NORWICH UNION
an AVIVA company

Norwich Union Annuity Limited

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

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

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

FN 02 002

Returns under the Accounts and Statements Rules

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

Name of insurer **Norwich Union Annuity Limited**

Global Business

Financial year ended **31st December 2002**

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Returns under the Accounts and Statements Rules

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Name of insurer **Norwich Union Annuity Limited**

Global Business

Financial year ended **31st December 2002**

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Returns under the Accounts and Statements Rules

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Name of insurer	**Norwich Union Annuity Limited**
Global business	
Financial year ended	**31st December 2002**

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

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

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

26th March 2003

Statement of solvency

Name of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2002**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units
R9	3253948	GL	31	12	2002	£000

		As at the end of this financial year 1	As at the end of the previous year 2	Source 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		
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	11661831	10612903	10	.	11
Other than long term insurance business assets allocated towards long term insurance business required minimum margin	22	130622	163397	See instructions 1 and 3		
Total mathematical reserves (after distribution of surplus)	23	10971851	9723454	See instruction 4		
Other insurance and non-insurance liabilities	24	200729	382728	See instruction 5		
Available assets for long term insurance business required minimum margin (21+22-23-24)	25	619873	670118			
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	619873	670118			
Required minimum margin						
Required minimum margin for long term insurance business	41	438874	388938	60	.	69
Explicit required minimum margin (1/6 x 41, or minimum guarantee fund if greater)	42	73146	64823			
Excess (deficiency) of available assets over explicit required minimum margin (25-42)	43	546727	605295			
Excess (deficiency) of available assets and implicit items over the required minimum margin (34-41)	44	180999	281180			
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 **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2002**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units
R9A	**3253948**	**GL**	**31**	**12**	**2002**	**£000**

		As at the end of this financial year **1**	As at the end of the previous year **2**	Source
Required minimum margin for long term insurance business	**11**	438874		See instruction 2
Excess (deficiency) of available assets and implicit items over the required minimum margin	**12**	180999		See instruction 3
Total available assets and implicit items (11+12)	**13**	619873		

Analysed as follows:

Value of implicit items	**14**			See instruction 5
Financial reinsurance- ceded	**15**			See instruction 6
Financial reinsurance- accepted	**16**			See instruction 7
Outstanding contingent loans	**17**			See instruction 8
Any other charges on future profits	**18**			See instruction 9
Sum of financial engineering adjustments (14+15-16+17+18)	**19**			

Other assets (13-19)	**20**	619873		
Total available assets and implicit items (19+20)	**21**	619873		

Statement of net assets

Name of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2002**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units
R10	3253948	GL	31	12	2002	£000

		As at the end of this financial year 1	As at the end of the previous year 2	Source Form	Line	Column
Long term insurance business - admissible assets	11	11661831	10612903	13	89	1
Long term insurance business - liabilities and margins	12	11661831	10612903	14	59	1
Other than Long term insurance business - admissible assets	21	147607	168911	13	89	1
Other than Long term insurance business - liabilities	22	16985	5514	15	69	1
Net admissible assets (21-22)	23	130622	163397			
Other assets allowed to be taken into account in covering the required minimum margin: Unpaid amounts (including share premium) on partly paid shares	24					
Other assets allowed to be taken into account in covering the required minimum margin: 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					
Liabilities allowed to be left out of account in covering the required minimum margin: Cumulative preference share capital	27					
Available assets (23 to 27)	29	130622	163397			

Represented by:

Paid up share capital (other than cumulative preference share capital)	51	50750	50750			
Amounts included in lines 24 to 27 above	52					
Amounts representing the balance of net assets	56	79872	112647			
Total (51 to 56) and equal to line 29 above	59	130622	163397			

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

Balance brought forward at the beginning of the financial year	61	112647	106807	10	56	2
Retained profit/(loss) for the financial year	62	(38245)	8074	16	59	1
Movement in asset valuation differences	63	5470	(2234)	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	79872	112647			

Form 13
(Sheet 1)

Analysis of admissible assets

Name of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2002**

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

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Category of assets
R13	3253948	GL	31	12	2002	£000	1

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		

Form 13
(Sheet 2)

Analysis of admissible assets

Name of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2002**

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

	Company registration number	GL/UK/CM	Period ended day	Period ended month	Period ended year	Units	Category of assets
R13	3253948	GL	31	12	2002	£000	1

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**	5911	
	Rights under derivative contracts			**44**		
	Debt securities and other fixed income securities	Fixed interest	Approved securities	**45**	123842	118421
			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**	4080	48460
		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**	133833	166881

Form 13
(Sheet 3)

Analysis of admissible assets

Name of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2002**

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

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Category of assets
R13	3253948	GL	31	12	2002	£000	1

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	11848	
		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	33
	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	1925	1997
	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	13774	2030
Grand total of admissible assets (39+69+88)			89	147607	168911

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

Total admissible assets (as per line 89 above)	91	147607	168911
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	(30026)	(24556)
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	117581	144355

Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	100		

Form 13
(Sheet 1)

Analysis of admissible assets

Name of insurer **Norwich Union Annuity Limited**

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 day	month	year	Units	Category of assets
R13	3253948	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	2839	2198
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	715253	497264
		Debt securities issued by, and loans to, dependants	26	5848533	5046304
	Other group undertakings and participating interests	Shares	27		
		Debt securities issued by, and loans to, group undertakings	28	86725	85000
		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	6653350	5630766

Form 13
(Sheet 2)

Analysis of admissible assets

Name of insurer **Norwich Union Annuity Limited**

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 day	month	year	Units	Category of assets
R13	3253948	GL	31	12	2002	£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**	1196328	1180174
			Other	**46**	2948181	3006033
		Variable interest	Approved securities	**47**	11072	
			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**		9700
		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**	524204	449432
		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**	4679785	4645339

Form 13
(Sheet 3)

Analysis of admissible assets

Name of insurer **Norwich Union Annuity Limited**

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 day	month	year	Units	Category of assets
R13	3253948	GL	31	12	2002	£000	10

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	38865	15481
	Intermediaries		72		
Salvage and subrogation recoveries			73		
Debtors arising out of reinsurance operations	Due from ceding insurers and intermediaries under reinsurance business accepted		74	81011	70400
	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	66580	58777
		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	20645	44715
		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	39545	65726
	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	82050	81699
	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	328696	336798
Grand total of admissible assets (39+69+88)			89	11661831	10612903

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

Total admissible assets (as per line 89 above)	91	11661831	10612903
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	(79833)	(33622)
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	11581998	10579281

Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	100	14641	5195147

Long term insurance business liabilities and margins

Name of insurer **Norwich Union Annuity Limited**

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 day	month	year	Units	Category of assets
R14	3253948	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	10971851	9723454	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			See Instruction 4
Long term insurance business fund carried forward (11 to 13)			14	10971851	9723454	See Instruction 5
Claims outstanding which had fallen due for payment before the end of the financial year	Gross amount		15	48174	38638	
	Reinsurers' share		16			
	Net (15-16)		17	48174	38638	
Provisions for other risks and charges	Taxation		21	25980	73715	
	Other		22			
Deposits received from reinsurers			23			
Creditors and other liabilities	Arising out of insurance operations	Direct insurance business	31	21207	17723	
		Reinsurance accepted	32			
		Reinsurance ceded	33	808		
	Debenture loans	Secured	34			
		Unsecured	35			
	Amounts owed to credit institutions		36	1461		
	Other creditors	Taxation	37	22876	23163	
		Other	38	80069	229489	
Accruals and deferred income			39	154		
Provision for adverse changes (calculated in accordance with rule 5.3)			41			
Total other insurance and non-insurance liabilities (17 to 41)			49	200729	382728	
Excess of the value of net admissible assets			51	489251	506721	See Instruction 6
Total liabilities and margins			59	11661831	10612903	

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	8237	159371	
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

Liabilities (other than long term insurance business)

Name of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2002**

	Company registration number	GL/UK/CM	Period ended day	Period ended month	Period ended year	Units
R15	3253948	GL	31	12	2002	£000

				As at the end of this financial year 1	As at the end of the previous year 2
Technical provisions (gross amount)	Provision for unearned premiums		11		
	Claims outstanding		12		
	Provision for unexpired risks		13		
	Equalisation provisions	Credit business	14		
		Other than credit business	15		
	Other		16		
	Total (11 to 16)		19		
Provisions for other risks and charges	Taxation		21		
	Other		22		
Deposits received from reinsurers			31		
Creditors	Arising out of insurance operations	Direct insurance business	41		
		Reinsurance accepted	42		
		Reinsurance ceded	43		
	Debenture loans	Secured	44		
		Unsecured	45		
	Amounts owed to credit institutions		46	2468	
	Other creditors	Taxation	47	4757	2712
		Recommended dividend	48		
		Other	49	9760	2802
Accruals and deferred income			51		
Total (19 to 51)			59	16985	5514
Provision for adverse changes (calculated in accordance with rule 5.3) [Regulation 61 of the Insurance Companies Regulations 1994]			61		
Cumulative preference share capital			62		
Subordinated loan capital			63		
Total (59 to 63)			69	16985	5514

Amounts included in line 69 attributable to liabilities to related insurers, other than those under contracts of insurance or reinsurance	71	5848	2802

Profit and loss account (non-technical account)

Name of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2002**

	Company registration number	GL/UK/CM	Period ended day	Period ended month	Period ended year	Units
R16	3253948	GL	31	12	2002	£000

			This financial year 1	Previous year 2	Source Form	Source Line	Source Column
Transfer (to)/from the general insurance business technical account	From Form 20	11			20	.	59
	Equalisation provisions	12					
Transfer from the long term insurance business revenue account		13			40	.	26
Investment income	Income	14	7968	14765			
	Value re-adjustments on investments	15		2430			
	Gains on the realisation of investments	16					
Investment charges	Investment management charges, including interest	17	3	4			
	Value re-adjustments on investments	18	8735				
	Loss on the realisation of investments	19	32383	5656			
Allocated investment return transferred to the general insurance business technical account		20			20	.	51
Other income and charges (particulars to be specified by way of supplementary note)		21					
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)		29	(33153)	11535			
Tax on profit or loss on ordinary activities		31	5092	3461			
Profit or loss on ordinary activities after tax (29-31)		39	(38245)	8074			
Extraordinary profit or loss (particulars to be specified by way of supplementary note)		41					
Tax on extraordinary profit or loss		42					
Other taxes not shown under the preceding items		43					
Profit or loss for the financial year (39+41-(42+43))		49	(38245)	8074			
Dividends (paid and proposed)		51					
Profit or loss retained for the financial year (49-51)		59	(38245)	8074			

