

# CGNU Life Assurance Limited

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

**Annual FSA Insurance Returns for the year ended  
31st December 2003**



**Index to Appendices 9.1, 9.3, 9.4 and 9.6 of IPRU (INS)**Name of insurer **CGNU Life Assurance Limited**

Global Business

Financial year ended **31st December 2003****Contents**

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

Name of insurer **CGNU Life Assurance Limited**

Global Business

Financial year ended **31st December 2003**

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**Statement of solvency**Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2003**

R9	Company registration number 226742	GL/UK/CM GL	Period ended			Units £000
			day	month	year	
			31	12	2003	
		As at the end of this financial year	As at the end of the previous year		Source	
		1	2		< > ?	

**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	11777758	10802763	10 . 11
Other than long term insurance business assets allocated towards long term insurance business required minimum margin	22	58271	30267	See instructions 1 and 3
Total mathematical reserves (after distribution of surplus)	23	9777905	9497972	See instruction 4
Other insurance and non-insurance liabilities	24	428956	436671	See instruction 5
Available assets for long term insurance business required minimum margin (21+22-23-24)	25	1629168	898387	

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

Future profits	31		572721	
Zillmerising	32			
Hidden reserves	33			

Total of available assets and implicit items (25+31+32+33)	34	1629168	1471108	
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**Required minimum margin**

Required minimum margin for long term insurance business	41	696280	687265	60 . 69
Explicit required minimum margin (1/6 x 41, or minimum guarantee fund if greater)	42	116047	114544	
Excess (deficiency) of available assets over explicit required minimum margin (25-42)	43	1513121	783843	
Excess (deficiency) of available assets and implicit items over the required minimum margin (34-41)	44	932888	783843	

**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 **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2003**

		Company registration number	GL/UK/CM	Period ended			Units	
		R9A	226742	GL	31	12	2003	£000
		As at the end of this financial year		As at the end of the previous year		Source		
		1		2				
Required minimum margin for long term insurance business	11	696280		687265		See instruction 2		
Excess (deficiency) of available assets and implicit items over the required minimum margin	12	932888		783843		See instruction 3		
Total available assets and implicit items (11+12)	13	1629168		1471108				
Analysed as follows:								
Value of implicit items	14			572721		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			572721				
Other assets (13-19)	20	1629168		898387				
Total available assets and implicit items (19+20)	21	1629168		1471108				

**Statement of net assets**Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2003**

	R10	Company registration number <b>226742</b>	GL/UK/CM <b>GL</b>	Period ended			Units <b>£000</b>
				day	month	year	
				<b>31</b>	<b>12</b>	<b>2003</b>	
		As at the end of this financial year <b>1</b>	As at the end of the previous year <b>2</b>	Source			
				<	>	?	
Long term insurance business - admissible assets	<b>11</b>	11777758	10802763	13	. 89	. 1	
Long term insurance business - liabilities and margins	<b>12</b>	11777758	10802763	14	. 59	. 1	

Other than Long term insurance business - admissible assets	<b>21</b>	62459	35545	13	. 89	. 1	
Other than Long term insurance business - liabilities	<b>22</b>	4188	5278	15	. 69	. 1	
Net admissible assets (21-22)	<b>23</b>	58271	30267				
Other assets allowed to be taken into account in covering the required minimum margin	Unpaid amounts (including share premium) on partly paid shares	<b>24</b>					
	Supplementary contributions for a mutual carrying on general insurance business	<b>25</b>					
Liabilities allowed to be left out of account in covering the required minimum margin	Subordinated loan capital	<b>26</b>					
	Cumulative preference share capital	<b>27</b>					
Available assets (23 to 27)	<b>29</b>	58271	30267				

**Represented by:**

Paid up share capital (other than cumulative preference share capital)	<b>51</b>	250	250				
Amounts included in lines 24 to 27 above	<b>52</b>						
Amounts representing the balance of net assets	<b>56</b>	58021	30017				
Total (51 to 56) and equal to line 29 above	<b>59</b>	58271	30267				

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

Balance brought forward at the beginning of the financial year	<b>61</b>	30017	88346	10	. 56	. 2	
Retained profit/(loss) for the financial year	<b>62</b>	28004	(58329)	16	. 59	. 1	
Movement in asset valuation differences	<b>63</b>			See instruction 2			
Decrease/(increase) in the provision for adverse changes	<b>64</b>			See instruction 3			
Other movements (particulars to be specified by way of supplementary note)	<b>65</b>						
Balance carried forward at the end of the financial year (61 to 65)	<b>69</b>	58021	30017				

**Analysis of admissible assets**Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2003**Category of assets **Total other than long term insurance business assets**

			Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			R13	226742	GL	31	12	2003	£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 assets**Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2003**Category of assets **Total other than long term insurance business assets**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R13	226742	GL	31	12	2003	£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					
	Rights under derivative contracts			44					
	Debt securities and other fixed income securities	Fixed interest	Approved securities	45					
			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					



**Analysis of admissible assets**Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2003**Category of assets **Total other than long term insurance business assets**

Category of assets		Company registration number		GL/UK/CM	Period ended			Units	Category of assets
					day	month	year		
R13		226742		GL	31	12	2003	£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	34637			5237	
		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	27822			30308	
	Cash in hand			82					
Other assets (particulars to be specified by way of supplementary note)				83					
Prepayments and accrued income	Accrued interest and rent			84					
	Deferred acquisition costs			85					
	Other prepayments and accrued income			86					
Deductions (under rules 4.14(2)(b) and 4.14(3)) from the aggregate value of assets				87					
Total sheet 3 (71 to 86 less 87)				88	62459			35545	
Grand total of admissible assets (39+69+88)				89	62459			35545	
Reconciliation to asset values determined in accordance with the insurance accounts rules									
Total admissible assets (as per line 89 above)				91	62459			35545	
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	62459			35545	
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 **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2003**Category of assets **Total long term insurance business assets**

			Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			R13	226742	GL	31	12	2003	£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	1260421		1184851	
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	98882		19992				
		Debt securities issued by, and loans to, dependants	26	101022		107666				
	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	1460325		1312509	

**Analysis of admissible assets**Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2003**Category of assets **Total long term insurance business assets**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R13	226742	GL	31 day	12 month	2003 year	£000	10
Investments (continued) Deposits with ceding undertakings Assets held to cover linked liabilities						As at the end of this financial year 1		As at the end of the previous year 2	
Other financial investments	Equity shares			41	5187002			3620320	
	Other shares and other variable yield securities			42					
	Holdings in collective investment schemes			43	326096			188334	
	Rights under derivative contracts			44	32928			20062	
	Debt securities and other fixed income securities	Fixed interest	Approved securities	45	2590303			2799004	
			Other	46	1670866			2210430	
		Variable interest	Approved securities	47	5785			2644	
			Other	48	19139			23933	
	Participation in investment pools			49					
	Loans secured by mortgages			50	118			118	
	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	12740			13564	
		Other		53					
	Deposits with approved credit institutions and approved financial institutions	Withdrawal subject to a time restriction of one month or less		54	3080			66400	
		Withdrawal subject to a time restriction of more than one month		55				1612	
	Other			56					
Deposits with ceding undertakings				57					
Assets held to match linked liabilities	Index linked			58	62			70	
	Property linked			59	1319			3522	
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	9849438			8950013	

**Analysis of admissible assets**Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2003**Category of assets **Total long term insurance business assets**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R13	226742	GL	31 day	12 month	2003 year	£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	52562			37668	
	Intermediaries			72	176				
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	50078			34979	
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	227649			249547	
		Due more than 12 months after the end of the financial year		79					
Tangible assets				80				2	
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	67825			137567	
	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	68695			71568	
	Deferred acquisition costs			85					
	Other prepayments and accrued income			86	1010			8910	
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	467995			540241	
Grand total of admissible assets (39+69+88)				89	11777758			10802763	
Reconciliation to asset values determined in accordance with the insurance accounts rules									
Total admissible assets (as per line 89 above)				91	11777758			10802763	
Total assets in excess of the admissibility limits of Appendix 4.2 (as valued in accordance with those Rules before applying admissibility limits)				92	11243				
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	42444			(99624)	
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	11831445			10703139	
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance					100	14437			74592

**Analysis of admissible assets**Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2003**Category of assets **Life and Annuity**

			Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			R13	226742	GL	31	12	2003	£000	11
Investments							As at the end of this financial year 1		As at the end of the previous year 2	
Land and buildings							11	1260421		1184851
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	98882		19992				
		Debt securities issued by, and loans to, dependants	26	101022		107666				
	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	1460325		1312509

**Analysis of admissible assets**Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2003**Category of assets **Life and Annuity**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R13	226742	GL	31 day	12 month	2003 year	£000	11
<b>Investments (continued)</b>						As at the end of this financial year 1		As at the end of the previous year 2	
<b>Deposits with ceding undertakings</b>									
<b>Assets held to cover linked liabilities</b>									
Other financial investments	Equity shares			41	5187002		3620320		
	Other shares and other variable yield securities			42					
	Holdings in collective investment schemes			43	326096		188334		
	Rights under derivative contracts			44	32928		20062		
	Debt securities and other fixed income securities	Fixed interest	Approved securities	45	2564667		2781854		
			Other	46	1670866		2209553		
		Variable interest	Approved securities	47	5785		2644		
			Other	48	19139		23933		
	Participation in investment pools			49					
	Loans secured by mortgages			50	118		118		
	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	12740		13564		
		Other		53					
	Deposits with approved credit institutions and approved financial institutions	Withdrawal subject to a time restriction of one month or less		54	1880		66400		
		Withdrawal subject to a time restriction of more than one month		55			1612		
	Other			56					
Deposits with ceding undertakings				57					
Assets held to match linked liabilities	Index linked			58	62		70		
	Property linked			59	1319		3522		
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	9822602		8931986		

**Analysis of admissible assets**Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2003**Category of assets **Life and Annuity**

Category of assets		Company registration number		GL/UK/CM	Period ended			Units	Category of assets
					day	month	year		
		R13	226742	GL	31	12	2003	£000	11
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	52562			37668	
	Intermediaries			72	176				
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	49379			29685	
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	221893			243858	
		Due more than 12 months after the end of the financial year		79					
Tangible assets				80				2	
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	48620			127878	
	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	68394			71407	
	Deferred acquisition costs			85					
	Other prepayments and accrued income			86	1010			8910	
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	442034			519408	
Grand total of admissible assets (39+69+88)				89	11724961			10763903	
Reconciliation to asset values determined in accordance with the insurance accounts rules									
Total admissible assets (as per line 89 above)				91	11724961			10763903	
Total assets in excess of the admissibility limits of Appendix 4.2 (as valued in accordance with those Rules before applying admissibility limits)				92	11243				
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	42444			(99209)	
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	11778648			10664694	
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance					100	14436			74237

