

# Norwich Union Annuity Limited

Registered office: 2 Rougier Street, York, YO90 1UU

**Annual FSA Insurance Returns for the year ended  
31st December 2004**



Returns under the Accounts and Statements Rules

**Index to Appendices 9.1, 9.3, 9.4 and 9.6 of IPRU (INS)**

Name of insurer **Norwich Union Annuity Limited**

Global Business

Financial year ended **31st December 2004**

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Returns under the Accounts and Statements Rules

**Index to Appendices 9.1, 9.3, 9.4 and 9.6 of IPRU (INS)**

Name of insurer **Norwich Union Annuity Limited**

Global Business

Financial year ended **31st December 2004**

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**Statement of solvency - long-term insurance business**Name of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2004**

Solo solvency calculation

	Company registration number	GL/UK/CM	Period ended			Units	
			day	month	year		
	<b>R2</b>	<b>3253948</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>
			As at end of this financial year		As at end of the previous year		
			1		2		

**Capital resources**

Capital resources arising within the long-term insurance fund	<b>11</b>	802044	
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	<b>12</b>	141053	
Capital resources available to cover long-term insurance business capital resources requirement (11+12)	<b>13</b>	943097	

**Guarantee Fund**

Guarantee Fund requirement	<b>21</b>	166526	
Excess (deficiency) of available capital resources to cover guarantee Fund requirement	<b>22</b>	776571	

**Minimum capital requirement (MCR)**

Long-term insurance capital requirement	<b>31</b>	499577	
Resilience capital requirement	<b>32</b>	22360	
Base capital resources requirement	<b>33</b>	2087	
Minimum capital requirement	<b>34</b>	521937	
Excess (deficiency) of available capital resources to cover 50% of MCR	<b>35</b>	682129	
Excess (deficiency) of available capital resources to cover 75% of MCR	<b>36</b>	551644	

**Enhanced capital requirement**

With-profits insurance capital component	<b>37</b>		
Enhanced capital requirement	<b>38</b>	521937	

**Capital resources requirement (CRR)**

Capital resources requirement (greater of 34 and 38)	<b>41</b>	521937	
Excess (deficiency) of available capital resources to cover long-term insurance business CRR (13-41)	<b>42</b>	421160	

**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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Returns under the Accounts and Statements Rules

**Covering page to form 2**

Name of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2004**

..... **G N WITHERS**  
Chief Executive

..... **J A NEWMAN**  
Director

..... **M N URMSTON**  
Director

23 March 2005

**Components of capital resources**Name of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2004**

	Company registration number	GL/UK/CM	Period ended			Units	
			day	month	year		
	<b>R3</b>	<b>3253948</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>
	General insurance business <b>1</b>	Long-term insurance business <b>2</b>	Total as at the end of this financial year <b>3</b>	As at the end of the previous year <b>4</b>			

**Core tier one capital**

Permanent share capital	<b>11</b>		50000	50000	
Profit and loss account and other reserves	<b>12</b>		933105	933105	
Share premium account	<b>13</b>		750	750	
Positive valuation differences	<b>14</b>		23842	23842	
Fund for future appropriations	<b>15</b>				
Core tier one in related undertakings	<b>16</b>				
Core tier one capital (sum of 11 to 16)	<b>19</b>		1007697	1007697	

**Tier one waivers**

Unpaid share capital / unpaid initial funds and calls for supplementary contributions	<b>21</b>				
Implicit items	<b>22</b>				
Tier one waivers in related undertakings	<b>23</b>				
Total tier one waivers as restricted (21+22+23)	<b>24</b>				

**Other tier one**

Perpetual non-cumulative preference shares as restricted	<b>25</b>				
Perpetual non-cumulative preference shares in related undertakings	<b>26</b>				
Innovative tier one capital as restricted	<b>27</b>				
Innovative tier one capital in related undertakings	<b>28</b>				

<b>Total tier one capital before deductions</b> (19+24+25+26+27+28)	<b>31</b>		1007697	1007697	
Investments in own shares	<b>32</b>				
Intangible assets	<b>33</b>				
Amounts deducted from technical provisions for discounting	<b>34</b>				
Other negative valuation differences	<b>35</b>				
Deductions in related undertakings	<b>36</b>				
Deductions from tier one (32 to 36)	<b>37</b>				
<b>Total tier one capital after deductions</b> (31-37)	<b>39</b>		1007697	1007697	

**Components of capital resources**Name of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2004**

	Company registration number	GL/UK/CM	Period ended			Units	
			day	month	year		
	<b>R3</b>	<b>3253948</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>
	General insurance business <b>1</b>	Long-term insurance business <b>2</b>	Total as at the end of this financial year <b>3</b>			As at the end of the previous year <b>4</b>	

**Tier two capital**

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

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

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

**Components of capital resources**Name of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2004**

	Company registration number	GL/UK/CM	Period ended			Units
			day	month	year	
<b>R3</b>	<b>3253948</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>
	General insurance Business <b>1</b>	Long-Term insurance Business <b>2</b>	Total as at the end of this financial year <b>3</b>			As at the end of the previous year <b>4</b>

**Total capital resources**

Positive adjustments for regulated non-insurance related undertakings	<b>71</b>				
<b>Total capital resources before deductions (39+69+71)</b>	<b>72</b>		1007697	1007697	
Inadmissible assets other than intangibles and own shares	<b>73</b>		64600	64600	
Assets in excess of market risk and counterparty limits	<b>74</b>				
Deductions for related ancillary services undertakings	<b>75</b>				
Deductions for regulated non-insurance related undertakings	<b>76</b>				
Total deductions of ineligible surplus	<b>77</b>				
<b>Total capital resources after deductions (72-73-74-76-77)</b>	<b>79</b>		943097	943097	

**Available capital resources for PRU tests**

Available capital resources for guarantee fund requirement	<b>81</b>		943097	943097	
Available capital resources for 50% MCR requirement	<b>82</b>		943097	943097	
Available capital resources for 75% MCR requirement	<b>83</b>		943097	943097	

**Financial engineering adjustments**

Implicit items	<b>91</b>				
Financial reinsurance - ceded	<b>92</b>				
Financial reinsurance - accepted	<b>93</b>				
Outstanding contingent loans	<b>94</b>				
Any other charges on future profits	<b>95</b>				
Sum of financial engineering adjustments (91+92+93+94+95)	<b>96</b>				

**Analysis of admissible assets**Name of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2004**Category of assets **Total other than long term insurance business assets**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R13	3253948	GL	31	12	2004	£000	1
				day	month	year			
<b>Investments</b>				As at the end of this financial year			As at the end of the previous year		
				<b>1</b>			<b>2</b>		
Land and buildings				<b>11</b>					
Investments in group undertakings and participating interests	UK insurance business dependants	Shares	<b>21</b>						
		Debt securities issued by, and loans to, dependants	<b>22</b>						
	Other insurance dependants	Shares	<b>23</b>						
		Debt securities issued by, and loans to, dependants	<b>24</b>						
	Non-insurance dependants	Shares	<b>25</b>						
		Debt securities issued by, and loans to, dependants	<b>26</b>						
	Other group undertakings and participating interests	Shares	<b>27</b>						
		Debt securities issued by, and loans to, group undertakings	<b>28</b>						
		Participating interests	<b>29</b>						
		Debt securities issued by, and loans to, undertakings in which the insurer has a participating interest	<b>30</b>						
Total sheet 1 (11 to 30)				<b>39</b>					

**Analysis of admissible assets**Name of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2004**Category of assets **Total other than long term insurance business assets**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R13	3253948	GL	31	12	2004	£000	1
					day	month	year		
<b>Investments (continued)</b>					As at the end of this financial year		As at the end of the previous year		
<b>Deposits with ceding undertakings</b>					1		2		
<b>Assets held to cover linked liabilities</b>									
Other financial investments	Equity shares			41	104507				
	Other shares and other variable yield securities			42					
	Holdings in collective investment schemes			43	8084			7202	
	Rights under derivative contracts			44					
	Debt securities and other fixed income securities	Fixed interest	Approved securities	45	17654			119190	
			Other	46					
		Variable interest	Approved securities	47					
			Other	48					
	Participation in investment pools			49					
	Loans secured by mortgages			50					
	Other loans	Loans to public or local authorities and nationalised industries or undertakings		51					
		Loans secured by policies of insurance issued by the company		52					
		Other		53					
	Deposits with approved credit institutions and approved financial institutions	Withdrawal subject to a time restriction of one month or less		54				3056	
		Withdrawal subject to a time restriction of more than one month		55					
	Other			56					
Deposits with ceding undertakings			57						
Assets held to match linked liabilities	Index linked		58						
	Property linked		59						
Reinsurers' share of technical provisions	Provision for unearned premiums		60						
	Claims outstanding		61						
	Provision for unexpired risks		62						
	Other		63						
Total sheet 2 (41 to 63)			69	130245			129448		

**Analysis of admissible assets**Name of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2004**Category of assets **Total other than long term insurance business assets**

	Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			day	month	year			
	<b>R13</b>	<b>3253948</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>1</b>
<b>Debtors</b>								
<b>Other assets</b>								
						As at the end of this financial year		As at the end of the previous year
						<b>1</b>		<b>2</b>
Debtors arising out of direct insurance operations	Policyholders			<b>71</b>				
	Intermediaries			<b>72</b>				
Salvage and subrogation recoveries				<b>73</b>				
Debtors arising out of reinsurance operations	Due from ceding insurers and intermediaries under reinsurance business accepted			<b>74</b>				
	Due from reinsurers and intermediaries under reinsurance contracts ceded			<b>75</b>				
Other debtors	Due from dependants	Due in 12 months or less after the end of the financial year		<b>76</b>				
		Due more than 12 months after the end of the financial year		<b>77</b>				
	Other	Due in 12 months or less after the end of the financial year		<b>78</b>				6827
		Due more than 12 months after the end of the financial year		<b>79</b>				
Tangible assets			<b>80</b>					
Cash at bank and in hand	Deposits not subject to time restriction on withdrawal, with approved credit institutions and approved financial institutions and local authorities			<b>81</b>		32606		30461
	Cash in hand			<b>82</b>				
Other assets (particulars to be specified by way of supplementary note)				<b>83</b>				
Prepayments and accrued income	Accrued interest and rent			<b>84</b>		410		1993
	Deferred acquisition costs			<b>85</b>				
	Other prepayments and accrued income			<b>86</b>				
Deductions from the aggregate value of assets			<b>87</b>					
Total sheet 3 (71 to 86 less 87)			<b>88</b>			33016		39281
Grand total of admissible assets after deduction of market risk and counterparty limits (39+69+88)			<b>89</b>			163261		168729
<b>Reconciliation to asset values determined in accordance with the insurance accounts rules</b>								
Total admissible assets after deduction of market risk and counterparty limits (as per line 89 above)			<b>91</b>			163261		168729
Assets in excess of market and counterparty limits			<b>92</b>					
Capital resources requirement deduction for subsidiary undertakings which are insurance undertakings			<b>93</b>					
Other differences in the valuation of assets (other than for assets not valued above)			<b>94</b>					
Other inadmissible assets			<b>95</b>					
Total assets determined in accordance with the <i>insurance accounts rules</i> (91 to 95)			<b>99</b>			163261		168729
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance			<b>100</b>					

**Analysis of admissible assets**Name of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2004**Category of assets **Ordinary Long Term**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets		
		R13	3253948	GL	31	12	2004	£000	10	
						day	month	year		
<b>Investments</b>					As at the end of this financial year			As at the end of the previous year		
					1			2		
Land and buildings					11	3088		3061		
Investments in group undertakings and participating interests	UK insurance business dependants	Shares			21					
		Debt securities issued by, and loans to, dependants			22					
	Other insurance dependants	Shares			23					
		Debt securities issued by, and loans to, dependants			24					
	Non-insurance dependants	Shares			25	18921		464260		
		Debt securities issued by, and loans to, dependants			26	1273		6558541		
	Other group undertakings and participating interests	Shares			27					
		Debt securities issued by, and loans to, group undertakings			28	125844		86943		
		Participating interests			29					
		Debt securities issued by, and loans to, undertakings in which the insurer has a participating interest			30					
Total sheet 1 (11 to 30)					39	149126		7112805		