Analysis of derivative contracts

Name of insurer **Norwich Union Annuity Limited**

Global business

Insurance Business **Other than long term**

Financial year ended **31st December 2002**

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

	Company registration number	GL/UK/CM	Period ended day	Period ended month	Period ended year	Units	Category of assets
R17	3253948	GL	31	12	2002	£000	1

Derivative contracts			As at the end of this financial year		As at the end of the previous year	
			Assets 1	Liabilities 2	Assets 3	Liabilities 4
Futures contracts	Fixed-interest securities	11		2285	1329	
	Equity shares	12				
	Land	13				
	Currencies	14				
	Other	15				
Options	Fixed-interest securities	21				
	Equity shares	22				
	Land	23				
	Currencies	24				
	Other	25				
Contracts for differences	Fixed-interest securities	31				
	Equity shares	32		1626	1343	
	Land	33				
	Currencies	34				
	Other	35				
Adjustments for variation margin		41		(3911)	(2672)	
Total (11 to 41)		49				

Long term insurance business : Revenue account

Name of insurer **Norwich Union Annuity Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2002**

Name and number of fund/Summary **Summary 1**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	OB/IB	No of fund/ Summary	No of part of Fund
R40	3253948	GL	31	12	2002	£000	OB	1	0

Items to be shown net of reinsurance ceded		The financial year 1	Previous year 2
Earned premiums	11	893978	724655
Investment income receivable before deduction of tax	12	732541	695379
Increase (decrease) in the value of non-linked assets brought into account	13	415465	(236420)
Increase (decrease) in the value of linked assets	14		
Other income	15		
Total income (11 to 15)	19	2041984	1183614
Claims incurred	21	752861	2341196
Expenses payable	22	31543	23970
Interest payable before deduction of tax	23	227	615
Taxation	24	8956	(4816)
Other expenditure	25		
Transfer to (from) non technical account	26		
Total expenditure (21 to 26)	29	793587	2360965
Increase (decrease) in fund in financial year (19-29)	39	1248397	(1177351)
Fund brought forward	49	9723454	10900805
Fund carried forward (39+49)	59	10971851	9723454

Long term insurance business : Analysis of premiums and expenses

Name of insurer **Norwich Union Annuity Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2002**

Name and number of fund/Summary **Summary 1**

	Company registration number	GL/UK/CM	Period ended day	Period ended month	Period ended year	Units	OB/IB	No of fund/ Summary	No of part of Fund
R41	3253948	GL	31	12	2002	£000	OB	1	0

				Gross 1	Payable to or recoverable from reinsurers 2	Net of reinsurance (1-2) 3
Earned premiums in the financial year	Life assurance and general annuity contracts	Single premium	11	52221	19568	32653
		Regular premium	12			
	Pension business contracts	Single premium	13	908272	46947	861325
		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	960493	66515	893978
		Regular premium	29			
	Total premiums at lines 19 and 29 attributable to	UK contracts	31	943165	66515	876650
		Overseas contracts	32	17328		17328
Expenses payable in the financial year	Commission payable in connection with acquisition of business		41	11237		11237
	Other commission payable		42			
	Management expenses in connection with acquisition of business		43	12605		12605
	Management expenses in connection with maintenance of business		44	7280		7280
	Other management expenses		45	421		421
	Total expenses (41 to 45)		49	31543		31543
	Total expenses at line 49 attributable to	UK contracts	51	31327		31327
		Overseas contracts	52	216		216

Long term insurance business : Analysis of claims

Name of insurer **Norwich Union Annuity Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2002**

Name and number of fund/Summary **Summary 1**

	Company registration number	GL/UK/CM	Period ended day	Period ended month	Period ended year	Units	OB/IB	No of fund/ Summary	No of part of Fund
R42	3253948	GL	31	12	2002	£000	OB	1	0

Claims incurred in the financial year			Gross 1	Recoverable from reinsurers 2	Net of reinsurance (1-2) 3
Life assurance and annuity contracts	On death	11	11		11
	By way of lump sums on maturity	12	895		895
	By way of annuity payments	13	48742	7210	41532
	By way of payments arising from other insured events	14			
	On surrender or partial surrender	15	665		665
	Total life assurance and annuity claims (11 to 15)	19	50313	7210	43103
Pension business contracts	On death	21			
	By way of lump sums on vesting	22	17650		17650
	By way of vested annuity payments	23	737216	46400	690816
	On surrender or partial surrender	24	1292		1292
	Total pension business claims (21 to 24)	29	756158	46400	709758
Permanent health contracts	By way of lump sums	31			
	By way of periodical payments	32			
	Total permanent health claims (31+32)	39			
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	806471	53610	752861
Total claims at line 59 attributable to	UK contracts	61	783117	53610	729507
	Overseas contracts	62	23354		23354

Returns under Insurance Companies Legislation

Valuation report prepared by the appointed actuary – IPRU (INS) Appendix 9.4

Name of Company **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2002**

1 The investigation relates to 31 December 2002.

2 The last investigation related to 31 December 2001.

3 The valuation has been made in conformity with Rule 5.6 of the Interim Prudential Sourcebook for Insurers.

4 (1)

(a) There is no accumulating with profit business.

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

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

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

Immediate annuities may have a minimum guarantee period.

All annuity business is non-profit.

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

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

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

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

5 (1)

(a) **United Kingdom: Index Linked Immediate Annuities**
These are immediate annuities where the annuity increases annually in line with the increase in the Retail Price Index.

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

(c) These are all single premium contracts.

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

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

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

(g) Not applicable.

(h) Not applicable, except in cases where pension benefits are altered on settlement of a divorce.

(i) See (d) above.

(j) None.

(k) The contract was open to new business during the year to the valuation date.

(l) Not applicable.

(2) Not applicable.

(4) Not applicable.

(5) Not applicable.

(6) Not applicable.

6 (1) The conventional immediate and deferred annuity business is valued by discounting future benefit payments and maintenance expenses.

The mathematical reserve for RPI-linked annuities is determined with an explicit allowance of 3% for future increases in annuity payments, which is consistent with the treatment of the matching assets. The treatment of RPI-linked annuities which are subject to maximum and minimum percentage annual increases are described in 6.1 (h) below.

(a) Derivative contracts or assets having the effect of derivative contracts and any associated cash holdings, were not included in the assets allocated to the technical liabilities of the fund and as such did not impact on the calculation of the amount of long term liabilities.

(b) The Company has no with profits business.

(c) The Company has no conventional business requiring a net premium valuation.

(d) All negative reserves have been eliminated.

(e) Not applicable.

(f) No provision is needed for any prospective liability for tax on unrealised gains. A provision remains for capital gains tax liability in respect of the unit linked business previously reinsured into Norwich Union Annuities Limited from Norwich Union Life & Pensions Limited and Norwich Union Linked Life Limited. The reinsurance was captured by the ceding company on 2 January 2001 but the tax liability remains with Norwich Union Annuities Limited.

(g) Not applicable.

(h) For the G Plus Bond deferred annuity a guaranteed cash option is available in lieu of an annuity and the reserve is held for this option.

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

6 (2) Not applicable.

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

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

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

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

(4) Mortality is based on the '80 Amounts' tables with adjustments to make prudent allowance for current experience, and for expected improving longevity. The mortality rates at 31 December 1995 have been determined by taking a percentage of the mortality rates of the C=2010 tables as follows:

	Table	**Male**	**Female**
General Annuity	IMA80/IFA80 ultimate	70%	102%
Pensions Annuity	PMA80/PFA80	75%	90%

The allowance for future mortality improvement has been determined by reference to published population mortality investigations and current mortality experience.

For pensions annuity business, the annual reductions in base table mortality rates between 1996 and 2002 range from 4.1% to 0.5% for males and from 2.7% to 0.5% for females. From 2003 the improvement rates are 100% of the Medium Cohort improvement rates for males and 75% for females from CMI Working Paper 1 (December 2002), subject to a minimum of 0.5% p.a. at all ages and calendar years.

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

(5) No allowance is made or reserve held in addition to the assumptions in 7(4) above, in respect of possible changes in the incidence of disease or developments in medical science.

(6) Three different scenarios for changes in asset values have been tested, of which scenario (i) produces the most onerous requirement.

(i) a combination of

(a) fixed interest securities of less than five years outstanding term to redemption and for short term deposits, a fall in the risk free yield of 20%.
(b) for fixed interest securities of fifteen or more years outstanding term to redemption, a fall in the risk free yield of 10%.
(c) for fixed interest securities of more than five but less than fifteen years outstanding term to redemption, a fall in the risk free yield of (25 - {outstanding term in years and part years})%.

(ii) a combination of

(a) a fall in the yields on risk free securities of less than five years outstanding term to redemption and on short term deposits to the level which is calculated under rule 5.11(a) for future investments (or remain constant if already at or below this level).
(b) the yields on risk free securities of at least fifteen years duration remaining constant.
(c) fall in the yields on risk free securities of more than five but less than fifteen years outstanding term to redemption to levels obtained by interpolating between the figures given by (a) above and the 15 year gilt index yield (or remain constant if already at or below this level).

(iii) a rise in the risk free fixed interest yields of three percentage points.

No resilience reserve is required.

(7) The valuation rate of interest used is net of a deduction of 0.107% which provides a prudent margin for the cash flow reinvestment and disinvestment risk, both on the published basis and the mismatch bases (ii) and (iii) described above. A deduction of 0.085% is included for mismatch basis (i).

(8) The assets and liabilities have been revalued on the interest basis (1) described in paragraph 7(6). All other assumptions relating to mortality, expenses and bad debts remain unchanged. The results are:

Increase in aggregate value of assets £539.0m
Increase in aggregate value of liabilities £537.1m

Hence, no further mathematical reserve has been established.

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

8 (a) The Company has no regular premium conventional business.

(b) The value of future maintenance expenses is calculated from current maintenance expense levels by broad category of business, increasing by future expense inflation over the lifetime of each contract.

