

Important information for customers with a former Britannic Unit Linked Assurance (ex Allianz Cornhill) with profits policy

This leaflet gives you important information to help you understand your former Britannic Unit Linked Assurance (ex Allianz Cornhill) with profits policy statement. You should read this document carefully together with your policy statement and then keep it safe for future reference.

► Your investment with Phoenix Life Limited

Your with profits policy is invested in the Phoenix Life Limited 90% With-Profits Fund ('the with profits fund').

► Questions and answers about the with profits fund

How do you manage the with profits fund?

We included a copy of our guide, 'How we manage the Phoenix Life Limited 90% With-Profits Fund' ('the guide') with your statement last year. If you need another copy, please contact us using the details shown in the '**How to contact us**' section of this leaflet.

The guide is also available on our website. To obtain a copy go to www.phoenixlifegroup.co.uk and then:

- under 'Do you have a with profits policy?';
- select 'Follow this link for a quick guide to how we manage our with profits funds';
- then 'Phoenix Life Limited - 90% With-Profits Fund and 100% With-Profits Fund'; and
- choose the guide for type of policy 'Former Britannic Unit Linked Assurance Limited'.

What is the annual bonus amount for former Britannic Unit Linked Assurance (ex Allianz Cornhill) with profits policies?

For life policies the amount depends on the amount of the basic sum assured and bonuses already added.

The annual bonus rates for 2007 are:

- 2.50% of basic sum assured; and
- 3.50% of bonuses already added.

For pension policies the amount depends on the amount of the fund and bonuses already added.

The annual bonus rates for 2007 are:

- 3.25% of basic fund; and
- 3.25% of bonuses already added.

The actual bonus we have added to your policy is shown on your statement. We guarantee annual bonuses once we have added them to your policy. We have increased annual bonus rates for 2007 and they are 0.5% higher than those we declared for 2006.

Are you adding a final bonus now?

We are adding a final bonus for policies maturing now. For endowment policies, the amount is based on a percentage of the sum assured and attaching annual bonuses. The percentage depends on the term of the policy (or term since becoming with profits) as follows:

Term	Final Bonus
up to 21 years	24.0%
21 years	28.0%
22 years	32.0%
23 years	36.0%
24 years	40.0%
25 years or more	44.0%

For pension policies reaching their selected retirement date now we are adding a final bonus of 63.0% of the basic fund and attaching annual bonuses.

For whole life policies, we are currently adding a final bonus of 45.0% of the sum assured and attaching annual bonuses on death claims.

Final bonuses are influenced by investment conditions and other relevant factors over the lifetime of policies. We do not guarantee final bonuses and we may change them at any time.

We expect that for some years to come, the maturity payouts we make on longer term policies each year will be lower than those on policies of the same term that matured in the previous year. This is because the current maturity values of longer term policies reflect the high share price increases of the 1980s and 1990s, which were partly driven by the higher inflation of those times. The eventual maturity values of similar policies taken out more recently will not reflect these share price increases to the same extent, if at all.

How are bonus rates calculated?

When deciding whether we should add an annual bonus, we look at the current financial position of the with profits fund and estimate how we expect this to change in the future. We also compare the guaranteed benefits with the underlying value of policies. We will add annual bonuses only if we are confident that the underlying value of policies will be enough to enable us to pay these bonuses when they become due, even if future investment returns or other factors become unfavourable.

For life policies the guaranteed benefits are the basic sum assured and total annual bonuses we have added to date. We guarantee to pay these at maturity or in the event of a death claim, provided you pay all the premiums throughout the term of your policy.

For pension policies the guaranteed benefits are the fund and total annual bonuses we have added to date. We guarantee to pay these at your selected retirement date.

The underlying value of policies reflects the premiums paid and the investment performance of the with profits fund over the lifetime of the policies, after allowing for factors, such as expenses and charges. This is explained in more detail in the guide.

If the underlying value of the policies is more than the value of their guaranteed benefits, we will add a final bonus. However, if the value of the guaranteed benefits is more than the underlying value of the policies, we will not add a final bonus.

So what about the future?

We have set annual bonuses at a level which we hope to maintain on a realistic view of future investment returns. Future bonuses are not guaranteed and if future investment returns turn out lower than expected we may have to reduce future annual bonuses. Future final bonuses will continue to reflect the investment conditions and other relevant factors. Investment markets showed significant falls in early 2008 and unless they recover, we will have to reduce future final bonuses and possibly annual bonuses as well.

How is the with profits fund invested?

The with profits fund consists of a wide range of assets with the aim of providing a reasonable growth potential over the medium to long term. On 31 December 2007 the split of assets supporting former Britannic Unit Linked Assurance (ex Allianz Cornhill) with profits policies was:

Company Shares	32.5%
Fixed Interest Stocks	67.5%
Property	8%
Cash	5%
Other	0%

How much we put into each type of investment will change over time. We aim to make sure that the with profits fund can always meet the guarantees we have given to policyholders. Subject to this, we aim to get the highest possible investment return while balancing this with the degree of risk being taken. We currently hold some higher risk investments which we expect to provide a higher return, such as company shares (equities). The rest are lower risk investments such as fixed interest stocks (bonds, types of loan usually issued by the Government or companies).

The return we achieved on the investments in the with profits fund for 2007 was 3.5%.

By keeping around 30% of the with profits fund invested in company shares (equities), we believe that we are well placed to benefit from any growth due to stock market price increases, whilst still protecting the long term security of the fund. As policies mature and the period to maturity for the remaining policies reduces, we expect that we will invest less in higher risk investments and more in lower risk investments.

Other questions and answers

Who can give me financial advice?

It is important that you review your financial arrangements on a regular basis and we recommend that you speak to your financial adviser.

If you do not have a financial adviser or would like to know more about the financial products and services that we now offer, please contact our Customer Care Team on 0845 938 0515.

Further information

Your personal data

Here is an update on how we process the personal data you have previously provided to us.

Your personal data is held in our systems to provide the product or service for which you applied, and may be used for the:

- purpose of fraud prevention;
- purposes of identity verification via electronic credit reference systems; and
- marketing of further products and services offered by the Resolution group of companies (“Resolution Group”) or carefully selected third parties by telephone, post or other electronic means.

Your personal data may be shared with other members of the Resolution Group, its agents and their subcontractors, and other parties where there is a legitimate reason to do so.

Your personal data may be processed in countries outside the European Economic Area. This processing will be carried out by experienced and reputable organisations and only on terms which safeguard the

security of your personal data and comply with the requirements of the Data Protection Act 1998.

A full copy of our data protection statement can be obtained from our Customer Helpline on 0845 938 0581.

If you would prefer not to be contacted in connection with the marketing of further products and services, and have not already expressed this preference, please get in touch with us at the address below.

How to contact us

If you would like to contact us, please use one of the methods given below:

By post:

Customer Services
Phoenix Life Limited
1 Wythall Green Way
Wythall
Birmingham
B47 6WG

By phone:

0845 938 0581, 8.30am to 5.30pm, Monday to Friday

By fax:

0845 002 0347

Website:

www.phoenixlifegroup.co.uk

If you would like this information in large print, in Braille or on cassette or CD, please call 0845 938 0581.
