

# CGU Insurance plc

Registered office: Pitheavlis, Perth, Scotland PH2 ONH

## Annual FSA Insurance Returns for the year ended 31st December 2002



Accounts and statements pursuant to the  
Financial Services and Markets Act 2000

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Global Business

Financial year ended **31st December 2002****Contents**

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Returns under the Accounts and Statements Rules

**Covering page to form 9**

Name of insurer                      **CGU Insurance plc**  
Global business  
Financial year ended                **31st December 2002**

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**R J HARVEY**  
Chief Executive

.....

**M N BIGGS**  
Director

.....

**P G SCOTT**  
Director

26<sup>th</sup> March 2003

**Statement of solvency**Name of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2002**

R9	Company registration number 2116	GL/UK/CM GL	Period ended			Units £000
			day	month	year	
			31	12	2002	
		As at the end of this financial year	As at the end of the previous year		Source	
		1	2		Form	Line
					Column	

**GENERAL INSURANCE BUSINESS****Available assets**

Other than long term insurance business assets allocated towards general insurance business required minimum margin	11			See instructions 1 and 2
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**Required minimum margin**

Required minimum margin for general insurance business	12			12 . 49
Excess (deficiency) of available assets over the required minimum margin (11-12)	13			

**LONG TERM INSURANCE BUSINESS****Available assets**

Long term insurance business admissible assets	21	870	2276	10 . 11
Other than long term insurance business assets allocated towards long term insurance business required minimum margin	22	6		See instructions 1 and 3
Total mathematical reserves (after distribution of surplus)	23	360	440	See instruction 4
Other insurance and non-insurance liabilities	24	10	1339	See instruction 5
Available assets for long term insurance business required minimum margin (21+22-23-24)	25	506	497	

**Implicit Items admitted under Rule 2.10(5) as modified**

Future profits	31			
Zillmerising	32			
Hidden reserves	33			

Total of available assets and implicit items (25+31+32+33)	34	506	497	
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**Required minimum margin**

Required minimum margin for long term insurance business	41	506	497	60 . 69
Explicit required minimum margin (1/6 x 41, or minimum guarantee fund if greater)	42	506	497	
Excess (deficiency) of available assets over explicit required minimum margin (25-42)	43			
Excess (deficiency) of available assets and implicit items over the required minimum margin (34-41)	44			

**CONTINGENT LIABILITIES**

Quantifiable contingent liabilities in respect of other than long term insurance business as shown in a supplementary note to Form 15	51			See instruction 6
Quantifiable contingent liabilities in respect of long term insurance business as shown in a supplementary note to Form 14	52			See instruction 6

**Analysis of the effect of financial engineering on long-term available assets**Name of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2002**

		Company registration number	GL/UK/CM	Period ended			Units
				day	month	year	
	<b>R9A</b>	<b>2116</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2002</b>	<b>£000</b>
		As at the end of this financial year	As at the end of the previous year	Source			
		<b>1</b>	<b>2</b>				
Required minimum margin for long term insurance business	<b>11</b>	506					See instruction 2
Excess (deficiency) of available assets and implicit items over the required minimum margin	<b>12</b>						See instruction 3
Total available assets and implicit items (11+12)	<b>13</b>	506					
<b>Analysed as follows:</b>							
Value of implicit items	<b>14</b>						See instruction 5
Financial reinsurance- ceded	<b>15</b>						See instruction 6
Financial reinsurance- accepted	<b>16</b>						See instruction 7
Outstanding contingent loans	<b>17</b>						See instruction 8
Any other charges on future profits	<b>18</b>						See instruction 9
Sum of financial engineering adjustments (14+15-16+17+18)	<b>19</b>						
Other assets (13-19)	<b>20</b>	506					
Total available assets and implicit items (19+20)	<b>21</b>	506					

**Statement of net assets**Name of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2002**

R10	2116	GL	Period ended			Units
			day	month	year	
			31	12	2002	£000
	As at the end of this financial year	As at the end of the previous year	Source			
	1	2	Form	Line	Column	
Long term insurance business - admissible assets	11	870	2276	13	. 89	. 1
Long term insurance business - liabilities and margins	12	870	2276	14	. 59	. 1

Other than Long term insurance business - admissible assets	21			13	. 89	. 1
Other than Long term insurance business - liabilities	22			15	. 69	. 1
Net admissible assets (21-22)	23					
Other assets allowed to be taken into account in covering the required minimum margin	Unpaid amounts (including share premium) on partly paid shares	24				
	Supplementary contributions for a mutual carrying on general insurance business	25				
Liabilities allowed to be left out of account in covering the required minimum margin	Subordinated loan capital	26				
	Cumulative preference share capital	27				
Available assets (23 to 27)	29					

**Represented by:**

Paid up share capital (other than cumulative preference share capital)	51			
Amounts included in lines 24 to 27 above	52			
Amounts representing the balance of net assets	56			
Total (51 to 56) and equal to line 29 above	59			

**Movement of balance of net assets for solvency purposes - as per line 56**

Balance brought forward at the beginning of the financial year	61			10	. 56	. 2
Retained profit/(loss) for the financial year	62			16	. 59	. 1
Movement in asset valuation differences	63			See instruction 2		
Decrease/(increase) in the provision for adverse changes	64			See instruction 3		
Other movements (particulars to be specified by way of supplementary note)	65					
Balance carried forward at the end of the financial year (61 to 65)	69					

**Analysis of admissible assets**Name of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2002**Category of assets **Total long term insurance business assets**

			Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			R13	2116	GL	31	12	2002	£000	10
Investments						As at the end of this financial year 1			As at the end of the previous year 2	
Land and buildings						11				
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				
		Debt securities issued by, and loans to, dependants				26				
	Other group undertakings and participating interests	Shares				27				
		Debt securities issued by, and loans to, group undertakings				28				
		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				

**Analysis of admissible assets**Name of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2002**Category of assets **Total long term insurance business assets**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R13	2116	GL	31 day	12 month	2002 year	£000	10
Investments (continued) Deposits with ceding undertakings Assets held to cover linked liabilities					As at the end of this financial year 1		As at the end of the previous year 2		
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	201		196		
			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	605		2079		
		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	806		2275		



**Analysis of admissible assets**Name of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2002**Category of assets **Total long term insurance business assets**

Category of assets		Returning long term insurance business assets		Company registration number	GL/UK/CM	Period ended			Units	Category of assets
				day	month	year				
		R13	2116	GL	31	12	2002	£000	10	
Debtors						As at the end of this financial year 1			As at the end of the previous year 2	
Other assets										
Debtors arising out of direct insurance operations	Policyholders				71					
	Intermediaries				72					
Salvage and subrogation recoveries					73					
Debtors arising out of reinsurance operations	Due from ceding insurers and intermediaries under reinsurance business accepted				74					
	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					
		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					
		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	50				
	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	14			1	
	Deferred acquisition costs				85					
	Other prepayments and accrued income				86					
Deductions (under rules 4.14(2)(b) and 4.14(3)) from the aggregate value of assets					87					
Total sheet 3 (71 to 86 less 87)					88	64			1	
Grand total of admissible assets (39+69+88)					89	870			2276	
Reconciliation to asset values determined in accordance with the insurance accounts rules										
Total admissible assets (as per line 89 above)					91	870			2276	
Total assets in excess of the admissibility limits of Appendix 4.2 (as valued in accordance with those Rules before applying admissibility limits)					92					
Solvency margin deduction for subsidiary undertakings which are insurance undertakings					93					
Other differences in the valuation of assets (other than for assets not valued above)					94	(2)			(2)	
Assets of a type not valued above, (as valued in accordance with the insurance accounts rules)					95					
Total assets determined in accordance with the insurance accounts rules (91 to 95)					99	868			2274	
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance					100					

**Analysis of admissible assets**Name of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2002**Category of assets **Permanent Health**

			Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			R13	2116	GL	31	12	2002	£000	11
Investments						As at the end of this financial year 1			As at the end of the previous year 2	
Land and buildings						11				
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							
		Debt securities issued by, and loans to, dependants	26							
	Other group undertakings and participating interests	Shares	27							
		Debt securities issued by, and loans to, group undertakings	28							
		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				

**Analysis of admissible assets**Name of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2002**Category of assets **Permanent Health**Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

Category  
of  
assets

R13	2116	GL	31	12	2002	£000	11
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**Investments (continued)****Deposits with ceding undertakings****Assets held to cover linked liabilities**As at the end of  
this financial  
year  
1As at the end of  
the previous  
year  
2

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	159	155
			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	605	2079
		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	764	2234	

**Analysis of admissible assets**Name of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2002**Category of assets **Permanent Health**Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

Category  
of  
assets

<b>R13</b>	<b>2116</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2002</b>	<b>£000</b>	<b>11</b>
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Debtors Other assets				As at the end of this financial year 1	As at the end of the previous year 2
Debtors arising out of direct insurance operations	Policyholders		71		
	Intermediaries		72		
Salvage and subrogation recoveries			73		
Debtors arising out of reinsurance operations	Due from ceding insurers and intermediaries under reinsurance business accepted		74		
	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		
		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		
		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	49	
	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	14	1
	Deferred acquisition costs		85		
	Other prepayments and accrued income		86		
Deductions (under rules 4.14(2)(b) and 4.14(3)) from the aggregate value of assets			87		
Total sheet 3 (71 to 86 less 87)			88	63	1
Grand total of admissible assets (39+69+88)			89	827	2235