The annual maintenance allowance has been taken as £16.64 for pensions and general annuities and £22.42 for long term care annuities, based on the terms of the Management Services Agreement between Norwich Union Life Services Limited and Norwich Union Annuity Limited.

9 (a) See Form 54 and 6 (1) above. The assumed rates of mortality and rates of interest for such annuities are indicated in Forms 54 or their supplementary notes.

(b) Not applicable.

10 (1) The assumed future inflation rate applying to maintenance expenses is 4.0% pa.

(2) Based on the non linked business in force at 31 December 2002, the explicit allowance for maintenance expenses during 2003 is £6.1m and the implicit allowance for investment expenses, in the valuation rate of interest, during 2003 is £6.9m.

(3) The costs of acquiring new business assumed in the next twelve months would have little impact on the Company and would be charged to the new business written.

(4) An assessment was made of the cost of closure of the Company to new business at the end of 2002. The cost of closure was covered by margins in the valuation basis. No reserve is required.

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

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

(2) There were 4 reinsurance treaties where the Company was the ceding insurer and under which business was in force at the valuation date.

(i) The first treaty, with Munich Re. This reinsurer is authorised to carry on insurance business in the UK and is not connected. The treaty was closed to new business in March 2001 although premiums continue to be paid on existing business. The treaty is for quota share on UK Long Term Care (Immediate Care) business and the premiums during 2002 were £0.469m. There are no deposit back arrangements under this treaty. There are no liabilities to refund reinsurance commission in the event of lapse or surrender of the contract.

(ii) The second treaty, with Munich Re and Hannover Re. The reinsurers are authorised to carry on insurance business in the UK and are not connected. The treaty is for quota share on UK Long Term Care (Immediate Care) business and the premiums during 2002 were £12.358m. There are no deposit back arrangements under this treaty. There are no liabilities to refund reinsurance commission in the event of lapse or surrender of the contract.

(iii) The third treaty, with Hannover Re. The reinsurer is authorised to carry on insurance business in the UK and are not connected. The treaty is for quota share on UK Impaired Life Annuity business. The premiums during 2002 were less than £0.01m. There are no deposit back arrangements under this treaty.

(iv) The fourth treaty, with XL Re and Partner Re. The reinsurers are authorised to carry on insurance business in the UK and are not connected. The treaty commenced on 31st March 2002 and is a quota share mortality swap arrangement where fixed reinsurance premiums are paid in exchange for reinsurance claims linked to actual claims. The mortality risk is in respect of a proportion of the in-force UK pension annuity business. The premiums during 2002 were £46.947m, representing payments since 1st April. The total annuity ceded is £62.596m per annum. No annuity is shown as ceded on Form 51 in order to avoid distortion in the net annuity total. There are no deposit back arrangements under this treaty.

(3) Not applicable.

13 The Company has no with profits business.

14-16 Not relevant.

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

19 (1) Forms 48 and 49 follow.

(2) The Company has held no derivative contracts in its non linked policyholder funds. Details of derivative contracts held in the shareholder's fund are given in the statement required by IPRU (INS) 9.29 on page 66.

20 Forms 51and 54 follow.

21 (1) Form 57 follows.

21 (2) In accordance with Rule 5.11(7)(a) of the Interim Prudential Sourcebook for Insurers, a prudent adjustment, excluding that part of the yield estimated to represent compensation for the risk that the income from the asset might not be maintained or that capital repayments might not be received as they fall due, was made to the yield on assets.

This adjustment took account of :

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

The deductions for bad debts were:

Gilts	Corporate Bonds	Bonds – Alternative Investments	Commercial Mortgages
0.00%	0.28%	0.69%	0.42%

21 (3) The Company holds equity shares in and loans to its subsidiary Norwich Union Mortgage Holdings Limited, which offers predominantly fixed interest commercial mortgages. The aggregate value of those shares and loans and the yield from them takes account of the risks inherent in the underlying mortgages, as described in Section 21(2).

22 & 23 Forms 58 and 60 follow.

M N Urmston
Appointed Actuary

Form 46

Long term insurance business : Summary of changes in ordinary long term business

Name of insurer **Norwich Union Annuity Limited**

Global business

United Kingdom business

Non-linked

Financial year ended **31st December 2002**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	UK/OS	NL/LN
R46	3253948	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	13872		302523					
New business and increases	12	464		30656					
Net transfers and other alterations 'on'	13	20		3952					
Total 'on' (12+13)	19	484		34608					
Deaths	21	909		5738					
Other insured events	22								
Maturities	23								
Surrenders	24	13		124					
Forfeitures	25								
Conversions to paid-up policies for reduced benefits	26								
Net transfers, expiries and other alterations 'off'	27	681		427					
Total 'off' (21 to 27)	29	1603		6289					
In force at end of year (11+19-29)	39	12753		330842					

Form 46

Long term insurance business : Summary of changes in ordinary long term business

Name of insurer **Norwich Union Annuity Limited**

Global business

United Kingdom business

Linked

Financial year ended **31st December 2002**

	Company registration number	GL/UK/CM	Period ended day	Period ended month	Period ended year	Units	UK/OS	NL/LN
	R46	3253948	GL	31	12	2002	£000	UK	LN

		Life assurance and general annuity		Pensions business		Permanent health		Other business	
		No of contracts 1	Annual premiums 2	No of contracts 3	Annual premiums 4	No of contracts 5	Annual premiums 6	No of contracts 7	Annual premiums 8
In force at beginning of year	11	3		7077					
New business and increases	12	93		2208					
Net transfers and other alterations 'on'	13	170		54					
Total 'on' (12+13)	19	263		2262					
Deaths	21	47		55					
Other insured events	22								
Maturities	23								
Surrenders	24	3		7					
Forfeitures	25								
Conversions to paid-up policies for reduced benefits	26								
Net transfers, expiries and other alterations 'off'	27	69		4043					
Total 'off' (21 to 27)	29	119		4105					
In force at end of year (11+19-29)	39	147		5234					

Long term insurance business : Summary of changes in ordinary long term business

Name of insurer **Norwich Union Annuity Limited**

Global business

Overseas business

Non-linked

Financial year ended **31st December 2002**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	UK/OS	NL/LN
	R46	3253948	GL	31	12	2002	£000	OS	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	6728							
New business and increases	12	394							
Net transfers and other alterations 'on'	13	47							
Total 'on' (12+13)	19	441							
Deaths	21	67							
Other insured events	22								
Maturities	23	15							
Surrenders	24	2							
Forfeitures	25								
Conversions to paid-up policies for reduced benefits	26								
Net transfers, expiries and other alterations 'off'	27	131							
Total 'off' (21 to 27)	29	215							
In force at end of year (11+19-29)	39	6954							

Form 46

Long term insurance business : Summary of changes in ordinary long term business

Name of insurer **Norwich Union Annuity Limited**

Global business

Overseas business

Linked

Financial year ended **31st December 2002**

	Company registration number	GL/UK/CM	Period ended day	Period ended month	Period ended year	Units	UK/OS	NL/LN
	R46	3253948	GL	31	12	2002	£000	OS	LN

		Life assurance and general annuity		Pensions business		Permanent health		Other business	
		No of contracts 1	Annual premiums 2	No of contracts 3	Annual premiums 4	No of contracts 5	Annual premiums 6	No of contracts 7	Annual premiums 8
In force at beginning of year	11	29							
New business and increases	12	8							
Net transfers and other alterations 'on'	13								
Total 'on' (12+13)	19	8							
Deaths	21	1							
Other insured events	22								
Maturities	23								
Surrenders	24								
Forfeitures	25								
Conversions to paid-up policies for reduced benefits	26								
Net transfers, expiries and other alterations 'off'	27	19							
Total 'off' (21 to 27)	29	20							
In force at end of year (11+19-29)	39	17							

Form 47
(Sheet 1)

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

Name of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2002**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units
R47	3253948	GL	31	12	2002	£000

Type of insurance	Single premium contracts			Regular premium contracts		
	No of contracts	Premiums	Sums assured, annuities per annum or other measures of benefit	No of contracts	Annual premiums	Sums assured, annuities per annum or other measures of benefit
1	2	3	4	5	6	7
UK DIRECT WRITTEN INSURANCE BUSINESS						
Life Assurance & General Annuity Insurance Business						
Non-Linked Non-Profit Policies						
Immediate Annuity	417	29335	4617 pa			
Sub total: Non-Linked Non-Profit Policies	**417**	**29335**	**4617 pa**			
Index Linked Contracts						
Annuity in payment	93	5306	1073 pa			
Sub total: Index Linked Contracts	**93**	**5306**	**1073 pa**			
Total: Life Assurance & General Annuity Insurance Business	**510**	**34641**	**5690 pa**			

Form 47
(Sheet 2)

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

Name of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2002**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units
R47	3253948	GL	31	12	2002	£000

Type of insurance	Single premium contracts			Regular premium contracts		
	No of contracts	Premiums	Sums assured, annuities per annum or other measures of benefit	No of contracts	Annual premiums	Sums assured, annuities per annum or other measures of benefit
1	2	3	4	5	6	7
Pension Insurance Business						
Non-Linked Non-Profit Policies						
Annuity in Payment	8402	226462	13965 pa			
Annuity in Payment(Increments)		650	38 pa			
Sub total: Non-Linked Non-Profit Policies	**8402**	**227112**	**14003 pa**			
Index Linked Contracts						
Annuity in payment	1266	67357	3241 pa			
Annuity in Payment(Increments)		237	155 pa			
Sub total: Index Linked Contracts	**1266**	**67594**	**3396 pa**			
Total: Pension Insurance Business	**9668**	**294706**	**17399 pa**			
Total: UK Direct Written Insurance Business	**10178**	**329347**	**23089 pa**			

Form 47
(Sheet 3)

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

Name of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2002**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units
R47	3253948	GL	31	12	2002	£000

Type of insurance	Single premium contracts			Regular premium contracts		
	No of contracts	Premiums	Sums assured, annuities per annum or other measures of benefit	No of contracts	Annual premiums	Sums assured, annuities per annum or other measures of benefit
1	2	3	4	5	6	7
UK REINSURANCE ACCEPTED						
Life Assurance & General Annuity Insurance Business						
Non-Linked Non-Profit Policies						
Annuity in payment	47	252	17 pa			
Sub total: Non-Linked Non-Profit Policies	**47**	**252**	**17 pa**			
Total: Life Assurance & General Annuity Insurance Business	**47**	**252**	**17 pa**			