**Analysis of admissible assets**Name of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2004**Category of assets **Ordinary Long Term**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R13	3253948	GL	31	12	2004	£000	10
					day	month	year		
<b>Investments (continued)</b>					As at the end of this financial year		As at the end of the previous year		
<b>Deposits with ceding undertakings</b>					1		2		
<b>Assets held to cover linked liabilities</b>									
Other financial investments	Equity shares			41					
	Other shares and other variable yield securities			42					
	Holdings in collective investment schemes			43					
	Rights under derivative contracts			44					
	Debt securities and other fixed income securities	Fixed interest	Approved securities	45	1333144	1281486			
			Other	46	3038061	2966901			
		Variable interest	Approved securities	47	3319	3313			
			Other	48					
	Participation in investment pools			49					
	Loans secured by mortgages			50	7969882				
	Other loans	Loans to public or local authorities and nationalised industries or undertakings		51					
		Loans secured by policies of insurance issued by the company		52					
		Other		53					
	Deposits with approved credit institutions and approved financial institutions	Withdrawal subject to a time restriction of one month or less		54					
		Withdrawal subject to a time restriction of more than one month		55					
	Other			56					
Deposits with ceding undertakings			57						
Assets held to match linked liabilities	Index linked		58	717973	621730				
	Property linked		59						
Reinsurers' share of technical provisions	Provision for unearned premiums		60						
	Claims outstanding		61						
	Provision for unexpired risks		62						
	Other		63						
Total sheet 2 (41 to 63)			69	13062379	4873430				

**Analysis of admissible assets**

Name of insurer **Norwich Union Annuity Limited**  
 Global business  
 Financial year ended **31st December 2004**  
 Category of assets **Ordinary Long Term**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R13	3253948	GL	31	12	2004	£000	10
					day	month	year		
<b>Debtors</b>					As at the end of this financial year			As at the end of the previous year	
<b>Other assets</b>					1			2	
Debtors arising out of direct insurance operations	Policyholders				71	86045		24394	
	Intermediaries				72				
Salvage and subrogation recoveries					73				
Debtors arising out of reinsurance operations	Due from ceding insurers and intermediaries under reinsurance business accepted				74			10462	
	Due from reinsurers and intermediaries under reinsurance contracts ceded				75				
Other debtors	Due from dependants	Due in 12 months or less after the end of the financial year			76			74015	
		Due more than 12 months after the end of the financial year			77				
	Other	Due in 12 months or less after the end of the financial year			78	561563		28867	
		Due more than 12 months after the end of the financial year			79				
Tangible assets					80				
Cash at bank and in hand	Deposits not subject to time restriction on withdrawal, with approved credit institutions and approved financial institutions and local authorities				81	17171		36855	
	Cash in hand				82				
Other assets (particulars to be specified by way of supplementary note)					83				
Prepayments and accrued income	Accrued interest and rent				84	177873		81632	
	Deferred acquisition costs				85				
	Other prepayments and accrued income				86				
Deductions from the aggregate value of assets					87				
Total sheet 3 (71 to 86 less 87)					88	842652		256225	
Grand total of admissible assets after deduction of market risk and counterparty limits (39+69+88)					89	14054157		12242460	
<b>Reconciliation to asset values determined in accordance with the insurance accounts rules</b>									
Total admissible assets after deduction of market risk and counterparty limits (as per line 89 above)					91	14054157		12242460	
Assets in excess of market and counterparty limits					92				
Capital resources requirement deduction for subsidiary undertakings which are insurance undertakings					93				
Other differences in the valuation of assets (other than for assets not valued above)					94			358	
Other inadmissible assets					95				
Total assets determined in accordance with the <i>insurance accounts rules</i> (91 to 95)					99	14054157		12242818	
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance					100	2281		30956	

**Long term insurance business liabilities and margins**Name of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2004**Category of assets **Ordinary Long Term**

	Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			day	month	year			
	<b>R14</b>	<b>3253948</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>10</b>
			As at the end of this financial year 1	As at the end of the previous year 2			Source	
Mathematical reserves, after distribution of surplus	<b>11</b>	12489439	11465624				See Instruction 2	
Cash bonuses which had not been paid to policyholders prior to end of the financial year	<b>12</b>						See Instruction 3	
Balance of surplus/(valuation deficit)	<b>13</b>						See Instruction 4	
Long term insurance business fund carried forward (11 to 13)	<b>14</b>	12489439	11465624				See Instruction 5	
Claims outstanding which had fallen due for payment before the end of the financial year	Gross amount	<b>15</b>		59596				
	Reinsurers' share	<b>16</b>						
	Net (15-16)	<b>17</b>		59596				
Provisions for other risks and charges	Taxation	<b>21</b>	4323	12883				
	Other	<b>22</b>						
Deposits received from reinsurers	<b>23</b>							
Creditors and other liabilities	Arising out of insurance operations	Direct insurance business	<b>31</b>	193391	21689			
		Reinsurance accepted	<b>32</b>					
		Reinsurance ceded	<b>33</b>	69				
	Debenture loans	Secured	<b>34</b>					
		Unsecured	<b>35</b>					
	Amounts owed to credit institutions		<b>36</b>					
	Other creditors	Taxation	<b>37</b>	16723	20360			
		Other	<b>38</b>	548168	18054			
Accruals and deferred income	<b>39</b>		146					
Provision for "reasonably foreseeable adverse variations"	<b>41</b>							
Total other insurance and non-insurance liabilities (17 to 41)	<b>49</b>	762674	132728					
Excess of the value of net admissible assets	<b>51</b>	802044	644108				See Instruction 6	
Total liabilities and margins	<b>59</b>	14054157	12242460					
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	<b>61</b>	53947	12186					
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	<b>62</b>							
Amount of any additional mathematical reserves included in line 51 which have been taken into account in the appointed actuary's certificate	<b>63</b>		14817				See Instruction 7	

**Liabilities (other than long term insurance business)**Name of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2004**

		Company registration number	GL/UK/CM	Period ended			Units		
		R15	3253948	GL	31	12	2004	£000	
				day month year					
				As at the end of this financial year 1			As at the end of the previous year 2		
Technical provisions (gross amount)	Provision for unearned premiums			11					
	Claims outstanding			12					
	Provision for unexpired risks			13					
	Equalisation provisions	Credit business			14				
		Other than credit business			15				
	Other			16					
Total (11 to 16)				19					
Provisions for other risks and charges	Taxation			21					
	Other			22					
Deposits received from reinsurers				31					
Creditors	Arising out of insurance operations	Direct insurance business			41				
		Reinsurance accepted			42				
		Reinsurance ceded			43				
	Debenture loans	Secured			44				
		Unsecured			45				
	Amounts owed to credit institutions				46				
	Other creditors	Taxation			47	2090		10599	
		Recommended dividend			48				
		Other			49	20118		16379	
Accruals and deferred income				51					
Total (19 to 51)				59	22208		26978		
Provision for "reasonably foreseeable adverse variations"				61					
Cumulative preference share capital				62					
Subordinated loan capital				63					
Total (59 to 63)				69	22208		26978		
Amounts included in line 69 attributable to liabilities to related insurers, other than those under contracts of insurance or reinsurance				71	2694		13885		

**Profit and loss account (non-technical account)**Name of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2004**

		Company registration number	GL/UK/CM	Period ended			Units	
		R16	3253948	GL	31	12	2004	£000
		This financial year		Previous year		Source		
		1		2		<	>	?
Transfer (to)/from the general insurance business technical account	From Form 20	11				20 . 59		
	Equalisation provisions	12						
Transfer from the long term insurance business revenue account		13				40 . 26		
Investment income	Income	14	7184		7678			
	Value re-adjustments on investments	15			812			
	Gains on the realisation of investments	16	18659		10677			
Investment charges	Investment management charges, including interest	17	7		5			
	Value re-adjustments on investments	18	17113					
	Loss on the realisation of investments	19						
Allocated investment return transferred to the general insurance business technical account		20				20 . 51		
Other income and charges (particulars to be specified by way of supplementary note)		21						
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)		29	8723		19162			
Tax on profit or loss on ordinary activities		31	9421		(976)			
Profit or loss on ordinary activities after tax (29-31)		39	(698)		20138			
Extraordinary profit or loss (particulars to be specified by way of supplementary note)		41						
Tax on extraordinary profit or loss		42						
Other taxes not shown under the preceding items		43						
Profit or loss for the financial year (39+41-(42+43))		49	(698)		20138			
Dividends (paid and proposed)		51						
Profit or loss retained for the financial year (49-51)		59	(698)		20138			

**Analysis of derivative contracts**Name of insurer **Norwich Union Annuity Limited**

Global business

Insurance Business **Other than long term**Financial year ended **31st December 2004**Category of assets **Total other than long term insurance business assets**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R17	3253948	GL	31	12	2004	£000	1
		As at the end of this financial year			As at the end of the previous year				
		Assets 1	Liabilities 2	Assets 3	Liabilities 4				
<b>Derivative contracts</b>									
Futures contracts	Fixed-interest securities	11						2494	
	Equity shares	12							
	Land	13							
	Currencies	14							
	Other	15							
Options	Fixed-interest securities	21							
	Equity shares	22							
	Land	23							
	Currencies	24							
	Other	25							
Contracts for differences	Fixed-interest securities	31							
	Equity shares	32					3056		
	Land	33							
	Currencies	34							
	Other	35							
Adjustments for variation margin		41					(3056)		(2494)
Total (11 to 41)		49							

**Analysis of derivative contracts**Name of insurer **Norwich Union Annuity Limited**

Global business

Insurance Business **Long term**Financial year ended **31st December 2004**Category of assets **Ordinary Long Term**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R17	3253948	GL	31	12	2004	£000	10
		As at the end of this financial year			As at the end of the previous year				
		Assets 1	Liabilities 2	Assets 3	Liabilities 4				
<b>Derivative contracts</b>									
Futures contracts	Fixed-interest securities	11							
	Equity shares	12							
	Land	13							
	Currencies	14							
	Other	15							
Options	Fixed-interest securities	21							
	Equity shares	22							
	Land	23							
	Currencies	24							
	Other	25							
Contracts for differences	Fixed-interest securities	31			19				
	Equity shares	32							
	Land	33							
	Currencies	34							
	Other	35							
Adjustments for variation margin		41							
Total (11 to 41)		49			19				

**Long term insurance business : Revenue account**Name of insurer **Norwich Union Annuity Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2004**Name and number of fund/Summary **Ordinary Long Term 1**

	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund
			day	month	year				
<b>R40</b>	<b>3253948</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>OB</b>	<b>1</b>	<b>0</b>
<b>Items to be shown net of reinsurance ceded</b>						The financial year	Previous year		
						<b>1</b>	<b>2</b>		
Earned premiums						<b>11</b>	997687	960378	
Investment income receivable before deduction of tax						<b>12</b>	866482	781794	
Increase (decrease) in the value of non-linked assets brought into account						<b>13</b>	21374	(415323)	
Increase (decrease) in the value of linked assets						<b>14</b>			
Other income						<b>15</b>			
Total income (11 to 15)						<b>19</b>	1885543	1326849	
Claims incurred						<b>21</b>	829607	797050	
Expenses payable						<b>22</b>	44786	37674	
Interest payable before deduction of tax						<b>23</b>	2425	153	
Taxation						<b>24</b>	(15090)	(1801)	
Other expenditure						<b>25</b>			
Transfer to (from) non technical account						<b>26</b>			
Total expenditure (21 to 26)						<b>29</b>	861728	833076	
Increase (decrease) in fund in financial year (19-29)						<b>39</b>	1023815	493773	
Fund brought forward						<b>49</b>	11465624	10971851	
Fund carried forward (39+49)						<b>59</b>	12489439	11465624	



**Long term insurance business : Analysis of claims**Name of insurer **Norwich Union Annuity Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2004**Name and number of fund/Summary **Ordinary Long Term 1**

		Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/Summary	No of part of Fund	
				day	month	year					
		<b>R42</b>	<b>3253948</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>OB</b>	<b>1</b>	<b>0</b>
<b>Claims incurred in the financial year</b>					Gross		Recoverable from reinsurers	Net of reinsurance (1-2)			
					<b>1</b>		<b>2</b>	<b>3</b>			
Life assurance and annuity contracts	On death		<b>11</b>	1			1				
	By way of lump sums on maturity		<b>12</b>	14			14				
	By way of annuity payments		<b>13</b>	66011		7626	58385				
	By way of payments arising from other insured events		<b>14</b>								
	On surrender or partial surrender		<b>15</b>	1718			1718				
	Total life assurance and annuity claims (11 to 15)		<b>19</b>	67744		7626	60118				
Pension business contracts	On death		<b>21</b>								
	By way of lump sums on vesting		<b>22</b>	5284			5284				
	By way of vested annuity payments		<b>23</b>	837110		74081	763029				
	On surrender or partial surrender		<b>24</b>	1176			1176				
	Total pension business claims (21 to 24)		<b>29</b>	843570		74081	769489				
Permanent health contracts	By way of lump sums		<b>31</b>								
	By way of periodical payments		<b>32</b>								
	Total permanent health claims (31+32)		<b>39</b>								
Other contracts	By way of lump sums		<b>41</b>								
	By way of periodical payments		<b>42</b>								
	Total claims (41+42)		<b>49</b>								
Total claims (19+29+39+49)			<b>59</b>	911314		81707	829607				
Total claims at line 59 attributable to	UK contracts		<b>61</b>	879432		81707	797725				
	Overseas contracts		<b>62</b>	31882			31882				

**Valuation report prepared by the actuarial function holder – IPRU (INS) Appendix 9.4**

Name of Company **Norwich Union Annuity Limited**

Global business

Financial year ended **31<sup>st</sup> December 2004**

1 The investigation relates to 31 December 2004.

2 The last investigation related to 31 December 2003.

3 The valuation has been made in conformity with PRU 7.3.10R.

4 (1)

(a) There is no accumulating with profit business.

