

Norwich Union Life (RBS) 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

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Global Business

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Name of insurer **Norwich Union Life (RBS) Limited**

Global Business

Financial year ended **31st December 2002**

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Name of insurer **Norwich Union Life (RBS) 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 solvencyName of insurer **Norwich Union Life (RBS) Ltd**

Global business

Financial year ended **31st December 2002**

R9	Company registration number 1117445	GL/UK/CM GL	Period ended			Units £000
			day	month	year	
			31	12	2002	
		As at the end of this financial year	As at the end of the previous year		Source	
		1	2		Form	Line Column

GENERAL INSURANCE BUSINESS**Available assets**

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

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

LONG TERM INSURANCE BUSINESS**Available assets**

Long term insurance business admissible assets	21	10238		10 . 11
Other than long term insurance business assets allocated towards long term insurance business required minimum margin	22	16893	786	See instructions 1 and 3
Total mathematical reserves (after distribution of surplus)	23			See instruction 4
Other insurance and non-insurance liabilities	24	10238		See instruction 5
Available assets for long term insurance business required minimum margin (21+22-23-24)	25	16893	786	

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	16893	786	
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Required minimum margin

Required minimum margin for long term insurance business	41	14931	497	60 . 69
Explicit required minimum margin (1/6 x 41, or minimum guarantee fund if greater)	42	2489	497	
Excess (deficiency) of available assets over explicit required minimum margin (25-42)	43	14404	289	
Excess (deficiency) of available assets and implicit items over the required minimum margin (34-41)	44	1962	289	

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 assetsName of insurer **Norwich Union Life (RBS) Ltd**

Global business

Financial year ended **31st December 2002**

		Company registration number	GL/UK/CM	Period ended			Units
				day	month	year	
R9A		1117445	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	14931			See instruction 2		
Excess (deficiency) of available assets and implicit items over the required minimum margin	12	1962			See instruction 3		
Total available assets and implicit items (11+12)	13	16893					
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	16893					
Total available assets and implicit items (19+20)	21	16893					

Statement of net assetsName of insurer **Norwich Union Life (RBS) Ltd**

Global business

Financial year ended **31st December 2002**

	R10	Company registration number 1117445	GL/UK/CM GL	Period ended			Units £000
				day	month	year	
				31	12	2002	
		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	10238		13	89	1	
Long term insurance business - liabilities and margins	12	10238		14	59	1	

Other than Long term insurance business - admissible assets	21	18928	3662	13	89	1	
Other than Long term insurance business - liabilities	22	2035	2876	15	69	1	
Net admissible assets (21-22)	23	16893	786				
Other assets allowed to be taken into account in covering the required minimum margin	24	Unpaid amounts (including share premium) on partly paid shares					
	25	Supplementary contributions for a mutual carrying on general insurance business					
Liabilities allowed to be left out of account in covering the required minimum margin	26	Subordinated loan capital					
	27	Cumulative preference share capital					
Available assets (23 to 27)	29	16893	786				

Represented by:

Paid up share capital (other than cumulative preference share capital)	51	16405	505				
Amounts included in lines 24 to 27 above	52						
Amounts representing the balance of net assets	56	488	281				
Total (51 to 56) and equal to line 29 above	59	16893	786				

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

Balance brought forward at the beginning of the financial year	61	281	1814	10	56	2	
Retained profit/(loss) for the financial year	62	(491)	(9159)	16	59	1	
Movement in asset valuation differences	63	(5702)	9044	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	6400	(1418)				
Balance carried forward at the end of the financial year (61 to 65)	69	488	281				

Analysis of admissible assets

Name of insurer **Norwich Union Life (RBS) Ltd**

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			Units	Category of assets	
			R13	1117445	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			

Analysis of admissible assetsName of insurer **Norwich Union Life (RBS) Ltd**

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			Units	Category of assets	
		R13	1117445	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	15345				
	Rights under derivative contracts			44					
	Debt securities and other fixed income securities	Fixed interest	Approved securities	45			1410		
			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	2900		2000		
		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	18245		3410		

Analysis of admissible assetsName of insurer **Norwich Union Life (RBS) Ltd**

Global business

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

Category of assets		Total other than long term insurance business assets		Company registration number	GL/UK/CM	Period ended			Units	Category of assets
					day	month	year			
		R13	1117445	GL	31	12	2002	£000	1	
Debtors						As at the end of this financial year 1		As at the end of the previous year 2		
Other assets										
Debtors arising out of direct insurance operations	Policyholders				71					
	Intermediaries				72					
Salvage and subrogation recoveries					73					
Debtors arising out of reinsurance operations	Due from ceding insurers and intermediaries under reinsurance business accepted				74					
	Due from reinsurers and intermediaries under reinsurance contracts ceded				75					
Other debtors	Due from dependants	Due in 12 months or less after the end of the financial year			76					
		Due more than 12 months after the end of the financial year			77					
	Other	Due in 12 months or less after the end of the financial year			78	372		122		
		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	162		85		
	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	149		45		
	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	683		252		
Grand total of admissible assets (39+69+88)					89	18928		3662		
Reconciliation to asset values determined in accordance with the insurance accounts rules										
Total admissible assets (as per line 89 above)					91	18928		3662		
Total assets in excess of the admissibility limits of Appendix 4.2 (as valued in accordance with those Rules before applying admissibility limits)					92	7103		1400		
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			1		
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	26031		5063		
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance					100					