Form 47
(Sheet 4)

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

Name of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2002**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units
R47	3253948	GL	31	12	2002	£000

Type of insurance	Single premium contracts			Regular premium contracts		
	No of contracts	Premiums	Sums assured, annuities per annum or other measures of benefit	No of contracts	Annual premiums	Sums assured, annuities per annum or other measures of benefit
1	2	3	4	5	6	7
Pension Insurance Business						
Non-Linked Non-Profit Policies						
Annuity in payment	22254	559733	38896 pa			
Annuity in Payment(Increments)		1184	54 pa			
Sub total: Non-Linked Non-Profit Policies	**22254**	**560917**	**38950 pa**			
Index Linked Contracts						
Annuity in Payment	942	52142	4312 pa			
Annuity in Payment (Increments)		507	36 pa			
Sub total: Index Linked Contracts	**942**	**52649**	**4348 pa**			
Total: Pension Insurance Business	**23196**	**613566**	**43298 pa**			
Total: UK Reinsurance Accepted	**23243**	**613818**	**43315 pa**			

Form 47
(Sheet 5)

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

Name of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2002**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units
R47	3253948	GL	31	12	2002	£000

Type of insurance	Single premium contracts			Regular premium contracts		
	No of contracts	Premiums	Sums assured, annuities per annum or other measures of benefit	No of contracts	Annual premiums	Sums assured, annuities per annum or other measures of benefit
1	2	3	4	5	6	7
OVERSEAS DIRECT WRITTEN INSURANCE BUSINESS						
Life Assurance & General Annuity Insurance Business						
Non-Linked Non-Profit Policies						
Immediate Annuity	68	2433	252 pa			
Annuity in Payment (Increments)		2				
Sub total: Non-Linked Non-Profit Policies	**68**	**2435**	**252 pa**			
Total: Life Assurance & General Annuity Insurance Business	**68**	**2435**	**252 pa**			
Total: Overseas Direct Written Insurance Business	**68**	**2435**	**252 pa**			

Form 47
(Sheet 6)

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

Name of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2002**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units
R47	3253948	GL	31	12	2002	£000

Type of insurance	Single premium contracts			Regular premium contracts		
	No of contracts	Premiums	Sums assured, annuities per annum or other measures of benefit	No of contracts	Annual premiums	Sums assured, annuities per annum or other measures of benefit
1	2	3	4	5	6	7
OVERSEAS REINSURANCE ACCEPTED						
Life Assurance & General Annuity Insurance Business						
Non-Linked Non-Profit Policies						
Annuity in Payment	326	14553	889 pa			
Annuity in Payment(Increments)		17				
Sub total: Non-Linked Non-Profit Policies	**326**	**14570**	**889 pa**			
Index Linked Contracts						
Annuity in payment	8	323	22 pa			
Sub total: Index Linked Contracts	**8**	**323**	**22 pa**			
Total: Life Assurance & General Annuity Insurance Business	**334**	**14893**	**911 pa**			
Total: Overseas Reinsurance Accepted	**334**	**14893**	**911 pa**			

Long term insurance business : Expected income from admissible assets not held to match liabilities in respect of linked benefits

Name of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2002**

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

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Category of assets
R48	3253948	GL	31	12	2002	£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	2839	261	8.27
Fixed interest securities	Approved securities	12	1210783	51321	4.74
	Other	13	3102358	197850	6.12
Variable interest and variable yield securities (excluding items shown at line 16)	Approved securities	14	11155	307	2.52
	Other	15			
Equity shares and holdings in collective investment schemes		16			
Loans secured by mortgages		17			
All other assets	Producing income	18	6563785	418244	6.37
	Not producing income	19	246707		
Total (11 to 19)		29	11137627	667983	5.98

Form 49

Long term insurance business : Analysis of admissible fixed interest and variable interest and variable yield securities not held to match liabilities in respect of linked benefits

Name of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2002**

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

	Company registration number	GL/UK/CM	Period ended day	Period ended month	Period ended year	Units	Category of assets
R49	3253948	GL	31	12	2002	£000	10

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	24993	3.75		Variable interest and variable yield approved securities excluding equities	1880	3.77	
More than one year but not more than five years	12		17567	4.01			2947	2.23	
More than five years but not more than ten years	13		36066	4.71			1549	2.32	
More than ten years but not more than fifteen years	14		252984	4.73			4133	2.30	
More than fifteen years but not more than twenty years	15		257138	4.88					
More than twenty years but not more than twenty five years	16		12929	5.53					
More than twenty five years	17		536382	4.76			646	2.13	
Irredeemable	18		72724	4.59					
Total (11 to 18)	19		1210783	4.74			11155	2.52	
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		77418	6.40	24932				
More than five years but not more than ten years	23		226411	6.24	26217				
More than ten years but not more than fifteen years	24		518488	6.31	65262				
More than fifteen years but not more than twenty years	25		681885	6.30	80608				
More than twenty years but not more than twenty five years	26		550803	6.10	59357				
More than twenty five years	27		819435	5.64	11380				
Irredeemable	28		227918	6.70	56256				
Total (21 to 28)	29		3102358	6.12	324012				

Form 51
(Sheet 1)

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

Name of insurer **Norwich Union Annuity Limited**

Global business

United Kingdom business

Financial year ended **31st December 2002**

Type of business **Life Assurance & General Annuity Insurance Business**

Category of surplus **Ordinary Long Term**

Company registration number	GL/UK/CM	Period ended day	Period ended month	Period ended year	Units	UK/OS	Type of business	Category of surplus
R51	3253948	GL	31	12	2002	£000	UK	L&GA	11

Type of insurance or name of contract	Valuation basis: Rate of interest	Valuation basis: Mortality or morbidity table	No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums: Office premiums	Amount of annual premiums: Net 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: Office premiums	Value of annual premiums: Net premiums	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9	10	11	12
DIRECT WRITTEN INSURANCE BUSINESS											
Non-Profit Policies											
Annuity in payment	5.308	IMA/IFA80	5092	9528 pa				89264			89264
Annuity in payment	5.308	PMA/PFA80	3150	1053 pa				8889			8889
Annuity in payment	4.808	IMA/IFA80	976	3095 pa				32279			32279
Annuity in payment	4.808	PMA/PFA80	1046	253 pa				2994			2994
Annuity in payment (Temporary)	5.308	IMA/IFA80	203	327 pa				1064			1064
Annuity in payment (Temporary)	4.808	IMA/IFA80	260	919 pa				1743			1743
Annuity in payment - (Long Term Care)	4.808	IMA/IFA80	451	5684 pa				25161			25161
Annuity certain	5.308		3	3 pa				4			4
Annuity certain	4.808		12	47 pa				142			142
Reversionary annuity	5.308	PMA/PFA80	15	22 pa				75			75
Contingency reserve								247			247
Sub total: Non-Profit Policies			**11208**	**20931 pa**				**161862**			**161862**
Sub total: Direct Written Insurance Business			**11208**	**20931 pa**				**161862**			**161862**

Form 51
(Sheet 2)

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

Name of insurer **Norwich Union Annuity Limited**

Global business

United Kingdom business

Financial year ended **31st December 2002**

Type of business **Life Assurance & General Annuity Insurance Business**

Category of surplus **Ordinary Long Term**

Company registration number	GL/UK/CM	Period ended day	Period ended month	Period ended year	Units	UK/OS	Type of business	Category of surplus
R51	3253948	GL	31	12	2002	£000	UK	L&GA	11

Type of insurance or name of contract	Valuation basis: Rate of interest	Valuation basis: Mortality or morbidity table	No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums: Office premiums	Amount of annual premiums: Net 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: Office premiums	Value of annual premiums: Net premiums	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9	10	11	12
REASSURANCE ACCEPTED											
Non-Profit Policies											
Annuity in payment	5.308	IMA/IFA80	3	3 pa				14			14
Annuity in payment	5.308	PMA/PFA80	431	104 pa				932			932
Annuity in payment	4.808	IMA/IFA80	160	406 pa				4631			4631
Annuity in payment	4.808	PMA/PFA80	506	159 pa				2059			2059
Annuity in payment (Temporary)	4.808	IMA/IFA80	284	413 pa				712			712
Annuity in payment - (Long Term Care)	4.808	IMA/IFA80	144	1752 pa				6637			6637
Annuity certain	4.808		8	9 pa				30			30
Reversionary annuity	5.308	PMA/PFA80	9	13 pa				35			35
Sub total: Non-Profit Policies			**1545**	**2859 pa**				**15050**			**15050**
Sub total: Reassurance Accepted			**1545**	**2859 pa**				**15050**			**15050**
REASSURANCE CEDED											
Non-Profit Policies											
Annuity in payment	5.308	PMA/PFA80						1			1

Form 51
(Sheet 3)

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

Name of insurer **Norwich Union Annuity Limited**

Global business

United Kingdom business

Financial year ended **31st December 2002**

Type of business **Life Assurance & General Annuity Insurance Business**

Category of surplus **Ordinary Long Term**

	Company registration number	GL/UK/CM	Period ended day	Period ended month	Period ended year	Units	UK/OS	Type of business	Category of surplus
R51	3253948	GL	31	12	2002	£000	UK	L&GA	11

Type of insurance or name of contract	Valuation basis: Rate of interest	Valuation basis: Mortality or morbidity table	No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums: Office premiums	Amount of annual premiums: Net 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: Office premiums	Value of annual premiums: Net premiums	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9	10	11	12
Annuity in payment - (Long Term Care)	4.808	IMA/IFA80		2812 pa				12575			12575
Sub total: Non-Profit Policies				**2812 pa**				**12576**			**12576**
Sub total: Reassurance Ceded				**2812 pa**				**12576**			**12576**
Net total: Life Assurance & General Annuity Insurance Business			**12753**	**20978 pa**				**164336**			**164336**

Form 51
(Sheet 4)

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

Name of insurer **Norwich Union Annuity Limited**

Global business

United Kingdom business

Financial year ended **31st December 2002**

Type of business **Pension Insurance Business**

Category of surplus **Ordinary Long Term**

	Company registration number	GL/UK/CM	Period ended day	Period ended month	Period ended year	Units	UK/OS	Type of business	Category of surplus
R51	3253948	GL	31	12	2002	£000	UK	Pens	11