**Analysis of admissible assets**Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2003**Category of assets **Permanent Health**

			Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			R13	226742	GL	31	12	2003	£000	12
Investments							As at the end of this financial year 1		As at the end of the previous year 2	
Land and buildings						11				
Investments in group undertakings and participating interests	UK insurance business dependants	Shares	21							
		Debt securities issued by, and loans to, dependants	22							
	Other insurance dependants	Shares	23							
		Debt securities issued by, and loans to, dependants	24							
	Non-insurance dependants	Shares	25							
		Debt securities issued by, and loans to, dependants	26							
	Other group undertakings and participating interests	Shares	27							
		Debt securities issued by, and loans to, group undertakings	28							
		Participating interests	29							
Debt securities issued by, and loans to, undertakings in which the insurer has a participating interest		30								
Total sheet 1 (11 to 30)						39				



**Analysis of admissible assets**Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2003**Category of assets **Permanent Health**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R13	226742	GL	31	12	2003	£000	12
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	25636		17150		
			Other	46			877		
		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	1200				
		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	26836		18027		

**Analysis of admissible assets**Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2003**Category of assets **Permanent Health**

Category of assets		Company registration number	GL/UK/CM	Period ended			Units	Category of assets		
				day	month	year				
		R13	226742	GL	31	12	2003	£000	12	
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	699		5294			
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	5756		5689			
		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	19205		9689			
	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	301		161			
	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	25961		20833			
Grand total of admissible assets (39+69+88)				89	52797		38860			
Reconciliation to asset values determined in accordance with the insurance accounts rules										
Total admissible assets (as per line 89 above)				91	52797		38860			
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			(415)			
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	52797		38445			
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance					100	1		355		

**Long term insurance business liabilities and margins**Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2003**Category of assets **Total long term insurance business assets**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets		
				day	month	year				
		R14	226742	GL	31	12	2003	£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	9336285			9447077			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	2332			2117			See Instruction 4
Long term insurance business fund carried forward (11 to 13)			14	9338617			9449194			See Instruction 5
Claims outstanding which had fallen due for payment before the end of the financial year	Gross amount		15	124403			104697			
	Reinsurers' share		16				1310			
	Net (15-16)		17	124403			103387			
Provisions for other risks and charges	Taxation		21	3618			865			
	Other		22	529			554			
Deposits received from reinsurers			23							
Creditors and other liabilities	Arising out of insurance operations	Direct insurance business	31	25374			21511			
		Reinsurance accepted	32							
		Reinsurance ceded	33	20588			96228			
	Debenture loans	Secured	34							
		Unsecured	35							
	Amounts owed to credit institutions		36				5765			
	Other creditors	Taxation	37	28566			34875			
		Other	38	201156			148148			
Accruals and deferred income			39	24722			25338			
Provision for adverse changes (calculated in accordance with rule 5.3)			41							
Total other insurance and non-insurance liabilities (17 to 41)			49	428956			436671			
Excess of the value of net admissible assets			51	2010185			916898			See Instruction 6
Total liabilities and margins			59	11777758			10802763			
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance			61	34718			42158			
Amounts included in line 59 attributable to liabilities in respect of property linked benefits			62	1319			3522			
Amount of any additional mathematical reserves included in line 51 which have been taken into account in the appointed actuary's certificate			63	441620			50895			See Instruction 7

**Long term insurance business liabilities and margins**Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2003**Category of assets **Life and Annuity**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
				day	month	year			
		R14	226742	GL	31	12	2003	£000	11
			As at the end of this financial year 1	As at the end of the previous year 2			Source		
Mathematical reserves, after distribution of surplus		11	9306367	9417564			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	20	105			See Instruction 4		
Long term insurance business fund carried forward (11 to 13)		14	9306387	9417669			See Instruction 5		
Claims outstanding which had fallen due for payment before the end of the financial year	Gross amount	15	124369	104627					
	Reinsurers' share	16		1274					
	Net (15-16)	17	124369	103353					
Provisions for other risks and charges	Taxation	21	3423						
	Other	22	529	554					
Deposits received from reinsurers		23							
Creditors and other liabilities	Arising out of insurance operations	Direct insurance business	31	25371	21508				
		Reinsurance accepted	32						
		Reinsurance ceded	33	4870	90740				
	Debenture loans	Secured	34						
		Unsecured	35						
	Amounts owed to credit institutions		36		5765				
	Other creditors	Taxation	37	28566	34875				
		Other	38	196539	147203				
Accruals and deferred income		39	24722	25338					
Provision for adverse changes (calculated in accordance with rule 5.3)		41							
Total other insurance and non-insurance liabilities (17 to 41)		49	408389	429336					
Excess of the value of net admissible assets		51	2010185	916898			See Instruction 6		
Total liabilities and margins		59	11724961	10763903					
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance		61	33728	41264					
Amounts included in line 59 attributable to liabilities in respect of property linked benefits		62	1319	3522					
Amount of any additional mathematical reserves included in line 51 which have been taken into account in the appointed actuary's certificate		63	442750	50895			See Instruction 7		

**Long term insurance business liabilities and margins**Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2003**Category of assets **Permanent Health**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
				day	month	year			
		R14	226742	GL	31	12	2003	£000 12	
			As at the end of this financial year 1	As at the end of the previous year 2			Source		
Mathematical reserves, after distribution of surplus		11	29918	29513			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	2312	2012			See Instruction 4		
Long term insurance business fund carried forward (11 to 13)		14	32230	31525			See Instruction 5		
Claims outstanding which had fallen due for payment before the end of the financial year	Gross amount	15	34	70					
	Reinsurers' share	16		36					
	Net (15-16)	17	34	34					
Provisions for other risks and charges	Taxation	21	195	865					
	Other	22							
Deposits received from reinsurers		23							
Creditors and other liabilities	Arising out of insurance operations	Direct insurance business	31	3	3				
		Reinsurance accepted	32						
		Reinsurance ceded	33	15718	5488				
	Debenture loans	Secured	34						
		Unsecured	35						
	Amounts owed to credit institutions		36						
	Other creditors	Taxation	37						
		Other	38	4617	945				
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	20567	7335					
Excess of the value of net admissible assets		51				See Instruction 6			
Total liabilities and margins		59	52797	38860					
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance		61	990	894					
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	(1130)				See Instruction 7		

**Liabilities (other than long term insurance business)**Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2003**

		Company registration number	GL/UK/CM	Period ended			Units	
		R15	226742	GL	31 day	12 month	2003 year	£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	497				
		Recommended dividend	48					
		Other	49	3691		5278		
Accruals and deferred income			51					
Total (19 to 51)			59	4188		5278		
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	4188		5278		
Amounts included in line 69 attributable to liabilities to related insurers, other than those under contracts of insurance or reinsurance			71					

**Profit and loss account (non-technical account)**Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2003**

			Company registration number	GL/UK/CM	Period ended			Units	
			R16	226742	GL	31	12	2003	£000
			This financial year		Previous year		Source		
			1		2		<	>	?
Transfer (to)/from the general insurance business technical account		From Form 20	11				20 . 59		
		Equalisation provisions	12						
Transfer from the long term insurance business revenue account			13	27448	29920		40 . 26		
Investment income	Income		14	867	787				
	Value re-adjustments on investments		15						
	Gains on the realisation of investments		16						
Investment charges	Investment management charges, including interest		17	49					
	Value re-adjustments on investments		18	1					
	Loss on the realisation of investments		19						
Allocated investment return transferred to the general insurance business technical account			20				20 . 51		
Other income and charges (particulars to be specified by way of supplementary note)			21						
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)			29	28265	30707				
Tax on profit or loss on ordinary activities			31	261	236				
Profit or loss on ordinary activities after tax (29-31)			39	28004	30471				
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	28004	30471				
Dividends (paid and proposed)			51		88800				
Profit or loss retained for the financial year (49-51)			59	28004	(58329)				

**Analysis of derivative contracts**Name of insurer **CGNU Life Assurance Limited**

Global business

Insurance Business **Long term**Financial year ended **31st December 2003**Category of assets **Total long term insurance business assets**

			Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			R17	226742	GL	31	12	2003	£000	10
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	2349							
	Equity shares	12								
	Land	13								
	Currencies	14	26750		5785		14129		15011	
	Other	15	91		26					
Options	Fixed-interest securities	21					12			
	Equity shares	22	15				5797		2219	
	Land	23								
	Currencies	24								
	Other	25	103		94		124		270	
Contracts for differences	Fixed-interest securities	31								
	Equity shares	32	2561		4858					
	Land	33								
	Currencies	34	1210							
	Other	35								
Adjustments for variation margin		41	(151)							
Total (11 to 41)		49	32928		10763		20062		17500	



**Analysis of derivative contracts**Name of insurer **CGNU Life Assurance Limited**

Global business

Insurance Business **Long term**Financial year ended **31st December 2003**Category of assets **Life and Annuity**

			Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			R17	226742	GL	31	12	2003	£000	11
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	2349							
	Equity shares	12								
	Land	13								
	Currencies	14	26750		5785		14129		15011	
	Other	15	91		26					
Options	Fixed-interest securities	21					12			
	Equity shares	22	15				5797		2219	
	Land	23								
	Currencies	24								
	Other	25	103		94		124		270	
Contracts for differences	Fixed-interest securities	31								
	Equity shares	32	2561		4858					
	Land	33								
	Currencies	34	1210							
	Other	35								
Adjustments for variation margin		41	(151)							
Total (11 to 41)		49	32928		10763		20062		17500	

**Long term insurance business : Revenue account**Name of insurer **CGNU Life Assurance Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2003**Name and number of fund/Summary **Summary**

	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund
			day	month	year				
<b>R40</b>	<b>226742</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2003</b>	<b>£000</b>	<b>OB</b>	<b>99</b>	<b>0</b>
<b>Items to be shown net of reinsurance ceded</b>							The financial year <b>1</b>	Previous year <b>2</b>	
Earned premiums						<b>11</b>	807555	1634587	
Investment income receivable before deduction of tax						<b>12</b>	506409	448120	
Increase (decrease) in the value of non-linked assets brought into account						<b>13</b>	(365969)	(980344)	
Increase (decrease) in the value of linked assets						<b>14</b>	155	350	
Other income						<b>15</b>		8000	
Total income (11 to 15)						<b>19</b>	948150	1110713	
Claims incurred						<b>21</b>	899208	861091	
Expenses payable						<b>22</b>	141306	163945	
Interest payable before deduction of tax						<b>23</b>	5866	5809	
Taxation						<b>24</b>	(15101)	(86577)	
Other expenditure						<b>25</b>		8000	
Transfer to (from) non technical account						<b>26</b>	27448	29920	
Total expenditure (21 to 26)						<b>29</b>	1058727	982188	
Increase (decrease) in fund in financial year (19-29)						<b>39</b>	(110577)	128525	
Fund brought forward						<b>49</b>	9449194	9320669	
Fund carried forward (39+49)						<b>59</b>	9338617	9449194	