**Reconciliation to asset values determined in accordance with the  
insurance accounts rules**

Total admissible assets (as per line 89 above)	<b>91</b>	827	2235
Total assets in excess of the admissibility limits of Appendix 4.2 (as valued in accordance with those Rules before applying admissibility limits)	<b>92</b>		
Solvency margin 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>	(2)	(2)
Assets of a type not valued above, (as valued in accordance with the insurance accounts rules)	<b>95</b>		
Total assets determined in accordance with the insurance accounts rules (91 to 95)	<b>99</b>	825	2233

Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	<b>100</b>		
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**Analysis of admissible assets**Name of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2002**Category of assets **Capital Redemption**

			Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			R13	2116	GL	31	12	2002	£000	12
Investments						As at the end of this financial year 1			As at the end of the previous year 2	
Land and buildings						11				
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							
		Debt securities issued by, and loans to, dependants	26							
	Other group undertakings and participating interests	Shares	27							
		Debt securities issued by, and loans to, group undertakings	28							
		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				

**Analysis of admissible assets**Name of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2002**Category of assets **Capital Redemption**Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

Category  
of  
assets

R13	2116	GL	31	12	2002	£000	12
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**Investments (continued)**  
**Deposits with ceding undertakings**  
**Assets held to cover linked liabilities**
As at the end of  
this financial  
year  
1As at the end of  
the previous  
year  
2

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	42	41
			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		
		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	42	41	

**Analysis of admissible assets**Name of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2002**Category of assets **Capital Redemption**

Company registration number	GL/UK/CM	Period ended			Units	Category of assets
		day	month	year		

<b>R13</b>	<b>2116</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2002</b>	<b>£000</b>	<b>12</b>
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Debtors			As at the end of this financial year 1	As at the end of the previous year 2
Other assets				
Debtors arising out of direct insurance operations	Policyholders		71	
	Intermediaries		72	
Salvage and subrogation recoveries			73	
Debtors arising out of reinsurance operations	Due from ceding insurers and intermediaries under reinsurance business accepted		74	
	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	
		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	
		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	1
	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	
	Deferred acquisition costs		85	
	Other prepayments and accrued income		86	
Deductions (under rules 4.14(2)(b) and 4.14(3)) from the aggregate value of assets			87	
Total sheet 3 (71 to 86 less 87)			88	1
Grand total of admissible assets (39+69+88)			89	43
				41

**Reconciliation to asset values determined in accordance with the insurance accounts rules**

Total admissible assets (as per line 89 above)	<b>91</b>	43	41
Total assets in excess of the admissibility limits of Appendix 4.2 (as valued in accordance with those Rules before applying admissibility limits)	<b>92</b>		
Solvency margin 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>		
Assets of a type not valued above, (as valued in accordance with the insurance accounts rules)	<b>95</b>		
Total assets determined in accordance with the insurance accounts rules (91 to 95)	<b>99</b>	43	41

Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	<b>100</b>		
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**Long term insurance business liabilities and margins**Name of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2002**Category of assets **Total long term insurance business assets**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets		
		R14	2116	GL	31	12	2002	£000	10	
			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			11	360			440			See Instruction 2
Cash bonuses which had not been paid to policyholders prior to end of the financial year			12							See Instruction 3
Balance of surplus/(valuation deficit)			13	500			497			See Instruction 4
Long term insurance business fund carried forward (11 to 13)			14	860			937			See Instruction 5
Claims outstanding which had fallen due for payment before the end of the financial year		Gross amount	15							
		Reinsurers' share	16							
		Net (15-16)	17							
Provisions for other risks and charges	Taxation		21							
	Other		22							
Deposits received from reinsurers			23							
Creditors and other liabilities	Arising out of insurance operations	Direct insurance business	31							
		Reinsurance accepted	32							
		Reinsurance ceded	33							
	Debenture loans	Secured	34							
		Unsecured	35							
	Amounts owed to credit institutions		36							
	Other creditors	Taxation	37							
		Other	38	10			1339			
Accruals and deferred income			39							
Provision for adverse changes (calculated in accordance with rule 5.3)			41							
Total other insurance and non-insurance liabilities (17 to 41)			49	10			1339			
Excess of the value of net admissible assets			51							See Instruction 6
Total liabilities and margins			59	870			2276			
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance			61							
Amounts included in line 59 attributable to liabilities in respect of property linked benefits			62							
Amount of any additional mathematical reserves included in line 51 which have been taken into account in the appointed actuary's certificate			63							See Instruction 7



**Long term insurance business liabilities and margins**Name of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2002**Category of assets **Permanent Health**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R14	2116	GL	31 day	12 month	2002 year	£000	11
			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		11	330	410			See Instruction 2		
Cash bonuses which had not been paid to policyholders prior to end of the financial year		12					See Instruction 3		
Balance of surplus/(valuation deficit)		13	497	495			See Instruction 4		
Long term insurance business fund carried forward (11 to 13)		14	827	905			See Instruction 5		
Claims outstanding which had fallen due for payment before the end of the financial year	Gross amount		15						
	Reinsurers' share		16						
	Net (15-16)		17						
Provisions for other risks and charges	Taxation		21						
	Other		22						
Deposits received from reinsurers		23							
Creditors and other liabilities	Arising out of insurance operations	Direct insurance business	31						
		Reinsurance accepted	32						
		Reinsurance ceded	33						
	Debenture loans	Secured	34						
		Unsecured	35						
	Amounts owed to credit institutions		36						
	Other creditors	Taxation	37						
		Other	38	1330					
Accruals and deferred income		39							
Provision for adverse changes (calculated in accordance with rule 5.3)		41							
Total other insurance and non-insurance liabilities (17 to 41)		49	1330						
Excess of the value of net admissible assets		51				See Instruction 6			
Total liabilities and margins		59	827	2235					
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance		61							
Amounts included in line 59 attributable to liabilities in respect of property linked benefits		62							
Amount of any additional mathematical reserves included in line 51 which have been taken into account in the appointed actuary's certificate		63				See Instruction 7			

**Long term insurance business liabilities and margins**Name of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2002**Category of assets **Capital Redemption**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets		
		R14	2116	GL	31	12	2002	£000	12	
			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			11	30			30			See Instruction 2
Cash bonuses which had not been paid to policyholders prior to end of the financial year			12							See Instruction 3
Balance of surplus/(valuation deficit)			13	3			2			See Instruction 4
Long term insurance business fund carried forward (11 to 13)			14	33			32			See Instruction 5
Claims outstanding which had fallen due for payment before the end of the financial year	Gross amount		15							
	Reinsurers' share		16							
	Net (15-16)		17							
Provisions for other risks and charges	Taxation		21							
	Other		22							
Deposits received from reinsurers			23							
Creditors and other liabilities	Arising out of insurance operations	Direct insurance business	31							
		Reinsurance accepted	32							
		Reinsurance ceded	33							
	Debenture loans	Secured	34							
		Unsecured	35							
	Amounts owed to credit institutions		36							
	Other creditors	Taxation	37							
		Other	38	10			9			
Accruals and deferred income			39							
Provision for adverse changes (calculated in accordance with rule 5.3)			41							
Total other insurance and non-insurance liabilities (17 to 41)			49	10			9			
Excess of the value of net admissible assets			51							See Instruction 6
Total liabilities and margins			59	43			41			
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance			61							
Amounts included in line 59 attributable to liabilities in respect of property linked benefits			62							
Amount of any additional mathematical reserves included in line 51 which have been taken into account in the appointed actuary's certificate			63							See Instruction 7

**Long term insurance business : Revenue account**Name of insurer **CGU Insurance plc**

Global business

Ordinary insurance business

Financial year ended **31st December 2002**Name and number of fund/Summary **Summary**

	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund	
			day	month	year					
	R40	2116	GL	31	12	2002	£000	OB	99	0
Items to be shown net of reinsurance ceded							The financial year 1	Previous year 2		
Earned premiums							11	51	(2002)	
Investment income receivable before deduction of tax							12	97	14	
Increase (decrease) in the value of non-linked assets brought into account							13		884	
Increase (decrease) in the value of linked assets							14			
Other income							15			
Total income (11 to 15)							19	148	(1104)	
Claims incurred							21	203	205	
Expenses payable							22	21	22	
Interest payable before deduction of tax							23			
Taxation							24	1	(563)	
Other expenditure							25			
Transfer to (from) non technical account							26			
Total expenditure (21 to 26)							29	225	(336)	
Increase (decrease) in fund in financial year (19-29)							39	(77)	(768)	
Fund brought forward							49	937	1705	
Fund carried forward (39+49)							59	860	937	

**Long term insurance business : Revenue account**Name of insurer **CGU Insurance plc**

Global business

Ordinary insurance business

Financial year ended **31st December 2002**Name and number of fund/Summary **Permanent Health 2**