(b) There is no business where benefits are determined on the basis of interest accrued in respect of premium paid.

(c) The non-linked business within the Company is predominantly immediate annuity business.

Immediate annuities can be level or escalating. The rate of escalation can be fixed.

Immediate annuities may have a minimum guarantee period.

All annuity business is non-profit.

Reversionary annuities are contingent annuities payable on the death of the annuitant to the annuitant's spouse.

There is a small block of G-Plus Bonds. These are single premium contracts, issued as two separate policies, one a temporary annuity and the other a deferred annuity. The deferred annuity provides a guaranteed cash option at the vesting date.

The long term care annuity in payment is an immediate annuity to provide income for care services, either in the annuitant's home or in a residential or nursing home.

The impaired life annuity policy is a pension annuity providing income in retirement, which has been enhanced to take into account an individual's reduced life expectancy.

5 (1)

(a) **United Kingdom: Index Linked Immediate Annuities**

These are immediate annuities where the annuity increases annually in line with the increase in the Retail Price Index.

(b) These contracts are classified as:  
United Kingdom pension business;  
Business is written directly, and reinsurance is accepted and ceded;  
Annuity in payment, annuity certain and reversionary annuity.

(c) These are all single premium contracts.

(d) These are non-profit annuities, written on either a single life or joint life and last survivor basis, which provide a series of payments throughout the life of the annuitant(s) which are revalued, annually, in line with the Retail Price Index. The annuity may incorporate a minimum guaranteed period of payment. In some cases (including Limited Price Indexation), the revaluation may have a maximum and/or minimum percentage increase.

(e) There are no guaranteed investment returns other than those implicit in the guaranteed annuity benefit.

(f) The guaranteed annuity benefit is calculated incorporating an allowance for acquisition expenses, renewal expenses and commission.

**Valuation report prepared by the actuarial function holder – IPRU (INS) Appendix 9.4**

Name of Company **Norwich Union Annuity Limited**

Financial year ended **31<sup>st</sup> December 2004**

- (g)** Not applicable.
  - (h)** Not applicable, except in cases where pension benefits are altered on settlement of a divorce.
  - (i)** See (d) above.
  - (j)** None.
  - (k)** The contract was open to new business during the year to the valuation date.
  - (l)** Not applicable.
  - (2)** Not applicable.
  - (4)** Not applicable.
  - (5)** Not applicable.
  - (6)** Not applicable.
- 6 (1)** The conventional immediate and deferred annuity business is valued by discounting future benefit payments and maintenance expenses.
- The mathematical reserve for RPI-linked annuities is determined with an explicit allowance of 3% for future increases in annuity payments, which is consistent with the treatment of the matching assets. The treatment of RPI-linked annuities which are subject to maximum and minimum percentage annual increases are described in 6.1 (h) below.
- (a)** The company holds two interest rate swaps in its policyholder fund.

The first swap is in respect of matching asset and liability cash flows for index linked business. The valuation interest rate used to determine the value of long-term index linked liabilities is derived from the rate of interest which equates the discounted value of aggregate cash flows, including cash flows arising from the swap, with the total market value of the asset portfolio, including the market value of the swap.

The second swap provides fixed interest cash flows in exchange for variable interest cash flows from certain mortgage assets used to back long-term fixed interest liabilities. The valuation interest rate used to determine the value of long-term fixed interest liabilities is derived from the rate of interest which equates the discounted value of aggregate cash flows, including cash flows arising from the swap, with the total market value of the asset portfolio, including the market value of the swap.

Supplementary note 0902 gives details of long-term business liability calculations.
  - (b)** The Company has no with profits business.
  - (c)** The Company has no conventional business requiring a net premium valuation.
  - (d)** All negative reserves have been eliminated.
  - (e)** Not applicable.
  - (f)** No provision is needed for any prospective liability for tax on unrealised gains. A provision remains for capital gains tax liability in respect of the unit linked business previously reinsured into Norwich Union Annuities Limited from Norwich Union Life & Pensions Limited and Norwich Union Linked Life Limited. The reinsurance was captured by the ceding company on 2 January 2001 but the tax liability remains with Norwich Union Annuities Limited.
  - (g)** Not applicable.
  - (h)** For the G Plus Bond deferred annuity a guaranteed cash option is available in lieu of an annuity and the reserve is held for this option.

**Valuation report prepared by the actuarial function holder – IPRU (INS) Appendix 9.4**

Name of Company **Norwich Union Annuity Limited**

Financial year ended **31<sup>st</sup> December 2004**

As described in 5(1)(d), some RPI-linked annuities are subject to maximum and minimum percentage increases. For valuation purposes these are treated as being identical to normal RPI-linked annuities.

**6 (2)** Not applicable.

**7 (1)** The rates of interest, and tables of mortality are generally shown in Forms 51 and 54.

For deferred annuities, the value at vesting date of the cash option is discounted in deferment using interest only as shown on Form 51.

**(2)** The mortality basis for long term care immediate annuities is based on the same base tables as general annuities (see 7(4) below) with individual loadings as advised by the underwriters at the point of sale and an additional margin for prudence.

**(3)** The UK tables have been used, adjusted as necessary for experience. The policyholders predominantly reside in the country of operation, except for business written in the Minor Sterling category.

**(4)** Mortality is based on adjusted '80 Amounts' tables with prudent allowance for current experience, and adjustments for improving longevity.

The mortality rates at 31 December 1995 have been determined by taking a percentage of the mortality rates of the C=2010 tables.

For pensions annuity business, the annual reductions in base table mortality rates between 1996 and 2002 range from 4.1% to 0.5% for males and from 2.7% to 0.5% for females.

From 2003 the improvement rates are from CMI Working Paper 1 (December 2002), as follows:

For male lives, 100% of the Medium Cohort improvement rates, subject to a minimum of 1.5% p.a. at all ages and calendar years.

For female lives, 75% of the Medium Cohort improvement rates, subject to a minimum of 1.0% p.a. at all ages and calendar years.

The resulting mortality rates for calendar year 2005 are shown in the table below at sample ages:

<b>Pensions Annuity Mortality Rates</b>		
Age	Male	Female
	qx	qx
60	0.0053	0.0032
70	0.0182	0.0100
80	0.0571	0.0388

The base table assumptions then applied to the adjusted table are shown below:

	<b>Table</b>	<b>Male</b>	<b>Female</b>
Pensions Annuity (Business Up To 31/12/2002)	PMA80/PFA80	79%	95%
Pensions Annuity (Business Post 31/12/2002)	PMA80/PFA80	63.5%	76.5%

For calendar years beyond 2005, the improvement rates from CMI Working Paper 1 (December 2002) which are detailed above continue to apply.

For general annuity business, the annual reductions in base table mortality rates between 1996 and 1999 range from 2.5% to 0.5%. The resulting rates are then subject to future annual reductions ranging from 4.1% to 0.5% for males and from 2.7% to 0.5% for females.

The base table assumptions then applied to the adjusted table are shown below:

	<b>Table</b>	<b>Male</b>	<b>Female</b>
General Annuity	IMA80/IFA80 ultimate	70%	102%

**Valuation report prepared by the actuarial function holder – IPRU (INS) Appendix 9.4**

Name of Company **Norwich Union Annuity Limited**

Financial year ended **31<sup>st</sup> December 2004**

- (5) No allowance is made or reserve held in addition to the assumptions in 7(4) above, in respect of possible changes in the incidence of disease or developments in medical science.
- (6) Two tests were applied at December 2004, in line with PRU 4.2.16R
- (i) a rise in risk free interest yields for all outstanding terms of 20%
  - (ii) a fall in risk free interest yields for all outstanding terms of 20%

For those fixed interest securities that are not risk free, we assume the yield differential to risk free does not reduce in a resilience test.

The most onerous scenario as at 31.12.2004 was test (ii).

- (7) There are no investments outside of the United Kingdom at 31 December 2004.
- (8) On the published basis and on mismatch basis (i) the valuation rate of interest used is net of a deduction of 0.11% which provides a prudent margin for cash flow reinvestment and disinvestment risk. A deduction of 0.09% is included for mismatch basis (ii). All other assumptions relating to mortality, expenses and bad debts remain unchanged.

The assets and liabilities have been revalued on this interest basis.

(a) The calculations have led to a resilience capital requirement of £22.4m.

(b) The aggregate value of assets has increased by £1,076.0m

(c) The aggregate value of liabilities has increased by £1,098.4m

- (9) There are no significant liabilities in currencies different to the matching assets.

- 8 (a) The Company has no regular premium conventional business.
- (b) The value of future maintenance expenses is calculated from current maintenance expense levels by broad category of business, increasing by future expense inflation over the lifetime of each contract.

The annual maintenance allowance has been taken as £19.09 for pensions and general annuities and £25.74 for long term care annuities, based on the terms of the Management Services Agreement between Norwich Union Life Services Limited and Norwich Union Annuity Limited and increased by 10%.

An additional reserve of £1.5m has been established in respect of project costs.

- 9 (a) See Form 54 and 6 (1) above. The assumed rates of mortality and rates of interest for such annuities are indicated in Forms 54 or their supplementary notes.
- (b) Not applicable.

- 10 (1) The assumed future inflation rate applying to maintenance expenses is 4.0% pa.
- (2) Based on the non linked business in force at 31 December 2004, the explicit allowance for maintenance expenses during 2004 is £8.1m and the implicit allowance for investment expenses, in the valuation rate of interest, during 2004 is £9.2m.
- (3) The costs of acquiring new business assumed in the next twelve months would have little impact on the Company and would be charged to the new business written.
- (4) An assessment was made of the cost of closure of the Company to new business at the end of 2005. The cost of closure was covered by margins in the valuation basis. No reserve is required.

- 11 Mathematical reserves for overseas business as reported in Forms 51 and 54, are all in respect of sterling liabilities and are fully matched by sterling assets.

**Valuation report prepared by the actuarial function holder – IPRU (INS) Appendix 9.4**

Name of Company **Norwich Union Annuity Limited**

Financial year ended **31<sup>st</sup> December 2004**

**12 (1)** The Company has no facultative reinsurance with a reinsurer who is not authorised to carry out business in the United Kingdom.

**(2)** There were 6 reinsurance treaties where the Company was the ceding insurer and under which business was in force at the valuation date.

(i) The first treaty, with Munich Re. The reinsurer is authorised to carry on insurance business in the UK and is not connected. The treaty was closed to new business in March 2001 although premiums continue to be paid on existing business. The treaty is for quota share on UK Long Term Care (Immediate Care) business and the premiums during 2004 were £0.881m. There are no deposit back arrangements under this treaty. There are no liabilities to refund reinsurance commission in the event of lapse or surrender of the contract.

(ii) The second treaty, with Munich Re. The reinsurer is authorised to carry on insurance business in the UK and is not connected. The treaty is for quota share on UK Long Term Care (Immediate Care) business. There are no deposit back arrangements under this treaty. There are no liabilities to refund reinsurance commission in the event of lapse or surrender of the contract.

(iii) The third treaty, with Hannover Re. The reinsurer is authorised to carry on insurance business in the UK and is not connected. The treaty is for quota share on UK Long Term Care (Immediate Care) business. There are no deposit back arrangements under this treaty. There are no liabilities to refund reinsurance commission in the event of lapse or surrender of the contract.

The premiums during 2004 in respect of treaties (ii) and (iii) were £12.231m in total.

(iv) The fourth treaty, with Hannover Re. The reinsurer is authorised to carry on insurance business in the UK and is not connected. The treaty is for quota share on UK Impaired Life Annuity business. The premiums during 2004 were £11.372m. There are no deposit back arrangements under this treaty.

