

#### 4 (Loss)/Profit on Sale of Businesses

Non-operating income consists of the following:

	2008 £m	2007 £m
Loss on the sale of Bank of Western Australia Ltd and St. Andrews Australia Pty Ltd	(845)	
Profit on the part disposal of Rightmove plc (Note 21)	56	59
Distribution from Visa Inc shares listing	26	
Profit on the sale and leaseback of certain branch premises	20	28
Profit on the sale of Insight Investment Management (C.I.) Limited		4
	(743)	91

On 8 October 2008, the HBOS Group agreed the sale of part of its Australian operations, principally Bank of Western Australia Ltd and St. Andrews Australia Pty Ltd, to Commonwealth Bank of Australia Limited. The sale completed on 19 December 2008 and results in a pre-tax loss on disposal of £845m (including goodwill written-off of £240m) which is included as non-operating income within the (loss)/profit on sale of businesses for the year.

Under the share sale agreement HBOS plc has provided certain warranties to Commonwealth Bank of Australia, that all relevant, material circumstances and facts in relation to the sale have been disclosed and described in agreement. The share sale agreement provided for adjustments to the initial purchase price based on the risk weighted assets of Bank of Western Australia Limited and the net assets of St. Andrews Australia Pty Limited. As a result, the loss on sale of these businesses may be subject to adjustment for the contingent element of the commitment receivable.

Following the sale HBOS retains a presence in Australia through Bank of Scotland International (Australia) Limited and Capital Finance Australia Limited which are engaged in corporate banking and asset finance activities respectively, together with the Bank of Scotland plc Sydney branch and therefore this sale does not constitute a discontinued activity. As such, the performance of the businesses sold and the loss on disposal remains within the profit arising from continuing operations of the Group. These businesses are reported in International division for segmental reporting purposes.

#### 5 Insurance Premiums and Claims

	2008 £m	2007 £m
<b>Gross written premiums</b>		
Long term insurance	4,542	4,739
General insurance	887	889
	5,429	5,628
Premiums ceded to reinsurers	(178)	(168)
Net change in provision for unearned premiums	93	156
<b>Net earned premiums on insurance contracts</b>	<b>5,344</b>	<b>5,616</b>

	2008 £m	2007 £m
<b>Claims incurred</b>		
Long term insurance	(3,450)	(2,599)
General insurance	(334)	(420)
	(3,784)	(3,019)
Claim recoveries from reinsurers	81	67
<b>Net claims incurred on insurance contracts</b>	<b>(3,703)</b>	<b>(2,952)</b>

#### 6 Change in Investment Contract Liabilities

	2008 £m	2007 £m
Net change in investment contracts designated at fair value through the income statement	12,863	(2,451)
Net change in investment contracts with a discretionary participating feature	(47)	(87)
	12,816	(2,538)