	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund	
			day	month	year					
	R40	2116	GL	31	12	2002	£000	OB	2	0
Items to be shown net of reinsurance ceded							The financial year 1	Previous year 2		
Earned premiums							11	51	(2002)	
Investment income receivable before deduction of tax							12	96	12	
Increase (decrease) in the value of non-linked assets brought into account							13	(1)	883	
Increase (decrease) in the value of linked assets							14			
Other income							15			
Total income (11 to 15)							19	146	(1107)	
Claims incurred							21	203	205	
Expenses payable							22	20	21	
Interest payable before deduction of tax							23			
Taxation							24	1	(563)	
Other expenditure							25			
Transfer to (from) non technical account							26			
Total expenditure (21 to 26)							29	224	(337)	
Increase (decrease) in fund in financial year (19-29)							39	(78)	(770)	
Fund brought forward							49	905	1675	
Fund carried forward (39+49)							59	827	905	

**Long term insurance business : Revenue account**Name of insurer **CGU Insurance plc**

Global business

Ordinary insurance business

Financial year ended **31st December 2002**Name and number of fund/Summary **Capital Redemption 3**

	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund	
			day	month	year					
	R40	2116	GL	31	12	2002	£000	OB	3	0
Items to be shown net of reinsurance ceded							The financial year  1	Previous year  2		
Earned premiums							11			
Investment income receivable before deduction of tax							12	1	2	
Increase (decrease) in the value of non-linked assets brought into account							13	1	1	
Increase (decrease) in the value of linked assets							14			
Other income							15			
Total income (11 to 15)							19	2	3	
Claims incurred							21			
Expenses payable							22	1	1	
Interest payable before deduction of tax							23			
Taxation							24			
Other expenditure							25			
Transfer to (from) non technical account							26			
Total expenditure (21 to 26)							29	1	1	
Increase (decrease) in fund in financial year (19-29)							39	1	2	
Fund brought forward							49	32	30	
Fund carried forward (39+49)							59	33	32	

**Long term insurance business : Analysis of premiums and expenses**Name of insurer **CGU Insurance plc**

Global business

Ordinary insurance business

Financial year ended **31st December 2002**Name and number of fund/Summary **Summary**

		Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund		
		R41	2116	GL	31	12	2002	£000	OB	99	0	
					Gross		Payable to or recoverable from reinsurers		Net of reinsurance (1-2)			
					1		2		3			
Earned premiums in the financial year	Life assurance and general annuity contracts	Single premium			11							
		Regular premium			12							
	Pension business contracts	Single premium			13							
		Regular premium			14							
	Permanent health contracts	Single premium			15							
		Regular premium			16	52		1		51		
	Other contracts	Single premium			17							
		Regular premium			18							
	Total premiums	Single premium			19							
		Regular premium			29	52		1		51		
	Total premiums at lines 19 and 29 attributable to	UK contracts			31	52		1		51		
		Overseas contracts			32							
Expenses payable in the financial year	Commission payable in connection with acquisition of business			41								
	Other commission payable			42								
	Management expenses in connection with acquisition of business			43	4				4			
	Management expenses in connection with maintenance of business			44	17				17			
	Other management expenses			45								
	Total expenses (41 to 45)			49	21				21			
	Total expenses at line 49 attributable to	UK contracts			51	21				21		
		Overseas contracts			52							

**Long term insurance business : Analysis of premiums and expenses**Name of insurer **CGU Insurance plc**

Global business

Ordinary insurance business

Financial year ended **31st December 2002**Name and number of fund/Summary **Permanent Health 2**

		Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund	
		R41	2116	GL	31	12	2002	£000	OB	2	0
					Gross		Payable to or recoverable from reinsurers		Net of reinsurance (1-2)		
					1		2		3		
Earned premiums in the financial year	Life assurance and general annuity contracts	Single premium	11								
		Regular premium	12								
	Pension business contracts	Single premium	13								
		Regular premium	14								
	Permanent health contracts	Single premium	15								
		Regular premium	16	52		1		51			
	Other contracts	Single premium	17								
		Regular premium	18								
	Total premiums	Single premium	19								
		Regular premium	29	52		1		51			
	Total premiums at lines 19 and 29 attributable to	UK contracts	31	52		1		51			
		Overseas contracts	32								
Expenses payable in the financial year	Commission payable in connection with acquisition of business		41								
	Other commission payable		42								
	Management expenses in connection with acquisition of business		43	4				4			
	Management expenses in connection with maintenance of business		44	16				16			
	Other management expenses		45								
	Total expenses (41 to 45)		49	20				20			
	Total expenses at line 49 attributable to	UK contracts	51	20				20			
		Overseas contracts	52								

**Long term insurance business : Analysis of premiums and expenses**Name of insurer **CGU Insurance plc**

Global business

Ordinary insurance business

Financial year ended **31st December 2002**Name and number of fund/Summary **Capital Redemption 3**

		Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund	
		R41	2116	GL	31	12	2002	£000	OB	3	0
						Gross		Payable to or recoverable from reinsurers		Net of reinsurance (1-2)	
						1		2		3	
Earned premiums in the financial year	Life assurance and general annuity contracts	Single premium			11						
		Regular premium			12						
	Pension business contracts	Single premium			13						
		Regular premium			14						
	Permanent health contracts	Single premium			15						
		Regular premium			16						
	Other contracts	Single premium			17						
		Regular premium			18						
	Total premiums	Single premium			19						
		Regular premium			29						
Total premiums at lines 19 and 29 attributable to	UK contracts			31							
	Overseas contracts			32							
Expenses payable in the financial year	Commission payable in connection with acquisition of business				41						
	Other commission payable				42						
	Management expenses in connection with acquisition of business				43						
	Management expenses in connection with maintenance of business				44	1				1	
	Other management expenses				45						
	Total expenses (41 to 45)				49	1				1	
	Total expenses at line 49 attributable to	UK contracts			51	1				1	
		Overseas contracts			52						



**Long term insurance business : Analysis of claims**Name of insurer **CGU Insurance plc**

Global business

Ordinary insurance business

Financial year ended **31st December 2002**Name and number of fund/Summary **Summary**

		Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund	
		R42	2116	GL	31	12	2002	£000	OB	99	0
Claims incurred in the financial year					Gross		Recoverable from reinsurers		Net of reinsurance (1-2)		
					1		2		3		
Life assurance and annuity contracts	On death				11						
	By way of lump sums on maturity				12						
	By way of annuity payments				13						
	By way of payments arising from other insured events				14						
	On surrender or partial surrender				15						
	Total life assurance and annuity claims (11 to 15)				19						
Pension business contracts	On death				21						
	By way of lump sums on vesting				22						
	By way of vested annuity payments				23						
	On surrender or partial surrender				24						
	Total pension business claims (21 to 24)				29						
Permanent health contracts	By way of lump sums				31						
	By way of periodical payments				32	208		5	203		
	Total permanent health claims (31+32)				39	208		5	203		
Other contracts	By way of lump sums				41						
	By way of periodical payments				42						
	Total claims (41+42)				49						
Total claims (19+29+39+49)					59	208		5	203		
Total claims at line 59 attributable to		UK contracts			61	208		5	203		
		Overseas contracts			62						

**Long term insurance business : Analysis of claims**Name of insurer **CGU Insurance plc**

Global business

Ordinary insurance business

Financial year ended **31st December 2002**Name and number of fund/Summary **Permanent Health 2**

		Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund	
		R42	2116	GL	31	12	2002	£000	OB	2	0
Claims incurred in the financial year					Gross		Recoverable from reinsurers		Net of reinsurance (1-2)		
					1		2		3		
Life assurance and annuity contracts	On death				11						
	By way of lump sums on maturity				12						
	By way of annuity payments				13						
	By way of payments arising from other insured events				14						
	On surrender or partial surrender				15						
	Total life assurance and annuity claims (11 to 15)				19						
Pension business contracts	On death				21						
	By way of lump sums on vesting				22						
	By way of vested annuity payments				23						
	On surrender or partial surrender				24						
	Total pension business claims (21 to 24)				29						
Permanent health contracts	By way of lump sums				31						
	By way of periodical payments				32	208		5		203	
	Total permanent health claims (31+32)				39	208		5		203	
Other contracts	By way of lump sums				41						
	By way of periodical payments				42						
	Total claims (41+42)				49						
Total claims (19+29+39+49)					59	208		5		203	
Total claims at line 59 attributable to		UK contracts			61	208		5		203	
		Overseas contracts			62						

**Valuation Report prepared by the Appointed Actuary – IPRU (INS) Appendix 9.4**

Name of Company **CGU Insurance p.l.c. – Ordinary Long Term Business**

Global business

Financial year ended **31<sup>st</sup> December 2002**

- 1 The date to which the investigation relates is 31st December 2002.
- 2 The date to which the previous investigation related was 31st December 2001.
- 3 This valuation is in conformity with IPRU (INS) Rule 5.6 as amended.

**4 (1) NON LINKED CONTRACTS**

All contracts are fully described by the entry in column 1 of form 51 except Group Disability contracts which provide long term disability cover written by single premiums or monthly recurring single premiums under bank loan schemes and miscellaneous benefits which are accident benefits.

Certain sickness benefit contracts have a waiver of premium. The sickness benefits in certain cases increase in yearly steps by 2.5% per annum compound during each period of disability.