Type of insurance or name of contract	Valuation basis: Rate of interest	Valuation basis: Mortality or morbidity table	No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums: Office premiums	Amount of annual premiums: Net 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: Office premiums	Value of annual premiums: Net premiums	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9	10	11	12
DIRECT WRITTEN INSURANCE BUSINESS											
Non-Profit Policies											
Annuity in payment	5.308	PMA/PFA80	180080	427040 pa				5566121			5566121
Annuity in payment (Temporary)	5.308	PMA/PFA80	14	36 pa				134			134
Annuity certain	5.308		678	1838 pa				4066			4066
Reversionary annuity	5.308	PMA/PFA80	1337	5125 pa				30516			30516
Contingency reserve								14892			14892
Sub total: Non-Profit Policies			**182109**	**434039 pa**				**5615729**			**5615729**
Sub total: Direct Written Insurance Business			**182109**	**434039 pa**				**5615729**			**5615729**
REASSURANCE ACCEPTED											
Non-Profit Policies											
Annuity in payment	5.308	PMA/PFA80	140124	287781 pa				4192995			4192995
Annuity in payment (Temporary)	5.308	PMA/PFA80	28	40 pa				237			237
Annuity certain	5.308		1305	2904 pa				7434			7434
Reversionary annuity	5.308	PMA/PFA80	1351	619 pa				2923			2923

Form 51
(Sheet 5)

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

Name of insurer **Norwich Union Annuity Limited**

Global business

United Kingdom business

Financial year ended **31st December 2002**

Type of business **Pension Insurance Business**

Category of surplus **Ordinary Long Term**

	Company registration number	GL/UK/CM	Period ended day	Period ended month	Period ended year	Units	UK/OS	Type of business	Category of surplus
R51	3253948	GL	31	12	2002	£000	UK	Pens	11

Type of insurance or name of contract	Valuation basis: Rate of interest	Valuation basis: Mortality or morbidity table	No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums: Office premiums	Amount of annual premiums: Net 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: Office premiums	Value of annual premiums: Net premiums	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9	10	11	12
From Provident Mutual											
Single Life Annuities in Payment	5.308	PMA/PFA80	2086	5500 pa				67931			67931
Joint Life Last Survivor Annuities in Payment	5.308	PMA/PFA80	4	13 pa				174			174
Reversionary annuity	5.308	PMA/PFA80	530	1222 pa				3712			3712
Group annuities	5.308	PMA/PFA80	4097	7043 pa				80623			80623
Sub total: Non-Profit Policies			**149525**	**305122 pa**				**4356029**			**4356029**
Sub total: Reassurance Accepted			**149525**	**305122 pa**				**4356029**			**4356029**
REASSURANCE CEDED											
Non-Profit Policies											
Annuity in payment	5.308	PMA/PFA80		762 pa				11244			11244
Reversionary annuity	5.308	PMA/PFA80		105 pa				575			575
Annuity in payment (X/L / Partner-Re)	5.308	PMA/PFA80						19480			19480
Sub total: Non-Profit Policies				**867 pa**				**31299**			**31299**

Form 51
(Sheet 6)

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

Name of insurer **Norwich Union Annuity Limited**

Global business

United Kingdom business

Financial year ended **31st December 2002**

Type of business **Pension Insurance Business**

Category of surplus **Ordinary Long Term**

	Company registration number	GL/UK/CM	Period ended day	Period ended month	Period ended year	Units	UK/OS	Type of business	Category of surplus
R51	3253948	GL	31	12	2002	£000	UK	Pens	11

Type of insurance or name of contract	Valuation basis: Rate of interest	Valuation basis: Mortality or morbidity table	No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums: Office premiums	Amount of annual premiums: Net 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: Office premiums	Value of annual premiums: Net premiums	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9	10	11	12
Sub total: Reassurance Ceded				**867 pa**				**31299**			**31299**
Net total: Pension Insurance Business			**331634**	**738294 pa**				**9940459**			**9940459**
Net total: United Kingdom Insurance Business			**344387**	**759272 pa**				**10104795**			**10104795**

Form 51
(Sheet 7)

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

Name of insurer **Norwich Union Annuity Limited**

Global business

Overseas business

Financial year ended **31st December 2002**

Type of business **Life Assurance & General Annuity Insurance Business**

Category of surplus **Ordinary Long Term**

Company registration number	GL/UK/CM	Period ended day	Period ended month	Period ended year	Units	UK/OS	Type of business	Category of surplus
R51 3253948	GL	31	12	2002	£000	OS	L&GA	11

Type of insurance or name of contract	Valuation basis: Rate of interest	Valuation basis: Mortality or morbidity table	No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums: Office premiums	Amount of annual premiums: Net 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: Office premiums	Value of annual premiums: Net premiums	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9	10	11	12
DIRECT WRITTEN INSURANCE BUSINESS											
Non-Profit Policies											
Annuity in payment	5.308	PMA/PFA80	810	1916 pa				25881			25881
Annuity in payment	5.308	IMA/IFA80	3508	14717 pa				219023			219023
Annuity in payment (Temporary)	5.308	IMA/IFA80	372	682 pa				1798			1798
Annuity certain	5.308		18	152 pa				466			466
Annuity in payment - - (Temporary - G Plus bond)	4.808	IMA/IFA80	14	18 pa				44			44
Deferred annuity - - (G Plus single premium bond) Guarantee applies	4.808		14	33 pa				227			227
Reversionary annuity	5.308	PMA/PFA80	2	7 pa				20			20
Contingency reserve								514			514

Form 51
(Sheet 8)

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

Name of insurer **Norwich Union Annuity Limited**

Global business

Overseas business

Financial year ended **31st December 2002**

Type of business **Life Assurance & General Annuity Insurance Business**

Category of surplus **Ordinary Long Term**

Company registration number	GL/UK/CM	Period ended day	Period ended month	Period ended year	Units	UK/OS	Type of business	Category of surplus
R51	3253948	GL	31	12	2002	£000	OS	L&GA	11

Type of insurance or name of contract	Valuation basis: Rate of interest	Valuation basis: Mortality or morbidity table	No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums: Office premiums	Amount of annual premiums: Net 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: Office premiums	Value of annual premiums: Net premiums	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9	10	11	12
Sub total: Non-Profit Policies			**4738**	**17525 pa**				**247973**			**247973**
Sub total: Direct Written Insurance Business			**4738**	**17525 pa**				**247973**			**247973**
REASSURANCE ACCEPTED											
Non-Profit Policies											
Annuity in payment	5.308	PMA/PFA80	2105	6335 pa				94588			94588
Annuity in payment	5.308	IMA/IFA80	23	83 pa				604			604
Annuity in payment (Temporary)	5.308	IMA/IFA80	8	22 pa				69			69
Annuity in payment (Temporary)	5.308	PMA/PFA80	3	14 pa				42			42
Annuity in payment - - (Temporary - G Plus bond)	4.808	IMA/IFA80	30	58 pa				42			42
Deferred annuity - - (G Plus bond) Guarantee applies	4.808		30	76 pa				983			983
Annuity certain	5.308		13	27 pa				33			33
Reversionary annuity	5.308	PMA/PFA80	4	4 pa				14			14

Form 51
(Sheet 9)

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

Name of insurer **Norwich Union Annuity Limited**

Global business

Overseas business

Financial year ended **31st December 2002**

Type of business **Life Assurance & General Annuity Insurance Business**

Category of surplus **Ordinary Long Term**

Company registration number	GL/UK/CM	Period ended day	Period ended month	Period ended year	Units	UK/OS	Type of business	Category of surplus
R51	3253948	GL	31	12	2002	£000	OS	L&GA	11

Type of insurance or name of contract	Valuation basis: Rate of interest	Valuation basis: Mortality or morbidity table	No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums: Office premiums	Amount of annual premiums: Net 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: Office premiums	Value of annual premiums: Net premiums	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9	10	11	12
Sub total: Non-Profit Policies			**2216**	**6619 pa**				**96375**			**96375**
Sub total: Reassurance Accepted			**2216**	**6619 pa**				**96375**			**96375**
REASSURANCE CEDED											
Non-Profit Policies											
Annuity in payment	5.308	IMA/IFA80		101 pa				1496			1496
Sub total: Non-Profit Policies				**101 pa**				**1496**			**1496**
Sub total: Reassurance Ceded				**101 pa**				**1496**			**1496**
Net total: Life Assurance & General Annuity Insurance Business			**6954**	**24043 pa**				**342852**			**342852**
Net total: Overseas Insurance Business			**6954**	**24043 pa**				**342852**			**342852**

Form 54
(Sheet 1)

Long term insurance business : Valuation summary of index linked contracts

Name of insurer **Norwich Union Annuity Limited**

Global business

United Kingdom business

Financial year ended **31st December 2002**

Type of business **Life Assurance & General Annuity Insurance Business**

Category of surplus **Ordinary Long Term**

	Company registration number	GL/UK/CM	Period ended day	Period ended month	Period ended year	Units	UK/OS	Type of business	Category of surplus
R54	3253948	GL	31	12	2002	£000	UK	L&GA	11

Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Name of index link	Investment liability		Other liabilities		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death/current payable per annum	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
DIRECT WRITTEN INSURANCE BUSINESS Non-Profit Policies														
Annuity in payment (Long Term Care) - Index Linked	2.242	IMA/IFA80	157		1816 pa				RPI			8449		8449
Contingency Reserve									RPI			9		9
Sub total: Non-Profit Policies			**157**		**1816 pa**							**8458**		**8458**
Sub total: Direct Written Insurance Business			**157**		**1816 pa**							**8458**		**8458**
REASSURANCE ACCEPTED Non-Profit Policies														
Annuity in payment - Index Linked	2.242	IMA/IFA80	3		5 pa				RPI			63		63
Annuity in payment (Long Term Care) - Index Linked	2.242	IMA/IFA80	56		646 pa				RPI			2375		2375

Form 54
(Sheet 2)

Long term insurance business : Valuation summary of index linked contracts

Name of insurer **Norwich Union Annuity Limited**

Global business

United Kingdom business

Financial year ended **31st December 2002**

Type of business **Life Assurance & General Annuity Insurance Business**

Category of surplus **Ordinary Long Term**

	Company registration number	GL/UK/CM	Period ended day	Period ended month	Period ended year	Units	UK/OS	Type of business	Category of surplus
R54	3253948	GL	31	12	2002	£000	UK	L&GA	11

Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Name of index link	Investment liability		Other liabilities		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death/current payable per annum	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Sub total: Non-Profit Policies			**59**		**651 pa**							**2438**		**2438**
Sub total: Reassurance Accepted			**59**		**651 pa**							**2438**		**2438**
REASSURANCE CEDED														
Non-Profit Policies														
Annuity in payment (Long Term Care) - Index Linked	2.242	IMA/IFA80			978 pa				RPI			4666		4666
Sub total: Non-Profit Policies					**978 pa**							**4666**		**4666**
Sub total: Reassurance Ceded					**978 pa**							**4666**		**4666**
Net total: Life Assurance & General Annuity Insurance Business			**216**		**1489 pa**							**6230**		**6230**

Form 54
(Sheet 3)

Long term insurance business : Valuation summary of index linked contracts

Name of insurer **Norwich Union Annuity Limited**

Global business

United Kingdom business

Financial year ended **31st December 2002**

Type of business **Pension Insurance Business**

Category of surplus **Ordinary Long Term**

	Company registration number	GL/UK/CM	Period ended day	Period ended month	Period ended year	Units	UK/OS	Type of business	Category of surplus
R54	3253948	GL	31	12	2002	£000	UK	Pens	11

Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Name of index link	Investment liability		Other liabilities		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death/current payable per annum	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
DIRECT WRITTEN INSURANCE BUSINESS Non-Profit Policies														
Annuity in payment - Index Linked	2.727	PMA/PFA80	3947		21701 pa				RPI			329807		329807
Annuity certain	2.727		15		137 pa				RPI			312		312
Reversionary annuity	2.727	PMA/PFA80	9		32 pa				RPI			132		132
Contingency reserve									RPI			771		771
Sub total: Non-Profit Policies			**3971**		**21870 pa**							**331022**		**331022**
Sub total: Direct Written Insurance Business			**3971**		**21870 pa**							**331022**		**331022**
REASSURANCE ACCEPTED Non-Profit Policies														
Annuity in payment - Index Linked	2.727	PMA/PFA80	6524		11087 pa				RPI			199034		199034
Annuity certain	2.727		29		31 pa				RPI			87		87
Reversionary annuity	2.727	PMA/PFA80	64		6 pa				RPI			32		32

Long term insurance business : Valuation summary of index linked contracts

Name of insurer **Norwich Union Annuity Limited**

Global business

United Kingdom business

Financial year ended **31st December 2002**

Type of business **Pension Insurance Business**

Category of surplus **Ordinary Long Term**

	Company registration number	GL/UK/CM	Period ended day	Period ended month	Period ended year	Units	UK/OS	Type of business	Category of surplus
R54	3253948	GL	31	12	2002	£000	UK	Pens	11

Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Name of index link	Investment liability		Other liabilities		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death/current payable per annum	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Sub total: Non-Profit Policies			**6617**		**11124 pa**							**199153**		**199153**
Sub total: Reassurance Accepted			**6617**		**11124 pa**							**199153**		**199153**
REASSURANCE CEDED														
Non-Profit Policies														
Annuity in payment - Index Linked	2.727	PMA/PFA80			998 pa				RPI			14229		14229
Sub total: Non-Profit Policies					**998 pa**							**14229**		**14229**
Sub total: Reassurance Ceded					**998 pa**							**14229**		**14229**
Net total: Pension Insurance Business			**10588**		**31996 pa**							**515946**		**515946**
Net total: United Kingdom Insurance Business			**10804**		**33485 pa**							**522176**		**522176**

Long term insurance business : Valuation summary of index linked contracts

Name of insurer **Norwich Union Annuity Limited**

Global business

Overseas business

Financial year ended **31st December 2002**

Type of business **Life Assurance & General Annuity Insurance Business**

Category of surplus **Ordinary Long Term**

	Company registration number	GL/UK/CM	Period ended day	Period ended month	Period ended year	Units	UK/OS	Type of business	Category of surplus
R54	3253948	GL	31	12	2002	£000	OS	L&GA	11

Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Name of index link	Investment liability		Other liabilities		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death/current payable per annum	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
DIRECT WRITTEN INSURANCE BUSINESS Non-Profit Policies														
Annuity in payment - Index Linked	2.727	PMA/PFA80	4		112 pa				RPI			1418		1418
Contingency reserve									RPI			3		3
Sub total: Non-Profit Policies			**4**		**112 pa**							**1421**		**1421**
Sub total: Direct Written Insurance Business			**4**		**112 pa**							**1421**		**1421**
REASSURANCE ACCEPTED Non-Profit Policies														
Annuity in payment - Index Linked	2.727	PMA/PFA80	50		32 pa				RPI			607		607
Sub total: Non-Profit Policies			**50**		**32 pa**							**607**		**607**

Long term insurance business : Valuation summary of index linked contracts

Name of insurer **Norwich Union Annuity Limited**

Global business

Overseas business

Financial year ended **31st December 2002**

Type of business **Life Assurance & General Annuity Insurance Business**

Category of surplus **Ordinary Long Term**

	Company registration number	GL/UK/CM	Period ended day	Period ended month	Period ended year	Units	UK/OS	Type of business	Category of surplus
R54	3253948	GL	31	12	2002	£000	OS	L&GA	11

Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Name of index link	Investment liability		Other liabilities		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death/current payable per annum	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Sub total: Reassurance Accepted			**50**		**32 pa**							**607**		**607**
Net total: Life Assurance & General Annuity Insurance Business			**54**		**144 pa**							**2028**		**2028**
Net total: Overseas Insurance Business			**54**		**144 pa**							**2028**		**2028**

Form 56
(Sheet 1)

Long term insurance business : Analysis of assets and liabilities matching investment liabilities in respect of index linked benefits

Name of insurer **Norwich Union Annuity Limited**

Global business

United Kingdom business

Financial year ended **31st December 2002**

Category of surplus **Ordinary Long Term**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	UK/OS	Category of Surplus
R56	3253948	GL	31	12	2002	£000	UK	11

Type of assets and liabilities	Name of index link 1	Value of assets or liabilities 2	Gross derivative value 3
Variable Yield Securities - Approved	RPI	522176	
Sub total assets		**522176**	
Sub total liabilities			
Sub total net assets		**522176**	
Total assets		**522176**	
Total liabilities			
Net total assets		**522176**	

Form 56
(Sheet 2)

Long term insurance business : Analysis of assets and liabilities matching investment liabilities in respect of index linked benefits

Name of insurer **Norwich Union Annuity Limited**

Global business

Overseas business

Financial year ended **31st December 2002**

Category of surplus **Ordinary Long Term**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	UK/OS	Category of Surplus
R56	3253948	GL	31	12	2002	£000	OS	11

Type of assets and liabilities	Name of index link 1	Value of assets or liabilities 2	Gross derivative value 3
Variable Yield Securities - Approved	RPI	2028	
Sub total assets		**2028**	
Sub total liabilities			
Sub total net assets		**2028**	
Total assets		**2028**	
Total liabilities			
Net total assets		**2028**	

Form 57
(Sheet 1)

Long term insurance business : Matching rectangle

Name of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2002**

Sterling liabilities

Valuation rate(s) of interest **2.242%**

Type of business **Life Assurance and Annuity Insurance Business**

Non profit

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

	Company registration number	GL/UK/CM	Period ended day	Period ended month	Period ended year	Units	Stg/ NonStg	Valuation rate of interest	L&GA/Pens/ PHI/Other	WP/NP	Category of assets
R57	3253948	GL	31	12	2002	£000	Stg	2.24	L&GA	NP	10

Type of asset notionally allocated			The valuation: Value of asset notionally allocated 1	The valuation: Risk adjusted yield % 2	The resilience scenario: Value of assets notionally allocated: On original allocation 3	The resilience scenario: Value of assets notionally allocated: Increase or decrease 4	The resilience scenario: Value of assets notionally allocated: Total under resilience scenario 5	The resilience scenario: Risk adjusted yield % 6
Land and buildings		11						
Fixed interest securities	Approved securities	12						
	Other	13						
Variable interest and Variable yield securities (excluding items shown at line 16)	Approved securities	14	2209	2.50	2311	(10)	2301	1.87
	Other	15	3833	2.97	4105	(222)	3883	2.15
Equity shares and holdings in collective investment schemes		16						
Loans secured by mortgages		17						
All other assets	Producing income	18	188	6.23	232	(13)	219	4.45
	Not producing income	19						
Total (11 to 19)		29	6230	2.90	6648	(245)	6403	2.13
Gross valuation interest rate %		31		2.73				1.99
Net valuation interest rate % (where appropriate)		32		2.24				1.51
Mathematical reserve or other liability, net of reinsurance		33	6230				6403	

Form 57
(Sheet 2)

Long term insurance business : Matching rectangle

Name of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2002**

Sterling liabilities

Valuation rate(s) of interest **2.727%**

Type of business **Life Assurance and Annuity Insurance Business**

Non profit

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

	Company registration number	GL/UK/CM	Period ended day	Period ended month	Period ended year	Units	Stg/ NonStg	Valuation rate of interest	L&GA/Pens/ PHI/Other	WP/NP	Category of assets
R57	3253948	GL	31	12	2002	£000	Stg	2.72	L&GA	NP	10

Type of asset notionally allocated			The valuation: Value of asset notionally allocated 1	The valuation: Risk adjusted yield % 2	The resilience scenario: Value of assets notionally allocated: On original allocation 3	The resilience scenario: Value of assets notionally allocated: Increase or decrease 4	The resilience scenario: Value of assets notionally allocated: Total under resilience scenario 5	The resilience scenario: Risk adjusted yield % 6
Land and buildings		11						
Fixed interest securities	Approved securities	12						
	Other	13						
Variable interest and Variable yield securities (excluding items shown at line 16)	Approved securities	14	719	2.50	752	33	785	1.87
	Other	15	1248	2.97	1336	(11)	1325	2.15
Equity shares and holdings in collective investment schemes		16						
Loans secured by mortgages		17						
All other assets	Producing income	18	61	6.20	76	(1)	75	4.43
	Not producing income	19						
Total (11 to 19)		29	2028	2.90	2164	21	2185	2.13
Gross valuation interest rate %		31		2.73				1.99
Net valuation interest rate % (where appropriate)		32						
Mathematical reserve or other liability, net of reinsurance		33	2028				2185	