Analysis of admissible assets

Name of insurer **Norwich Union Life (RBS) Ltd**

Global business

Financial year ended **31st December 2002**

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

			Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			R13	1117445	GL	31	12	2002	£000	10
Investments							As at the end of this financial year 1		As at the end of the previous year 2	
Land and buildings							11			
Investments in group undertakings and participating interests	UK insurance business dependants	Shares	21							
		Debt securities issued by, and loans to, dependants	22							
	Other insurance dependants	Shares	23							
		Debt securities issued by, and loans to, dependants	24							
	Non-insurance dependants	Shares	25							
		Debt securities issued by, and loans to, dependants	26							
	Other group undertakings and participating interests	Shares	27							
		Debt securities issued by, and loans to, group undertakings	28							
		Participating interests	29							
		Debt securities issued by, and loans to, undertakings in which the insurer has a participating interest	30							
Total sheet 1 (11 to 30)							39			

Analysis of admissible assetsName of insurer **Norwich Union Life (RBS) Ltd**

Global business

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

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R13	1117445	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	469				
	Rights under derivative contracts			44					
	Debt securities and other fixed income securities	Fixed interest	Approved securities	45	6578				
			Other	46					
		Variable interest	Approved securities	47					
			Other	48					
	Participation in investment pools			49					
	Loans secured by mortgages			50					
	Other loans	Loans to public or local authorities and nationalised industries or undertakings		51					
		Loans secured by policies of insurance issued by the company		52					
		Other		53					
	Deposits with approved credit institutions and approved financial institutions	Withdrawal subject to a time restriction of one month or less		54					
		Withdrawal subject to a time restriction of more than one month		55					
	Other			56					
Deposits with ceding undertakings			57						
Assets held to match linked liabilities	Index linked		58						
	Property linked		59						
Reinsurers' share of technical provisions	Provision for unearned premiums		60						
	Claims outstanding		61						
	Provision for unexpired risks		62						
	Other		63						
Total sheet 2 (41 to 63)			69	7047					

Analysis of admissible assetsName of insurer **Norwich Union Life (RBS) Ltd**

Global business

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

Category of assets		Total long term insurance business assets		Company registration number	GL/UK/CM	Period ended			Units	Category of assets
		day	month			year				
		R13	1117445	GL	31	12	2002	£000	10	
Debtors						As at the end of this financial year 1		As at the end of the previous year 2		
Other assets										
Debtors arising out of direct insurance operations	Policyholders				71					
	Intermediaries				72					
Salvage and subrogation recoveries					73					
Debtors arising out of reinsurance operations	Due from ceding insurers and intermediaries under reinsurance business accepted				74					
	Due from reinsurers and intermediaries under reinsurance contracts ceded				75					
Other debtors	Due from dependants	Due in 12 months or less after the end of the financial year			76					
		Due more than 12 months after the end of the financial year			77					
	Other	Due in 12 months or less after the end of the financial year			78	149				
		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	2986				
	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	56				
	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	3191				
Grand total of admissible assets (39+69+88)					89	10238				
Reconciliation to asset values determined in accordance with the insurance accounts rules										
Total admissible assets (as per line 89 above)					91	10238				
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					
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	10238				
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance					100	149				

Long term insurance business liabilities and marginsName of insurer **Norwich Union Life (RBS) Ltd**

Global business

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

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R14	1117445	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				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				See Instruction 5		
Claims outstanding which had fallen due for payment before the end of the financial year		Gross amount	15						
		Reinsurers' share	16						
		Net (15-16)	17						
Provisions for other risks and charges	Taxation		21						
	Other		22						
Deposits received from reinsurers			23						
Creditors and other liabilities	Arising out of insurance operations	Direct insurance business	31	8742					
		Reinsurance accepted	32						
		Reinsurance ceded	33	1496					
	Debenture loans	Secured	34						
		Unsecured	35						
	Amounts owed to credit institutions		36						
	Other creditors	Taxation	37						
		Other	38						
Accruals and deferred income			39						
Provision for adverse changes (calculated in accordance with rule 5.3)			41						
Total other insurance and non-insurance liabilities (17 to 41)			49	10238					
Excess of the value of net admissible assets			51				See Instruction 6		
Total liabilities and margins			59	10238					
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance			61						
Amounts included in line 59 attributable to liabilities in respect of property linked benefits			62						
Amount of any additional mathematical reserves included in line 51 which have been taken into account in the appointed actuary's certificate			63				See Instruction 7		

Liabilities (other than long term insurance business)Name of insurer **Norwich Union Life (RBS) Ltd**

Global business

Financial year ended **31st December 2002**

				Company registration number	GL/UK/CM	Period ended			Units	
				R15	1117445	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					
	Other creditors		Taxation		47	1248			590	
			Recommended dividend		48					
			Other		49	787			2286	
Accruals and deferred income					51					
Total (19 to 51)					59	2035			2876	
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	2035			2876	
Amounts included in line 69 attributable to liabilities to related insurers, other than those under contracts of insurance or reinsurance					71	787			2286	

Profit and loss account (non-technical account)Name of insurer **Norwich Union Life (RBS) Ltd**