**5 (1) LINKED CONTRACTS**

There are no linked contracts.

- 6 (1) The mathematical reserve was, subject to the exceptions specified below, the difference between the present value of the prospective benefits payable and the present value of the net premiums receivable.

- (a) No derivative contracts have been used.
- (b) All contracts were non profit with no discretionary charges.

**(c) Capital Redemption Business**

For contracts issued on or after 1st January 1938, the net premium was the lower of the true net premium and the office premium. The modifications to the true net premiums were to avoid taking credit for more than premiums receivable. There was no Zillmer adjustment.

**Personal Accident Insurance Business**

For Individual Sickness Benefit contracts the net premiums were obtained by limiting the true net premiums to a maximum of 92.5% of the office premiums, the modification being made to avoid taking credit for more than the premiums receivable and to provide for future expenses. For Group Disability contracts by single premium the reserve is calculated as the unearned proportion on the 24ths basis of the single premiums paid. There was no Zillmer adjustment.

- (d) No negative reserves arose.
- (e) The contracts do not participate in profits.
- (f) No reserve was made for potential taxation on unrealised capital gains.
- (g) There are no linked contracts or contracts falling within sub paragraphs (a) and (b) of paragraph 4(1) above.

## Valuation Report prepared by the Appointed Actuary – IPRU (INS) Appendix 9.4

Name of Company **CGU Insurance p.l.c. – Ordinary Long Term Business**

Financial year ended **31<sup>st</sup> December 2002**

- (h) There are no guarantees or options. Principles adopted in the valuation of particular contracts were:
- (i) Sickness Benefit contracts with waiver of premium were valued by treating the premium waiver as an extra benefit.
  - (ii) For contracts under which the benefit increases the reserves make an explicit allowance for these increases.
  - (iii) The reserve for accident benefits on sickness or accident benefit contracts was taken as one year's premium.
  - (v) An additional reserve of 10% of the value of the benefits was made in the case of sickness benefit contracts incorporating a partial disablement benefit.
  - (vi) The reserve for group disability contracts by recurring single premiums was taken as the latest month's single premium.

### 7 (1) See Form 51.

#### Mortality

- (i) Active Lives 50% of AM80/AF80 ultimate
- (ii) Disabled Lives Mortality is included within the claim termination assumptions outlined below.

#### Morbidity

PHI claim inception rates have been based on CIDA rates, adjusted by factors dependent on age, occupation, gender, smoker status, location and duration in force. Further margins have been taken for prudence.

PHI claim termination rates have been based on CMIR12, adjusted by factors deferred period and duration, with further margins for prudence.

- (2) Not applicable.
- (3) Not applicable.
- (4) Not applicable.
- (5) There is no explicit additional adjustment to mortality or morbidity in respect of AIDS.
- (6) The following changes in the future value of assets were tested when determining the amount of the long term liabilities:
  - (i) fixed interest yields fall by 20% for terms less than 5 years and by 10% for terms of 15 years or more, with falls for intermediate terms being derived by linear interpolation.
  - (ii) risk free fixed interest yields for terms less than 5 years fall to the level calculated under IPRU (INS) Rule 5.11(9) and yields for terms of 15 years or more remain constant. Yields for intermediate terms are assumed to fall to a level derived by linear interpolation between the IPRU (INS) Rule 5.11(9) yield and the 15 year gilt index yield (or remain constant if already below this level).
  - (iii) fixed interest yields rise by 3 percentage points.

Scenario (iii) produces the most onerous requirement.

- (7) No additional reserve was considered necessary pursuant to IPRU (INS) Rule 5.17 (a), having regard to the strength of the reserving basis and the nil additional reserve held pursuant to IPRU (INS) Rule 5.17 (b).
- (8) Under the most onerous scenario, an additional reserve of £304 was required pursuant to IPRU (INS) Rule 5.17 (b).
- (a) In determining the long term liabilities in the changed investment conditions, no changes in assumptions were made other than an interest rate change.
- (b) Assets were initially hypothecated to cover the published liabilities. Deposits and short term gilts were used where possible.  
Allowance was made for the change in value of assets in the changed financial conditions. For this purpose assets were valued under Chapter 4 of the IPRU (INS).

Assets were not rehypothecated in the changed financial conditions.

- (c)
  - (i) The amount of the long term liabilities reduced by £9,939.
  - (ii) The value of assets reduced by £10,243
- (9) Liabilities expressed in foreign currencies accounted for less than 1% of the mathematical reserves. Sterling assets were hypothecated to cover such liabilities.

**Valuation Report prepared by the Appointed Actuary – IPRU (INS) Appendix 9.4**Name of Company **CGU Insurance p.l.c. – Ordinary Long Term Business**Financial year ended **31<sup>st</sup> December 2002****8 (a)** See Form 51.

- (b)** The interest rate used to discount benefits in the case of Capital Redemption business was 1.5% less than the rate shown in Form 51, to provide a contribution towards future expenses.

An Additional Reserve was made to provide for future expenses not otherwise covered by the valuation basis.

**(c) Group Disability Contracts by Single Premium**

The reserve is calculated as the unearned proportion on the 24ths basis of the single premiums paid. The premium is independent of age, and a typical contract is for 7 years with a premium rate of £7.20 per £100 initial loan.

The following table sets out, for specimen ages, the mid year net premium reserves. per £100 initial loan calculated in accordance with IPRU (INS) Rules 5.8 to 5.17 for such a contract by single premium. The valuation basis is the same as that underlying the other sickness benefits, but calculated at 3.5% p.a.

Mid-Year	Age at entry		
	30 £	40 £	50 £
1	1.84	2.98	5.88
2	1.61	2.63	5.29
3	1.36	2.25	4.60
4	1.10	1.82	3.80
5	0.81	1.36	2.88
6	0.51	0.85	1.84
7	0.18	0.29	0.65

The age distribution for such contracts is well spread with a concentration around age 40.

**Group Disability Contracts by Monthly Recurring Single Premium**

The reserve is calculated as one month's premium. In view of the small amount of this business in relation to the whole and the conservative calculation of the reserve held it is not considered necessary to apply complex tests of adequacy.

**9** There are no linked contracts.

- 10 (1)** Allowance has been made for inflation of expenses at 2.5%. The overall provision for expenses has been re-expressed as an allowance for expenses during 2002, increasing in line with inflation over the remaining term of the contracts in force at the valuation date.

- (2)** The allowance for expenses during 2003 is 21 (£000). The allowance is derived from the excess of the office premium over the net premium valued, from explicit expense reserves of 55 (£000) in respect of Permanent Health Insurance Business and 5 (£000) in respect of Capital Redemption Business, and from the 1.5% p.a. interest rate margin in respect of Capital Redemption Business.

- (3)** There will be no new business transacted in the twelve months following the valuation date.

- (4)** The long term business funds are closed to new business.

**11** The mathematical reserves were expressed in Sterling and are matched by Sterling assets.

- 12 (1)** There was no reinsurance ceded on a facultative basis to reinsurers who are not authorised to carry on insurance business in the United Kingdom.

**Valuation Report prepared by the Appointed Actuary – IPRU (INS) Appendix 9.4**

Name of Company **CGU Insurance p.l.c. – Ordinary Long Term Business**

Financial year ended **31<sup>st</sup> December 2002**

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

- (i) (a) The first treaty, with the Mercantile & General Reinsurance Company plc.
- (b) The reinsurer is authorised to carry on insurance business in the United Kingdom.
- (c) The Company is not connected with the reinsurer.
- (d) The treaty provides sickness benefits up to £25,000 p.a. for individual contracts and £32,500 p.a. for group contracts, and accident benefits up to £80,000 in excess of the Company's retention limit.
- (e) The premium payable by the Company during 2000 was £1,000.
- (f) There are no deposit back arrangements.
- (f) No provision has been made for refund of reinsurance commission in the event of lapse or surrender of the contracts.
- (h) The treaty is not closed to new business.
- (ii) (a) The second treaty, with HSBC Insurance (Ireland) Ltd.
- (b) The reinsurer is not authorised to carry on insurance business in the United Kingdom.
- (c) The Company is not connected with the reinsurer.
- (d) The treaty provides disability benefits of varying proportions of the risk for a Group Disability contract.
- (e) The premium payable by the Company during 2000 was Nil.
- (f) There are no deposit back arrangements.
- (g) No provision has been made for refund of reinsurance commission in the event of lapse or surrender of the contracts.
- (h) The treaty is closed to new business.