(v) The fifth treaty, with XL Re. The reinsurer is authorised to carry on insurance business in the UK and is not connected. The treaty commenced on 31<sup>st</sup> March 2002 and is a quota share mortality swap arrangement where fixed reinsurance premiums are paid in exchange for reinsurance claims linked to actual claims. The mortality risk is in respect of a proportion of the in-force UK pension annuity business. The premiums during 2004 were £43.681m. No annuity is shown as ceded on Form 51 in order to avoid distortion in the net annuity total. There are no deposit back arrangements under this treaty.

(vi) The sixth treaty, with Partner Re. The reinsurer is authorised to carry on insurance business in the UK and is not connected. The treaty commenced on 31<sup>st</sup> March 2002 and is a quota share mortality swap arrangement where fixed reinsurance premiums are paid in exchange for reinsurance claims linked to actual claims. The mortality risk is in respect of a proportion of the in-force UK pension annuity business. The premiums during 2004 were £18.720m. No annuity is shown as ceded on Form 51 in order to avoid distortion in the net annuity total. There are no deposit back arrangements under this treaty.

**(3)** Not applicable.

**13** The Company has no with profits business.

**14-16** Not relevant.

**17 & 18** Forms 46 and 47 follow for Global business in the Ordinary Long Term Fund.

**19 (1)** Forms 48 and 49 follow.

**(2)** The derivative contracts held in the policyholder fund do not give the right to acquire or dispose of assets and hence do not affect the value in Form 48.

**20** Forms 51 and 54 follow.

**21 (1)** Form 57 follows.

**Valuation report prepared by the actuarial function holder – IPRU (INS) Appendix 9.4**

Name of Company **Norwich Union Annuity Limited**

Financial year ended **31<sup>st</sup> December 2004**

**21 (2)** In accordance with PRU 4.2.41R, a prudent adjustment, excluding that part of the yield estimated to represent compensation for the risk that the income from the asset might not be maintained or that capital repayments might not be received as they fall due, was made to the yield on assets.

This adjustment took account of :

- (a) Market margins of gross yield over the yields of risk-free investments of a similar term in the same currency, where available
- (b) The reasonableness of the net of adjustment yields over the yields of risk-free investments of a similar term in the same currency, taking account of the points above
- (c) The future outlook for bad debt experience.
- (d) The historic experience of bad debts for each of the major fixed interest asset classes
- (e) The need to take a prudent view of the above.

The deductions for bad debts were:

Gilts	Corporate Bonds	Bonds – Alternative Investments	Commercial Mortgages	Equity Release Mortgages
0.00%	See below	0.69%	0.41%	0.50%

For corporate bonds, the deductions depend on the credit rating of the bond, as follows:

Corporate Bond Deductions								
Rating	AAA	AA	A	BBB	BB	B	C	Alternative Investments
Deduction	0.09%	0.28%	0.32%	0.67%	1.68%	3.10%	4.95%	0.69%

**21 (3)** The Company holds equity shares in and loans to its subsidiary Norwich Union Mortgage Holdings Limited, which offers predominantly fixed interest commercial mortgages. The Company now holds the vast majority of mortgage assets directly, with Norwich Union Mortgage Holding Limited performing the administration associated with the portfolio.

**22 & 23** Forms 58 and 60 follow.

**M N Urmston**  
**Actuarial Function Holder**

**Long term insurance business : Summary of changes in ordinary long term business**Name of insurer **Norwich Union Annuity Limited**

Global business

United Kingdom business

Non-linked

Financial year ended **31st December 2004**

	Company registration number	GL/UK/CM	Period ended			Units	UK/OS	NL/LN	
			day	month	year				
	<b>R46</b>	<b>3253948</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>UK</b>	<b>NL</b>
	Life assurance and general annuity		Pensions business		Permanent health		Other business		
	No of contracts	Annual premiums	No of contracts	Annual premiums	No of contracts	Annual premiums	No of contracts	Annual premiums	
	1	2	3	4	5	6	7	8	
In force at beginning of year	<b>11</b>	12191	357508						
New business and increases	<b>12</b>	388	35815						
Net transfers and other alterations 'on'	<b>13</b>	3	141						
Total 'on' (12+13)	<b>19</b>	391	35956						
Deaths	<b>21</b>	1075	6562						
Other insured events	<b>22</b>								
Maturities	<b>23</b>								
Surrenders	<b>24</b>	13	138						
Forfeitures	<b>25</b>								
Conversions to paid-up policies for reduced benefits	<b>26</b>								
Net transfers, expiries and other alterations 'off'	<b>27</b>	224	2228						
Total 'off' (21 to 27)	<b>29</b>	1312	8928						
In force at end of year (11+19-29)	<b>39</b>	11270	384536						

**Long term insurance business : Summary of changes in ordinary long term business**Name of insurer **Norwich Union Annuity Limited**

Global business

United Kingdom business

Linked

Financial year ended **31st December 2004**

	Company registration number	GL/UK/CM	Period ended			Units	UK/OS	NL/LN	
			day	month	year				
	<b>R46</b>	<b>3253948</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>UK</b>	<b>LN</b>
	Life assurance and general annuity		Pensions business		Permanent health		Other business		
	No of contracts	Annual premiums	No of contracts	Annual premiums	No of contracts	Annual premiums	No of contracts	Annual premiums	
	1	2	3	4	5	6	7	8	
In force at beginning of year	<b>11</b>	161	6122						
New business and increases	<b>12</b>	40	885						
Net transfers and other alterations 'on'	<b>13</b>		78						
Total 'on' (12+13)	<b>19</b>	40	963						
Deaths	<b>21</b>	34	155						
Other insured events	<b>22</b>								
Maturities	<b>23</b>								
Surrenders	<b>24</b>	1	3						
Forfeitures	<b>25</b>								
Conversions to paid-up policies for reduced benefits	<b>26</b>								
Net transfers, expiries and other alterations 'off'	<b>27</b>		7						
Total 'off' (21 to 27)	<b>29</b>	35	165						
In force at end of year (11+19-29)	<b>39</b>	166	6920						

**Long term insurance business : Summary of changes in ordinary long term business**Name of insurer **Norwich Union Annuity Limited**

Global business

Overseas business

Non-linked

Financial year ended **31st December 2004**

	Company registration number	GL/UK/CM	Period ended			Units	UK/OS	NL/LN	
			day	month	year				
	<b>R46</b>	<b>3253948</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>OS</b>	<b>NL</b>
	Life assurance and general annuity		Pensions business		Permanent health		Other business		
	No of contracts	Annual premiums	No of contracts	Annual premiums	No of contracts	Annual premiums	No of contracts	Annual premiums	
	1	2	3	4	5	6	7	8	
In force at beginning of year	<b>11</b>	7235							
New business and increases	<b>12</b>	407							
Net transfers and other alterations 'on'	<b>13</b>	6							
Total 'on' (12+13)	<b>19</b>	413							
Deaths	<b>21</b>	58							
Other insured events	<b>22</b>								
Maturities	<b>23</b>	3							
Surrenders	<b>24</b>								
Forfeitures	<b>25</b>								
Conversions to paid-up policies for reduced benefits	<b>26</b>								
Net transfers, expiries and other alterations 'off'	<b>27</b>	223							
Total 'off' (21 to 27)	<b>29</b>	284							
In force at end of year (11+19-29)	<b>39</b>	7364							



## Long term insurance business : Analysis of new ordinary long term business

Name of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2004**Company  
registration  
number

GL/UK/CM

Period ended

day month year

Units

R47	3253948	GL	31	12	2004	£000
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Type of insurance  1	Single premium contracts			Regular premium contracts		
	No of contracts  2	Premiums  3	Sums assured, annuities per annum or other measures of benefit  4	No of contracts  5	Annual premiums  6	Sums assured, annuities per annum or other measures of benefit  7
<b>UK DIRECT WRITTEN INSURANCE BUSINESS</b>						
<b>Life Assurance &amp; General Annuity Insurance Business</b>						
<b>Non-Linked Non-Profit Policies</b>						
Immediate Annuity	341	22639	3478 pa			
<b>Sub total: Non-Linked Non-Profit Policies</b>	<b>341</b>	<b>22639</b>	<b>3478 pa</b>			
<b>Index Linked Contracts</b>						
Annuity in payment	40	6976	666 pa			
<b>Sub total: Index Linked Contracts</b>	<b>40</b>	<b>6976</b>	<b>666 pa</b>			
<b>Total: Life Assurance &amp; General Annuity Insurance Business</b>	<b>381</b>	<b>29615</b>	<b>4144 pa</b>			

## Long term insurance business : Analysis of new ordinary long term business

Name of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2004**Company  
registration  
number

GL/UK/CM

Period ended

day month year

Units

R47	3253948	GL	31	12	2004	£000
-----	---------	----	----	----	------	------

Type of insurance  1	Single premium contracts			Regular premium contracts		
	No of contracts  2	Premiums  3	Sums assured, annuities per annum or other measures of benefit  4	No of contracts  5	Annual premiums  6	Sums assured, annuities per annum or other measures of benefit  7
<b>Pension Insurance Business</b>						
<b>Non-Linked Non-Profit Policies</b>						
Annuity in Payment	13425	371582	22168 pa			
Annuity in Payment(Increments)		1117	44 pa			
<b>Sub total: Non-Linked Non-Profit Policies</b>	<b>13425</b>	<b>372699</b>	<b>22212 pa</b>			
<b>Index Linked Contracts</b>						
Annuity in payment	545	24273	937 pa			
Annuity in Payment(Increments)		3				
<b>Sub total: Index Linked Contracts</b>	<b>545</b>	<b>24276</b>	<b>937 pa</b>			
<b>Total: Pension Insurance Business</b>	<b>13970</b>	<b>396975</b>	<b>23149 pa</b>			
<b>Total: UK Direct Written Insurance Business</b>	<b>14351</b>	<b>426590</b>	<b>27293 pa</b>			



## Long term insurance business : Analysis of new ordinary long term business

Name of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2004**Company  
registration  
number

GL/UK/CM

Period ended

day month year

Units

R47	3253948	GL	31	12	2004	£000
-----	---------	----	----	----	------	------

Type of insurance  1	Single premium contracts			Regular premium contracts		
	No of contracts  2	Premiums  3	Sums assured, annuities per annum or other measures of benefit  4	No of contracts  5	Annual premiums  6	Sums assured, annuities per annum or other measures of benefit  7
<b>Pension Insurance Business</b>						
<b>Non-Linked Non-Profit Policies</b>						
Annuity in payment	22390	616901	37626 pa			
Annuity in Payment(Increments)		2852	127 pa			
<b>Sub total: Non-Linked Non-Profit Policies</b>	<b>22390</b>	<b>619753</b>	<b>37753 pa</b>			
<b>Index Linked Contracts</b>						
Annuity in Payment	340	15491	604 pa			
Annuity in Payment (Increments)		101	5 pa			
<b>Sub total: Index Linked Contracts</b>	<b>340</b>	<b>15592</b>	<b>609 pa</b>			
<b>Total: Pension Insurance Business</b>	<b>22730</b>	<b>635345</b>	<b>38362 pa</b>			
<b>Total: UK Reinsurance Accepted</b>	<b>22777</b>	<b>635675</b>	<b>38384 pa</b>			

## Long term insurance business : Analysis of new ordinary long term business

Name of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2004**Company  
registration  
number

GL/UK/CM

Period ended

day month year

Units

R47	3253948	GL	31	12	2004	£000
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Type of insurance  1	Single premium contracts			Regular premium contracts		
	No of contracts  2	Premiums  3	Sums assured, annuities per annum or other measures of benefit  4	No of contracts  5	Annual premiums  6	Sums assured, annuities per annum or other measures of benefit  7
<b>OVERSEAS DIRECT WRITTEN INSURANCE BUSINESS</b>						
<b>Life Assurance &amp; General Annuity Insurance Business</b>						
<b>Non-Linked Non-Profit Policies</b>						
Immediate Annuity	76	2322	240 pa			
<b>Sub total: Non-Linked Non-Profit Policies</b>	<b>76</b>	<b>2322</b>	<b>240 pa</b>			
<b>Index Linked Contracts</b>						
Immediate Annuity	3	52	3 pa			
<b>Sub total: Index Linked Contracts</b>	<b>3</b>	<b>52</b>	<b>3 pa</b>			
<b>Total: Life Assurance &amp; General Annuity Insurance Business</b>	<b>79</b>	<b>2374</b>	<b>243 pa</b>			
<b>Total: Overseas Direct Written Insurance Business</b>	<b>79</b>	<b>2374</b>	<b>243 pa</b>			