**Long term insurance business : Revenue account**Name of insurer **CGNU Life Assurance Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2003**Name and number of fund/Summary **Life and Annuity 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	226742	GL	31	12	2003	£000	OB	1	99
Items to be shown net of reinsurance ceded								The financial year 1	Previous year 2		
Earned premiums								11	803401	1630949	
Investment income receivable before deduction of tax								12	505034	447129	
Increase (decrease) in the value of non-linked assets brought into account								13	(365230)	(980995)	
Increase (decrease) in the value of linked assets								14	155	350	
Other income								15			
Total income (11 to 15)								19	943360	1097433	
Claims incurred								21	897427	858540	
Expenses payable								22	138412	162683	
Interest payable before deduction of tax								23	5866	5805	
Taxation								24	(14511)	(81800)	
Other expenditure								25		8000	
Transfer to (from) non technical account								26	27448	29920	
Total expenditure (21 to 26)								29	1054642	983148	
Increase (decrease) in fund in financial year (19-29)								39	(111282)	114285	
Fund brought forward								49	9417669	9303384	
Fund carried forward (39+49)								59	9306387	9417669	

**Long term insurance business : Revenue account**Name of insurer **CGNU Life Assurance Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2003**Name and number of fund/Summary **Permanent Health 2**

	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund
			day	month	year				
<b>R40</b>	<b>226742</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2003</b>	<b>£000</b>	<b>OB</b>	<b>2</b>	<b>0</b>
<b>Items to be shown net of reinsurance ceded</b>							The financial year <b>1</b>	Previous year <b>2</b>	
Earned premiums						<b>11</b>	4154	3638	
Investment income receivable before deduction of tax						<b>12</b>	1375	991	
Increase (decrease) in the value of non-linked assets brought into account						<b>13</b>	(739)	651	
Increase (decrease) in the value of linked assets						<b>14</b>			
Other income						<b>15</b>		8000	
Total income (11 to 15)						<b>19</b>	4790	13280	
Claims incurred						<b>21</b>	1781	2551	
Expenses payable						<b>22</b>	2894	1262	
Interest payable before deduction of tax						<b>23</b>		4	
Taxation						<b>24</b>	(590)	(4777)	
Other expenditure						<b>25</b>			
Transfer to (from) non technical account						<b>26</b>			
Total expenditure (21 to 26)						<b>29</b>	4085	(960)	
Increase (decrease) in fund in financial year (19-29)						<b>39</b>	705	14240	
Fund brought forward						<b>49</b>	31525	17285	
Fund carried forward (39+49)						<b>59</b>	32230	31525	

**Long term insurance business : Analysis of premiums and expenses**Name of insurer **CGNU Life Assurance Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2003**Name and number of fund/Summary **Summary**

		Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund	
		R41	226742	GL	31	12	2003	£000	OB	99	0
					Gross		Payable to or recoverable from reinsurers		Net of reinsurance (1-2)		
					1		2		3		
Earned premiums in the financial year	Life assurance and general annuity contracts	Single premium			11	1371599		1052125		319474	
		Regular premium			12	366341		73826		292515	
	Pension business contracts	Single premium			13	1202253		1091495		110758	
		Regular premium			14	691150		618611		72539	
	Permanent health contracts	Single premium			15	20160		19928		232	
		Regular premium			16	25493		13456		12037	
	Other contracts	Single premium			17						
		Regular premium			18						
	Total premiums	Single premium			19	2594012		2163548		430464	
		Regular premium			29	1082984		705893		377091	
Total premiums at lines 19 and 29 attributable to	UK contracts			31	3611556		2849634		761922		
	Overseas contracts			32	65440		19807		45633		
Expenses payable in the financial year	Commission payable in connection with acquisition of business				41	156404		113269		43135	
	Other commission payable				42	33130		6041		27089	
	Management expenses in connection with acquisition of business				43	132587		104681		27906	
	Management expenses in connection with maintenance of business				44	51692		15310		36382	
	Other management expenses				45	31818		25024		6794	
	Total expenses (41 to 45)				49	405631		264325		141306	
	Total expenses at line 49 attributable to	UK contracts			51	395925		262878		133047	
		Overseas contracts			52	9706		1447		8259	

**Long term insurance business : Analysis of premiums and expenses**Name of insurer **CGNU Life Assurance Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2003**Name and number of fund/Summary **Life and Annuity 1**

		Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund	
		R41	226742	GL	31	12	2003	£000	OB	1	99
					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	1371599		1052125		319474	
		Regular premium			12	366341		73826		292515	
	Pension business contracts	Single premium			13	1202253		1091495		110758	
		Regular premium			14	691150		618611		72539	
	Permanent health contracts	Single premium			15						
		Regular premium			16	10278		2163		8115	
	Other contracts	Single premium			17						
		Regular premium			18						
	Total premiums	Single premium			19	2573852		2143620		430232	
		Regular premium			29	1067769		694600		373169	
Total premiums at lines 19 and 29 attributable to	UK contracts			31	3576181		2818413		757768		
	Overseas contracts			32	65440		19807		45633		
Expenses payable in the financial year	Commission payable in connection with acquisition of business				41	142909		99833		43076	
	Other commission payable				42	31003		6017		24986	
	Management expenses in connection with acquisition of business				43	132582		104682		27900	
	Management expenses in connection with maintenance of business				44	50779		15123		35656	
	Other management expenses				45	31804		25010		6794	
	Total expenses (41 to 45)				49	389077		250665		138412	
	Total expenses at line 49 attributable to	UK contracts			51	379371		249218		130153	
		Overseas contracts			52	9706		1447		8259	

**Long term insurance business : Analysis of premiums and expenses**Name of insurer **CGNU Life Assurance Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2003**Name and number of fund/Summary **Permanent Health 2**

		Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund	
		R41	226742	GL	31	12	2003	£000	OB	2	0
					Gross		Payable to or recoverable from reinsurers		Net of reinsurance (1-2)		
					1		2		3		
Earned premiums in the financial year	Life assurance and general annuity contracts	Single premium			11						
		Regular premium			12						
	Pension business contracts	Single premium			13						
		Regular premium			14						
	Permanent health contracts	Single premium			15	20160		19928		232	
		Regular premium			16	15215		11293		3922	
	Other contracts	Single premium			17						
		Regular premium			18						
	Total premiums	Single premium			19	20160		19928		232	
		Regular premium			29	15215		11293		3922	
	Total premiums at lines 19 and 29 attributable to	UK contracts			31	35375		31221		4154	
		Overseas contracts			32						
Expenses payable in the financial year	Commission payable in connection with acquisition of business				41	13495		13436		59	
	Other commission payable				42	2127		24		2103	
	Management expenses in connection with acquisition of business				43	5		(1)		6	
	Management expenses in connection with maintenance of business				44	913		187		726	
	Other management expenses				45	14		14			
	Total expenses (41 to 45)				49	16554		13660		2894	
	Total expenses at line 49 attributable to	UK contracts			51	16554		13660		2894	
		Overseas contracts			52						

**Long term insurance business : Analysis of claims**Name of insurer **CGNU Life Assurance Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2003**Name and number of fund/Summary **Summary**

		Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund	
		R42	226742	GL	31	12	2003	£000	OB	99	0
Claims incurred in the financial year					Gross		Recoverable from reinsurers		Net of reinsurance (1-2)		
					1		2		3		
Life assurance and annuity contracts	On death				11	296668		161853		134815	
	By way of lump sums on maturity				12	111794		513		111281	
	By way of annuity payments				13	1200				1200	
	By way of payments arising from other insured events				14						
	On surrender or partial surrender				15	900473		499442		401031	
	Total life assurance and annuity claims (11 to 15)				19	1310135		661808		648327	
Pension business contracts	On death				21	14668		10727		3941	
	By way of lump sums on vesting				22	73097		26242		46855	
	By way of vested annuity payments				23	36850				36850	
	On surrender or partial surrender				24	373713		213399		160314	
	Total pension business claims (21 to 24)				29	498328		250368		247960	
Permanent health contracts	By way of lump sums				31						
	By way of periodical payments				32	14674		11753		2921	
	Total permanent health claims (31+32)				39	14674		11753		2921	
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	1823137		923929		899208	
Total claims at line 59 attributable to		UK contracts			61	1766296		918213		848083	
		Overseas contracts			62	56841		5716		51125	



**Long term insurance business : Analysis of claims**Name of insurer **CGNU Life Assurance Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2003**Name and number of fund/Summary **Life and Annuity 1**

		Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund	
		R42	226742	GL	31	12	2003	£000	OB	1	99
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	296668		161853		134815	
	By way of lump sums on maturity				12	111794		513		111281	
	By way of annuity payments				13	1200				1200	
	By way of payments arising from other insured events				14						
	On surrender or partial surrender				15	900473		499442		401031	
	Total life assurance and annuity claims (11 to 15)				19	1310135		661808		648327	
Pension business contracts	On death				21	14668		10727		3941	
	By way of lump sums on vesting				22	73097		26242		46855	
	By way of vested annuity payments				23	36850				36850	
	On surrender or partial surrender				24	373713		213399		160314	
	Total pension business claims (21 to 24)				29	498328		250368		247960	
Permanent health contracts	By way of lump sums				31						
	By way of periodical payments				32	1140				1140	
	Total permanent health claims (31+32)				39	1140				1140	
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	1809603		912176		897427	
Total claims at line 59 attributable to		UK contracts			61	1752762		906460		846302	
		Overseas contracts			62	56841		5716		51125	

**Long term insurance business : Analysis of claims**Name of insurer **CGNU Life Assurance Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2003**Name and number of fund/Summary **Permanent Health 2**

		Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund	
		R42	226742	GL	31	12	2003	£000	OB	2	0
Claims incurred in the financial year					Gross		Recoverable from reinsurers		Net of reinsurance (1-2)		
					1		2		3		
Life assurance and annuity contracts	On death				11						
	By way of lump sums on maturity				12						
	By way of annuity payments				13						
	By way of payments arising from other insured events				14						
	On surrender or partial surrender				15						
	Total life assurance and annuity claims (11 to 15)				19						
Pension business contracts	On death				21						
	By way of lump sums on vesting				22						
	By way of vested annuity payments				23						
	On surrender or partial surrender				24						
	Total pension business claims (21 to 24)				29						
Permanent health contracts	By way of lump sums				31						
	By way of periodical payments				32	13534		11753		1781	
	Total permanent health claims (31+32)				39	13534		11753		1781	
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	13534		11753		1781	
Total claims at line 59 attributable to	UK contracts				61	13534		11753		1781	
	Overseas contracts				62						