**(3)** There are no financing arrangements.

**13-16** There are no with profit contracts.

**17-20** Forms 46-49 and 51 are appended.

**21 (1)** Form 57 is appended.

**(2)** The gross yield on deposits has been reduced by 0.1% p.a. to allow for the risk of default.

**22** Form 58 is appended.

**23** Forms 60 and 61 are appended.

**J Lister**  
**Appointed Actuary**

**Long term insurance business : Summary of changes in ordinary long term business**Name of insurer **CGU Insurance plc**

Global business

United Kingdom business

Non-linked

Financial year ended **31st December 2002**

		Company registration number		GL/UK/CM		Period ended			Units		UK/OS		NL/LN	
		R46		2116		GL		31	12	2002	£000		UK	NL
		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	11					429	8	4						
New business and increases	12													
Net transfers and other alterations 'on'	13													
Total 'on' (12+13)	19													
Deaths	21													
Other insured events	22													
Maturities	23													
Surrenders	24													
Forfeitures	25					21								
Conversions to paid-up policies for reduced benefits	26													
Net transfers, expiries and other alterations 'off'	27					63	2							
Total 'off' (21 to 27)	29					84	2							
In force at end of year (11+19-29)	39					345	6	4						

Financial year ended **31st December 2002**

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>Permanent Health Insurance Business</b>						
<b>Non-Linked Non-Profit Policies</b>						
There was no new business taken out 2002						
<b>Sub total: Non-Linked Non-Profit Policies</b>						
<b>Total: Permanent Health Insurance Business</b>						
<b>Total: UK Direct Written Insurance Business</b>						



**Long term insurance business : Expected income from admissible assets not held to match liabilities in respect of linked benefits**Name of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2002**Category of assets **Total long term insurance business assets**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R48	2116	GL	31 day	12 month	2002 year	£000	10
Type of asset			Value of admissible assets as shown on Form 13 1		Expected income from admissible assets 2		Yield % 3		
Land and buildings			11						
Fixed interest securities	Approved securities	12	201	11	5.35				
	Other	13							
Variable interest and variable yield securities (excluding items shown at line 16)	Approved securities	14							
	Other	15							
Equity shares and holdings in collective investment schemes			16						
Loans secured by mortgages			17						
All other assets	Producing income	18	739	15	2.01				
	Not producing income	19	15						
Total (11 to 19)			29	955	26	2.68			

**Long term insurance business : Expected income from admissible assets not held to match liabilities in respect of linked benefits**Name of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2002**Category of assets **Permanent Health**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R48	2116	GL	31 day	12 month	2002 year	£000	11
Type of asset			Value of admissible assets as shown on Form 13 1		Expected income from admissible assets 2		Yield % 3		
Land and buildings			11						
Fixed interest securities	Approved securities	12		159		9		5.35	
	Other	13							
Variable interest and variable yield securities (excluding items shown at line 16)	Approved securities	14							
	Other	15							
Equity shares and holdings in collective investment schemes			16						
Loans secured by mortgages			17						
All other assets	Producing income	18		654		15		2.01	
	Not producing income	19		14					
Total (11 to 19)			29		827		24	2.62	

**Long term insurance business : Expected income from admissible assets not held to match liabilities in respect of linked benefits**Name of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2002**Category of assets **Capital Redemption**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R48	2116	GL	31	12	2002	£000	12
Type of asset			Value of admissible assets as shown on Form 13 1		Expected income from admissible assets 2		Yield %  3		
Land and buildings			11						
Fixed interest securities	Approved securities	12		42		2		5.35	
	Other	13							
Variable interest and variable yield securities (excluding items shown at line 16)	Approved securities	14							
	Other	15							
Equity shares and holdings in collective investment schemes			16						
Loans secured by mortgages			17						
All other assets	Producing income	18							
	Not producing income	19		1					
Total (11 to 19)			29		43		2	5.23	



Category  
of assets

Category of assets		Permanent Health			R49	2116	GL	31	12	2002	£000	11
Redemption period in years			Value of admissible assets as shown on Form 13 1	Gross redemption yield % 2	Value of admissible higher yielding assets 3		Value of admissible assets as shown on Form 13 4	Gross redemption yield % 5	Value of admissible higher yielding assets 6			
One year or less	11	Fixed interest approved securities				Variable interest and variable yield approved securities excluding equities						
More than one year but not more than five years	12		159	5.35								
More than five years but not more than ten years	13											
More than ten years but not more than fifteen years	14											
More than fifteen years but not more than twenty years	15											
More than twenty years but not more than twenty five years	16											
More than twenty five years	17											
Irredeemable	18											
Total (11 to 18)	19		159	5.35								
One year or less	21	Other fixed interest securities				Other variable interest and variable yield securities excluding equities						
More than one year but not more than five years	22											
More than five years but not more than ten years	23											
More than ten years but not more than fifteen years	24											
More than fifteen years but not more than twenty years	25											
More than twenty years but not more than twenty five years	26											
More than twenty five years	27											
Irredeemable	28											
Total (21 to 28)	29											

## Category of assets

Category of assets		Capital Redemption				R49	2116	GL	31	12	2002	£000	12
Redemption period in years			Value of admissible assets as shown on Form 13 1	Gross redemption yield % 2	Value of admissible higher yielding assets 3		Value of admissible assets as shown on Form 13 4	Gross redemption yield % 5	Value of admissible higher yielding assets 6				
One year or less	11	Fixed interest approved securities				Variable interest and variable yield approved securities excluding equities							
More than one year but not more than five years	12		42	5.35									
More than five years but not more than ten years	13												
More than ten years but not more than fifteen years	14												
More than fifteen years but not more than twenty years	15												
More than twenty years but not more than twenty five years	16												
More than twenty five years	17												
Irredeemable	18												
Total (11 to 18)	19		42	5.35									
One year or less	21	Other fixed interest securities				Other variable interest and variable yield securities excluding equities							
More than one year but not more than five years	22												
More than five years but not more than ten years	23												
More than ten years but not more than fifteen years	24												
More than fifteen years but not more than twenty years	25												
More than twenty years but not more than twenty five years	26												
More than twenty five years	27												
Irredeemable	28												
Total (21 to 28)	29												

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

Name of insurer **CGU Insurance plc**

Global business

United Kingdom business

Financial year ended **31st December 2002**Type of business **Permanent Health Insurance Business**Category of surplus **Permanent Health**

Company registration number		GL/UK/CM	Period ended			Units	UK/OS	Type of business	Category of surplus
			day	month	year				
R51	2116	GL	31	12	2002	£000	UK	PHI	11
Type of insurance or name of contract	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	
		Office premiums	Net premiums			Office premiums	Net premiums		
	5	6	7	8	9	10	11	12	
281	436 pa	6	6	0.114	80	29	26	54	
3127	12092	44	44	0.142	1			1	
61	123				307			307	
					39			39	
					55			55	
3469	12215 436 pa	50	50		482	29	26	456	
3469	12215 436 pa	50	50		482	29	26	456	
2									
1					1			1	
3					1			1	

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

Name of insurer **CGU Insurance plc**

Global business

United Kingdom business

Financial year ended **31st December 2002**Type of business **Permanent Health Insurance Business**Category of surplus **Permanent Health**

Company registration number		GL/UK/CM	Period ended			Units	UK/OS	Type of business	Category of surplus
			day	month	year				
R51	2116	GL	31	12	2002	£000	UK	PHI	11
of acts	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	
		Office premiums	Net premiums			Office premiums	Net premiums		
	5	6	7	8	9	10	11	12	
3					1			1	
5177	2654				127			127	
5177	2654				127			127	
5177	2654				127			127	
3472	9561 436 pa	50	50		356	29	26	330	
3472	9561 436 pa	50	50		356	29	26	330	



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

Name of insurer **CGU Insurance plc**

Global business

United Kingdom business

Financial year ended **31st December 2002**Type of business **Other Insurance Business**Category of surplus **Capital Redemption**

Company registration number		GL/UK/CM	Period ended			Units	UK/OS	Type of business	Category of surplus
			day	month	year				
R51	2116	GL	31	12	2002	£000	UK	Other	12
of acts	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	
		Office premiums	Net premiums			Office premiums	Net premiums		
	5	6	7	8	9	10	11	12	
1 3	95				33 8	11	11	22 8	
4	95				41	11	11	30	
4	95				41	11	11	30	
4	95				41	11	11	30	
4	95				41	11	11	30	

### Long term insurance business : Matching rectangle

Name of insurer **CGU Insurance plc**

## Global business

Financial year ended **31st December 2002**

## Sterling liabilities

Valuation rate(s) of interest **0.00%**Type of business **Permanent Health Insurance Business**

Non profit

Category of assets	Permanent Health
--------------------	------------------

		Company registration number	GL/UK/CM	Period ended			Units	Stg/ NonStg	Valuation rate of interest	L&GA/Pens/ PHI/Other	WP/NP	Category of assets	
				day	month	year							
		R57	2116	GL	31	12	2002	£000	Stg	0.00	PHI	NP	11
Type of asset notionally allocated			The valuation				The resilience scenario						
			Value of asset notionally allocated	Risk adjusted yield %	Value of assets notionally allocated					Risk adjusted yield %			
					On original allocation	Increase or decrease	Total under resilience scenario						
			1	2	3	4	5	6					
Land and buildings		11											
Fixed interest securities	Approved securities	12		5.35				8.35					
	Other	13											
Variable interest and Variable yield securities (excluding items shown at line 16)	Approved securities	14											
	Other	15											
Equity shares and holdings in collective investment schemes		16											
Loans secured by mortgages		17											
All other assets	Producing income	18	180	2.01	180		180	5.01					
	Not producing income	19											
Total (11 to 19)		29	180	2.01	180		180	5.01					
Gross valuation interest rate %		31		0.00				0.00					
Net valuation interest rate % (where appropriate)		32											
Mathematical reserve or other liability, net of reinsurance		33	180					180					