Global business

Financial year ended **31st December 2002**

			Company registration number	GL/UK/CM	Period ended			Units	
			R16	1117445	GL	31	12	2002	£000
			This financial year		Previous year		Source		
			1		2		Form	Line	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			(548)	40 . 26		
Investment income	Income		14	901		706			
	Value re-adjustments on investments		15						
	Gains on the realisation of investments		16						
Investment charges	Investment management charges, including interest		17	69		62			
	Value re-adjustments on investments		18	946					
	Loss on the realisation of investments		19						
Allocated investment return transferred to the general insurance business technical account			20				20 . 51		
Other income and charges (particulars to be specified by way of supplementary note)			21			(259)			
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)			29	(114)		(163)			
Tax on profit or loss on ordinary activities			31	377		496			
Profit or loss on ordinary activities after tax (29-31)			39	(491)		(659)			
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	(491)		(659)			
Dividends (paid and proposed)			51			8500			
Profit or loss retained for the financial year (49-51)			59	(491)		(9159)			

Long term insurance business : Revenue accountName of insurer **Norwich Union Life (RBS) Ltd**

Global business

Ordinary insurance business

Financial year ended **31st December 2002**Name and number of fund/Summary **Ordinary Long Term Fund 1**

		Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund	
				day	month	year					
		R40	1117445	GL	31	12	2002	£000	OB	1	0
Items to be shown net of reinsurance ceded								The financial year	Previous year		
								1	2		
Earned premiums								11		16851	
Investment income receivable before deduction of tax								12		18336	
Increase (decrease) in the value of non-linked assets brought into account								13		(2588)	
Increase (decrease) in the value of linked assets								14		(119193)	
Other income								15			
Total income (11 to 15)								19		(86594)	
Claims incurred								21		89755	
Expenses payable								22		1324	
Interest payable before deduction of tax								23		1341	
Taxation								24		(862)	
Other expenditure								25		594769	
Transfer to (from) non technical account								26		(548)	
Total expenditure (21 to 26)								29		685779	
Increase (decrease) in fund in financial year (19-29)								39		(772373)	
Fund brought forward								49		772373	
Fund carried forward (39+49)								59			

Long term insurance business : Analysis of premiums and expensesName of insurer **Norwich Union Life (RBS) Ltd**

Global business

Ordinary insurance business

Financial year ended **31st December 2002**Name and number of fund/Summary **Ordinary Long Term Fund 1**

		Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund	
		R41	1117445	GL	31	12	2002	£000	OB	1	0
					Gross		Payable to or recoverable from reinsurers		Net of reinsurance (1-2)		
					1		2		3		
Earned premiums in the financial year	Life assurance and general annuity contracts	Single premium			11	501017		501017			
		Regular premium			12						
	Pension business contracts	Single premium			13						
		Regular premium			14						
	Permanent health contracts	Single premium			15						
		Regular premium			16						
	Other contracts	Single premium			17						
		Regular premium			18						
	Total premiums	Single premium			19	501017		501017			
		Regular premium			29						
Total premiums at lines 19 and 29 attributable to	UK contracts			31	501017		501017				
	Overseas contracts			32							
Expenses payable in the financial year	Commission payable in connection with acquisition of business				41	31986		31986			
	Other commission payable				42						
	Management expenses in connection with acquisition of business				43	2720		2720			
	Management expenses in connection with maintenance of business				44	297		297			
	Other management expenses				45						
	Total expenses (41 to 45)				49	35003		35003			
	Total expenses at line 49 attributable to	UK contracts			51	35003		35003			
		Overseas contracts			52						

Long term insurance business : Analysis of claimsName of insurer **Norwich Union Life (RBS) Ltd**

Global business

Ordinary insurance business

Financial year ended **31st December 2002**Name and number of fund/Summary **Ordinary Long Term Fund 1**

		Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund	
		R42	1117445	GL	31	12	2002	£000	OB	1	0
Claims incurred in the financial year					Gross		Recoverable from reinsurers		Net of reinsurance (1-2)		
					1		2		3		
Life assurance and annuity contracts	On death			11	1965		1965				
	By way of lump sums on maturity			12							
	By way of annuity payments			13							
	By way of payments arising from other insured events			14							
	On surrender or partial surrender			15	4326		4326				
	Total life assurance and annuity claims (11 to 15)			19	6291		6291				
Pension business contracts	On death			21							
	By way of lump sums on vesting			22							
	By way of vested annuity payments			23							
	On surrender or partial surrender			24							
	Total pension business claims (21 to 24)			29							
Permanent health contracts	By way of lump sums			31							
	By way of periodical payments			32							
	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	6291		6291				
Total claims at line 59 attributable to	UK contracts			61	6291		6291				
	Overseas contracts			62							

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

Name of insurer **Norwich Union Life (RBS) Limited**

Financial year ended **31 December 2002**

- 1 The date to which the investigation relates is 31 December 2002.
- 2 The previous investigation was carried by General Accident Managed Pension Funds Limited under Rule 9.4 of the Interim Prudential Sourcebook related to 31 December 2001.
- 3 This valuation is in conformity with IPRU (INS) rule 5.6.
- 4 (1) **Non linked contracts**

(a) Unitised With Profit Life and Unitised With Profit Income

Unitised with profit benefits arise under With Profit Bond policies issued by this Company.