## Long term insurance business : Analysis of new ordinary long term business

Name of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2004**Company  
registration  
number

GL/UK/CM

Period ended

day month year

Units

R47	3253948	GL	31	12	2004	£000
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Type of insurance  1	Single premium contracts			Regular premium contracts		
	No of contracts  2	Premiums  3	Sums assured, annuities per annum or other measures of benefit  4	No of contracts  5	Annual premiums  6	Sums assured, annuities per annum or other measures of benefit  7
<b>OVERSEAS REINSURANCE ACCEPTED</b>						
<b>Life Assurance &amp; General Annuity Insurance Business</b>						
<b>Non-Linked Non-Profit Policies</b>						
Annuity in Payment	331	14213	848 pa			
Annuity in Payment(Increments)		46	5 pa			
<b>Sub total: Non-Linked Non-Profit Policies</b>	<b>331</b>	<b>14259</b>	<b>853 pa</b>			
<b>Index Linked Contracts</b>						
Annuity in payment	2	275	11 pa			
Annuity in payment (Increments)		34	1 pa			
<b>Sub total: Index Linked Contracts</b>	<b>2</b>	<b>309</b>	<b>12 pa</b>			
<b>Total: Life Assurance &amp; General Annuity Insurance Business</b>	<b>333</b>	<b>14568</b>	<b>865 pa</b>			
<b>Total: Overseas Reinsurance Accepted</b>	<b>333</b>	<b>14568</b>	<b>865 pa</b>			

**Long term insurance business : Expected income from admissible assets not held to match liabilities in respect of linked benefits**Name of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2004**Category of assets **Ordinary Long Term**

Type of asset	Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			day	month	year			
	<b>R48</b>	<b>3253948</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>10</b>
			Value of admissible assets as shown on Form 13 <b>1</b>		Expected income from admissible assets <b>2</b>		Yield % <b>3</b>	
Land and buildings		<b>11</b>	3088		266		8.71	
Fixed interest securities	Approved securities	<b>12</b>	1351274		55637		4.77	
	Other	<b>13</b>	3103776		191692		5.85	
Variable interest and variable yield securities (excluding items shown at line 16)	Approved securities	<b>14</b>	3344		73		1.65	
	Other	<b>15</b>						
Equity shares and holdings in collective investment schemes		<b>16</b>						
Loans secured by mortgages		<b>17</b>	8062335		633616		6.37	
All other assets	Producing income	<b>18</b>	126169		6996		5.50	
	Not producing income	<b>19</b>	686198					
Total (11 to 19)		<b>29</b>	13336184		888280		5.75	

**Long term insurance business : Analysis of admissible fixed interest and variable interest and variable yield securities not held to match liabilities in respect of linked benefits**Name of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2004**Category of assets **Ordinary Long Term**Company  
registration  
number

GL/UK/CM

Period ended

day month year

Units

Category  
of assets

<b>R49</b>	<b>3253948</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>10</b>
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Redemption period in years			Value of admissible assets as shown on Form 13 <b>1</b>	Gross redemption yield % <b>2</b>	Value of admissible higher yielding assets <b>3</b>		Value of admissible assets as shown on Form 13 <b>4</b>	Gross redemption yield % <b>5</b>	Value of admissible higher yielding assets <b>6</b>
One year or less	<b>11</b>	Fixed interest approved securities	10340	4.48		Variable interest and variable yield approved securities excluding equities			
More than one year but not more than five years	<b>12</b>		43066	4.66			1026	1.62	
More than five years but not more than ten years	<b>13</b>		312033	4.63			519	1.73	
More than ten years but not more than fifteen years	<b>14</b>		194801	4.84			266	1.71	
More than fifteen years but not more than twenty years	<b>15</b>		116406	4.84			1219	1.67	
More than twenty years but not more than twenty five years	<b>16</b>		131512	4.86					
More than twenty five years	<b>17</b>		468974	4.84			314	1.49	
Irredeemable	<b>18</b>		74142	4.50					
Total (11 to 18)	<b>19</b>		1351274	4.77		3344	1.65		
One year or less	<b>21</b>	Other fixed interest securities	3524	4.90		Other variable interest and variable yield securities excluding equities			
More than one year but not more than five years	<b>22</b>		93111	5.62					
More than five years but not more than ten years	<b>23</b>		288525	6.30					
More than ten years but not more than fifteen years	<b>24</b>		443287	5.64					
More than fifteen years but not more than twenty years	<b>25</b>		767403	5.80					
More than twenty years but not more than twenty five years	<b>26</b>		518015	5.99					
More than twenty five years	<b>27</b>		717006	5.54					
Irredeemable	<b>28</b>		272905	6.53					
Total (21 to 28)	<b>29</b>		3103776	5.85					

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

Name of insurer **Norwich Union Annuity Limited**

Global business

United Kingdom business

Financial year ended **31st December 2004**

Type of business **Life Assurance & General Annuity Insurance Business**      Company registration number **R51**      GL/UK/CM **GL**      Period ended **31 12 2004**      Units **£000**      UK/OS **UK**      Type of business **L&GA**      Category of surplus **11**

Category of surplus **Ordinary Long Term**

Type of insurance or name of contract  <b>1</b>	Valuation basis		No of contracts  <b>4</b>	Amount of sums assured or annuities per annum, including vested reversionary bonuses  <b>5</b>	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits  <b>8</b>	Value of sums assured or annuities per annum, including vested reversionary bonuses  <b>9</b>	Value of annual premiums		Amount of mathematical reserves  <b>12</b>
	Rate of interest  <b>2</b>	Mortality or morbidity table  <b>3</b>			Office premiums  <b>6</b>	Net premiums  <b>7</b>			Office premiums  <b>10</b>	Net premiums  <b>11</b>	
<b>DIRECT WRITTEN INSURANCE BUSINESS</b>											
<b>Non-Profit Policies</b>											
Annuity in payment	5.275	IMA/IFA80	4367	8684 pa				78477			78477
Annuity in payment	5.275	PMA/PFA80	2506	907 pa				7395			7395
Annuity in payment	4.775	IMA/IFA80	1383	5704 pa				56401			56401
Annuity in payment	4.775	PMA/PFA80	978	235 pa				2670			2670
Annuity in payment (Temporary)	5.275	IMA/IFA80	124	201 pa				594			594
Annuity in payment (Temporary)	4.775	IMA/IFA80	108	282 pa				650			650
Annuity in payment - (Long Term Care)	4.775	IMA/IFA80	506	6833 pa				33160			33160
Annuity certain	5.275		1	2 pa				1			1
Annuity certain	4.775		23	142 pa				462			462
Reversionary annuity	5.275	PMA/PFA80	14	21 pa				71			71
Contingency reserve								250			250
<b>Sub total: Non-Profit Policies</b>			<b>10010</b>	<b>23011 pa</b>				<b>180131</b>			<b>180131</b>

**Long term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit policies)**Name of insurer **Norwich Union Annuity Limited**

Global business

United Kingdom business

Financial year ended **31st December 2004**

Type of business **Life Assurance & General Annuity Insurance Business**      Company registration number **R51**      GL/UK/CM **GL**      Period ended **31 12 2004**      Units **£000**      UK/OS **UK**      Type of business **L&GA**      Category of surplus **11**

Category of surplus **Ordinary Long Term**

Type of insurance or name of contract <b>1</b>	Valuation basis		No of contracts <b>4</b>	Amount of sums assured or annuities per annum, including vested reversionary bonuses <b>5</b>	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits <b>8</b>	Value of sums assured or annuities per annum, including vested reversionary bonuses <b>9</b>	Value of annual premiums		Amount of mathematical reserves <b>12</b>
	Rate of interest <b>2</b>	Mortality or morbidity table <b>3</b>			Office premiums <b>6</b>	Net premiums <b>7</b>			Office premiums <b>10</b>	Net premiums <b>11</b>	
<b>Sub total: Direct Written Insurance Business</b>			<b>10010</b>	<b>23011 pa</b>				<b>180131</b>			<b>180131</b>
<b>REASSURANCE ACCEPTED Non-Profit Policies</b>											
Annuity in payment	5.275	IMA/IFA80	2	1 pa				10			10
Annuity in payment	5.275	PMA/PFA80	349	97 pa				841			841
Annuity in payment	4.775	IMA/IFA80	145	361 pa				4154			4154
Annuity in payment	4.775	PMA/PFA80	586	212 pa				2779			2779
Annuity in payment (Temporary)	4.775	IMA/IFA80	79	130 pa				230			230
Annuity in payment - (Long Term Care)	4.775	IMA/IFA80	82	1088 pa				4002			4002
Annuity certain	4.775		9	7 pa				15			15
Reversionary annuity	5.275	PMA/PFA80	8	12 pa				31			31
<b>Sub total: Non-Profit Policies</b>			<b>1260</b>	<b>1908 pa</b>				<b>12062</b>			<b>12062</b>
<b>Sub total: Reassurance Accepted</b>			<b>1260</b>	<b>1908 pa</b>				<b>12062</b>			<b>12062</b>

**Long term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit policies)**Name of insurer **Norwich Union Annuity Limited**

Global business

United Kingdom business

Financial year ended **31st December 2004**

Type of business **Life Assurance & General Annuity Insurance Business**      Company registration number **R51**      GL/UK/CM **GL**      Period ended **31 12 2004**      Units **£000**      UK/OS **UK**      Type of business **L&GA**      Category of surplus **11**

Category of surplus **Ordinary Long Term**

Type of insurance or name of contract  <b>1</b>	Valuation basis		No of contracts  <b>4</b>	Amount of sums assured or annuities per annum, including vested reversionary bonuses  <b>5</b>	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits  <b>8</b>	Value of sums assured or annuities per annum, including vested reversionary bonuses  <b>9</b>	Value of annual premiums		Amount of mathematical reserves  <b>12</b>
	Rate of interest  <b>2</b>	Mortality or morbidity table  <b>3</b>			Office premiums  <b>6</b>	Net premiums  <b>7</b>			Office premiums  <b>10</b>	Net premiums  <b>11</b>	
<b>REASSURANCE CEDED</b>											
<b>Non-Profit Policies</b>											
Annuity in payment	5.275	PMA/PFA80						1			1
Annuity in payment - (Long Term Care)	4.775	IMA/IFA80		4731 pa				23971			23971
<b>Sub total: Non-Profit Policies</b>				<b>4731 pa</b>				<b>23972</b>			<b>23972</b>
<b>Sub total: Reassurance Ceded</b>				<b>4731 pa</b>				<b>23972</b>			<b>23972</b>
<b>Net total: Life Assurance &amp; General Annuity Insurance Business</b>			<b>11270</b>	<b>20188 pa</b>				<b>168221</b>			<b>168221</b>

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

Name of insurer **Norwich Union Annuity Limited**

Global business

United Kingdom business

Financial year ended **31st December 2004**Type of business **Pension Insurance Business**Category of surplus **Ordinary Long Term**

Type of insurance or name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table			Office premiums	Net premiums			Office premiums	Net premiums	
1	2	3	4	5	6	7	8	9	10	11	12
<b>DIRECT WRITTEN INSURANCE BUSINESS</b>											
<b>Non-Profit Policies</b>											
Annuity in payment	5.275	PMA/PFA80	192686	457956 pa				5850742			5850742
Annuity in payment (Temporary)	5.275	PMA/PFA80	25	94 pa				341			341
Annuity certain	5.275		822	2339 pa				3515			3515
Reversionary annuity	5.275	PMA/PFA80	1201	4959 pa				29060			29060
Contingency reserve								16714			16714
Miscellaneous reserve								10500			10500
<b>Sub total: Non-Profit Policies</b>			<b>194734</b>	<b>465348 pa</b>				<b>5910872</b>			<b>5910872</b>
<b>Sub total: Direct Written Insurance Business</b>			<b>194734</b>	<b>465348 pa</b>				<b>5910872</b>			<b>5910872</b>
<b>REASSURANCE ACCEPTED</b>											
<b>Non-Profit Policies</b>											
Annuity in payment	5.275	PMA/PFA80	177289	356460 pa				5151056			5151056
Annuity in payment (Temporary)	5.275	PMA/PFA80	37	73 pa				329			329

**Long term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit policies)**Name of insurer **Norwich Union Annuity Limited**

Global business

United Kingdom business

Financial year ended **31st December 2004**Type of business **Pension Insurance Business**Category of surplus **Ordinary Long Term**Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of  
businessCategory  
of surplus