**Long term insurance business : Matching rectangle**Name of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2002**

Sterling liabilities

Valuation rate(s) of interest **3.75%**Type of business **Permanent Health Insurance Business**

Non profit

Category of assets **Permanent Health**

Type of asset notionally allocated			Company registration number	GL/UK/CM	Period ended			Units	Stg/ NonStg	Valuation rate of interest	L&GA/Pens/ PHI/Other	WP/NP	Category of assets
					day	month	year						
					R57	2116	GL						
			The valuation			The resilience scenario							
			Value of asset notionally allocated	Risk adjusted yield %	Value of assets notionally allocated			Risk adjusted yield %					
					On original allocation	Increase or decrease	Total under resilience scenario						
			1	2	3	4	5	6					
Land and buildings		11											
Fixed interest securities	Approved securities	12	54	5.35	54	1	55	8.35					
	Other	13											
Variable interest and Variable yield securities (excluding items shown at line 16)	Approved securities	14											
	Other	15											
Equity shares and holdings in collective investment schemes		16											
Loans secured by mortgages		17											
All other assets	Producing income	18		2.01				2.01					
	Not producing income	19											
Total (11 to 19)		29	54	5.35	54	1	55	8.35					
Gross valuation interest rate %		31		3.75				6.00					
Net valuation interest rate % (where appropriate)		32											
Mathematical reserve or other liability, net of reinsurance		33	54				55						

Sterling liabilities

Name of insurer **CGU Insurance plc**

Valuation rate(s) of interest **4.00%**

## Global business

Type of business **Permanent Health Insurance Business**Financial year ended **31st December 2002**

Non profit

Category of assets	Permanent Health
--------------------	------------------

		Company registration number	GL/UK/CM	Period ended			Units	Stg/ NonStg	Valuation rate of interest	L&GA/Pens/ PHI/Other	WP/NP	Category of assets	
		R57	2116	GL	31	12	2002	£000	Stg	4.00	PHI	NP	11
Type of asset notionally allocated			The valuation				The resilience scenario						
			Value of asset notionally allocated	Risk adjusted yield %	Value of assets notionally allocated					Risk adjusted yield %			
					On original allocation	Increase or decrease	Total under resilience scenario						
			1	2	3	4	5	6					
Land and buildings		11											
Fixed interest securities	Approved securities	12	39	5.35	39	(2)	37	8.35					
	Other	13											
Variable interest and Variable yield securities (excluding items shown at line 16)	Approved securities	14											
	Other	15											
Equity shares and holdings in collective investment schemes		16											
Loans secured by mortgages		17											
All other assets	Producing income	18		2.01				2.01					
	Not producing income	19											
Total (11 to 19)		29	39	5.35	39	(2)	37	8.35					
Gross valuation interest rate %		31		4.00				6.06					
Net valuation interest rate % (where appropriate)		32											
Mathematical reserve or other liability, net of reinsurance		33	39				37						

## Long term insurance business : Matching rectangle

Name of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2002**

Sterling/Non sterling liabilities

Valuation rate(s) of interest **Balance**

Type of business

With profits/Non profit

Category of assets

**Permanent Health**

Type of asset notionally allocated			Company registration number	GL/UK/CM	Period ended			Units	Stg/ NonStg	Valuation rate of interest	L&GA/Pens/ PHI/Other	WP/NP	Category of assets
					day	month	year						
			R57	2116	GL	31	12	2002	£000		98		11
			The valuation			The resilience scenario							
			Value of asset notionally allocated	Risk adjusted yield %	Value of assets notionally allocated					Risk adjusted yield %			
					On original allocation	Increase or decrease	Total under resilience scenario						
			1	2	3	4	5		6				
Land and buildings		11											
Fixed interest securities	Approved securities	12	57	5.35	57	(1)	56	8.35					
	Other	13											
Variable interest and Variable yield securities (excluding items shown at line 16)	Approved securities	14											
	Other	15											
Equity shares and holdings in collective investment schemes		16											
Loans secured by mortgages		17											
All other assets	Producing income	18		2.01				5.01					
	Not producing income	19											
Total (11 to 19)		29	57	5.35	57	(1)	56	8.35					
Gross valuation interest rate %		31											
Net valuation interest rate % (where appropriate)		32											
Mathematical reserve or other liability, net of reinsurance		33	57				56						

Sterling/Non sterling liabilities

Valuation rate(s) of interest	Total
0%	100
1%	100
2%	100
3%	100
4%	100
5%	100
6%	100
7%	100
8%	100
9%	100
10%	100
11%	100
12%	100
13%	100
14%	100
15%	100
16%	100
17%	100
18%	100
19%	100
20%	100
21%	100
22%	100
23%	100
24%	100
25%	100
26%	100
27%	100
28%	100
29%	100
30%	100
31%	100
32%	100
33%	100
34%	100
35%	100
36%	100
37%	100
38%	100
39%	100
40%	100
41%	100
42%	100
43%	100
44%	100
45%	100
46%	100
47%	100
48%	100
49%	100
50%	100
51%	100
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66%	100
67%	100
68%	100
69%	100
70%	100
71%	100
72%	100
73%	100
74%	100
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81%	100
82%	100
83%	100
84%	100
85%	100
86%	100
87%	100
88%	100
89%	100
90%	100
91%	100
92%	100
93%	100
94%	100
95%	100
96%	100
97%	100
98%	100
99%	100
100%	100

Type of business

With profits/Non profit

## Permanent Health

		Company registration number	GL/UK/CM	Period ended			Units	Stg/ NonStg	Valuation rate of interest	L&GA/Pens/ PHI/Other	WP/NP	Category of assets
		R57	2116	GL	31	12	2002	£000		99		11
Type of asset notionally allocated			The valuation				The resilience scenario					
			Value of asset notionally allocated	Risk adjusted yield %	Value of assets notionally allocated				Risk adjusted yield %			
					On original allocation	Increase or decrease	Total under resilience scenario					
			1	2	3	4	5	6				
Land and buildings		11										
Fixed interest securities	Approved securities	12	150	5.35	150	(1)	149	8.35				
	Other	13										
Variable interest and Variable yield securities (excluding items shown at line 16)	Approved securities	14										
	Other	15										
Equity shares and holdings in collective investment schemes		16										
Loans secured by mortgages		17										
All other assets	Producing income	18	180	2.01	180		180	5.01				
	Not producing income	19										
Total (11 to 19)		29	330	3.53	330	(1)	329	6.52				
Gross valuation interest rate %		31										
Net valuation interest rate % (where appropriate)		32										
Mathematical reserve or other liability, net of reinsurance		33	330				329					



Sterling/Non sterling liabilities

Valuation rate(s) of interest	Balance
10%	100
15%	100
20%	100
25%	100
30%	100
35%	100
40%	100
45%	100
50%	100
55%	100
60%	100
65%	100
70%	100
75%	100
80%	100
85%	100
90%	100
95%	100
100%	100

Type of business

With profits/Non profit

## Capital Redemption

		Company registration number	GL/UK/CM	Period ended			Units	Stg/ NonStg	Valuation rate of interest	L&GA/Pens/ PHI/Other	WP/NP	Category of assets
		R57	2116	GL	31	12	2002	£000		98		12
Type of asset notionally allocated			The valuation				The resilience scenario					
			Value of asset notionally allocated	Risk adjusted yield %	Value of assets notionally allocated			Risk adjusted yield %				
					On original allocation	Increase or decrease	Total under resilience scenario					
			1	2	3	4	5	6				
Land and buildings		11										
Fixed interest securities	Approved securities	12		5.35				8.35				
	Other	13										
Variable interest and Variable yield securities (excluding items shown at line 16)	Approved securities	14										
	Other	15										
Equity shares and holdings in collective investment schemes		16										
Loans secured by mortgages		17										
All other assets	Producing income	18										
	Not producing income	19										
Total (11 to 19)		29										
Gross valuation interest rate %		31										
Net valuation interest rate % (where appropriate)		32										
Mathematical reserve or other liability, net of reinsurance		33										



## Long term insurance business : Matching rectangle

Name of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2002**

Sterling/Non sterling liabilities

Valuation rate(s) of interest **Total**

Type of business

With profits/Non profit

Category of assets

**Capital Redemption**

		Company registration number	GL/UK/CM	Period ended			Units	Stg/ NonStg	Valuation rate of interest	L&GA/Pens/ PHI/Other	WP/NP	Category of assets
		R57	2116	GL	31	12	2002	£000		99		12
Type of asset notionally allocated			The valuation				The resilience scenario					
			Value of asset notionally allocated	Risk adjusted yield %	Value of assets notionally allocated				Risk adjusted yield %			
					On original allocation	Increase or decrease	Total under resilience scenario					
			1	2	3	4	5	6				
Land and buildings		11										
Fixed interest securities	Approved securities	12	30	5.35	30		30	8.35				
	Other	13										
Variable interest and Variable yield securities (excluding items shown at line 16)	Approved securities	14										
	Other	15										
Equity shares and holdings in collective investment schemes		16										
Loans secured by mortgages		17										
All other assets	Producing income	18										
	Not producing income	19										
Total (11 to 19)		29	30	5.35	30		30	8.35				
Gross valuation interest rate %		31										
Net valuation interest rate % (where appropriate)		32										
Mathematical reserve or other liability, net of reinsurance		33	30					30				

