a market value of £1.6m and interest rate swaps with a market value of £52.8m for the purpose of hedging risks.

LIVERPOOL VICTORIA FRIENDLY SOCIETY LIMITED

13. ANALYSIS OF WORKING CAPITAL

13.1 CONTRACTS WRITTEN IN THE LVFS FUND

The following breakdown shows the change in LVFS working capital shown at line 68 of Form 19 from 31 December 2013 to 31 December 2014.

	<b>Working Capital</b>
	<b>£m</b>
<b>31 December 2013</b>	<b>458.9</b>
Model changes	1.6
Expected experience	7.1
<b>31 December 2014 Expected</b>	<b>467.7</b>
Actual vs. Expected Experience	
	<i>Expenses</i> (40.4)
	<i>Claims paid</i> (0.5)
	<i>Investment and tax</i> (23.5)
	<i>New Business</i> (27.4)
<b>31 December 2014 Old Basis</b>	<b>375.8</b>
Change in Basis	
	<i>Economic</i> 29.6
	<i>Non-economic</i> (63.5)
	<i>Related to policyholder action</i> 45.6
Other	
	<i>Staff Pension Scheme</i> 0.0
	<i>Mutual Bonus</i> (23.9)
	<i>Change in value of Subsidiaries</i> 67.6
	<i>Other</i> (1.3)
<b>31 December 2014</b>	<b>429.8</b>

## **LIVERPOOL VICTORIA FRIENDLY SOCIETY LIMITED**

“Model changes” refers to the impact on 31 December 2013 reserves due to developments to the valuation model that have been implemented during 2014.

“31 December 2014 Expected” working capital represents the amount of working capital that would be available had actual experience proved identical to that assumed in the model used to value the cost of guarantees and smoothing. It allows for expected premiums received; expenses and claims paid; investment income earned and the release of future policy related costs between 31 December 2013 and 31 December 2014. It does not allow for new business expected to be issued during 2014.

“Actual vs. Expected Experience” represents the change in working capital due to actual experience proving different to that assumed in the valuation model. This allows for the change in assets and liabilities due to the impact of actual expenses, decrements, investment returns and tax, bonuses, new business, and market conditions.

“Change in Basis” allows for the changes made to the underlying assumptions used in the model as at 31 December 2014.

“Other” includes the impact of the change in the value of the staff pension scheme. It also includes the impact of an additional bonus allocated to with profits policies to reflect the profits generated by the Society’s trading business, and the change in the net asset value of the subsidiaries owned by the with profits fund.



## LIVERPOOL VICTORIA FRIENDLY SOCIETY LIMITED

### 13.2 CONTRACTS WRITTEN IN THE RNPFN FUND

The breakdown below shows the change in working capital shown at line 68 of Form 19 for the RNPFN Fund from 31 December 2013 to 31 December 2014.

	<b>Working Capital £m</b>
<b>31 December 2013</b>	<b>0.0</b>
Zeroisation of working capital as planned enhancements to WPBR	87.4
Model changes	(0.1)
Expected experience	(8.8)
<hr/>	
<b>31 December 2014 Expected</b>	<b>78.5</b>
Actual vs. Expected Experience	
<i>Expenses</i>	0.0
<i>Claims paid and GAO take-up</i>	(5.0)
<i>Investment and tax</i>	11.6
<i>Other</i>	0.0
<hr/>	
<b>31 December 2014 Old Basis</b>	<b>85.1</b>
Change in Basis	
<i>Economic</i>	0.9
<i>Non-economic</i>	(0.1)
<i>Related to Policyholder Actions</i>	18.7
Other	2.3
Zeroisation of working capital as planned enhancements to WPBR	(107.0)
<hr/>	
<b>31 December 2014</b>	<b>0.0</b>

As the RNPFN Fund is a closed fund, all working capital is shown as planned enhancements to the WPBR. Without this adjustment the working capital as at 31 December 2014 would have been £107.0m.

The “31 December 2014 Expected” working capital represents the amount of working capital that would be available had actual experience proved identical to that assumed in the model used to value the cost of guarantees and smoothing. It allows for expected premiums received; expenses and claims paid; investment income earned and the release of future policy related costs between 31 December 2013 and 31 December 2014.