**Long term insurance business : Summarised balance sheet for internal linked funds**Name of insurer **CGNU Life Assurance Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2003**Name and number of fund/Summary **Summary**

Financial year ended		31st December 2003				Company registration number		GL/UK/CM		Period ended			Units		OB/IB		No of fund/Summary		No of part of Fund									
Name and number of fund/Summary				Summary						day			month			year												
						R43		226742		GL		31			12			2003			£000		OB		99		0	
Name of fund				Directly held assets		Investment in other internal linked funds of the insurer		Total assets (2+3)		Provision for tax on unrealised capital gains		Secured and unsecured loans			Other liabilities			Net asset value (4-5-6-7)										
1				2		3		4		5		6			7			8										
French Vega Securite				1624				1624										1624										
Total				1624				1624										1624										

**Long term insurance business : Summarised balance sheet for internal linked funds**Name of insurer **CGNU Life Assurance Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2003**Name and number of fund/Summary **Life and Annuity 1**

		Company registration number		GL/UK/CM		Period ended			Units	OB/IB	No of fund/Summary	No of part of Fund
						day	month	year				
		R43	226742	GL		31	12	2003	£000	OB	1	99
Name of fund	Directly held assets	Investment in other internal linked funds of the insurer	Total assets (2+3)	Provision for tax on unrealised capital gains	Secured and unsecured loans	Other liabilities	Net asset value (4-5-6-7)					
1	2	3	4	5	6	7	8					
French Vega Securite	1624		1624				1624					
Total	1624		1624				1624					

**Long term insurance business : Aggregate revenue account for internal linked funds**Name of insurer **CGNU Life Assurance Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2003**Name and number of fund/Summary **Summary**

	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund
			day	month	year				
<b>R44</b>	<b>226742</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2003</b>	<b>£000</b>	<b>OB</b>	<b>99</b>	<b>0</b>
Value of total creation of units						11			
Investment income attributable to the funds before deduction of tax						12			
Increase (decrease) in the value of investments in the financial year						13			155
Other income						14			
Total income (11 to 14)						19			155
Value of total cancellation of units						21			
Charges for management						22			
Charges in respect of tax on investment income						23			
Taxation on realised capital gains						24			
Increase (decrease) in amount set aside for tax on capital gains not yet realised						25			
Other expenditure						26			
Total expenditure (21 to 26)						29			
Increase (decrease) in funds in financial year (19-29)						39			155
Internal linked funds brought forward						49			1469
Internal linked funds carried forward (39+49)						59			1624

**Long term insurance business : Aggregate revenue account for internal linked funds**Name of insurer **CGNU Life Assurance Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2003**Name and number of fund/Summary **Life and Annuity 1**

	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund
			day	month	year				
<b>R44</b>	<b>226742</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2003</b>	<b>£000</b>	<b>OB</b>	<b>1</b>	<b>99</b>
Value of total creation of units						11			
Investment income attributable to the funds before deduction of tax						12			
Increase (decrease) in the value of investments in the financial year						13			155
Other income						14			
Total income (11 to 14)						19			155
Value of total cancellation of units						21			
Charges for management						22			
Charges in respect of tax on investment income						23			
Taxation on realised capital gains						24			
Increase (decrease) in amount set aside for tax on capital gains not yet realised						25			
Other expenditure						26			
Total expenditure (21 to 26)						29			
Increase (decrease) in funds in financial year (19-29)						39			155
Internal linked funds brought forward						49			1469
Internal linked funds carried forward (39+49)						59			1624

**Long term insurance business : Supplementary information for internal linked funds**Name of insurer **CGNU Life Assurance Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2003**Name and number of fund **Life and Annuity 1**

Company registration number		GL/UK/CM	Period ended			Units	OB/IB	No of fund	No of part of Fund
			day	month	year				
R45	226742	GL	31	12	2003	£000	OB	1	99
Name of fund		Amount of taxable unrealised capital gain or loss	Percentage provision for tax on unrealised capital gains		Percentage provision for tax on realised capital gains		Liquidity percentage	Valuation price per unit	
1		2	3		4		5	6	
French Vega Securite							100.00	2419.82102	

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

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2003**

- 1 The date to which the investigation relates is 31 December 2003.
- 2 The date to which the previous investigation related was 31 December 2002.
- 3 This valuation is in conformity with IPRU (INS) rule 5.6.

### 4 (1) **Non linked contracts**

#### (a) **Retirement annuities**

These are directly written with-profit deferred annuities approved under Chapter III Part XIV of the Income and Corporation Taxes Act 1988 or under corresponding legislation in Jersey and Guernsey.

Benefits are expressed in terms of a guaranteed annuity payable from age 70 (occasionally age 75). Each premium paid is applied to purchase additional benefits after deduction of commission and in the case of policies written since 1981, a policy charge. Premium rates can be changed for increments to regular premiums and for future single premiums.

For policies written prior to 1981, premium payments could be level or flexible within limits defined in the policy. For policies written since 1981, premium payments are either level or single.

Retirement can take place at any time between age 60 and 70 (or earlier in the event of ill health or in the case of certain occupations or professions), in which case the guaranteed annuity is reduced by the application of an early retirement factor which is specified in the policy.

On retirement at any age, part or the entire guaranteed annuity may be commuted for cash, on the basis of fixed rates of conversion specified in the policy. The resulting cash sum may be taken as a benefit within Inland Revenue limits or applied on current immediate annuity rates with the Company or with any other insurance company.

Benefits payable on death are either a return of premiums with interest, a return of premiums with no interest, or a return of fund. The return of fund benefit is equal to the cash sum that would be available on retirement at that time.

Transfer values are available by concession but are not guaranteed. Current practice is to pay the cash sum that would be available on retirement at that time.

Waiver of premium benefit is available on policies issued since 1984.

Reversionary bonuses are added to the benefits purchased to date. Future reversionary bonus rates are not guaranteed.

This contract is no longer issued.

#### **Unitised with profit**

Unitised with profit benefits arise under Personal Pension Scheme, GA Group Money Purchase Scheme, GA Top-up Pension and International Personal Pension policies which are unit linked policies issued jointly by this Company and Norwich Union Linked Life Assurance Limited prior to 1 January 1993 (15 March 1993 in the case of the International Personal Pension). Jointly issued contracts are administered by Norwich Union Linked Life Assurance Limited and are fully described in the returns of that company.

Unitised with profit benefits also arise under unit linked policies issued by this Company. These contracts are fully described in paragraph 5 where details of contractual charges are given.

Norwich Union Linked Life Assurance Limited retains the initial charge included in the offer price of units in the Unitised With Profit Pension Fund under jointly issued policies.

A periodic charge of 1% p.a. is rebated to Norwich Union Linked Life Assurance Limited, in respect of Unitised With Profit Pension benefits under jointly issued policies. No other periodic charge is applied to the Unitised With Profit Life and Pension Funds other than by unit cancellation under the contract terms. These funds form non-identifiable parts of the Company's ordinary Long Term Life Assurance and Annuity Fund.



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

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2003**

### Unitised With Profit Income

These are Unitised With Profit benefits arising under Portfolio Bond contracts written since 15 May 2000 and under the NU Bond, NU Bond 2000, Joint Venture Bond, NU Flexibond, NU Bond Level Option and NU Bond Step Down Option contracts. 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 fund forms a non-identifiable part of the Company's ordinary Long Term Life Assurance and Annuity Fund.

### Valeur Plus

These are Unitised With Profit benefits arising under the French Multi-Portfolio and Multi-Portfolio Retraite contracts denominated in Euros. Those contracts are fully described in paragraph 5.

No periodic charge is applied to units in this fund other than by unit cancellation under the contract terms. The fund forms a non-identifiable part of the Company's Ordinary Long Term Life Assurance and Annuity Fund.

### German Unitised With Profit

These are Unitised With Profit benefits arising under the German GALA and German DIVA contracts denominated in Euros. Those contracts are fully described in paragraph 5. No periodic charge is applied to units in this fund other than by unit cancellation under the contract terms. The fund forms a non-identifiable part of the Company's Long Term Life Assurance and Annuity fund.

### Irish Unitised With Profit

These are Unitised With Profit benefits arising under the Irish Portfolio Bond, Irish Portfolio Pension, Irish Executive Portfolio Pension and Irish Pension Buy-Out Plan contracts denominated in Euros. These contracts are fully described in paragraph 5. No periodic charge is applied to units in this fund other than by way of unit cancellation under the contract terms. The fund forms a non-identifiable part of the Company's Long Term Life Assurance and Annuity Fund.

### Reassurance from Norwich Union Life (RBS) Ltd

From 28 January 2002 the Company was the accepting reinsurer for the With Profit Bond contract written by Norwich Union Life (RBS) Ltd (referred to in the returns as the Joint Venture Bond). The treaty is on a quota share basis with 45% being reassured to the company. The contract terms are as follows.

The contract is a single premium United Kingdom reinsurance accepted whole life assurance and is classified as life assurance and general annuity business. Benefits may be linked to the Unitised With Profit Life Fund, the Unitised With Profit Income Fund or a combination of both.

#### (i) Deductions from identifiable current benefit

If units are held for less than 5 years, a charge is applied to the bid value of units as follows. The charge is not applied on death, nor to 'protected withdrawals' (see below). 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%

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).

The adjustment is applied at the company's discretion. In determining a Market Value Reduction (MVR) the investment return of the With Profits 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.

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

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2003**

- (ii) 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.
- (iii) The price of units in the Unitised With Profits Life Fund is guaranteed never to fall. In the case of the 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.

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 between 21 October 2002 and 19 December 2003, 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 each anniversary from the sixth anniversary onwards. The Loyalty bonus is paid by adding extra units.

- (iv) 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 investments in the Unitised With Profit Income Fund.
- (v) 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 Profits 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.

### Reassurance from Norwich Union International Limited

From 30 September 2002 the Company was the accepting reinsurer for the With Profit Bond contract written by Norwich Union International Limited, a company incorporated in the Dublin International Financial Services Centre (referred to in the returns as the Norwich Union International With-Profit Bond). The treaty is on a quota share basis with 45% being reassured to the company. The contract terms are as follows. It is a whole life assurance and is classified as overseas life assurance and general annuity business. Benefits are linked to the Unitised With Profit Pension Fund.