<b>R51</b>	<b>3253948</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>UK</b>	<b>Pens</b>	<b>11</b>
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Type of insurance or name of contract  <b>1</b>	Valuation basis		No of contracts  <b>4</b>	Amount of sums assured or annuities per annum, including vested reversionary bonuses  <b>5</b>	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits  <b>8</b>	Value of sums assured or annuities per annum, including vested reversionary bonuses  <b>9</b>	Value of annual premiums		Amount of mathematical reserves  <b>12</b>
	Rate of interest  <b>2</b>	Mortality or morbidity table  <b>3</b>			Office premiums  <b>6</b>	Net premiums  <b>7</b>			Office premiums  <b>10</b>	Net premiums  <b>11</b>	
Annuity certain	5.275		1428	3537 pa				8759			8759
Reversionary annuity	5.275	PMA/PFA80	1444	599 pa				2836			2836
From Provident Mutual											
Single Life Annuities in Payment	5.275	PMA/PFA80	3126	7924 pa				97910			97910
Joint Life Last Survivor Annuities in Payment	5.275	PMA/PFA80	2	16 pa				230			230
Reversionary annuity	5.275	PMA/PFA80	794	1860 pa				6025			6025
Group annuities	5.275	PMA/PFA80	5682	11241 pa				132457			132457
<b>Sub total: Non-Profit Policies</b>			<b>189802</b>	<b>381710 pa</b>				<b>5399602</b>			<b>5399602</b>
<b>Sub total: Reassurance Accepted</b>			<b>189802</b>	<b>381710 pa</b>				<b>5399602</b>			<b>5399602</b>
<b>REASSURANCE CEDED</b>											
<b>Non-Profit Policies</b>											
Annuity in payment	5.275	PMA/PFA80		2429 pa				34857			34857
Annuity certain	5.275			133 pa				652			652
Reversionary annuity	5.275	PMA/PFA80		108 pa				423			423

**Long term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit policies)**Name of insurer **Norwich Union Annuity Limited**

Global business

United Kingdom business

Financial year ended **31st December 2004**Type of business **Pension Insurance Business**Category of surplus **Ordinary Long Term**

Type of insurance or name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table			Office premiums	Net premiums			Office premiums	Net premiums	
1	2	3	4	5	6	7	8	9	10	11	12
Annuity in payment (X/L / Partner-Re)	5.275	PMA/PFA80						27629			27629
<b>Sub total: Non-Profit Policies</b>				<b>2670 pa</b>				<b>63561</b>			<b>63561</b>
<b>Sub total: Reassurance Ceded</b>				<b>2670 pa</b>				<b>63561</b>			<b>63561</b>
<b>Net total: Pension Insurance Business</b>			<b>384536</b>	<b>844388 pa</b>				<b>11246913</b>			<b>11246913</b>
<b>Net total: United Kingdom Insurance Business</b>			<b>395806</b>	<b>864576 pa</b>				<b>11415134</b>			<b>11415134</b>

Company registration number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of business

Category of surplus

<b>R51</b>	<b>3253948</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>UK</b>	<b>Pens</b>	<b>11</b>
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**Long term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit policies)**Name of insurer **Norwich Union Annuity Limited**

Global business

Overseas business

Financial year ended **31st December 2004**

Type of business **Life Assurance & General Annuity Insurance Business**      Company registration number **R51**      GL/UK/CM **GL**      Period ended **31 12 2004**      Units **£000**      UK/OS **OS**      Type of business **L&GA**      Category of surplus **11**

Category of surplus **Ordinary Long Term**

Type of insurance or name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table			Office premiums	Net premiums			Office premiums	Net premiums	
1	2	3	4	5	6	7	8	9	10	11	12
<b>DIRECT WRITTEN INSURANCE BUSINESS</b>											
<b>Non-Profit Policies</b>											
Annuity in payment	5.275	PMA/PFA80	910	2148 pa				28161			28161
Annuity in payment	5.275	IMA/IFA80	3482	14592 pa				213341			213341
Annuity in payment (Temporary)	4.775	IMA/IFA80	78	228 pa				732			732
Annuity in Payment (Long Term Care)	4.775	IMA/IFA80	2	28 pa				204			204
Annuity certain	5.275		28	217 pa				345			345
Annuity in payment - (Temporary G plus Bond)	4.775	IMA/IFA80	8	8 pa				10			10
Deferred annuity - - (G Plus single premium bond) Guarantee Applies	5.275		7	11 pa				88			88
Reversionary annuity	5.275	PMA/PFA80	2	7 pa				20			20
Contingency reserve								541			541



**Long term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit policies)**Name of insurer **Norwich Union Annuity Limited**

Global business

Overseas business

Financial year ended **31st December 2004**

Type of business **Life Assurance & General Annuity Insurance Business**      Company registration number **R51**      GL/UK/CM **GL**      Period ended **31 12 2004**      Units **£000**      UK/OS **OS**      Type of business **L&GA**      Category of surplus **11**

Type of insurance or name of contract <b>1</b>	Valuation basis		No of contracts <b>4</b>	Amount of sums assured or annuities per annum, including vested reversionary bonuses <b>5</b>	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits <b>8</b>	Value of sums assured or annuities per annum, including vested reversionary bonuses <b>9</b>	Value of annual premiums		Amount of mathematical reserves <b>12</b>
	Rate of interest <b>2</b>	Mortality or morbidity table <b>3</b>			Office premiums <b>6</b>	Net premiums <b>7</b>			Office premiums <b>10</b>	Net premiums <b>11</b>	
<b>Non-Profit Policies</b>											
Annuity in payment	5.275	IMA/IFA80		101 pa				1459			1459
Annuity in payment (Long Term Care)	4.775	IMA/IFA80		25 pa				184			184
<b>Sub total: Non-Profit Policies</b>				<b>126 pa</b>				<b>1643</b>			<b>1643</b>
<b>Sub total: Reassurance Ceded</b>				<b>126 pa</b>				<b>1643</b>			<b>1643</b>
<b>Net total: Life Assurance &amp; General Annuity Insurance Business</b>			<b>7364</b>	<b>25398 pa</b>				<b>361400</b>			<b>361400</b>
<b>Net total: Overseas Insurance Business</b>			<b>7364</b>	<b>25398 pa</b>				<b>361400</b>			<b>361400</b>

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

Name of insurer **Norwich Union Annuity Limited**

Global business

United Kingdom business

Financial year ended **31st December 2004**Type of business **Life Assurance & General Annuity Insurance  
Business**Category of surplus **Ordinary Long Term**Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of  
businessCategory  
of surplus

<b>R54</b>	<b>3253948</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>UK</b>	<b>L&amp;GA</b>	<b>11</b>
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Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Name of index link	Investment liability		Other liabilities		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death/current payable per annum	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
<b>DIRECT WRITTEN INSURANCE BUSINESS</b> <b>Non-Profit Policies</b>														
Annuity in payment (Long term care) - Index Linked	1.437	IMA/IFA80	245		3523 pa				RPI			19445		19445
Contingency Reserve												13		13
<b>Sub total: Non-Profit Policies</b>			<b>245</b>		<b>3523 pa</b>							<b>19458</b>		<b>19458</b>
<b>Sub total: Direct Written Insurance Business</b>			<b>245</b>		<b>3523 pa</b>							<b>19458</b>		<b>19458</b>
<b>REASSURANCE ACCEPTED</b> <b>Non-Profit Policies</b>														
Annuity in payment - Index Linked	1.437	IMA/IFA80	3		5 pa				RPI			66		66
Annuity in payment (Long Term Care) - Index Linked	1.437	IMA/IFA80	34		430 pa				RPI			1540		1540

**Long term insurance business : Valuation summary of index linked contracts**Name of insurer **Norwich Union Annuity Limited**

Global business

United Kingdom business

Financial year ended **31st December 2004**Type of business **Life Assurance & General Annuity Insurance Business**Category of surplus **Ordinary Long Term**Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of  
businessCategory  
of surplus

Name of contract		Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Name of index link	Investment liability		Other liabilities		Amount of mathematical reserves
1	2	3	4		5	6	7	8	9		10	11	12	13	
Sub total: Non-Profit Policies				37		435 pa							1606		1606
Sub total: Reassurance Accepted				37		435 pa							1606		1606
REASSURANCE CEDED															
Non-Profit Policies															
Annuity in payment (Long Term Care) - Index Linked		1.437	IMA/IFA80			2279 pa			RPI				12599		12599
Sub total: Non-Profit Policies						2279 pa							12599		12599
Sub total: Reassurance Ceded						2279 pa							12599		12599
Net total: Life Assurance & General Annuity Insurance Business				282		1679 pa							8465		8465

R54	3253948	GL	31	12	2004	£000	UK	L&GA	11
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## Long term insurance business : Valuation summary of index linked contracts

Name of insurer **Norwich Union Annuity Limited**

Global business

United Kingdom business

Financial year ended **31st December 2004**Type of business **Pension Insurance Business**Category of surplus **Ordinary Long Term**

Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Name of index link	Investment liability		Other liabilities		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death/current payable per annum	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
<b>DIRECT WRITTEN INSURANCE BUSINESS Non-Profit Policies</b>														
Annuity in payment - Index Linked	1.922	PMA/PFA80	6528		26169 pa				RPI			437485		437485
Annuity certain	1.922		35		174 pa				RPI			87		87
Reversionary annuity	1.922	PMA/PFA80	10		35 pa				RPI			151		151
Contingency reserve												1050		1050
<b>Sub total: Non-Profit Policies</b>			<b>6573</b>		<b>26378 pa</b>							<b>438773</b>		<b>438773</b>
<b>Sub total: Direct Written Insurance Business</b>														
			<b>6573</b>		<b>26378 pa</b>							<b>438773</b>		<b>438773</b>
<b>REASSURANCE ACCEPTED Non-Profit Policies</b>														
Annuity in payment - Index Linked	1.922	PMA/PFA80	9111		14346 pa				RPI			282226		282226
Annuity certain	1.922		23		116 pa				RPI			118		118
Reversionary annuity	1.922	PMA/PFA80	95		15 pa				RPI			86		86

Company registration number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of business

Category of surplus

R54

3253948

GL

31

12

2004

£000

UK

Pens

11

**Long term insurance business : Valuation summary of index linked contracts**Name of insurer **Norwich Union Annuity Limited**

Global business

United Kingdom business

Financial year ended **31st December 2004**Type of business **Pension Insurance Business**Category of surplus **Ordinary Long Term**

Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Name of index link	Investment liability		Other liabilities		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death/current payable per annum	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
<b>Sub total: Non-Profit Policies</b>			9229		14477 pa							282430		282430
<b>Sub total: Reassurance Accepted</b>			9229		14477 pa							282430		282430
<b>REASSURANCE CEDED</b>														
Non-Profit Policies														
Annuity in payment - Index Linked	1.922	PMA/PFA80			1294 pa							20239		20239
<b>Sub total: Non-Profit Policies</b>					1294 pa							20239		20239
<b>Sub total: Reassurance Ceded</b>					1294 pa							20239		20239
<b>Net total: Pension Insurance Business</b>			15802		39561 pa							700964		700964
<b>Net total: United Kingdom Insurance Business</b>			16084		41240 pa							709429		709429

Company registration number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of business

Category of surplus

R54

3253948

GL

31

12

2004

£000

UK

Pens

11

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

Name of insurer **Norwich Union Annuity Limited**

Global business

Overseas business

Financial year ended **31st December 2004**Type of business **Life Assurance & General Annuity Insurance  
Business**Category of surplus **Ordinary Long Term**Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of  
businessCategory  
of surplus

<b>R54</b>	<b>3253948</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>OS</b>	<b>L&amp;GA</b>	<b>11</b>
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Name of contract  <b>1</b>	Valuation basis		No of contracts  <b>4</b>	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Name of index link  <b>10</b>	Investment liability		Other liabilities		Amount of mathematical reserves  <b>15</b>
	Rate of interest  <b>2</b>	Mortality or morbidity table  <b>3</b>		Guaranteed on death  <b>5</b>	Current on death/current payable per annum  <b>6</b>	Guaranteed on maturity  <b>7</b>	Office premiums  <b>8</b>	Net premiums  <b>9</b>		Current benefit value  <b>11</b>	Discounted value  <b>12</b>	Mortality and expenses  <b>13</b>	Options and guarantees other than investment performance guarantees  <b>14</b>	
<b>DIRECT WRITTEN INSURANCE BUSINESS Non-Profit Policies</b>														
Annuity in payment - Index Linked	1.922	PMA/PFA80	11		131 pa				RPI			1747		1747
Contingency reserve												5		5
<b>Sub total: Non-Profit Policies</b>			<b>11</b>		<b>131 pa</b>							<b>1752</b>		<b>1752</b>
<b>Sub total: Direct Written Insurance Business</b>			<b>11</b>		<b>131 pa</b>							<b>1752</b>		<b>1752</b>
<b>REASSURANCE ACCEPTED Non-Profit Policies</b>														
Annuity in payment - Index Linked	1.922	PMA/PFA80	85		78 pa				RPI			1724		1724
<b>Sub total: Non-Profit Policies</b>			<b>85</b>		<b>78 pa</b>							<b>1724</b>		<b>1724</b>