The “Actual vs. Expected Experience” represents the change in working capital due to actual experience proving different to that assumed in the valuation model. This allows for the change in assets and liabilities due to the impact of actual expenses, decrements, bonuses, investment returns and tax.

“Change in Basis” allows for the changes made to the underlying assumptions used in the model as at 31 December 2014.

**14. OPTIONAL DISCLOSURE**

No optional disclosures are made.

**LIVERPOOL VICTORIA FRIENDLY SOCIETY LIMITED**

Statement of Information required by Rule 9.36 of the Accounts and Statements Rules

Name of Company: **Liverpool Victoria Friendly Society Limited**

Global Business

Financial Year Ended: **31 December 2014**

The With-Profits Actuary of the Society until 10 October 2014 was Mr N J Dumbreck, a Principal with the London office of Milliman LLP, an external consultancy firm.

In accordance with Rule 9.36 of IPRU (INS), the Company requested the With-Profits Actuary to furnish the information required by Rule 9.36 in respect of the year ended 31 December 2014 and the information shown below has been supplied:-

	Mr N J Dumbreck
(a) Particulars of any shares in, or debentures of the Society in which he was interested at any time during the year.	Nil
(b) Particulars of any pecuniary interest in any transaction which he has entered into with the Society and subsisting at any time during the year or, in the case of transactions of a minor character, a general description of such interests.	Nil
(c) The aggregate amount of:- (i) any remuneration and the value of any other benefits (other than a pension or other future or contingent benefit) under any contract of service with, or contract for services to, the Society, and  (ii) any emoluments, pensions or compensation as director of the Society which are required by Part 1 of Schedule 6 to the Companies Act or Part 1 of Schedule 6 to the 1986 Order to be included in a note to the accounts of the Society under section 232 of the Companies Act and Article 239 of the 1986 Order receivable in respect of any period in that year.	£267,429  Nil
d) A general description of any other pecuniary benefit (including any pension and other future or contingent benefit) he has received from the Society in the year or receivable by him from the Society.	Mr Dumbreck held two insurance policies issued on standard terms by one of the Society's subsidiaries. He had no other pecuniary interest in any transactions with the Society at any time during the year.

The Company also paid fees of £19,416, inclusive of VAT and expenses, to Milliman LLP during 2013 in respect of services unrelated to Mr Dumbreck's role as With-Profits Actuary

The With-Profits Actuary of the Society from 10 October 2014 was Mr A Walton, who is employed by Liverpool Victoria Friendly Society Limited. The following information is provided on a pro-rata basis from 10 October 2014.

In accordance with Rule 9.36 of IPRU (INS), the Company requested the With-Profits Actuary to furnish the information required by Rule 9.36 in respect of the year ended 31 December 2014 and the information shown below has been supplied:-

	Mr A Walton
(d) Particulars of any shares in, or debentures of the Society in which he was interested at any time during the year.	Nil
(e) Particulars of any pecuniary interest in any transaction which he has entered into with the Society and subsisting at any time during the year or, in the case of transactions of a minor character, a general description of such interests.	Nil
(f) The aggregate amount of:- (i) any remuneration and the value of any other benefits (other than a pension or other future or contingent benefit) under any contract of service with, or contract for services to, the Society, and  (ii) any emoluments, pensions or compensation as director of the Society which are required by Part 1 of Schedule 6 to the Companies Act or Part 1 of Schedule 6 to the 1986 Order to be included in a note to the accounts of the Society under section 232 of the Companies Act and Article 239 of the 1986 Order receivable in respect of any period in that year.	£44,047  Nil
e) A general description of any other pecuniary benefit (including any pension and other future or contingent benefit) he has received from the Society in the year or receivable by him from the Society.	Mr Walton is a participant in the Society's long-term incentive plan. Mr Walton did not receive, nor will receive, any other pecuniary benefit.