#### (i) Deductions from identifiable current benefit

If units are held for less than 5 years, a charge is applied to the bid value of units as follows. The charge is not applied on death, nor to certain regular withdrawals (see below). 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 early cash-in charge is applied to the money originally invested according to the following scale:

Year	Charge
1	9.9%
2	8.0%
3	6.0%
4	4.0%
5	2.0%

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).

The adjustment is applied at the company's discretion. In determining a Market Value Reduction (MVR) the investment return of the With Profits 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.

- (ii) No allowance for the application of a Market Value Reduction has been included in column 12 of Form52.

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

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2003**

- (iii) The price of units in the Unitised With Profits Pension Fund is guaranteed never to fall.
  - (iv) 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.
  - (v) Regular withdrawal option enables regular payments to be taken from the Bond.  
For certain regular withdrawals from the Unitised With Profits 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.
- (b) There are no policies that provide for benefits on the basis of interest accrued.
- (c) The benefits under all categories of non-linked contract are fully described by the entry in column 1 of Form 51 except for the following:

### **Endowment assurances**

A moving house option is available on low cost endowment policies to increase the level of cover without evidence of health subject to limits defined in the policy.

Waiver of premium benefit may be effected on low cost endowment policies issued since 10 April 1996.

Certain low cost endowment policies issued since 23 November 1993 provide that, in cases of financial hardship leading to default on a mortgage loan, the surrender value will not be less than the premiums paid. The Company retains discretion in determining whether the minimum surrender payment will be made.

### **Endowment Assurances with critical illness and Decreasing Term Assurances with critical illness**

These are endowment and decreasing term assurances whose benefits before maturity are paid on death or on the diagnosis of any specified critical illness, including permanent total disability. Policies issued since 2 January 1998 incorporate a terminal illness benefit as described below.

Waiver of premium option and moving house options and the financial hardship provision are available as for Endowment Assurances.

### **Economy endowment assurances**

These are endowment assurances where the premiums increase by 20% per annum simple during the first five years.

### **Lifecover Plus assurances**

These are whole life assurances issued without underwriting where the benefit on death within the first two years is restricted to the return of 115% of the premiums paid. The contract is available to lives aged 50 to 75 at the date of issue.

### **Term assurances**

Term assurances issued since August 1995 incorporate a terminal illness benefit. This benefit provides for the payment of the full sum assured where the life assured is diagnosed as suffering from a terminal illness with a life expectancy of no greater than 12 months. This benefit does not apply in the last 18 months of the policy.

Critical illness and waiver of premium options are available for policies issued since 17 November 1999. Critical illness and waiver of premium benefits are insured by the Permanent Health Insurance Fund and death benefits are insured by the Life and Annuity Fund. Premiums and claims are directly attributed to the appropriate fund. Commission and expenses are apportioned between the funds in proportion to the respective premiums.

Certain term assurances contain options to convert to a different class of assurance before the end of the term or to extend the period of assurance without evidence of health. Additional premiums are paid for these options.

### **Decreasing term assurance**

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

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2003**

Critical illness and waiver of premium options are available for policies issued since 2 October 2000. Critical illness and waiver of premium benefits are insured by the Permanent Health Insurance Fund and death benefits are insured by the Life and Annuity Fund. Premiums and claims are directly attributed to the appropriate fund. Commission and expenses are apportioned between the funds in proportion to the respective premiums.

### **Serious illness contracts**

This contract provides a lump sum on diagnosis or on death arising from cancer, stroke or heart attack. The policy is written as a 10 year term assurance. Premiums, claims and expenses are apportioned between the Life & Annuity Fund and the Permanent Health Insurance Fund in the ratio 65:35, being the estimated proportion of claims arising on death and diagnosis respectively.

This contract was not issued after 1997.

### **Critical illness contracts**

This contract provides a lump sum on diagnosis of a specified critical illness, providing the policyholder subsequently survives for a minimum of 28 days. There is no benefit payable on death. Two versions are available: one provides a level sum assured throughout the term, the other provides a decreasing sum assured. Premiums are level throughout the term of the policy.

### **German term assurances**

This product incorporates a terminal illness benefit. This benefit provides for the payment of the full sum assured where the life is diagnosed as suffering from a terminal illness with a life expectancy of no more than 12 months. This benefit does not apply in the last 18 months of the policy.

Temporary insurance cover is provided, subject to limits on the benefit payable defined in the policy and the exclusion of pre-existing conditions and suicide. This benefit provides cover from receipt of the application to the date of commencement of the policy, subject to a maximum of two months. No additional charge is made for this benefit.

### **Group Term assurance**

In the case of pensions group life and group widows death in service contracts costed by unit rate, the unit rate is guaranteed for either 2 or 3 years, subject to there being no material variation in the employees or the level of benefit to be provided in accordance with the scheme rates.

### **Cash on retirement**

These are single or regular premium pension contracts issued to employers to provide benefits under a scheme which complies with Chapter 1 of Part XIV of the Income and Corporation Taxes Act 1988.

The contracts either provide cash on retirement with no options or cash on retirement with a guaranteed annuity rate option. For contracts with the option (coded D in column 3 of Form 51), the annuity is only guaranteed at Normal Retirement Date. Guaranteed Annuity Rates can be amended by the Company for increases in annual premiums and for future single premiums.

Benefits on death prior to retirement are either nil, a return of premiums with no interest, or a return of fund. The return of fund benefit is equal to the cash sum that would have been provided under the policy on retirement at that time.

### **Deferred Annuity and Deferred Reversionary Annuity**

These contracts are similar to cash on retirement contracts except that they provide a deferred annuity with a guaranteed cash option, which may be used to uplift the pension on retirement if annuity rates at that time are more favourable. The benefit on death prior to retirement is either nil or a return of premiums with no interest.

### **Permanent health insurance**

Individual permanent health insurance policies effected after August 1988 have an AIDS exclusion clause and policies issued after January 1990 allow the Company to review premiums in line with its experience.

Certain contracts include benefits that increase at 3% per annum compound during each period of disability, waiver of premium benefits and partial disablement benefit. The Income Replacement Plan offers an option to increase benefits and premiums in line with the Retail Prices Index, subject to limits, and an option to provide

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a lump sum on diagnosis of a specified critical illness, providing the policyholder subsequently survives for a minimum of 28 days.

### **With Profit Annuity**

The With Profit Annuity is a conventional with-profits contract with its own bonus series, available to compulsory purchase pensions.

The client can anticipate future investment returns by selecting an anticipated growth rate, which cannot be changed once the pension has started.

Bonus rates are declared each January and all pensions are reviewed on the first instalment date after 1 February each year. The pension is first reduced by the anticipated growth rate and then increased by any reversionary bonuses. A top-up bonus may also be added. Top up bonuses can be removed at any time. The pension is guaranteed not to fall below the amount that would have been paid at the outset if a 0% anticipated growth rate had been selected.

The contract was not issued after 1 October 2000.

## **5 (1) Linked contracts**

### **(a) Kaleidoscope and Kaleidoscope 1992**

- (b)** This contract is a United Kingdom direct written whole life assurance and is classified as life assurance and general annuity business.
- (c)** Regular premiums may be paid monthly or annually. Additional single premiums may also be paid.
- (d)** The death benefit is the greater of the bid value of units and the selected life cover. Policy reviews are carried out at defined intervals and the selected level of cover is guaranteed between reviews.

Waiver of premium benefit and permanent health benefit of up to 10 times the regular premium may be effected.

Permanent total disability benefit may be effected at the same level as the selected life cover but subject to a maximum of £250,000.

Regular increase benefit may be effected in which case the death benefit and permanent total disability benefit may be increased by up to 50% on each of the 5th and 10th policy anniversaries without evidence of health.

An HIV exclusion clause applies to waiver of premium, permanent health and permanent total disability benefits.

Annual indexation option may be effected in which case either the regular premium or the regular premium and selected life cover will increase on each policy anniversary without evidence of health. The increases are in line with the Retail Price Index subject to upper and lower limits or at a fixed rate as defined in the policy.

Special event options enable the selected life cover and permanent total disability benefit to be increased without evidence of health. The events covered are the granting of loans or additional loans on residential property occupied by the life assured, the birth or adoption of a child and on marriage. Restrictions apply to the increase in cover that may be granted under these options. All options cease at age 50.

There is an option to effect a new policy without evidence of health for an amount not greater than any reduction in selected life cover following a policy review. The option ceases at age 50.

Provided that at least 2 years premiums have been paid, one annual premium or up to 6 monthly premiums can be missed where the life assured becomes redundant or pregnant, or the policy can be converted to a paid up policy or surrendered. In these circumstances the guarantee on life cover ceases.

In the case of policies issued since 31 March 1992, premiums may be applied to purchase units in the Unitised With Profit Life Fund of this Company.

- (e)** There are no guaranteed investment returns.
- (f)** The Company recovers its costs as follows: -

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- (i) Reduced allocation rates apply to regular premiums during the first two years of the policy.
  - (ii) Unit prices for internal linked funds are reduced to take into account an annual management charge of 1% per annum.
  - (iii) An initial charge of 5% is included in the offer price of units.
  - (iv) Units are cancelled each month to provide for the administration charge.
  - (v) The costs of selected life cover, waiver of premium and permanent health benefits, permanent total disability benefit and regular increase benefit are met by cancellation of units each month.
- (g) The annual management charge can be increased to a maximum of 2.5% p.a. The administration charge may only be increased to take account of changes in earnings' inflation, administration costs and taxation.
- (h) The surrender value is the bid value of allocated units less 10% of the regular premiums outstanding to the end of five years. For this purpose each increase in premium is considered separately. The same charge is made for policies becoming paid up.
- (i) Benefits may be linked to up to 6 of the internal linked life funds of Norwich Union Linked Life Assurance Limited (other than the Guaranteed Fund).
- (j) The Company will cancel the policy if the units allocated to the policy are insufficient to meet the administration charge. Such cancellation will not take place before any initial monetary debt has been repaid or whilst a guarantee on selected life cover applies.
- (k) The contract was not open to new business on the valuation date.
- (l) The administration charge was increased from £2.42 per month to £2.47 per month with effect from the 2003 policy anniversary.

**(a) Lifetrack and Lifetrack 1991**

- (b) This contract is a United Kingdom direct written whole life assurance and is classified as life assurance and annuity business.
- (c) Regular premiums may be paid monthly or annually.
- (d) Benefits are payable on death or on the diagnosis of certain critical illnesses, including permanent total disability, as specified in the policy. The benefit on death or on the diagnosis of a specified critical illness, is the greater of the bid value of units and the selected life cover. Policy reviews are carried out at defined intervals and the selected level of cover is guaranteed between reviews.