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

Name of insurer **Norwich Union Annuity Limited**

Global business

Overseas business

Financial year ended **31st December 2004**Type of business **Life Assurance & General Annuity Insurance  
Business**Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of  
businessCategory  
of surplusCategory of surplus **Ordinary Long Term**

<b>R54</b>	<b>3253948</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>OS</b>	<b>L&amp;GA</b>	<b>11</b>
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Name of contract  <b>1</b>	Valuation basis		No of contracts  <b>4</b>	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Name of index link  <b>10</b>	Investment liability		Other liabilities		Amount of mathematical reserves  <b>15</b>
	Rate of interest  <b>2</b>	Mortality or morbidity table  <b>3</b>		Guaranteed on death  <b>5</b>	Current on death/current payable per annum  <b>6</b>	Guaranteed on maturity  <b>7</b>	Office premiums  <b>8</b>	Net premiums  <b>9</b>		Current benefit value  <b>11</b>	Discounted value  <b>12</b>	Mortality and expenses  <b>13</b>	Options and guarantees other than investment performance guarantees  <b>14</b>	
Sub total: Reassurance Accepted			85		78 pa							1724		1724
Net total: Life Assurance & General Annuity Insurance Business			96		209 pa							3476		3476
Net total: Overseas Insurance Business			96		209 pa							3476		3476

**Long term insurance business : Analysis of assets and liabilities matching investment liabilities in respect of index linked benefits**Name of insurer **Norwich Union Annuity Limited**

Global business

United Kingdom business

Financial year ended **31st December 2004**Category of surplus **Ordinary Long Term**

	Company registration number	GL/UK/CM	Period ended			Units	UK/OS	Category of Surplus	
			day	month	year				
	<b>R56</b>	<b>3253948</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>UK</b>	<b>11</b>
Type of assets and liabilities	Name of index link			Value of assets or liabilities		Gross derivative value			
	<b>1</b>			<b>2</b>		<b>3</b>			
Corporate index linked bonds	RPI			443041					
Land and buildings	RPI			54064					
Rights under derivative contracts	RPI			(5043)		(466)			
Government and public body index linked bonds	RPI			217367					
<b>Sub total assets</b>				<b>714472</b>					
<b>Sub total liabilities</b>				<b>(5043)</b>					
<b>Sub total net assets</b>				<b>709429</b>					
Total assets				<b>714472</b>					
Total liabilities				<b>(5043)</b>					
Net total assets				<b>709429</b>					

**Long term insurance business : Analysis of assets and liabilities matching investment liabilities in respect of index linked benefits**Name of insurer **Norwich Union Annuity Limited**

Global business

Overseas business

Financial year ended **31st December 2004**Category of surplus **Ordinary Long Term**

	Company registration number	GL/UK/CM	Period ended			Units	UK/OS	Category of Surplus	
			day	month	year				
	<b>R56</b>	<b>3253948</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>OS</b>	<b>11</b>
Type of assets and liabilities	Name of index link			Value of assets or liabilities		Gross derivative value			
	<b>1</b>			<b>2</b>		<b>3</b>			
Corporate index linked bonds	RPI			2171					
Land and buildings	RPI			265					
Rights under derivative contracts	RPI			(25)		(2)			
Government and public body index linked bonds	RPI			1065					
<b>Sub total assets</b>				<b>3501</b>					
<b>Sub total liabilities</b>				<b>(25)</b>					
<b>Sub total net assets</b>				<b>3476</b>					
Total assets				<b>3501</b>					
Total liabilities				<b>(25)</b>					
Net total assets				<b>3476</b>					

## Long-term insurance business - analysis of valuation interest rates

Name of insurer **Norwich Union Annuity Limited**Financial year ended **31st December 2004**Category of surplus **Ordinary Long Term**

Product group	Company registration number	GL/UK/CM	Period ended			Units	Category of surplus	
			day	month	year			
1	R57	3253948	GL	31	12	2004	£000	11
	Net mathematical reserves	Net valuation interest rate	Gross valuation interest rate	Risk adjusted yield on matching assets				
	2	3	4	5				
Form 51 UK Life & General Annuity	154435	4.78	5.28	5.52				
Form 51 UK Life & General Annuity	13787		5.28	5.52				
Form 51 UK Pensions	11246911		5.28	5.52				
Form 51 Overseas	360638		5.28	5.52				
Form 54 UK Life & General Annuity	8465	1.44	1.92	2.16				
Form 54 UK Pensions	700964		1.92	2.16				
Form 54 Overseas	3476		1.92	2.16				
Miscellaneous	763							
Total: Ordinary Long Term	<b>12489439</b>							

**Long term insurance business : Valuation result and distribution of surplus**Name of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2004**Company  
registration  
number

GL/UK/CM

Period ended

day month year

Units

Category  
of surplusCategory of surplus **Ordinary Long Term****R58****3253948****GL****31****12****2004****£000****11**

Valuation result	Fund carried forward		11	12489439
	Bonus payments made to policyholders in anticipation of a surplus		12	
	Transfers out of fund/ parts of fund	Transfer to non-technical account	13	
		Transfer to other funds/parts of funds	14	
	Net transfer out of funds/parts of funds (13+14)		15	
	Total (11+12+15)		16	12489439
	Mathematical reserves for accumulating with profit policies		17	
	Mathematical reserves for other non linked contracts		18	11776534
	Mathematical reserves for property linked contracts		19	
	Mathematical reserves for index linked contracts		20	712905
	Total (17 to 20)		21	12489439
	Surplus including contingency and other reserves held towards the solvency margin (deficiency) (16-21)		29	
Composition of surplus	Balance of surplus brought forward unappropriated from last valuation		31	
	Transfers into fund/part of fund	Transfer from non-technical account	32	
		Transfer from other funds/parts of fund	33	
	Net transfer into fund/part of fund (32+33)		34	
	Surplus arising since the last valuation		35	
Total (31+34+35)		39		
Distribution of surplus	Bonus payments made to policyholders in anticipation of a surplus		41	
	Allocated to policyholders by way of	Cash bonuses	42	
		Reversionary bonuses	43	
		Other bonuses	44	
		Premium reductions	45	
	Total allocated to policyholders (41 to 45)		46	
	Net transfer out of fund/part of fund		47	
	Total distributed surplus (46+47)		48	
	Balance of surplus (including contingency and other reserves held towards the solvency margin) carried forward unappropriated		49	
Total (48+49)		59		
Percentage of distributed surplus allocated to policyholders of fund/part of fund			61	
Corresponding percentage at three immediately previous valuations	Latest	(year of valuation <b>2003</b> )	62	
	Earlier	(year of valuation <b>2002</b> )	63	
	Earliest	(year of valuation <b>2001</b> )	64	

**Long term insurance capital requirement**Name of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2004**Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

	R60	3253948	GL	31	12	2004	£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**

Classes I, II and IX	11	0.1%					
Classes I, II and IX	12	0.15%		0.000000			
Classes I, II and IX	13	0.3%					
Classes III, VII and VIII	14	0.3%		0.000000			
<b>Total</b>	15						

**Insurance health risk capital component**

Class IV and supplementary classes 1 and 2	21						
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**Insurance expense risk capital component**

Classes I, II and IX	31	1%	12611454	12489439	0.990325	124894	
Classes III, VII and VIII (investment risk)	32	1%			0.000000		
Classes III, VII and VIII (expenses fixed 5 yrs +)	33	1%			0.000000		
Classes III, VII and VIII (other)	34	25%					
Class IV	35	1%			0.000000		
Class V	36	1%					
Class VI	37	1%			0.000000		
<b>Total</b>	38					124894	

**Insurance market risk capital component**

Classes I, II and IX	41	3%	12611454	12489439	0.990325	374683	
Classes III, VII and VIII (investment risk)	42	3%			0.000000		
Classes III, VII and VIII (expenses fixed 5 yrs +)	43	0%					
Classes III, VII and VIII (other)	44	0%					
Class IV	45	3%			0.000000		
Class V	46	0%					
Class VI	47	3%			0.000000		
<b>Total</b>	48		12611454	12489439		374683	

<b>Long term insurance capital requirement</b>	51					499577	459218
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**Supplementary notes**Name of insurer **Norwich Union Annuity Limited**Financial year ended **31st December 2004**

Code

**0204 Section 148 Waivers****Rate of interest 201755**

The Financial Services Authority, on application of the firm, made a direction in December 2003 under section 148 of the Act. The effect of the direction is to modify rules PRU 4.2.36 and PRU 4.2.40 so that the firm must calculate the rate of interest to be used in calculating the present value of future payments by or to the firm on the basis of the aggregate yield. The direction only applies to certain fixed interest securities and assets linked to an index of retail prices. For the purposes of the direction, 'aggregate yield' means the rate of interest which equates the discounted value of the aggregate cash flows on the asset portfolio with the total market value of the asset portfolio.

**Euroclear stock lending 355975**

The Financial Services Authority, on application of the firm, made a direction in December 2004 under section 148 of the Act. The effect of the direction is that paragraphs (2) and (3) of rule PRU 4.3.36R do not apply to the stock lending transactions entered into between the firm and Euroclear Bank SA/NV, which are made pursuant to the Euroclear Bank Securities Lending and Borrowing Program.

**0301 Reconciliation of net admissible assets to total Capital resources after deductions**

	<b>£'000</b>
i) Net admissible assets	
Form 13 Line 89 (Long term business)	14,054,157
Form 13 Line 89 (Other than long term business)	163,261
Form 14 Lines 11, 12 and 49	(13,252,113)
Form 15 Line 69	<u>(22,208)</u>
	943,097
ii) Components of Capital resources that are treated as a liability	-
iii) Components of capital resources not included in ii) that arise as a result of a waiver and are not represented by admissible assets included in Form 13	-
iv) Any other items	-
Total i) to iv) above	943,097
Form 3, line 79	943,097

**0310 Calculation of valuation differences as required by instruction 9 to Form 3**

	<b>£'000</b>
a) Positive valuation differences in respect of assets where valuation in PRU exceeds the valuation that the firm uses for external financial reporting purposes	-
b) Positive valuation differences in respect of liabilities where valuation in PRU is lower than the valuation that the firm uses for external financial reporting purposes	
- Deferred tax provision	91,957
c) Negative valuation differences in respect of assets where valuation in PRU is lower than the valuation that the firm uses for external financial reporting purposes	-
d) Negative valuation differences in respect of liabilities where valuation in PRU exceeds the valuation that the firm uses for external financial reporting purposes	
- Mathematical reserves	(68,115)
Net positive valuation difference included in line 14	23,842

**1301 Aggregate values of assets**

The aggregate values of types of category 1 assets specified in instruction 5 to Form 13 are:-

**£m**

## Supplementary notes

Name of insurer **Norwich Union Annuity Limited**

Financial year ended **31st December 2004**

Code

Unlisted investments on lines 41 and 46	105
Listed investments on lines 41, 46 and 48 which are not readily realisable	-
Units in collective investment schemes that are not schemes falling within the UCITS Directive or are not authorised unit trust schemes or recognised schemes within the meaning of Part XVII of the Act	-
Reversionary interests or remainders in property other than land or buildings	-

### 1308 Aggregate values of assets

The aggregate values of types of category 10 assets specified in instruction 5 to Form 13 are:-

	£m
Unlisted investments on lines 41 and 46	256
Listed investments on lines 41, 46 and 48 which are not readily realisable	-
Units in collective investment schemes that are not schemes falling within the UCITS Directive or are not authorised unit trust schemes or recognised schemes within the meaning of Part XVII of the Act	-
Reversionary interests or remainders in property other than land or buildings	-

### 1304 Amounts set off

Amounts have been set off to the extent permitted by generally accepted accounting principles.

### 1310 Amounts set off

Amounts have been set off to the extent permitted by generally accepted accounting principles.

### 1305 Counterparty limits

### 1311 Counterparty limits

The investment guidelines operated by the Company specify exposure to counterparties by asset type as follows:-

#### Deposits

The maximum permitted exposure to counterparties is set out in the lending limit list approved by the Group Risk Committee. Each fund cannot hold more than 2% of funds under management (but subject to minimum of £20m and a maximum of £100m) with individual 'Tier 1' counterparties, 1.5% of funds under management (but subject to a minimum of £15m and a maximum of £75m) with individual 'Tier 2' counterparties and 0.5% of funds under management (but subject to a minimum of £10m and a maximum of £50m) with individual 'Tier 3' counterparties. Tier 1 represents AAA rated institutions, Tier 2 represents institutions rated AA- or better whilst Tier 3 represents institutions rated A- or better.