Form 57
(Sheet 3)

Long term insurance business : Matching rectangle

Name of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2002**

Sterling liabilities

Valuation rate(s) of interest **4.808%**

Type of business **Life Assurance and Annuity Insurance Business**

Non profit

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

	Company registration number	GL/UK/CM	Period ended day	Period ended month	Period ended year	Units	Stg/ NonStg	Valuation rate of interest	L&GA/Pens/ PHI/Other	WP/NP	Category of assets
R57	3253948	GL	31	12	2002	£000	Stg	4.80	L&GA	NP	10

Type of asset notionally allocated			The valuation: Value of asset notionally allocated 1	The valuation: Risk adjusted yield % 2	The resilience scenario: Value of assets notionally allocated: On original allocation 3	The resilience scenario: Value of assets notionally allocated: Increase or decrease 4	The resilience scenario: Value of assets notionally allocated: Total under resilience scenario 5	The resilience scenario: Risk adjusted yield % 6
Land and buildings		11						
Fixed interest securities	Approved securities	12	4968	4.59	5407	(140)	5267	4.06
	Other	13	19055	5.52	20090	(231)	19859	5.01
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	41183	5.86	42853	(525)	42328	5.33
	Not producing income	19						
Total (11 to 19)		29	65206	5.66	68350	(896)	67454	5.14
Gross valuation interest rate %		31		5.31				4.85
Net valuation interest rate % (where appropriate)		32		4.81				4.35
Mathematical reserve or other liability, net of reinsurance		33	65206				67454	

Form 57
(Sheet 4)

Long term insurance business : Matching rectangle

Name of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2002**

Sterling liabilities

Valuation rate(s) of interest **5.308%**

Type of business **Life Assurance and Annuity Insurance Business**

Non profit

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

	Company registration number	GL/UK/CM	Period ended day	Period ended month	Period ended year	Units	Stg/ NonStg	Valuation rate of interest	L&GA/Pens/ PHI/Other	WP/NP	Category of assets
R57	3253948	GL	31	12	2002	£000	Stg	5.30	L&GA	NP	10

Type of asset notionally allocated			The valuation: Value of asset notionally allocated 1	The valuation: Risk adjusted yield % 2	The resilience scenario: Value of assets notionally allocated: On original allocation 3	The resilience scenario: Value of assets notionally allocated: Increase or decrease 4	The resilience scenario: Value of assets notionally allocated: Total under resilience scenario 5	The resilience scenario: Risk adjusted yield % 6
Land and buildings		11						
Fixed interest securities	Approved securities	12	33673	4.59	36647	(405)	36242	4.06
	Other	13	129161	5.52	136175	498	136673	5.01
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	279147	5.86	290472	832	291304	5.33
	Not producing income	19						
Total (11 to 19)		29	441981	5.66	463294	925	464219	5.14
Gross valuation interest rate %		31		5.31				4.85
Net valuation interest rate % (where appropriate)		32						
Mathematical reserve or other liability, net of reinsurance		33	441981				464219	

Long term insurance business : Matching rectangle

Name of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2002**

Sterling liabilities

Valuation rate(s) of interest **2.727%**

Type of business **Pension Insurance Business**

Non profit

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

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Stg/ NonStg	Valuation rate of interest	L&GA/Pens/ PHI/Other	WP/NP	Category of assets
R57	3253948	GL	31	12	2002	£000	Stg	2.72	Pens	NP	10

Type of asset notionally allocated			The valuation: Value of asset notionally allocated 1	The valuation: Risk adjusted yield % 2	The resilience scenario: Value of assets notionally allocated: On original allocation 3	Increase or decrease 4	Total under resilience scenario 5	Risk adjusted yield % 6
Land and buildings		11						
Fixed interest securities	Approved securities	12						
	Other	13						
Variable interest and Variable yield securities (excluding items shown at line 16)	Approved securities	14	182952	2.50	191420	10198	201618	1.87
	Other	15	317461	2.97	339948	233	340181	2.15
Equity shares and holdings in collective investment schemes		16						
Loans secured by mortgages		17						
All other assets	Producing income	18	15533	6.25	19211	13	19224	4.46
	Not producing income	19						
Total (11 to 19)		29	515946	2.90	550579	10444	561023	2.13
Gross valuation interest rate %		31		2.73				1.99
Net valuation interest rate % (where appropriate)		32						
Mathematical reserve or other liability, net of reinsurance		33	515946				561023	

Long term insurance business : Matching rectangle

Name of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2002**

Sterling liabilities

Valuation rate(s) of interest **5.308%**

Type of business **Pension Insurance Business**

Non profit

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

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Stg/ NonStg	Valuation rate of interest	L&GA/Pens/ PHI/Other	WP/NP	Category of assets
R57	3253948	GL	31	12	2002	£000	Stg	5.30	Pens	NP	10

Type of asset notionally allocated			The valuation: Value of asset notionally allocated 1	The valuation: Risk adjusted yield % 2	The resilience scenario: Value of assets notionally allocated: On original allocation 3	Increase or decrease 4	Total under resilience scenario 5	Risk adjusted yield % 6
Land and buildings		11						
Fixed interest securities	Approved securities	12	757339	4.59	824215	(11676)	812539	4.06
	Other	13	2904925	5.52	3062666	1519	3064185	5.01
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	6278196	5.86	6532897	(1946)	6530951	5.33
	Not producing income	19						
Total (11 to 19)		29	9940460	5.66	10419778	(12103)	10407675	5.14
Gross valuation interest rate %		31		5.31				4.85
Net valuation interest rate % (where appropriate)		32						
Mathematical reserve or other liability, net of reinsurance		33	9940460				10407675	

Form 57
(Sheet 7)

Long term insurance business : Matching rectangle

Name of insurer **Norwich Union Annuity Limited**

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 **Total long term insurance business assets**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Stg/ NonStg	Valuation rate of interest	L&GA/Pens/ PHI/Other	WP/NP	Category of assets
R57	3253948	GL	31	12	2002	£000		99			10

Type of asset notionally allocated			The valuation: Value of asset notionally allocated 1	The valuation: Risk adjusted yield % 2	The resilience scenario: Value of assets notionally allocated: On original allocation 3	Increase or decrease 4	Total under resilience scenario 5	Risk adjusted yield % 6
Land and buildings		11						
Fixed interest securities	Approved securities	12	795980	4.59	866268	(12221)	854047	4.06
	Other	13	3053142	5.52	3218931	1786	3220717	5.01
Variable interest and Variable yield securities (excluding items shown at line 16)	Approved securities	14	185880	2.50	194483	10221	204704	1.87
	Other	15	322542	2.97	345389		345389	2.15
Equity shares and holdings in collective investment schemes		16						
Loans secured by mortgages		17						
All other assets	Producing income	18	6614307	5.86	6885741	(1639)	6884102	5.32
	Not producing income	19						
Total (11 to 19)		29	10971851	5.53	11510812	(1853)	11508959	4.98
Gross valuation interest rate %		31						
Net valuation interest rate % (where appropriate)		32						
Mathematical reserve or other liability, net of reinsurance		33	10971851				11508959	

Long term insurance business : Valuation result and distribution of surplus

Name of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2002**

Category of surplus **Ordinary Long Term**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Category of surplus
R58	3253948	GL	31	12	2002	£000	11

Valuation result	Fund carried forward		11	10971851
	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	10971851
	Mathematical reserves for accumulating with profit policies		17	
	Mathematical reserves for other non linked contracts		18	10447647
	Mathematical reserves for property linked contracts		19	
	Mathematical reserves for index linked contracts		20	524204
	Total (17 to 20)		21	10971851
	Surplus including contingency and other reserves held towards the solvency margin (deficiency) (16-21)		29	
Composition of surplus	Balance of surplus brought forward unappropriated from last valuation		31	
	Transfers into fund/part of fund	Transfer from non-technical account	32	
		Transfer from other funds/parts of fund	33	
	Net transfer into fund/part of fund (32+33)		34	
	Surplus arising since the last valuation		35	
	Total (31+34+35)		39	
Distribution of surplus	Bonus payments made to policyholders in anticipation of a surplus		41	
	Allocated to policyholders by way of	Cash bonuses	42	
		Reversionary bonuses	43	
		Other bonuses	44	
		Premium reductions	45	
	Total allocated to policyholders (41 to 45)		46	
	Net transfer out of fund/part of fund		47	
	Total distributed surplus (46+47)		48	
	Balance of surplus (including contingency and other reserves held towards the solvency margin) carried forward unappropriated		49	
	Total (48+49)		59	
Percentage of distributed surplus allocated to policyholders of fund/part of fund			61	
Corresponding percentage at three immediately previous valuations	Latest (year of valuation **2001**)		62	
	Earlier (year of valuation **2000**)		63	
	Earliest (year of valuation **1999**)		64	

Long term insurance business : Required minimum margin

Name of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2002**

	Company registration number	GL/UK/CM	Period ended day	Period ended month	Period ended year	Units
R60	3253948	GL	31	12	2002	£000

Class			Classes I, II & IX	Class III business with relevant factor of				Class IV and VI	Classes VII and VIII business with relevant factor of				Unallocated additional mathematical reserves with relevant factor of		Total for all classes	
Relevant factor (Instruction 1)			4% 1	4% 2	1% 3	Nil 4	Total 5	4% 6	4% 7	1% 8	Nil 9	Total 10	4% 11	1% 12	The financial year 13	The previous year 14
Mathematical reserves before deduction of reinsurance	Reserves before distribution of surplus	11	11036117												11036117	9759002
	Reserves for bonus allocated to policyholders	12														
	Reserves after distribution of surplus	13	11036117												11036117	9759002
Mathematical reserves after deduction of reinsurance	Reserves before distribution of surplus	14	10971851												10971851	9723453
	Reserves for bonus allocated to policyholders	15														
	Reserves after distribution of surplus	16	10971851												10971851	9723453
Ratio of 16 to 13 or 0.85 if greater (see Instruction 2)		17	0.994177													
Required margin of solvency - first result = (line 13) * (line 17) * relevant factor		19	438874												438874	388938
Non negative capital at risk before reinsurance (see Instruction 3)	Temporary assurances with required margin of solvency of 0.1%	21														
	Temporary assurances with required margin of solvency of 0.15%	22														
	All other assurances with required margin of solvency of 0.3%	23														
	Total (21 to 23)	29														
Non negative capital at risk after reinsurance (all contracts) (see Instruction 3)		31														
Ratio of line 31 to line 29, or 0.50 if greater		32														
Required margin of solvency - second result (se linstruction 4)		39														
Sum of first and second results (19+39)		49	438874												438874	388938
Required margin of solvency for supplementary Accident & Sickness Insurance & Class V business		51														
Total required margin of solvency for long term insurance business (49+51)		59													438874	388938
Minimum guarantee fund		61													506	497
Required minimum margin (greater of lines 59 and 61)		69													438874	388938

Supplementary notes

Name of insurer **Norwich Union Annuity Limited**

Financial year ended **31st December 2002**

Code

0902 Section 148 Waivers

Reinsurance 77740

The Financial Services Authority, on the application of the firm, made a direction in December 2002 under section 148 of the Act. The effect of the direction is to modify the provisions of *IPRU (INS) rule* 3.4 so that it does not apply to certain internal reinsurance treaties.