Waiver of premium benefit may be effected. The benefit is subject to an HIV exclusion clause.

Annual indexation option may be effected in which case either the regular premium or the regular premium and selected life cover will increase on each policy anniversary without evidence of health. The increases are in line with the Retail Price Index subject to upper and lower limits or at a fixed rate as defined in the policy.

Increasing premium option may be effected in which case the premium and any benefits may be increased by 10% of the initial premium on each of the first 4 policy anniversaries without evidence of health.

Special event options enable the selected life cover to be increased without evidence of health on the birth or adoption of a child or on marriage. Restrictions apply to the increase in cover that may be granted. Both options cease at age 50.

The policy may be converted to a paid up policy (in which case the guarantee on life cover ceases) or surrendered after 2 years' premiums have been paid.

Premiums may be applied to purchase units in the unitised with-profit Life Fund of this Company.

- (e) There are no guaranteed investment returns.
- (f) The Company recovers its costs as for Kaleidoscope (i) to (iv), and by the cancellation of units each month to provide for the cost of life and critical illness cover and waiver of premium benefit.
- (g) The annual management charge can be increased to a maximum of 2.5% p.a. The administration charge may only be increased to take account of changes in earnings' inflation, administration costs and taxation.

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- (h) The surrender value is the bid value of allocated units less 10% of the regular premiums outstanding to the end of five years. For this purpose each increase in premium is considered separately. The same charge is made for policies becoming paid up.
- (i) Benefits may be linked to up to 6 of the internal linked life funds of Norwich Union Linked Life Assurance Limited (other than the Guaranteed Fund).
- (j) The Company will cancel the policy if the units allocated to the policy are insufficient to meet the administration charge. Such cancellation will not take place before any initial monetary debt has been repaid or whilst a guarantee on selected life cover applies.
- (k) The contract was not open to new business on the valuation date.
- (l) The administration charge was increased from £2.42 per month to £2.47 per month with effect from the 2003 policy anniversary.

### **(a) Stepping Stone (& Low Start Stepping Stone)**

- (b) This contract is a United Kingdom direct written endowment assurance and is classified as life assurance and general annuity business.
- (c) Regular premiums may be paid monthly or annually.

Two versions of the policy are available, a level premium version (Stepping Stone) and a low start version (Low Start Stepping Stone) where premiums increase by 20% per annum for the first five years.

- (d) The death benefit is the greater of the bid value of units, plus any bonus addition, and the selected life cover. Policy reviews are carried out at defined intervals and the selected level of life cover is guaranteed between reviews.

Waiver of premium benefit may be effected.

Permanent total disability benefit may be effected at the same level as the selected life cover but subject to a maximum of £250,000.

An HIV exclusion clause applies to waiver of premium and permanent total disability benefits effected after December 1988 and for permanent health benefits effected after August 1988.

There is an option to increase the life cover or extend the term of a policy, if the mortgage is increased or extended, without evidence of health. The maximum total life cover allowed is twice the life cover at the commencement of the policy. The option ceases at age 55.

On death, maturity or surrender there is a bonus addition to the bid value of units of 0.5% p.a. compound for each year that units have been held. This applies pro-rata for each month.

- (e) There are no guaranteed investment returns.
- (f) The Company recovers its costs as for Kaleidoscope.
- (g) As for Kaleidoscope.
- (h) The surrender value is the bid value of allocated units, increased by any bonus described in (d).
- (i) Benefits may be linked to up to 6 of the internal linked life funds of the Company (other than the Guaranteed Fund).
- (j) As for Kaleidoscope.
- (k) The contract was not open to new business in the year to the valuation date.
- (l) The administration charge was increased from £2.31 per month to £2.36 per month with effect from the 2003 policy anniversary.

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### **(a) Portfolio Bond**

- (b)** This contract is a United Kingdom direct written whole life assurance and is classified as life assurance and general annuity business.
- (c)** Single premiums may be paid. Additional single premiums may be paid on business written before October 1998.
- (d)** The death benefit is the greater of the single premium, 101% of the bid value of units and the selected life cover.

Annual indexation option may be effected in which case the selected life cover will increase on each policy anniversary without evidence of health. The increases are in line with the Retail Prices Index subject to upper and lower limits as defined in the policy.

Special event options enable the selected life cover to be increased without evidence of health on the birth or adoption of a child or on marriage without evidence of health. Restrictions apply to the increase in cover that may be provided. The options cease at age 50.

Up to 75% of premiums may be applied to purchase units in the Unitised With Profit Life Fund or, for contracts issued since 15 May 2000, the Unitised With Profit Income Fund of this Company. Higher percentages may apply from time to time.

- (e)** Where benefits are linked to the Life Guaranteed Fund of Norwich Union Linked Life Assurance Limited, units have a guaranteed value, on the 5th anniversary of their allocation, of their original value at the time of allocation. This guarantee only applies to units held throughout the 5 year period, and to units cancelled during that period to provide for the additional management charge. Units must be switched out of the Guaranteed Fund at the end of the 5 year period. Units cannot be switched into the Guaranteed Fund.
- (f)** The Company recovers its costs as follows: -
  - (i)** Unit prices for internal linked funds are reduced to take into account an annual management charge of 1.00% per annum (1.25% per annum in the case of the Guaranteed Fund).
  - (ii)** Units are cancelled at the end of each of the first 5 policy years to provide for an additional management charge. The charge is 0.50% (1.00% for premiums of less than £10,000) of the fund value.
  - (iii)** The cost of selected life cover is met by the cancellation of units each month.  
For investments in excess of £50,000, the allocation rate is 101.5%, with higher rates applying during special offer periods. Because there is no initial charge included in the offer price of units, more than 100% of the premium is deemed to be invested. The excess is recouped during the first five years or on earlier surrender.
- (g)** The annual management charge can be increased to a maximum of 2.5% p.a. (2.75% p.a. in the case of the Life Guaranteed Fund).
- (h)** The surrender value is equal to the bid value of units 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 - 3	5%
4	3%
5	1%

- (i)** Benefits may be linked to up to 6 of the internal linked funds of Norwich Union Linked Life Assurance Limited, including the Guaranteed Fund.
- (j)** The Company will cancel the policy if the units allocated to the policy are insufficient to meet the charge for selected life cover.
- (k)** The contract was not open to new business on the valuation date.
- (l)** There were no increases in charges during the report period.

### **(a) Irish Portfolio Bond**

- (b)** This contract is an overseas direct written whole life assurance and is classified as life assurance and general annuity business.



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- (c) Single premiums may be paid.
- (d) The death benefit is the greater of the single premium and 101% of the bid value of units.

Up to 100% of premiums may be applied to purchase units in the Irish Unitised With Profit Fund of this Company subject to a maximum of 634,872 Euros per person.

- (e) Where benefits are linked to the Irish Guaranteed Fund of Norwich Union Linked Life Assurance Limited, units have a guaranteed value, on the 5th anniversary of their allocation, of their original value at the time of allocation. The guarantee only applies to units held throughout the 5 year period, and to units cancelled during that period to provide for the additional management charge. Units must be switched out of the Guaranteed Fund at the end of the 5 year period. Units cannot be switched into the Irish Guaranteed Fund.
- (f) The Company recovers its costs as follows: -
  - (i) Unit prices for internal linked funds are reduced to take into account an annual management charge of 1.00% per annum (1.25% per annum in the case of the Guaranteed Fund).
  - (ii) Units are cancelled at the end of each month for the first 5 policy years to provide for an additional management charge. The charge is 0.50% (1.00% for premiums of less than £10,000) of the fund value.

For policyholders under 75, the allocation rate is 100%, increasing to 100.5% for investments in excess of £50,000. For policyholders over 75, the allocation rate is 99% increasing to 100% for investments in excess of £50,000.

- (g) The annual management charge can be increased to a maximum of 2.5% p.a. (2.75% p.a. in the case of the Life Guaranteed Fund).
- (h) The surrender value is equal to the bid value of units 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 - 3	5%
4	3%
5	1%

- (i) Benefits may be linked to the Irish unitised with profit fund, the guaranteed fund or one or more of our internal linked funds of Norwich Union Linked Life Assurance Limited, up to a maximum of six.
- (j) No other features are material to the method or basis of valuation.
- (k) The contract was not open to new business on the valuation date.
- (l) There were no increases in charges during the report period.

### **(a) Irish Ulster Bank Bond**

- (b) This contract is an overseas direct written whole life assurance and is classified as life assurance and general annuity business.
- (c) Single premiums may be paid.
- (d) The death benefit is the greater of the single premium and 101% of the bid value of units.
- (e) Benefits are linked to the Ulster Bank Protected Bond Fund of Norwich Union Linked Life Assurance Limited, where units have a guaranteed value, on the 5th anniversary of their allocation, of their original value at the time of allocation. The guarantee only applies to units held throughout the 5 year period, and to units cancelled during that period to provide for the additional management charge. New funds will be created before the fifth anniversary of the product's launch. Units must be switched out of the fund at the end of the 5 year period. Units cannot be switched into the Ulster Bank Protected Fund.
- (f) The Company recovers its costs as follows :-
  - (i) Unit prices for internal linked funds are reduced to take into account an annual management charge of 1.50% per annum.
  - (ii) Units are cancelled at the end of each month for the first 5 policy years to provide for an additional management charge. The charge is 0.50% (1.00% for premiums of less than £10,000) of the fund value.

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For policyholders under 75, the allocation rate is 100%, increasing to 100.5% for investments in excess of £50,000. For policyholders over 75, the allocation rate is 99% increasing to 100% for investments in excess of £50,000.

- (g) The annual management charge can be increased to a maximum of 2.75% p.a.
- (h) The surrender value is equal to the bid value of units.
- (i) Benefits may be linked to the Ulster Bank Protected Bond Fund of Norwich Union Linked Life Assurance Limited.
- (j) No other features are material to the method or basis of valuation.
- (k) The contract was not open to new business on the valuation date.
- (l) There were no increases in charges during the report period.

### **(a) Homemaker Plus**

- (b) This contract is a United Kingdom direct written endowment assurance and is classified as life assurance and general annuity business.
- (c) Regular premiums may be paid monthly or annually.
- (d) On maturity, the bid value of the units attaching to the policy at the end of the term increased for any final bonus on the bid value of units held in the unitised with profit fund, will be paid.

The death benefit is the greater of the bid value of units and the selected life cover plus any applicable final bonus.

A critical illness benefit may be selected, which can be greater than the policyholder's existing death benefit on the policy.

The critical illness benefit is payable other than within the 18 months prior to the maturity date in the event of the life assured being diagnosed as having no more than 12 months life expectancy.

A waiver of premium benefit may be selected.