#### Fixed Income Securities

Exposure to non-government bonds is limited to holdings, which are deemed to be of a suitable investment grade determined by senior investment management. The maximum extent to which, in accordance with investment guidelines operated by the company, it was permitted to be exposed to any one counterparty and connected companies rated AA- or higher during the financial year was 5% and 3% for any one counterparty and connected companies rated BBB- to A+. The maximum extent to which fully secured mortgage debt was permitted to be exposed to any one counterparty and connected companies was 5%. Over the financial year there were no breaches of the above limits.

#### Derivatives

## Supplementary notes

Name of insurer **Norwich Union Annuity Limited**

Financial year ended **31st December 2004**

Code

Exposure to OTC derivatives is only undertaken with the approval of senior management. Exposure to one type of contract is limited to 5% and overall exposure is limited to 10% of the relevant fund.

### **1306 Counterparty exposure**

Exposure to any one counterparty at the end of the financial year did not exceed 5% of the sum of the insurer's base capital resources requirement and its long-term insurance liabilities, excluding property linked liabilities and net of reinsurance ceded.

### **1312 Counterparty exposure**

Exposure to any one counterparty at the end of the financial year did not exceed 5% of the sum of the insurer's base capital resources requirement and its long-term insurance liabilities, excluding property linked liabilities and net of reinsurance ceded.

### **1309 Hybrid securities**

The aggregate value of hybrid securities is £490m.

### **1401 Reasonably foreseeable adverse variations**

No provision is required in respect of reasonably foreseeable adverse variations. All derivative contracts are strictly covered and all other obligations to deliver assets or make a payment were felt to be prudently provided for in the accounts.

### **1501 Reasonably foreseeable adverse variations**

No provision is required in respect of reasonably foreseeable adverse variations. All derivative contracts are strictly covered and all other obligations to deliver assets or make a payment were felt to be prudently provided for in the accounts.

### **1402 Contingent liabilities**

A provision of £5.1m has been made within deferred taxation at line 21 for capital gains tax arising on the deemed disposal of OEIC and unit trust holding previously held by the company. The balance of deferred tax arising from potential capital gains tax on unrealised gains is nil.

There are no contingent liabilities applicable to long term insurance business.

There are no charges over any assets of the Company.

There are no guarantees, indemnities or any other contractual commitments in respect of related companies.

There are no other fundamental uncertainties.

### **1502 Contingent liabilities**

There is no potential capital gains tax liability attributable to shareholders' funds.

There are no contingent liabilities applicable to shareholders' funds.

There are no charges over any assets of the Company.

There are no guarantees, indemnities or any other contractual commitments in respect of related companies.

There are no other fundamental uncertainties.

**Supplementary notes**Name of insurer **Norwich Union Annuity Limited**Financial year ended **31st December 2004**

Code

**1404 Implicit provision required by PRU 4.3.17R(3)**

The amount of implicit provision required by PRU 4.3.17R(3) included in line 38 is £5,087k.

**1601 Rates of exchange**

The Company conducts all its business in the UK and Offshore Islands and has no direct overseas investments. All transactions and balances are therefore in sterling.

**4005 Rates of exchange**

The Company conducts all its business in the UK and Offshore Islands and has no direct overseas investments. All transactions and balances are therefore in sterling.

**1701 Variation margin**

The aggregate amount of any excess variation margin which has been received by the Company is £nil. The variation margin is allocated as follows:

	<b>£'000</b>
Form 13 line 81	4,600

No amounts included on Forms 13 reflect the liability to repay any excess.

**4008 Management services**

Management services have been provided throughout the financial year to the Company by Norwich Union Life Services Limited.

Investment management services have been provided by Morley Fund Management Limited.

**4009 Related party transactions**

Related party transactions, which exceed 5% of the long-term insurance business amount, are as follows:

<b>Name of connected party</b>	<b>Norwich Union Life &amp; Pensions Limited</b>	<b>Norwich Union Mortgage Holdings Limited</b>
Nature of relationship with connected party	Subsidiary undertaking	Parent undertaking
Transactions during the period (£m)	Premiums £671m Claims £374m	Net increase in loan £127m Reduction in loan by assignment of mortgages £6,684m Interest received £249m
Amounts unpaid or outstanding at the end of the period (£m)	Nil	£1,273m
Amounts written off in the period (£m)	Nil	Nil
Nature of transactions	Reinsurance Accepted	Loans granted

**4801 Accrued interest**

The amounts of accrued interest from Form 13 line 84 included on Form 48 are as follows:-

	<b>£'000</b>
Form 48 line 12	18,130

**Supplementary notes**Name of insurer **Norwich Union Annuity Limited**Financial year ended **31st December 2004**

Code

Form 48 line 13	65,712
Form 48 line 14	25
Form 48 line 17	92,453

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**176,320**

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**4802 Expected interest**

Expected interest from three debentures currently in default is included in column 2 of Form 48. The total expected interest is £1,720k. The yield on these assets is not required to support the valuation basis rates of interest in Forms 51 and 57.

**5101 Overstated policy counts**

The total number of contracts reported in Forms 51 and 54 exceeds the actual number of contracts issued by 9,068.

Of these contracts, 8,150 have been counted in both forms 51 and 54 as they have both index-linked and non-linked benefits. A further 918 have been counted under two contract types, having two forms of benefits.

Returns under the Accounts and Statements Rules

**Statement on derivatives required by IPRU (INS) 9.29**

Name of Company **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2004**

The following summarises investment policy for the use of derivatives:

- Derivatives will only be used in accordance with FSA Guidelines for the purpose of efficient portfolio management or reduction in investment risk.
- Derivatives must not be used for speculative purposes.
- Derivatives must be fully covered by the assets of the fund and must not be used to increase the risk of the fund beyond that achieved by directly investing in the underlying securities.
- Counterparty risk – for exchange traded contracts, the exchange must be classed as 'regulated' by an investment committee. Over the counter contracts, transactions must only be transacted with approved counterparties. Counterparty limits are consistent, and monitored in line with the fund's aggregate exposure guidelines.
- Controls and Monitoring – derivative strategies must be authorised by the Deputy Actuary and delegated authorities exist for each member of staff trading derivative contracts within the approved strategies.
- Derivatives transactions are priced, settled and profit and losses reconciled in an area independent of the fund managers involved.

There are no specific guidelines for the use of contracts that were not reasonably likely to be exercised at the start of the contract. The speculative use of derivative contracts is prohibited.

The maximum loss in the event of failure by any one counterparty to fulfil its obligations at the end of the financial year would have been less than £3m. This would not have been materially greater at any one time during the year or under other foreseeable market conditions.

No significant provisions have been required under PRU 4.3.17R for any derivative contracts held at any time during the financial year. All contracts held fall under the definition of approved, admissible contracts as detailed in PRU 4.3.5R.

Returns under the Accounts and Statements Rules

**Statement on controllers required by IPRU (INS) 9.30**

Name of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2004**

100% of the issued share capital of the Company is held by Norwich Union Life & Pensions Limited.

100% of the issued share capital of Norwich Union Life & Pensions Limited is held by Norwich Union Life Holdings Limited.

100% of the issued share capital of Norwich Union Life Holdings Limited is held by Norwich Union Holdings Limited.

100% of the issued share capital of Norwich Union Holdings Limited is held by Norwich Union plc.

100% of the issued share capital of Norwich Union plc is held by General Accident plc.

100% of the issued ordinary share capital of General Accident plc is held by the Ultimate Parent Undertaking, Aviva plc.

There have been no changes to the above position during the year.

All shares are voting shares.

**Certificate by the directors required by IPRU (INS) 9.34 and IPRU (INS) Appendix 9.6**

Name of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2004**

We certify that:

- 1 (a) the return has been properly prepared in accordance with the requirements in IPRU(INS) and PRU; and
- (b) the directors are satisfied that:
  - (i) throughout the financial year in question, the insurer has complied in all material respects with the requirements in SYSC and PRIN as well as the provisions of IPRU(INS) and PRU; and
  - (ii) it is reasonable to believe that the insurer has continued so to comply subsequently, and will continue so to comply in future.
  
- 2 (a) in the directors' 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;
- (b) 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 business 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; and
- (c) the directors have, in preparing the return, taken and paid due regard to advice in preparing the return from every actuary appointed by the insurer to perform the actuarial function in accordance with SUP 4.3.13R.

..... **GN WITHERS**  
Chief Executive

..... **MN URMSTON**  
Director

..... **JA NEWMAN**  
Director

23 March 2005

Returns under the Accounts and Statements Rules

**Independent auditors' report to the directors pursuant to rule 9.35 of the Accounts and Statements Rules**

Name of insurer **Norwich Union Annuity Limited**

Global Business

Financial year ended **31st December 2004**

We have examined the following documents prepared by the insurer pursuant to the Accounts and Statements Rules set out in Chapter 9 to the Interim Prudential Sourcebook for Insurers and the Integrated Prudential Sourcebook ("the Rules") made by the Financial Services Authority under section 138 of the Financial Services and Markets Act 2000 (the "Act").

- Forms 2, 3, 13 to 17, 40 to 42, 48, 49, 56, 58 and 60 (including the supplementary notes) ("the Forms");
- the statement required by rule 9.29 ("the statement"); and
- the methods and assumptions determined by the insurer and used to perform the actuarial investigation as set out in the valuation report required by rule 9.31(a) ("the methods and assumptions included in the valuation report").

We are not required to examine and do not express an opinion on the following ("the unaudited items"):

- a) Forms 46, 47, 51, 54 and 57 (including the supplementary notes);
- b) the statement required by rule 9.30;
- c) the certificate signed in accordance with rule 9.34; and
- d) the valuation report required by rule 9.31(a) except as set out above.

This report is made solely to the insurer's directors, in accordance with rule 9.35 of the Accounts and Statements Rules. Our examination has been undertaken so that we might state to the insurer's directors those matters we are required by the Rules to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the insurer for our examination, for this report, or for the opinion we have formed.

**Respective responsibilities of the company and its auditors**

The insurer is responsible for the preparation of an annual return (including the unaudited items) under the provisions of the Rules. The requirements of the Rules have been modified by waivers issued under section 148 of the Act on 31 December 2003 and 31 December 2004. Under rule 9.11 the Forms, the statement and the valuation report are required to be prepared in the manner set out in the Rules and to state fairly the information provided on the basis required by the Rules. The methods and assumptions determined by the insurer and used to perform the actuarial investigation as set out in the valuation report prepared in accordance with rule 9.31 are required to reflect appropriately the requirements of PRU 7.3.

It is our responsibility to form an independent opinion as to whether the Forms, the statement and the methods and assumptions included in the valuation report meet these requirements, and to report our opinion to you. We also report to you if, in our opinion, the insurer has not kept proper accounting records or if we have not received all the information we require for our examination.

**Basis of opinion**

We conducted our work in accordance with Practice Note 20 "The audit of insurers in the United Kingdom" and Bulletin 2004/5 "Supplementary guidance for auditors of insurers in the United Kingdom" 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 methods and assumptions included in the valuation report. The evidence included that previously obtained by us relating to the audit of the financial statements of the insurer for the financial year on which we reported on 30 March 2005. It also included an assessment of the significant estimates and judgements made by the insurer in the preparation of the Forms, the statement and in determining the methods and assumptions included in the valuation report.

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 methods and assumptions included in the valuation report are free from material misstatement, whether caused by fraud or other irregularity or error, and comply with rule 9.11.

In accordance with rule 9.35(1A), to the extent that any document, Form, statement, analysis or report to be examined under rule 9.35(1) contains amounts or information abstracted from the actuarial investigation performed pursuant to rule 9.4, we have obtained and paid due regard to advice from a suitably qualified actuary who is independent of the insurer.

Returns under the Accounts and Statements Rules

**Independent auditors' report to the directors pursuant to rule 9.35 of the Accounts and Statements Rules**

Name of insurer **Norwich Union Annuity Limited**

Global Business

Financial year ended **31st December 2004**

**Opinion**

In our opinion:

- (a) the Forms and the statement 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
- (b) the methods and assumptions determined by the insurer and used to perform the actuarial investigation as set out in the valuation report prepared in accordance with rule 9.31 appropriately reflect the requirements of PRU 7.3.

Ernst & Young LLP  
Registered Auditor  
London  
30 March 2005