**Long term insurance business : Valuation result and distribution of surplus**Name of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2002**Company  
registration  
number

GL/UK/CM

Period ended

day month year

Units

Category  
of surplusCategory of surplus **Permanent Health**

Category of surplus		Permanent Health		R58	2116	GL	31	12	2002	£000	11
Valuation result	Fund carried forward							11	827		
	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	827		
	Mathematical reserves for accumulating with profit policies							17			
	Mathematical reserves for other non linked contracts							18	330		
	Mathematical reserves for property linked contracts							19			
	Mathematical reserves for index linked contracts							20			
	Total (17 to 20)							21	330		
	Surplus including contingency and other reserves held towards the solvency margin (deficiency) (16-21)							29	497		
Composition of surplus	Balance of surplus brought forward unappropriated from last valuation							31	495		
	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	2		
	Total (31+34+35)							39	497		
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	497		
	Total (48+49)							59	497		
Percentage of distributed surplus allocated to policyholders of fund/part of fund								61			
Corresponding percentage at three immediately previous valuations	Latest		(year of valuation )				62				
	Earlier		(year of valuation )				63				
	Earliest		(year of valuation )				64				

**Long term insurance business : Valuation result and distribution of surplus**Name of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2002**Company  
registration  
number

GL/UK/CM

Period ended

day month year

Units

Category  
of surplusCategory of surplus **Capital Redemption**

R58	2116	GL	31	12	2002	£000	12
				11	33		
Policyholders in anticipation of a surplus				12			
Transfer to non-technical account				13			
Transfer to other funds/parts of funds				14			
Total of funds (13+14)				15			
				16	33		
Accumulating with profit policies				17			
Other non linked contracts				18	30		
Property linked contracts				19			
Index linked contracts				20			
				21	30		
Other reserves held towards the solvency margin (1)				29	3		
Carried forward unappropriated from last valuation				31	2		
Transfer from non-technical account				32			
Transfer from other funds/parts of fund				33			
Total of fund (32+33)				34			
Balance at valuation				35	1		
				39	3		
Policyholders in anticipation of a surplus				41			
Cash bonuses				42			
Reversionary bonuses				43			
Other bonuses				44			
Premium reductions				45			
Total (41 to 45)				46			
Net transfer out of fund				47			
Total (46-47)				48			
Contingency and other reserves held towards the solvency margin carried forward unappropriated				49	3		
				59	3		
Percentage of distributed surplus allocated to policyholders of fund/part of fund				61			
Latest (2001 )				62			
Earlier (2000 )				63			
Earliest (1999 )				64			

## Units

[illegible]

**Supplementary notes**

Name of Company **CGU Insurance plc**

Global business

Financial year ended **31st December 2002**

**4601** There are 2 group contracts in force with an estimated 23,127 members.

**46A0 Form omitted**

The entries on all Forms 46A are nil, accordingly these Forms are not required.

**47A0 Form omitted**

The entries on all Forms 47A are nil, accordingly these Forms are not required.

**5101 Aggregate Liabilities and Adjustments**

**Additional reserve** is a reserve to cover future expenses in excess of the expense allowance in the valuation.

**5102** The number of contracts shown in column 4 exceeds the actual number by 23,186.

**5200 Form omitted**

The entries on all Forms 52 are nil, accordingly these Forms are not required.

**5300 Form omitted**

The entries on all Forms 53 are nil, accordingly these Forms are not required.

**5400 Form omitted**

The entries on all Forms 54 are nil, accordingly these Forms are not required.

**5500 Form omitted**

The entries on all Forms 55 are nil, accordingly these Forms are not required.

**5600 Form omitted**

The entries on all Forms 56 are nil, accordingly these Forms are not required.

**Supplementary notes**

Name of Company **CGU Insurance plc**  
Financial year ended **31st December 2002**  
Code

**0901 Section 148 waivers**

Not applicable.

**0902 Implicit Items**

Not applicable.

**0903 Other than long term insurance business assets allocated towards long term insurance business required minimum margin**

For the financial year ending 31 December 2002 the long term insurance business returns state an amount of £6,000 at Form 9 line 22, this being the amount of other than long term insurance business assets of CGU Insurance plc allocated towards the long term insurance business required minimum margin.

**1001 Reconciliation to shareholder accounts**

The reconciliation to shareholders accounts is provided in the Company's general business return, which includes the Company's shareholder funds.

**1002 Line 65 - Other movements**

Not applicable.

**1003 Subordinated loan capital – Section 68 order**

Not applicable.

**1301 Aggregate value of unlisted investments, etc. – Other than long term business**

**1308**  
Not applicable.

**1302 Aggregate value of hybrid securities**

**1309**  
Not applicable.

**1304 Statement of amounts set off**

**1310**  
Amounts have been set off to the extent permitted by generally accepted accounting principles.

**1305 Counterparty limits during the year**

**1311**  
The counterparty limits in relation to the Company's investments are monitored regularly and are based on 2.5% of the long term insurance business amount.

**1306 Counterparty exposure at the year end**

**1312**  
Counterparty exposures with deposit takers which exceeded 5% of the Long Term Insurance Business Amount as at 31 December 2002 are as follows:

**£'000**

ABN Amro

605

## Supplementary notes

Name of Company **CGU Insurance plc**  
Financial year ended **31st December 2002**  
Code

**1307 Fully secured rights**  
**1313**

Not applicable.

**1315 Other assets**

Not applicable.

**1318 Financial Statements**

The financial statements of the Company had not been signed by the date on which this return was signed. The reconciliation in lines 91 to 99 is to the draft financial statements.

**1319 Deposits with credit institutions**

Under Appendix 4.1 IPRU (INS) advantage has been taken of the option allowing an admissibility limit for debts due from approved credit institutions of £2m, rather than 20% of the long term insurance business amount. CGU Insurance plc has placed deposits with the ABN Amro.

**1401 Provision for adverse changes**

No provision for adverse changes is required as no assets are held which would give rise to a future liability, which would not be covered by appropriate assets.

**1402 Contingent liabilities, etc.**

There are no charges over any assets of the Company. There are no contingent liabilities, guarantees, indemnities, or other contractual commitments or other fundamental uncertainties to report.

No provision has been made in Appendices 9.1 or 9.3 for any potential liabilities to taxation on capital gains, which might arise if the company disposed of its assets. Any such potential liability has been taken into account by the appointed actuary in the valuation of the liabilities of the long term insurance business.

**1500 Form omitted**

**1600**  
**1700**

The entries on all Forms 15, 16 and 17 are nil, accordingly these forms are not required.

**4005 Foreign currency conversion**

Not applicable.

**4006 Apportionment of items between different long term insurance business funds**

**Investment income**

Invested assets are individually designated to a particular fund. Consequently all investment income is allocated by reference to the designation of the asset.

**Increase or decrease in the value of assets brought into account**

The value of assets brought into account is determined by reference to the liabilities of the relevant fund. The assets available are individually designated to the relevant fund.

**Expenses**

All expenses are examined to identify those directly attributable to a particular fund. Those not directly attributable are apportioned pro rata to the work carried out for the fund.

**Taxation**

The taxation of each fund is computed in accordance with the taxation regulations applicable to that class of business.

**4008 Provision of management services**

Under a management agreement Norwich Union Life Services Limited supplies and makes a charge for the provision of management services to the Company.

**4200 Form omitted**

The entries in respect of the Permanent Health fund are nil, accordingly no form 42 is required for this fund

**Supplementary notes**

Name of Company

**CGU Insurance plc**

Financial year ended

**31st December 2002**

Code

**4300**    **Form omitted****4400****4500**

The entries on all Forms 43, 44 and 45 are nil, accordingly these forms are not required.



Returns under the Accounts and Statements Rules

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

Name of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2002**

Derivative contracts may be held for hedging purposes where this is considered advisable locally subject to authority from Group Centre. None were held within the long-term insurance business fund in 2002.

Returns under the Accounts and Statements Rules

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

Name of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2002**

100% of the issued shares of the Company is held by CGU International Insurance plc.

100% of the issued share capital of CGU International Insurance plc 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 (previously known as CGNU plc).

All shares are voting shares.

On 19 November 2002, 99.99% of the share capital of CGU International Insurance plc was acquired by Norwich Union plc. On 19 November 2002, 99.99% of the share capital of CGU International Insurance plc was acquired by Norwich Union Holdings Limited.