Single premiums may be paid. The death benefit is the greater of the single premium less any withdrawals, and 101% of the bid value of units.

Up to 100% of premiums may be applied to purchase units in the Unitised With Profit Life Fund or the Unitised With Profit Income Fund of the Company.

There is a guaranteed first anniversary bonus, paid on the business day prior to the first policy anniversary. The rate of this bonus is dependent upon the amount originally invested into the bond. Prior to 1 August 2002, the bonus varies from 0% up to 3.5% for investment over £100,000. For policies written on and after 1 August 2002, the bonus varies from 0% up to 1.25% for investment over £100,000. An additional bonus of 1.5% is paid for policies written on and after 21 October 2002, for all investment amounts.

A Loyalty bonus of 0.5% is payable against the number of units remaining in the bond at the close of business on the day prior to the sixth anniversary, and every subsequent yearly anniversary. The Loyalty bonus is paid by adding extra units.

An annual management charge does not apply to the Unitised With Profit Life Fund and Unitised With Profit Income Fund. Expenses are taken into account when calculating the bonus rate and price of units.

There are no restrictions on increases in charges.

The surrender value is equal to the bid value of units, after any allowance for final bonus or market value reduction, less an early redemption charge in the case of surrenders during the first 5 years of the policy. The charge applies where the amount surrendered exceeds 10% of the initial investment and is applied to the amount withdrawn that exceeds 10% according to the following scale:

Year	Charge
1	8%
2	7%
3	5%
4	3%
5	1%

Benefits can be linked to the Unitised With Profit Life Fund, the Unitised With Profit Income Fund or a combination of both.

For Unitised With Profit Life Fund, the profits are distributed by increasing the unit price of the policy each day in line with the prevailing regular bonus rate. For Unitised With Profit Income fund, the unit price is fixed at £1 and profits are distributed by allocating additional units to the policy each month in line with the prevailing regular bonus rate.

The company reserves the right to adjust the value of units by applying a market value reduction. The adjustment is not applied on death nor to 'protected withdrawals' (see below).

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

Name of insurer **Norwich Union Life (RBS) Limited**

Financial year ended **31 December 2002**

The adjustment is applied at the company's discretion. In determining a Market Value Reduction (MVR) the investment return of the With Profit Fund is compared with the return credited to the units being cancelled. An MVR may be applied when the investment performance is less than the credited return. A discretionary final bonus may also be added or adjusted at any time.

A market value reduction has been applied at certain times during the report period. The Market Value Reduction was expressed as a scale varying by month of unit purchase and the scale was revised on a number of occasions to reflect changing investment conditions.

The price of units in the Unitised With Profit Life Fund is guaranteed never to fall.

In the case of investments in the Unitised With Profit Life Fund there is a money back guarantee on the tenth anniversary of the policy. The amount guaranteed is the initial investment reduced in proportion to the number of units cancelled through withdrawals and switches. There is no money back guarantee for Unitised With Profit Income Fund.

Regular withdrawal option enables regular payments to be taken from the Bond. Regular withdrawal options are not available where there are investments in the Unitised With Profit Income Fund. For certain regular withdrawals from the Unitised With Profit Life Fund there is a guarantee not to apply either a surrender charge or a Market Value Reduction. This applies provided the withdrawal is less than 7.5% p.a. of the initial investment and this facility was set up from inception or after outset at a time when no Market Value Reduction was applying. For Unitised With Profit Income fund, no Market Value Reduction is applicable to the income payments up to the total bonus rate at that time.

Policyholders may switch funds between the Unitised With Profit Life Fund and the Unitised With Profit Income Fund.

(b) There are no policies that provide for benefits on the basis of interest accrued.

(c) There are no policies that fall under this category.

5 (1) There is no linked contract offered by the Company.

(2) Not applicable.

(3) Not applicable.

(4) Not applicable.

(5) There is no provision needed for capital gains tax.

(6) Not applicable.

6 (1) The general principles and methods adopted in the valuation were as follows.

With Profit Bond

The With Profit bond policies are wholly reassured, and the basis and method adopted by the reassurers are outlined as below.

(a) Not applicable.

(b) Bonus reserve valuations were carried out to determine the rates of regular bonus that could be supported by the published reserves. For this purpose, realistic but prudent assumptions were made as to future experience except for surrenders which were ignored. No provision was made for final bonus.

The regular bonuses which could be supported were considered reasonable having regard to the current interim rates, the smoothing policy adopted by the Company and the rates supported by new business.

(c) Not applicable.

(d) There are no negative reserves.