- (e) There are no guaranteed investment returns.
- (f) The company recovers its costs as follows :-
  - (i) Level allocation rates apply to each premium throughout the term.
  - (ii) Unit prices for internal linked funds are reduced to take account of an annual management charge of 0.75% per annum.
  - (iii) An initial charge of 5% is included in the offer price of units.
  - (iv) Units are cancelled each month to provide for the administration charge.
  - (v) The costs of the selected life cover, critical illness cover and waiver of premium benefit are covered by cancellation of units each month.
- (g) The annual management charge can be increased up to a maximum of 2.5% p.a. The administration charge may only be increased to take account of changes in earnings' inflation, administration costs and taxation.
- (h) The current value is the bid value of allocated units plus any final bonus on units held in the unitised with-profit fund less any market value adjustment on unitised with profits units held.
- (i) Benefits may be linked to the internal linked funds of Norwich Union Linked Life Assurance Limited (excluding the Guaranteed Fund) and the unitised with-profits fund, with a maximum of six links at any one time.
- (j) No other features are material to the method and basis of the valuation.
- (k) The contract was not open to new business on the valuation date.
- (l) The administration charge was increased from £1.05 per month to £1.07 per month with effect from the 2003 policy anniversary.

### **(a) Investment Bond**

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- (b) This contract is a United Kingdom direct written whole life assurance and is classified as life assurance and general annuity business.
- (c) Single premiums and additional single premiums may be paid.
- (d) The death benefit is the same as for the Portfolio Bond except that for policies issued prior to August 1994, the benefit is the greater of the bid value of units and the selected life cover.

Annual indexation and special event options are available as for the Portfolio Bond.

Premiums may be applied to purchase units in the Unitised With Profit Life Fund of this Company. For policies issued since 15 March 1993, a maximum of 60% of the premium may be so invested, apart from special maxima available from time to time.

- (e) There are no guaranteed investment returns.
- (f) The Company recovers its costs as follows: -
  - (i) An initial charge of 5% is included in the offer price of units.
  - (ii) Unit prices for internal linked funds are reduced to take into account an annual management charge of 1% per annum.
  - (iii) The cost of selected life cover is met by the cancellation of units.
- (g) There are no restrictions on increases in charges.
- (h) The benefit on surrender is determined as for the Portfolio Bond except that the scale of early redemption charges extends over 4 years (3 years for policies issued prior to 22 June 1992) and the maximum charge is 3% of the amount withdrawn.
- (i) Benefits may be linked to up to 6 of the internal linked life funds of Norwich Union Linked Life Assurance Limited (other than the Guaranteed Fund).
- (j) The Company will cancel the policy if the units allocated to the policy are insufficient to meet the charge for selected life cover.
- (k) The contract was not open to new business.
- (l) There were no increases in charges during the report period.

### (a) **Multi-Portfolio**

- (b) This contract is an overseas direct written whole life assurance and is classified as life assurance and general annuity business.
- (c) Single premiums and additional single premiums may be paid.
- (d) Benefits are denominated in Euros.

The death benefit is 101% of the fund value of the units.

Premiums may be applied to purchase units in the Valeur Plus fund of this Company.

At any time after the first 8 years the fund value may be used to purchase a non-profit annuity at rates applicable at time of purchase.

- (e) There are no guaranteed investment returns.
- (f) The Company recovers its costs as follows: -
  - (i) Allocation rates of less than 100% apply to all contributions.
  - (ii) Fund management charges of 1.00% are applied to all funds and are taken by cancellation of units.
  - (iii) Fund based commission is paid by the external fund managers.
- (g) The charges cannot be increased.
- (h) The surrender value is the value of the allocated units.
- (i) Benefits may be linked to any six of the eight internally linked French funds of GA Vie or the French Cash Fund of this Company.

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(j) No other features are material to the method and basis of the valuation.

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

(l) Not applicable.

**(a) Multi-Portfolio Retraite**

(b) This contract is an overseas direct written whole life assurance and is classified as life assurance and general annuity business.

(c) Regular premium may be paid monthly or annually for a minimum of 8 years. Additional single premiums may be paid.

(d) Benefits are denominated in Euros.

The death benefit is 101% of the fund value of the units.

Premiums may be applied to purchase units in the Valeur Plus fund of this Company.

An annual indexation option may be effected at any time in which case premiums will increase on each subsequent policy anniversary. The amount of increase is a fixed percentage rate chosen by the client from a range offered.

At any time after the regular premium payment term the fund value may be used to purchase a non-profit annuity at rates applicable at time of purchase.

(e) There are no guaranteed investment returns.

(f) The Company recovers its costs as follows: -

(i) Reduced allocation rates apply to regular premiums during the first two years of the policy and to additional single premiums.

(ii) Fund management charges of 1.00% are applied to all funds and are taken by cancellation of units.

(g) The charges cannot be increased.

(h) The surrender value is the bid value of the allocated units less 5% of premiums outstanding to the end of ¾ of the premium term.

(i) Benefits may be linked to any six of the eight internally linked French funds of GA Vie or the French Cash Fund of this Company.

(j) No other features are material to the method and basis of the valuation.

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

(l) Not applicable.

**(a) German GALA**

(b) This contract is an overseas direct written endowment assurance and is classified as life assurance and general annuity business.

(c) Regular premium may be paid monthly or annually.

(d) Benefits are denominated in Euros.

Temporary insurance cover is given on the same basis of the German Term Assurance.

The death benefit is the selected life cover, expressed in terms of total premiums payable, subject to a minimum of 105% of the bid value of units.

Waiver of premium and sickness/disability benefits may be effected. Sickness/disability benefits are subject to maxima and minima specified in the policy.

Annual Indexation Option may be effect in which case contributions, sum assured and disability benefit may be indexed on each policy anniversary without evidence of health. The increases in contributions are in line with a German Social Security Index, or at a fixed rate of 5%.

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Premium holidays of up to six months are allowed at the discretion of the Company.

The policy may be made paid up at any time, subject to a minimum value of units.

The maturity value is the bid value of units.

At the end of the term, the accumulated fund may be left with the Company for a maximum of five years without evidence of health. The sum assured in force at the end of the term will continue, but any disability benefits will cease.

Premiums may be applied to purchase units in the German Unitised With Profit Fund of this Company.

- (e) To the extent that premiums are invested in the German Unitised With Profit Fund, the benefits on death or maturity will not be less than those which would be available based on a fund growth rate of 3% per annum.
- (f) The Company recovers its costs as follows: -
  - (i) Reduced allocation rates apply to regular premiums during the first two years of the policy.
  - (ii) Fund management charges of 1.00% are applied to all internal linked funds and are reflected in the unit price.
  - (iii) An initial charge of 3% is included in the offer price of units.
  - (iv) Units are cancelled each month to provide for the administration charge. The administration charge is currently €4.2 per month in 2003.
  - (v) The costs of selected life cover, waiver of premium, and sickness/disability benefits are met by cancellation of units each month.
- (g) The bid/offer spread cannot be increased.

Fund management charges and monthly administration charges may be increased with reference to the company's experience.

Mortality charges may be varied subject to different maxima for smokers and non-smokers based on standard German mortality tables.

- (h) The surrender value is the bid value of units less a surrender penalty based on the duration in force of the policy.
- (i) Benefits may be linked to any of the six internally linked German funds of Norwich Union Linked Life Assurance Limited.
- (j) No other features are material to the method and basis of the valuation.
- (k) The contract was not open to new business on the valuation date.
- (l) There were no increases in charges during the report period.

### (a) German DIVA

- (b) This contract is an overseas direct written pension plan, classified as life assurance and general annuity business.
- (c) Regular premiums may be paid monthly, quarterly, half-yearly or annually.
- (d) Benefits are denominated in Euros.

Temporary insurance cover is given on the same basis of the German Term Assurance.

The death benefit is the selected life cover, expressed in terms of total premiums payable, subject to a minimum of 105% of the bid value of units.

Waiver of premium and sickness/disability benefits may be effected. Sickness/disability benefits are subject to maxima and minima specified in the policy.

Annual Indexation Option may be effected, in which case contributions, sum assured and disability benefit may be indexed on each policy anniversary without evidence of health. The increases in contributions are at a fixed amount chosen by the policyholder within limits specified in the policy.

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Premium holidays of up to six months (three years in the case of maternity leave, military service or unemployment) are allowed.

The policy may be made paid up, subject to certain legislative conditions.

The benefit on retirement is the bid value of units.

Premiums may be applied to purchase units in the German Unitised With Profit Fund of this Company.

- (e) To the extent that premiums are invested in the German Unitised With Profit Fund, the benefits on death or maturity will not be less than those which would be available based on a fund growth rate of 3% per annum.
- (f) The Company recovers its costs as follows: -
  - (i) Reduced allocation rates apply to premiums paid during the first two years of the policy.
  - (ii) Fund management charges of 1.00% are applied to all internal linked funds and are reflected in the unit price.
  - (iii) An initial charge of 3% is included in the offer price of units.
  - (vi) Units are cancelled each month to provide for the administration charge. The administration charge is currently €4.2 per month in 2003.
  - (iv) The costs of selected life cover, waiver of premium, and sickness/disability benefits are met by cancellation of units each month.
- (g) The bid/offer spread cannot be increased.

Fund management charges and monthly administration charges may be increased with reference to the company's experience.

Mortality charges may be varied subject to different maxima for smokers and non-smokers based on standard German mortality tables.

- (h) The surrender value is the bid value of units.
- (i) Benefits may be linked to any of the six internally linked German funds of Norwich Union Linked Life Assurance Limited.
- (j) No other features are material to the method and basis of the valuation.
- (k) The contract was not open to new business on the valuation date.
- (l) There were no increases in charges during the report period.

### (a) **Swedish Personal Investment Plan Single**

- (b) This contract is an overseas direct written endowment assurance, classified as life assurance and general annuity business.
- (c) Single premiums may be paid.
- (d) The benefit at the end of the term is the accumulated fund value.

The death benefit is 101% of the accumulated fund value.

Premiums may be applied to purchase units in the Unitised With Profit Pension fund of this Company.

- (e) There are no guaranteed investment returns.
- (f) The Company recovers its costs as follows: -
  - (i) A reduced allocation rates applies to single premiums of less than £10,000.
  - (ii) Fund management charges of 1.25% are applied to all internal linked funds and are reflected in the unit price.
  - (iii) Units are cancelled at the end of each month to provide for an additional management charge. The charge is 1.0% per annum of the fund value.
- (g) The annual management charge may be increased to a maximum of 2.5% p.a.