Deferred Tax 109538

The Financial Services Authority, on the application of the firm, made a direction in December 2002 under section 148 of the Act. The direction allows the firm to limit its provision for deferred tax, on any capital gains made on their shares, to the amount that would be due if those shares were immediately realised at their 'Valuation of Assets Rules' value.

Rate of interest 105144

The FSA, on application of the firm, issued to the firm in December 2002 a direction under FISMA 2000. The effect of the direction was to modify rule 5.11 so that the firm must calculate the rate of interest to be used for regulatory valuation purposes in calculating the present value of future payments by or to the firm on the basis of the aggregate yield. The direction only applies to the fixed interest securities considered by the Appointed Actuary to be backing the non-profit, non-linked, immediate annuity business of the firm. For the purposes of the direction, aggregate yield means the rate of interest which equates the discounted value of the aggregate cash flows on the asset portfolio with the total market value of the asset portfolio.

1001 Reconciliation of net assets

	2002 £'000	2001 £'000
Other than long term business assets (Form 13 L99)	117,581	144,355
Other than long term business liabilities (Form 15 L59)	(16,985)	(5,514)
Excess surplus assets not declared to shareholders	498,052	515,946
Net Assets attributable to Shareholders per the Statutory Accounts	598,648	654,787

1304 1310 Amounts set off

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

1305 1311 Counterparty limits

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

Deposits

The maximum permitted exposure to counterparties is set out in the lending limit list approved by the Group Risk Committee. Each fund cannot hold more than 2% of funds under management (or £100m if less) with 'Tier 1' counterparties, 1.5% of funds under management (or £75m if less) with 'Tier 2' counterparties and 0.5% of funds under management (or £25m if less) with 'Tier 3' counterparties. Tier 1 represents AAA rated institutions, Tier 2 represents institutions rated AA- or better whilst Tier 3 represents institutions rated A- or better. The absolute limit for a particular counterparty holding at the end of the financial year was £400m for Tier 1, £300m for Tier 2 and £100m for Tier 3.

Fixed Income Securities

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

Derivatives

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

Supplementary notes

Name of insurer **Norwich Union Annuity Limited**

Financial year ended **31st December 2002**

Code

1308 Aggregate values of assets

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

	2002 £m
Unlisted investments on lines 41 and 46	246
Listed investments on lines 41, 46 and 48 which are not readily realisable	-
Units in collective investment schemes falling within rule 4.9(1)(c)	-
Reversionary interests or remainders in property other than land or buildings	-

1309 Hybrid securities

The aggregate value of hybrid securities is £387,854k.

1312 Counterparty exposure

No counterparty exposures exceeded 5% of the long-term insurance business amount at the financial year-end.

1401 Adverse changes
1501

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

1402 Contingent liabilities
1502

A provision of £26.7m has been made within deferred taxation at line 21 for capital gains tax arising on the deemed disposal of OEIC and unit trust holding previously held by the company. The balance of deferred tax arising from potential capital gains tax on unrealised gains is nil.

There are no contingent liabilities applicable to either long term insurance business or shareholders' funds.

There are no charges over any assets of the Company.

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

There are no other fundamental uncertainties.

1601 Rates of exchange
4005

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

1700 Derivatives

Form 17 has been provided for category 1 assets. No Form 17 has been provided for category 10 assets on the basis that the long term insurance business funds have no derivative contracts.

1701 Variation margin

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

	£'000
Form 15 line 49	3,911

No amounts included on Form 15 reflect the liability to repay any excess.

4008 Management services

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

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

Supplementary notes

Name of insurer **Norwich Union Annuity Limited**

Financial year ended **31st December 2002**

Code

4009 Related party transactions

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

Name of connected party	**Norwich Union Life & Pensions Limited**	**Norwich Union Mortgage Holdings Limited**
Nature of relationship with connected party	Subsidiary undertaking	Parent undertaking
Transactions during the period (£m)	Premiums £548m Claims £293m	Net new loan £802m Interest received £429m
Amounts unpaid or outstanding at the end of the period (£m)	Nil	5915
Amounts written off in the period (£m)	Nil	Nil
Nature of transactions	Reinsurance Accepted	Loans granted

4400 Form omitted

No Form 44 has been supplied on the basis that the company has ceased to write unit linked insurance business.

4801 Accrued interest

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

	£'000
Form 48 line 12	14,455
Form 48 line 13	67,451
Form 48 line 14	83
	81,989

4802 Expected interest

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

5101 Overstated policy counts

The total number of contracts reported in Forms 51 and 54 exceeds the actual number of contracts issued by 6,252.

Of these contracts, 5,354 have been counted in both forms 51 and 54 as they have both index-linked and non-linked benefits. A further 898 have been counted under two contract types, having two forms of benefits.

Returns under the Accounts and Statements Rules

Statement on derivatives required by IPRU (INS) 9.29

Name of Company **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2002**

The following summarises investment policy for the use of derivatives:

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

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

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

All derivative contracts held at any time during the financial year fell within rule 4.12 (2) or (where appropriate) the definition of a permitted derivative contract.

Returns under the Accounts and Statements Rules

Statement on controllers required by IPRU (INS) 9.30

Name of insurer	**Norwich Union Annuity Limited**
Global business	
Financial year ended	**31st December 2002**

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

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

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

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

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

100% of the issued ordinary share capital of General Accident plc is held by the Ultimate Parent Undertaking, Aviva plc (previously known as CGNU plc).

All shares are voting shares.

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

Returns under the Accounts and Statements Rules

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

Name of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2002**

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

(a) (1) An interest in 11,522 ordinary shares at 31 December 2002 in Aviva plc, and an interest in 9,790 ordinary shares at 31 December 2001.

(2) 42,641 ordinary shares are held in the Aviva Long Term Incentive Plan, these shares will vest upon the satisfaction of certain performance criteria. In addition 34,112 ordinary shares are held in the Aviva Deferred Bonus Plan.

(3) Options were held at 31 December 2002 to subscribe for 116,639 ordinary shares in Aviva plc under UK Employees Savings Related and Executive Share Option Schemes.

	No. of shares
Options held at 31 December 2001	116,341
Options granted during the year	1,228
Options exercised or lapsed during the year	(930)

(b) Four with profits low cost endowment policies with CGNU Life Assurance Limited, with aggregate sums assured of £67,924 and annual premiums of £1,868. One non-profit term assurance policy with CGNU Life Assurance Limited with sum assured of £75,000 and annual premiums of £332. In addition the actuary held general insurance policies with subsidiaries of Aviva plc for which total premiums of £2146 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 £303,921. Under the contract he was Appointed Actuary and Director of:

CGNU Life Assurance Limited
Commercial Union Life Assurance Company Limited
Norwich Union Linked Life Assurance Limited
Norwich Union Life (RBS) Limited
Norwich Union Life & Pensions Limited
Norwich Union Annuity Limited

appointed actuary of:-
The Northern Assurance Company Ltd

And a director of:-
Fidelity Life Assurance Limited
GA Life Property Ireland Limited
National Westminster Life Assurance Limited
Norwich Union Commercial Finance Limited
Norwich Union Commercial Mortgages Limited
Norwich Union Equity Release Limited
Norwich Union Healthcare Limited
Norwich Union Life Holdings Limited
Norwich Union Life (RBS) JV Limited
Norwich Union Life Services Limited
Norwich Union Mortgage Finance Limited
Norwich Union Mortgages (Life) Limited
Norwich Union Mortgage Holdings Limited
Norwich Union Personal Finance Limited

NULH2 Limited
Provident Mutual Life Assurance Limited
RBS Life Investments Limited
Royal Scottish Assurance plc
Tesco Personal Finance Investments Limited
Tesco Personal Finance Life Limited
The General Practice Finance Corporation Limited
The General Practice Finance Corporation Property Management 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.

Returns under the Accounts and Statements Rules

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

Name of insurer **Norwich Union Annuity Limited**

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 to 17, 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 Norwich Union Annuity Limited (the Company); and

(iii) appropriate systems and controls have been established and maintained by the Company over its transactions and records;

(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 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.

Returns under the Accounts and Statements Rules

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

Name of insurer **Norwich Union Annuity Limited**

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'.

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

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

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

26th March 2003

Returns under the Accounts and Statements Rules

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

Name of insurer	**Norwich Union Annuity Limited**
Global business	
Financial year ended	**31st December 2002**

I certify:

(a) (i) that in my opinion proper records have been kept by Norwich Union Annuity Limited (the Company) adequate for the purpose of the valuation of the liabilities of its long term insurance business;

(ii) that the sum of 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, GN2 (effective date 30.12.02), 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 £438,874,000.

M N Urmston

Appointed Actuary

26 March 2003

Returns under the Accounts and Statements Rules

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

Name of insurer **Norwich Union Annuity Limited**

Global Business

Financial year ended **31st December 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 to 17 and 40 to 42 (including the supplementary notes) ("the Forms");
- the statement required by rule 9.29 on page 63 ("the statement"); and
- the certificate signed in accordance with rule 9.34(a) on pages 67 and 68 ("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. The evidence included that previously obtained by us relating to the audit of the financial statements of the company for the financial year on which we reported on 25 March 2003. 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 69 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.

Ernst & Young LLP
Registered Auditor
London
28 March 2003