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

Name of insurer **Norwich Union Life (RBS) Limited**

Financial year ended **31 December 2002**

- (e) Reserve was made for future bonuses in respect of the Unitised With Profit business as described below.
 - (f) Not applicable.
 - (g) Not applicable.
 - (h) The With Profit Bond policies are wholly reassured. Principles adopted by the reassurers in the valuation of With Profit Bond contracts were:
 - 1) The business is valued initially by determining the lower of the current non-guaranteed surrender value and the bid value of units. This result is then compared with a prospective valuation and the higher result taken.
 - 2) The prospective valuation accrues future regular bonuses to the first date (or dates in the case of regular withdrawals) on which the Company guarantees not to apply a Market Value Reduction, and then discounts to the valuation date. Future regular bonuses are assumed to run down at 1.5% per annum in line with policyholders' expectations, to nil. The initial level of regular bonus is taken to be the interim rate applying on the valuation date. An additional reserve is held for the money back guarantee on the tenth anniversary of the policy.
 - 3) Provision is made for the future expenses currently assuming future inflation at 3.5% per annum by the reassurers. Allowance is made for the cost of future shareholders transfers associated with the assumed pattern of future regular bonuses.
 - 4) Future non-guaranteed surrenders are ignored.
- 6** (2) Not applicable as the With Profit Bond policies are wholly reassured.
- 7** (1) The rates of interest and mortality tables are shown on Forms 52.
- (2) Not Applicable.
- (3) The degree of variation of mortality between states of commitment does not give rise to a material effect in the valuation.
- (4) Not applicable.
- (5) The margins in the published mortality bases are considered sufficient to provide for adverse deviations in experience.
- No additional reserves are therefore held.
- (6) Not applicable as the With Profit Bond policies are wholly reassured.
- (7) Not applicable as the With Profit Bond policies are wholly reassured.
- (8) Not applicable as the With Profit Bond policies are wholly reassured.
- (9) Not applicable.
- 8** (a) See Forms 52.
- (b) Not applicable as the With Profit Bond policies are wholly reassured.
- (c) A prospective method of valuation has been used for all types of
- (d) Not applicable

Valuation report prepared by the appointed actuary – IPRU (INS) Appendix 9.4Name of insurer **Norwich Union Life (RBS) Limited**Financial year ended **31 December 2002**

- 9 (a)** There are no linked contracts offered by the Company.
- (b)** Not applicable.
- 10 (1)** An explicit allowance was made by the reinsurers for expense inflation at 3.5% per annum.
- (2)** The aggregate allowance for expenses during 2003 arising from With Profit Bond contracts was nil.
- (3)** Not applicable as the With Profit Bond policies are wholly reassured.
- (4)** Not applicable as the With Profit Bond policies are wholly reassured.
- 11** All the assets and liabilities of the Company are denominated in
- 12 (1)** The company has no policies that are ceded on a facultative basis to a reinsurer who is not authorised to carry on insurance business in the United Kingdom.
- (2)** There was one reinsurance treaty where the Company was the ceding insurer and under which business was in force at the valuation date: -
- (i) **(a)** CGNU Life Assurance Limited, Commercial Union Life Assurance Company Limited and Norwich Union Life & Pensions Limited.
- (b)** The reinsurers are authorised to carry on insurance business in the United Kingdom.
- (c)** The Company is connected with the reinsurers.
- (d)** The treaty provides cover for Unitised With Profit Bond on a quota share original terms basis. The proportion of the risk are 45% (Commercial Union Life Assurance Company Limited), 10% (Norwich Union Life & Pensions) and 45% (CGNU Life). The total proportion of the risk ceded is 100%; hence the bonus philosophy is following that of the reinsurers. The expenses (both initial and renewal) and commission are refunded by the reinsurers in full.
- (e)** The premium payable by the Company during 2001 was £501,017,000.
- (f)** Not applicable.
- (g)** Not applicable.
- (h)** The treaty is open to new business.
- (3)** There are no financing arrangements.
- (4)** Not applicable.
- 13** The liabilities and benefits under the Unitised With Profit contract are wholly reassured and there is no other With Profit product available. Hence there is no entitlement to participate in profits of any part of the long term business fund.
- 14** Not applicable as the With Profit Bond policies are wholly reassured. The principles are defined by the reinsurers and practices of reinsurers.
- 15** Regular bonuses on unitised with profit benefits are allocated by way of compound increases to the unit price or, in the case of the Income Fund, by way of a monthly allocation of bonus units.

Rates of regular bonus do not depend on the original term or duration in force of the contract or the age of the life assured or the date of premium payment. All regular bonuses vest immediately they are declared.

Unitised With Profit Bond	Rates of Bonus percent per annum in 2002	
	1/1/2002 – 31/7/2002	1/8/2002 – 31/12/2002
With Profit Life Fund	5.25%	3.75%
With Profit Income Fund	4.50%	4.00%

Valuation report prepared by the appointed actuary – IPRU (INS) Appendix 9.4Name of insurer **Norwich Union Life (RBS) Limited**Financial year ended **31 December 2002**

- 16** Interim regular bonuses where applicable will be payable until further notice on claims arising on or before 31 December 2003 at the following rates:

Unitised With Profit Bond	Rates of Interim Bonus percent per annum in 2003
	1/1/2003 until further notice
With Profit Life Fund	3.25%
With Profit Income Fund	3.5%

Final bonuses are payable until further notice on death, maturity, and on unit cancellations on a Life unitised with profit contract. This does not include the Unitised With Profit Income Fund. An allowance for final bonus is made on surrender.

Specimen rates of final bonus applicable on 1 January 2003 expressed as amounts per cent of benefit are shown below. The rates are applied to the bid value of units for the Unitised With Profit contracts.

Calendar Year	Life Unitised With Profit Benefits
2002	0
2001 and earlier	Not applicable

The directors have reserved the right to amend the rates of interim bonus and the rates and conditions of payment of final bonus at any time without notice.