**Certificate required by Rule 9.34(1) of the Accounts and Statements Rules**

Name of company **Liverpool Victoria Friendly Society Limited**

Global business

Financial year ended **31 December 2014**

We certify that:

- a) the return has been properly prepared in accordance with the requirements in IPRU (INS), GENPRU and INSPRU; and
- b) we are satisfied that:
  - i. throughout the financial year, the insurer has complied in all material respects with the requirements in SYSC as well as the provisions of IPRU(INS), GENPRU and INSPRU;
  - ii. from the beginning of financial year in question until 18 June 2014, the insurer has complied in all material respects with the requirements of PRIN;
  - iii. from 19 June 2014 until the end of the financial year in question, the insurer has complied in all material respects with the Fundamental Rules; and
  - iv. it is reasonable to believe that the insurer has continued so to comply subsequently with the requirements of SYSC, the Fundamental Rules and the provisions of IPRU(INS), GENPRU and INSPRU, and will continue so to comply in future.
- c) in our opinion premiums for contracts entered into during the financial year and the resulting income earned are sufficient, under reasonable actuarial methods and assumptions, and taking into account the other financial resources of the insurer that are available for the purpose, to enable the insurer to meet its obligations in respect of those contracts and, in particular, to establish adequate mathematical reserves;
- d) the sum of the mathematical reserves and the deposits received from reinsurers as shown in Form 14 constitute proper provision at the end of the financial year in question for the long-term insurance liabilities (including all liabilities arising from deposit back arrangements, but excluding other liabilities which had fallen due before the end of the financial year) including any increase in those liabilities arising from a distribution of surplus as a result of an actuarial investigation as at that date into the financial condition of the long-term insurance business;
- f) we have, in preparing the return, taken and paid due regard to-
  - i. advice from every actuary appointed by the insurer to perform the actuarial function in accordance with SUP 4.3.13R; and
  - ii. advice from every actuary appointed by the insurer to perform the with-profits actuary function in accordance with SUP 4.3.16AR of the FCA Handbook and SUP 4.3.16R of the PRA Handbook.

Note:

Paragraph e) which relates to the management of the with-profits fund in accordance with the Principles and Practices of Financial Management (PPFM) has been omitted from the certificate.

The with-profits fund has been managed in accordance with the Principles and Practices of Financial Management, as established, maintained and recorded under COBS 20.3 of the *FCA Handbook*; with the exception of

The PPFM for the RNPFN Fund requires the long-term investment strategy of the Fund to be reviewed annually. Having completed a review in late-2013, one was not performed in 2014. A further review is expected in 2015

.....  
M J Rogers  
Chief Executive

.....  
Director

.....  
Director

Liverpool Victoria Friendly Society Limited  
Frizzell House  
County Gates  
Bournemouth  
BH1 2NF

27<sup>th</sup> March 2015



## **Liverpool Victoria Friendly Society Limited**

### **Global business**

**Financial year ended 31 December 2014**

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

We have audited the following documents prepared by the insurer pursuant to the Accounts and Statements Rules set out in Part I and Part IV of Chapter 9 to IPRU(INS) the Interim Prudential Sourcebook for Insurers, GENPRU the General Prudential Sourcebook and INSPRU the Prudential Sourcebook for Insurers ('the Rules') made by the Prudential Regulation Authority under section 137G of the Financial Services and Markets Act 2000:

- Forms 2, 3, 11 to 14, 17 to 19, 40 to 45, 48, 49, 58 and 60, (including the supplementary notes) on pages 89 to 94 ('the Forms');
- the statement required by IPRU(INS) rule 9.29 on page 95 ('the statement'); and
- the valuation reports required by IPRU(INS) rule 9.31 on pages 99 to 142 ('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 89 to 94;
- the statements required by IPRU(INS) rules 9.30 and 9.36 on pages 143 to 167; and
- the certificate required by IPRU(INS) rule 9.34(1) on page 169.

### **Respective responsibilities of the insurer and its auditors**

The insurer is responsible for the preparation of an annual return (including the Forms, the statement and the valuation reports) under the provisions of the Rules. The requirements of the Rules have been modified by directions issued under or treated as being issued under section 138A of the Financial Services and Markets Act 2000 on 21 February 2014 and 21 December 2012. Under IPRU(INS) rule 9.11 the Forms, the statement 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 statement 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 statement 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 statement 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 statement 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 statement 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 statement 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 LLP  
Chartered Accountants

27<sup>th</sup> March 2015

(a) The maintenance and integrity of the Liverpool Victoria Friendly Society Limited website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the insurance annual return since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of insurance annual returns may differ from legislation in other jurisdictions.