**Statement of information on appointed actuary required by IPRU (INS) 9.36**

Name of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2002**

In accordance with rule 9.36 of the Interim Prudential Sourcebook for Insurers, J Lister, the appointed actuary of the Company, was requested to furnish and has provided the following information:

**(a)**

- (1) An interest in 5,110 ordinary shares at 31 December 2002 in Aviva plc, and an interest in 3,250 ordinary shares at 31 December 2001.
- (2) 8,159 ordinary shares are held in the Aviva Long Term Incentive Plan and 9,954 ordinary shares are held in the CGNU Deferred Bonus Plan.
- (3) Options were held at 31 December 2002 to subscribe for 37,253 ordinary shares in Aviva plc under UK Employees Savings Related and Executive Share Option Schemes:

	<b>No. of shares</b>
Options held at 31 December 2001	40,106
Options granted during the year	Nil
Options exercised or lapsed during the year	(2,853)

- (b) Two low cost endowment policies with CGNU Life Assurance Limited, with aggregate sums assured of £46,000 and monthly premiums of £259. One savings policy with a monthly premium of £30 and a sum assured plus bonus of £4,223. The actuary also holds a number of investment products managed by Norwich Union Investment Funds Limited. In addition the actuary held general insurance policies with subsidiaries of Aviva plc for which total premiums of £1,500 were paid in the year to 31 December 2002.
- (c) The aggregate amount of remuneration, bonuses and the value of other benefits (excluding pension rights) under the actuary's contract of employment with Aviva Employment Services Limited for 2002 was £206,670. Under the contract he was Appointed Actuary and Director of:

Fidelity Life Assurance Limited

*appointed actuary of:-*

The Yorkshire Insurance Company Limited

CGU Insurance plc

Tesco Personal Finance Life Limited

*And a director of:-*

The General Practice Finance Corporation Limited

The General Practice Finance Corporation Property Management Limited

Norwich Union Commercial Finance Limited

Norwich Union Commercial Mortgages Limited

Norwich Union Mortgage Finance Limited

Norwich Union Mortgages (Life) Limited

Norwich Union Mortgage Holdings Limited

- (d) Pensions and life assurance benefits as provided to all employees under the terms and conditions of the Aviva Companies' UK Pensions Schemes. Sickness and accident benefits as provided to all employees under the terms and conditions of these schemes.

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

Name of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2002**

We certify:

- 1 (a)** in relation to the part of the return comprising Forms 9, 9A, 10, 13, 14 and 40 to 42, (including the supplementary notes) and the statements required by rules 9.29 and 9.30 that:

  - (i) the return has been prepared in accordance with the Accounts and Statements Rules;
  - (ii) proper accounting records have been maintained and adequate information has been obtained by CGU Insurance plc (the Company); and
- (b)** that reasonable enquiries have been made by the Company for the purpose of identifying material connected-party transactions;
- (c)** that in respect of the Company's business which is not excluded by rule 7.6, the assets held throughout the financial year enabled the Company to comply with rules 7.1 to 7.5 (matching and localisation);
- (d)** in relation to the statement required by rule 9.36:

  - (i) that for the purpose of preparing the statement, proper accounts and records have been maintained; and
  - (ii) that the information given has been ascertained in conformity with that rule.
- 2** that the margin of solvency for long term insurance business required by rule 2.1 has been maintained throughout the financial year.
- 3 (a)** that the requirements of rules 3.1 to 3.4 have been fully complied with and in particular that, subject to the provisions of rules 3.2(2) to (4) and rule 3.3, assets attributable to long term insurance business, the income arising therefrom, the proceeds of any realisation of such assets and any other income or proceeds allocated to the long term insurance business funds have not been applied otherwise than for the purpose of the long term insurance business;
- (b)** that any amount payable from or receivable by the long term insurance business funds in respect of services rendered by or to any other business carried on by the Company or by a person who, for the purposes of rule 3.4, is connected with it or is a subordinate company of it has been determined and where appropriate apportioned on terms which are believed to be no less than fair to those funds, and any exchange of assets representing such funds for other assets of the Company has been made at fair market value;
- (c)** that all guarantees given by the Company of the performance by a related company which would fall to be met by any long term insurance business fund have been disclosed in the return, and that the funds on which each such guarantee would fall has been identified therein;
- (d)** that the investment policy and practice of the Company in respect of the internal linked funds maintained was, during the financial year, consistent with any representations made to policyholders or potential policyholders of the Company;
- (e)** that the returns in respect of long term insurance business are not distorted by agreements with any other company carrying on insurance business with which the Company has financial, commercial or administrative links, or by any arrangements which could affect the apportionment of expenses and income; and
- (f)** that the Company has fully complied with the requirements of rule 3.5.

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

Name of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2002**

**4 (a)** that the systems and controls established and maintained by the Company in respect of its business complied at the end of the financial year with the following published guidance:

- (i) Guidance Note P.1 – ‘Systems and controls over the investments (and counterparty exposure) of insurers with particular reference to the use of derivatives’;
- (ii) ‘The prevention of Money Laundering - Guidance Notes for the UK Financial Sector’ (revised December 2001) issued by the Joint Money Laundering Steering Group;

and it is reasonable to believe that those systems continued to so comply subsequently and will continue to so comply in future; and

**(b)** the return has been prepared in accordance with the following published guidance:

- (i) Guidance Note 4.1 - ‘Guidance for insurers and auditors on the Valuation of Assets Rules’;
- (ii) Guidance Note 4.2 - ‘Use of derivative contracts in insurance funds’; and
- (iii) Guidance Note 9.1 - ‘Preparation of Returns’.

..... **R J HARVEY**  
Chief Executive

..... **M N BIGGS**  
Director

..... **P G SCOTT**  
Director

26<sup>th</sup> March 2003

**Certificate by the appointed actuary required by IPRU (INS) 9.34(b) and IPRU (INS) Appendix 9.6**

Name of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2002**

I certify:

- (a)
  - (i) that in my opinion proper records have been kept by CGU Insurance plc (the Company) adequate for the purpose of the valuation of the liabilities of its long term insurance business;
  - (ii) that the mathematical reserves as shown on Form 14 constitute proper provision as at 31st December 2002 for the long term insurance business liabilities (other than 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 investigation as at that date into the financial condition of the long term insurance business;
  - (iii) that for the purpose of sub-paragraph (ii) above, the liabilities have been assessed in accordance with the Determination of Liabilities Rules in the context of assets valued in accordance with the Valuation of Assets Rules, as shown in Form 13;
  - (iv) that the current versions of Guidance Notes, issued by the Institute of Actuaries and the Faculty of Actuaries, numbered GN1 (effective date 1.12.01), GN2, GN7, GN8 (effective date 30.12.02), GN22 and GN25 have been complied with; and
  - (v) that in my opinion premiums for contracts entered into during the financial year and the income earned thereon are sufficient, on reasonable actuarial assumptions and taking into account the other financial resources of the Company that are available for the purpose, to enable the Company to meet its commitments in respect of those contracts and, in particular, to establish adequate mathematical reserves.
- (b) that the amount of the required minimum margin applicable to the Company's long term insurance business immediately following the end of the financial year (including any amounts resulting from any increase in liabilities arising from a distribution of surplus as a result of the investigation into the financial condition of the long term business) is £506,000.

J Lister

Appointed Actuary

26 March 2003

**Report of the auditors to the directors pursuant to rule 9.35 of the Accounts and Statements Rules**

Name of insurer **CGU Insurance plc**

Global Business

Financial year ended **31st December 2002**

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

- Forms 9, 9A, 10, 13, 14 and 40 to 42 (including the supplementary notes) ("the Forms");
- the statement required by rule 9.29 on page 54 ("the statement"); and
- the certificate signed in accordance with rule 9.34(a) on page 57 ("the certificate").

In the case of the certificate, our examination did not extend to:

- a) paragraph 1 in relation to the statements required by rules 9.30 and 9.36 concerning controllers and Information on the appointed actuary;
- b) paragraph 3(d) concerning the investment policy and practice of internal linked funds required by paragraph 4(d) of Appendix 9.6; and
- c) paragraph 4(a) in so far as it relates to controls with respect to Money Laundering.

This report is made solely to the company'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 company'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 company for our examination, for this report, or for the opinions we have formed.

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

The company is responsible for the preparation of an annual return (including the Forms, statement and certificate) under the provisions of the Rules. Under rule 9.11 the Forms and statement 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.

It is our responsibility to form an independent opinion as to whether the Forms and statement meet these requirements, and in the case of the certificate whether it was or was not unreasonable for the persons giving the certificate to have made the statement therein, and to report our opinions to you. Our responsibilities, as independent auditors, are established in the United Kingdom by Statute, the Auditing Practices Board and by our profession's ethical guidance.

**Bases of opinions**

We conducted our work in accordance with Practice Note 20 "The audit 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 and statement. It also included an assessment of the significant estimates and judgements made by the company in the preparation of the Forms and statement.

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 and statement are free from material misstatement, whether caused by fraud or other irregularity or error, and comply with rule 9.11.

In the case of the certificate, the work performed involved a review of the procedures undertaken by the signatories to enable them to make the statements therein, and does not extend to an evaluation of the effectiveness of the company's internal control systems.

In giving our opinion we have relied on the certificate of the actuary on page 60 with respect to the mathematical reserves and the required minimum margin.

**Opinions**

In our opinion:

- (a) the Forms and statement fairly state the information provided on the basis required by the Rules and have been properly prepared in accordance with the provisions of those Rules; and
- (b) according to the information and explanations received by us:
  - (i) the certificate has been properly prepared in accordance with the provisions of the Rules; and
  - (ii) it was not unreasonable for the persons giving the certificate to have made the statements therein.