- 17** Form 46 is appended.

- 18** Form 47 is appended.

- 19 (1)** Form 48 and 49 are appended.

- 19 (2),
(3)&(4)** The information provided under IPRU (INS) rule 9.29 is sufficiently complete.

- 20 (1)** Valuation summary statements are set out in Form 52. There is no business falling under Forms 51, 53 and 54.

- (2)** Not applicable.

- (3)** Not applicable as there are no property-linked funds offered by the Company.

- 21 (1)** Not applicable.

- (2)** Not applicable.

- (3)** Not applicable.

- 22** Form 58 is appended.

- 23** Form 60 is appended.

M N Urmston
Appointed Actuary

Long term insurance business : Summary of changes in ordinary long term businessName of insurer **Norwich Union Life (RBS) Ltd**

Global business

United Kingdom business

Non-linked

Financial year ended **31st December 2002**

		Company registration number		GL/UK/CM		Period ended			Units		UK/OS		NL/LN	
		R46	1117445	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													
New business and increases	12	19357												
Net transfers and other alterations 'on'	13													
Total 'on' (12+13)	19	19357												
Deaths	21	32												
Other insured events	22													
Maturities	23													
Surrenders	24	64												
Forfeitures	25													
Conversions to paid-up policies for reduced benefits	26													
Net transfers, expiries and other alterations 'off'	27	1												
Total 'off' (21 to 27)	29	97												
In force at end of year (11+19-29)	39	19260												

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

Name of insurer **Norwich Union Life (RBS) Ltd**

Global business

Financial year ended **31st December 2002**

Company registration number	GL/UK/CM	Period ended			Units	
		day	month	year		
R47	1117445	GL	31	12	2002	£000

Type of insurance 1	Single premium contracts			Regular premium contracts		
	No of contracts 2	Premiums 3	Sums assured, annuities per annum or other measures of benefit 4	No of contracts 5	Annual premiums 6	Sums assured, annuities per annum or other measures of benefit 7
UK DIRECT WRITTEN INSURANCE BUSINESS Life Assurance & General Annuity Insurance Business Accumulating With-Profits Policies Unitised With Profit Bond	19357	501008	501008			
Sub total: Accumulating With-Profits Policies	19357	501008	501008			
Total: Life Assurance & General Annuity Insurance Business	19357	501008	501008			
Total: UK Direct Written Insurance Business	19357	501008	501008			

Long term insurance business : Expected income from admissible assets not held to match liabilities in respect of linked benefitsName of insurer **Norwich Union Life (RBS) Ltd**

Global business

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

			Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			R48	1117445	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						
Fixed interest securities	Approved securities			12	6634		343		4.45	
	Other			13						
Variable interest and variable yield securities (excluding items shown at line 16)	Approved securities			14						
	Other			15						
Equity shares and holdings in collective investment schemes				16	469		16		3.39	
Loans secured by mortgages				17						
All other assets	Producing income			18	2986		112		3.75	
	Not producing income			19	149					
Total (11 to 19)				29	10238		471		4.13	

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 benefitsName of insurer **Norwich Union Life (RBS) Ltd**

Global business

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

Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		day	month	year			
R49	1117445	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				Variable interest and variable yield approved securities excluding equities			
More than one year but not more than five years	12								
More than five years but not more than ten years	13		1425	4.37					
More than ten years but not more than fifteen years	14		765	4.48					
More than fifteen years but not more than twenty years	15		2706	4.48					
More than twenty years but not more than twenty five years	16		386	4.48					
More than twenty five years	17		1352	4.45					
Irredeemable	18								
Total (11 to 18)	19		6634	4.45					
One year or less	21	Other fixed interest securities				Other variable interest and variable yield securities excluding equities			
More than one year but not more than five years	22								
More than five years but not more than ten years	23								
More than ten years but not more than fifteen years	24								
More than fifteen years but not more than twenty years	25								
More than twenty years but not more than twenty five years	26								
More than twenty five years	27								
Irredeemable	28								
Total (21 to 28)	29								

Financial year ended **31st December 2002**[illegible]

Long term insurance business : Valuation result and distribution of surplusName of insurer **Norwich Union Life (RBS) Ltd**

Global business

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

GL/UK/CM

Period ended
day month year

Units

Category
of surplus

Category of surplus		Ordinary Long Term Fund	R58	1117445	GL	31	12	2002	£000	11
Valuation result	Fund carried forward						11			
	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			
	Mathematical reserves for accumulating with profit policies						17			
	Mathematical reserves for other non linked contracts						18			
	Mathematical reserves for property linked contracts						19			
	Mathematical reserves for index linked contracts						20			
	Total (17 to 20)						21			
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 2002)					62			
	Earlier	(year of valuation 2001)					63			
	Earliest	(year of valuation 2000)					64			

Financial year ended **31st December 2002**

Units

[illegible]

Supplementary notesName of insurer **Norwich Union Life (RBS) Limited**Financial year ended **31st December 2002**

Code

1001 Reconciliation to shareholder accounts

	2002 £'000	2001 £'000
Form 13.99 (other than long term business)	26,031	5,063
Form 15.59	(2,035)	(2,876)
Capital and reserves as per shareholder accounts	<u>23,996</u>	<u>2,178</u>

1002 Line 65 - Other movements

	2002 £'000	2001 £'000
Capital contributions from immediate parent undertaking	6,400	-
Correction of error in 2000 return	-	(1,418)
	<u>6,400</u>	<u>(1,418)</u>

The amount shown for 2001 represents the correction of an error in Form 10 line 61. The error is the difference between Form 10, line 69 and Form 10 line 56, in the 2000 Return.

1003 Subordinated loan capital - Section 68 order

Not applicable.

1301 Aggregate value of unlisted investments etc.**1308**

The other than long-term business fund held £15.3m of units and the long term business fund held £0.5 m in authorised collective investment schemes. There were no holdings in unlisted securities or listed companies, which are not readily realisable, or reversionary interests or remainders in property.

1302 Aggregate value of hybrid securities**1309**

Not applicable.

1303 Amounts of any salvage or subrogation recoveries

Not applicable.

1304 Statement of amounts set off**1310**

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

Supplementary notes

Name of insurer **Norwich Union Life (RBS) Limited**

Financial year ended **31st December 2002**

Code

1305 Counterparty limits during the year

1311

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 Long Term Business 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 other than long term business fund is subject to the absolute counterparty restrictions below.

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.

Equities

For listed investments, the maximum of a company's equity held by a particular fund is limited to 5% in the UK, and 2.5% overseas. The maximum of a company's equity held by all funds is limited to 10%.

Unlisted holdings in excess of 10% are only held with the approval of senior investment management.

Fixed

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 of a fixed interest issue held by a particular fund is limited to 10%. The maximum holding of the Company is limited to 25% of the issue.

Unlisted holdings in excess of 10% are only held with the approval of senior investment management.

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.

1306 Counterparty exposure at the year end

1312

Counterparty exposure (those in excess of 5% of the long-term insurance business amount) as at the end of the financial year was:

£'000

The Royal Bank of Scotland Group

9,869

The amount shown in form 13 (Other than long term business) has been reduced by £7.103m as a result of excess exposure to short term deposits.

1307 Fully secured rights

1313

Not applicable.

1315 Other assets

Not applicable.

1401 Provision for adverse changes

1501

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

Supplementary notes

Name of insurer **Norwich Union Life (RBS) Limited**

Financial year ended **31st December 2002**

Code

1402 Contingent liabilities, etc.**1502**

There are no charges over any assets of the Company.

There is no provision for taxation on capital gains and no unprovided potential liability.

There are no other contingent liabilities not included on the form.

There are no guarantees, indemnities, or other contractual commitments effected other than in the ordinary course of insurance business and in respect of related companies.

1601 Basis of conversion of foreign currency

Revenue transactions of those operations, which are traded in currencies other than sterling, are translated at average rates of exchange for the financial year.

1603 Other income and charges

The entire balance in 2001 represents the difference between the charges deducted from the policyholder fund and the actual expenses incurred.

1700 Form omitted

The entries on Form 17 are nil. Accordingly this form is not required.

4002 Other income and expenditure

Other expenditure shown in line 25 for 2001 represents the transfer of the Company's pension business to Morley Pooled Pensions Limited, a company within the Aviva plc Group. Court approval was granted in accordance with Schedule 2C to the Insurance Companies Act 1982 and the business was transferred on 1 November 2001. From January 2002 the Company has been writing with profit bond business which is reassured internally within the Aviva plc Group.

4004 Transfer of reserves associated with a transfer of contracts

As part of the restructuring of the Aviva plc Group, during 2001 the Company's pension business was transferred to Morley Pooled Pensions Limited, a company within the Aviva plc Group.

4005 Foreign currency conversion

Transactions denominated in currencies other than sterling are translated at the exchange rate at the date of the transaction.

4008 Provision of management services

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

Supplementary notesName of insurer **Norwich Union Life (RBS) Limited**Financial year ended **31st December 2002**

Code

4009 Related party transactions

Related party transactions exceeding 5% of the long-term insurance business amount were as follows:

1)	Connected party	Commercial Union Life Assurance Company Limited (CULAC)
	Nature of relationship	Fellow group undertaking
	Nature of transactions during the period	Reinsurance ceded
	Value of transactions during the period	Premiums £225.46m
		Claims £2.83m
		Commission £14.39m
		Expenses £1.4m
	Amounts unpaid at the end of the period	£0.7m due to CULAC
	Amounts written off in the period	£Nil
2)	Connected party	Norwich Union Life & Pensions Limited (NUL&P)
	Nature of relationship	Fellow group undertaking
	Nature of transactions during the period	Reinsurance ceded
	Value of transactions during the period	Premiums: £50.10m
		Claims £0.63m
		Commission £3.20m
		Expenses £0.3m
	Amounts unpaid at the end of the period	£0.2m due to NUL&P
	Amounts written off in the period	£Nil
3)	Connected party	CGNU Life Assurance Limited
	Nature of relationship	Fellow group undertaking
	Nature of transactions during the period	Reinsurance ceded
	Value of transactions during the period	Premiums £225.46m
		Claims £2.83m
		Commission £14.39m
		Expenses £1.4m
	Amounts unpaid at the end of the period	£0.6m due to CGNU Life Assurance
	Amounts written off in the period	£Nil
4)	Connected party	Norwich Union Life Services Limited
	Nature of relationship	Fellow group undertaking
	Nature of transactions during the period	Supplies and charges for the provision of operational assets and staff to Norwich Union Life (RBS) Limited
	Value of transactions during the period	£3.02m
	Amounts unpaid at the end of the period	£0.4m due from Norwich Union Life Services Limited
	Amounts written off in the period	£nil

4301 Basis of valuation in internal linked funds

Not applicable.

4302 Aggregate value of rights under derivative contracts

Not applicable.

4303 Accounting for variation margin

Not applicable.

Supplementary notesName of insurer **Norwich Union Life (RBS) Limited**Financial year ended **31st December 2002**

Code

4402 Other income and expenditure

Other expenditure shown in line 26 is made up as follows:

	2002	2001
	£'000	£'000
Interest paid	-	1,341
Non recoverable property expenses	-	25
Miscellaneous Investment expenses	-	106
Transfer of internal linked pension funds to Fellow group undertaking, Morley Pooled Pensions Limited	-	594,769
	-	596,241

4801 Accrued interest included on Form 48

Form 48 includes accrued interest as follows:

	£000
Column 1 Line 12	56

Returns under the Accounts and Statements Rules

Statement on derivatives required by IPRU (INS) 9.29

Name of insurer **Norwich Union Life (RBS) Limited**

Global business

Financial year ended **31st December 2002**

It is not company policy to invest in financial derivatives or quasi-derivatives and no such investments have been made during the year ended 31 December 2002. There are no other matters to disclose in relation to Rule 9.29 of the Interim Prudential Sourcebook for Insurers.

Returns under the Accounts and Statements Rules

Statement on controllers required by IPRU (INS) 9.30

Name of insurer **Norwich Union Life (RBS) Limited**

Global business

Financial year ended **31st December 2002**

100% of the issued share capital of the Company is held by Commercial Union Life Assurance Company Limited.

100% of the issued share capital of Commercial union Life Assurance Company 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.

On 25 January 2002, 100% of the share capital of the Company was acquired by Commercial Union Life Assurance Company from Norwich Union Linked Life Assurance Limited, a fellow subsidiary undertaking of Norwich Union Life Holdings Limited.

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

Name of insurer **Norwich Union Life (RBS) 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

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

Name of insurer **Norwich Union Life (RBS) Limited**

Global business

Financial year ended **31st December 2002**

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.

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

Name of insurer **Norwich Union Life (RBS) 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 16 and 40 to 45, (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 Life (RBS) 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.

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

Name of insurer **Norwich Union Life (RBS) 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

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

Name of insurer **Norwich Union Life (RBS) 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 Life (RBS) Limited (the Company) adequate for the purpose of the valuation of the liabilities of its long term insurance business;
 - (ii) that the mathematical reserves as shown on Form 14, constitute proper provision as at 31st December 2002 for the long term insurance business liabilities (other than liabilities which had fallen due before the end of the financial year) including any increase in those liabilities arising from a distribution of surplus as a result of an investigation as at that date into the financial condition of the long term insurance business;
 - (iii) that for the purpose of sub-paragraph (ii) above, the liabilities have been assessed in accordance with the Determination of Liabilities Rules in the context of assets valued in accordance with the Valuation of Assets Rules, as shown in Form 13;
 - (iv) that the current versions of Guidance Notes, issued by the Institute of Actuaries and the Faculty of Actuaries, numbered GN1(effective date 1.12.01), GN2, GN7, GN8 (effective date 30.12.02), GN22 and GN25 have been complied with; and
 - (v) that in my opinion premiums for contracts entered into during the financial year and the income earned thereon are sufficient, on reasonable actuarial assumptions and taking into account the other financial resources of the Company that are available for the purpose, to enable the Company to meet its commitments in respect of those contracts and, in particular, to establish adequate mathematical reserves.
- (b) that the amount of the required minimum margin applicable to the Company's long term insurance business immediately following the end of the financial year (including any amounts resulting from any increase in liabilities arising from a distribution of surplus as a result of the investigation into the financial condition of the long term business) is £ 14,931,000.

M N Urmston

Appointed Actuary

26 March 2003

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

Name of insurer **Norwich Union Life (RBS) 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 16 and 40 to 45 (including the supplementary notes) ("the Forms");
- the statement required by rule 9.29 on page 33 ("the statement"); and
- the certificate signed in accordance with rule 9.34(a) on page 37 ("the certificate").

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

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

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

Respective responsibilities of the company and its auditors

The company is responsible for the preparation of an annual return (including the Forms, statement and certificate) under the provisions of the Rules. Under rule 9.11 the Forms and statement are required to be prepared in the manner set out in the Rules and to state fairly the information provided on the basis required by the Rules.

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

Bases of opinions

We conducted our work in accordance with Practice Note 20 "The audit of insurers in the United Kingdom" issued by the Auditing Practices Board. Our work included examination, on a test basis, of evidence relevant to the amounts and disclosures in the Forms and statement. It also included an assessment of the significant estimates and judgements made by the company in the preparation of the Forms and statement.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Forms and statement are free from material misstatement, whether caused by fraud or other irregularity or error, and comply with rule 9.11.

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

In giving our opinion we have relied on the certificate of the actuary on page 39 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.