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

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2003**

- (h) The surrender value is equal to the bid value of units 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 in any 12-month period exceeds 10% of the initial investment and is applied to the full amount withdrawn that exceeds 10% according to the following scale:

Year	Charge
1 – 3	6%
4	4%
5	2%

- (i) Benefits may be linked to any of the six internally linked Swedish funds of Norwich Union Linked Life Assurance Limited.
- (j) No other features are material to the method and basis of the valuation.
- (k) The contract was open to new business on the valuation date.
- (l) There were no increases in charges during the report period.

### (a) Swedish Personal Investment Plan Regular

- (b) This contract is an overseas direct written endowment assurance, classified as life assurance and general annuity business.
- (c) Regular premiums may be paid.
- (d) The benefit at the end of the term is the accumulated fund value.  
The death benefit is 101% of the accumulated fund value.
- (e) There are no guaranteed investment returns.
- (f) The Company recovers its costs as follows: -
- (i) A reduced allocation rate applies to each premium for the first five years.
  - (ii) Fund management charges of 1.25% are applied to all internal linked funds and are reflected in the unit price.
  - (iii) Units are cancelled at the end of each month to provide for an additional management charge of 0.5% per annum of the fund value.
  - (iv) Units are cancelled each month to provide for the administration charge.

### (g) As Kaleidoscope

- (h) The surrender value is equal to the bid value of units less an early redemption charge. This is calculated as 7% of the premiums outstanding until the maturity of the policy.
- (i) Not Applicable.
- (j) No other features are material to the method or basis of valuation.
- (k) The contract was open to new business on the valuation date.
- (l) The administration charge was increased from £3.22 per month to £3.29 per month with effect from the 2003 policy anniversary.

### (a) Equity Endowment Assurance

- (b) This is a United Kingdom direct written endowment assurance contract and is classified as life assurance and general annuity business.
- (c) Regular premiums are payable monthly.

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

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2003**

- (d) The benefit on maturity or earlier death is the bid price value of units deemed to have been purchased less an allowance for the potential liability to capital gains tax, or the total premiums payable under the contract if this is greater.
- (e) The benefit on maturity is not less than the total premiums paid.
- (f) The Company recovers its costs by means of reduced allocation rates throughout the term of the contract.
- (g) There are no charges.
- (h) The surrender value is the bid value of units less an allowance for the potential liability to capital gains tax.
- (i) The benefits are linked to units in the UK Income and Growth OEIC.
- (j) No other features are material to the method or basis of valuation.
- (k) The contract was not open to new business on the valuation date.
- (l) Not applicable.

### **(a) Personal Pension Scheme**

- (b) This is a directly written deferred annuity contract. The contract is either written in the United Kingdom in which case it is included as United Kingdom pension business, or in Jersey and Guernsey, in which case it is included as overseas life and general annuity business.
- (c) Regular premiums can be paid monthly or annually. Single premiums, transfer values and Department of Social Security contributions may be paid into the scheme.
- (d) The benefit at the selected pension date is the bid value of units. The cash sum may be paid out as cash within Inland Revenue limits or used to buy an annuity with the Company or any other insurer at the immediate annuity rates at the time.

The benefit on death before retirement is the greater of the bid value of units plus any loyalty bonus and any selected life cover.

For policies issued since 5 July 1995, regular premiums may be applied using level allocation rates rather than using reduced allocation rates during the first 2 years. This allocation choice is known as Option 2. For policies issued since October 1998 two level allocation variants have been available known as the Lifestyler Basis and the Optimiser Basis.

A loyalty bonus will be available on policies issued since 1 January 1993 except in the case of benefits purchased by regular premiums under either Option 2 or the Lifestyler basis as follows: -

- (i) For single premium investments prior to 4 October 1999, bonus units will be added on the 11th and subsequent anniversaries since payment. The number of bonus units added will be 0.5% (0.25% in the case of Lifestyler and Optimiser Basis) of the number of units allocated.
- (ii) For regular premium investments on Optimiser Basis policies a bonus will be payable when premiums have been paid for 10 years. The bonus payable is 0.5% of the fund value at the date of claim for each complete year that such premiums have been paid.
- (iii) For other regular premium investments, bonus units will be added on the 11th and subsequent anniversaries since such premiums commenced. The number of bonus units added will be 0.5% of the number of units which have been allocated to the policy for a continuous period of more than 10 years, plus 0.5% of the number of units purchased by regular contributions and/or DSS minimum contributions which were paid throughout the 10 year period prior to the relevant policy anniversary date.

Waiver of premium benefit may be effected. The benefit is subject to an HIV exclusion clause.

Annual indexation option may be effected in which case the regular premium will increase on each policy anniversary without evidence of health. The increases are in line with National Average Earnings subject to upper and lower limits.

In the case of group arrangements with an employer, where contributions are expressed as a level percentage of earnings, annual indexation option is not available. Waiver of premium benefit and life cover of up to 25 times the yearly contribution may be available without evidence of health.



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

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2003**

Regular contributions may be reduced or stopped at any time without penalty. Contributions may be restarted at any time.

Premiums may be applied to purchase units in the Unitised With Profit Pension fund of this Company.

- (e) Units in the Pension Assured Fund have a guaranteed price of £1 at the selected pension date or on death.
  - (f) The Company recovers its costs as follows: -
    - (i) Reduced allocation rates apply to regular premiums during the first two years of the policy except in the case of Option 2, Lifestyler and Optimiser policies.
    - (ii) Allocation rates during the first two years for increments effected since 26 March 1999 on pre 5 July 1995 policies and Option 1 policies have been increased to at least 95%. Allocation rates from year three onwards have been reduced to at least 96%.
    - (iii) In the case of Option 2, Lifestyler and Optimiser policies, reduced allocation rates apply to all regular contributions.
    - (iv) An initial administration charge is payable for policies issued since 1 January 1993 except in the case of Option 2, Lifestyler and Optimiser policies.
    - (v) An initial charge of 5% is included in the offer price of units.
    - (vi) Unit prices for internal linked funds are reduced to take into account an annual management charge of 0.625% per annum (1% per annum in the case of policies issued prior to October 1998). An additional annual management charge of 0.25% per annum is made in the case of the Pension Assured Fund. For Optimiser Basis policies there is an additional plan management charge of 0.375% a year of fund value deducted by cancellation of units.
    - (vii) Units are cancelled each month to provide for the administration charge.
    - (viii) The costs of selected life cover and waiver of premium benefit are met by the cancellation of units each month.
  - (g) The annual management charge can be increased. The administration charge may be increased to take account of changes in earnings' inflation, administration costs and taxation. The Company has however announced that future charges (other than the additional management charge for investments in the Pension Assured Fund and the additional plan management charge), will not exceed 1% per annum from 6 April 2001.
  - (h) The benefit on early encashment is the bid value of units, subject in the case of single premiums and transfer values paid between 1 January 1993 and 1 October 1999, to an early encashment penalty. The penalty is 0.5% of the contribution for each year outstanding to the end of 10 years after the contribution was made for policies written before October 1998 and 0.5% of the fund for each year outstanding to the end of 10 years after the contribution was made for policies written after October 1998.
  - (i) Benefits may be linked to up to six of the internal linked pension funds of Norwich Union Linked Life Assurance Limited, including the Pension Assured Fund but excluding the Pensions Guaranteed Fund, except in the case of the Jersey and Guernsey version written before October 1998 where benefits may only be linked to the Pension Managed and Pension All Share Tracker Funds.
  - (j) The Company will cancel the contract if the units allocated to the policy are insufficient to meet the administration charge.
  - (k) The contract was not open to new business on the valuation date.
  - (l) The administration charge was increased from £2.73 per month to £2.79 per month (from £3.64 per month to £3.72 per month for Option 2 policies) with effect from the 2003 policy anniversary. The annual administration charge for group arrangements effected prior to 1 January 1993, was increased from £1.37 per month to £1.40 per month on the policy anniversary in 2003.
- (a) Free Standing AVC Plan**
- (b) This is a directly written United Kingdom deferred annuity contract and is classified as pension business.
  - (c) Regular premiums can be paid monthly or annually. Single premiums and transfer values may also be paid.

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Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2003**

- (d) This contract provides benefits under a free standing Additional Voluntary Contribution Scheme.

The benefit at the selected pension date is the bid value of units. The benefit on death before retirement is the greater of the bid value of units and the selected life cover.

Loyalty bonus is payable as for the Personal Pension Scheme.

Annual indexation option may be effected as for the Personal Pension Scheme.

Regular contributions may be stopped at any time without penalty and may be restarted at any time.

Premiums may be applied to purchase units in the Unitised With Profit Pension Fund of this Company.

- (e) As for Personal Pension Scheme.

- (f) As for Personal Pension Scheme.

- (g) As for Personal Pension Scheme.

- (h) As for Personal Pension Scheme.

- (i) As for UK Personal Pension Scheme.

- (j) As for Personal Pension Scheme.

- (k) The contract was not open to new business on the valuation date.

- (l) As for Personal Pension Scheme.

**(a) Executive Pension Plan**

- (b) This is a directly written United Kingdom deferred annuity contract and is classified as pension business.

- (c) Regular premiums can be paid monthly or annually. Single premiums and transfer values may also be paid.

- (d) The benefit at the selected pension date is the bid value of units. The benefit on death before retirement is the greater of the bid value of units and the selected life cover.

Loyalty bonus is payable as for the Personal Pension Scheme.

Contributions may be expressed as a percentage of salary. Where selected life cover is related to salary, selected life cover may be increased by up to 10% per annum on each of the first 5 renewal dates without evidence of health subject to age and maximum cover restrictions.

Regular contributions may be stopped and restarted as described under the Personal Pension Scheme.

Premiums may be applied to purchase units in the Unitised With Profit Pension Fund of this Company.

- (e) As for Personal Pension Scheme.

- (f) As for Personal Pension Scheme.

- (g) As for Personal Pension Scheme.

- (h) As for Personal Pension Scheme.

- (i) As for UK Personal Pension Scheme.

- (j) As for Personal Pension Scheme.

- (k) The contract was not open to new business on the valuation date.

- (l) As for Personal Pension Scheme.

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

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2003**

### **(a) Group Pension Investment Bond**

- (b)** This is a direct written investment contract. The contract is either written in the United Kingdom in which case it is included as pension business, or in Jersey and Guernsey, in which case it is included as overseas life and general annuity business.
- (c)** Single premiums are payable.
- (d)** The contract provides non-earmarked benefits to Trustees of occupational pension schemes. The cash sum may be paid out as cash within Inland Revenue limits or used to buy an annuity with the Company or any other insurer at the immediate annuity rates at the time.

Premiums may be applied to purchase units in the Unitised With Profit Pension Fund of this Company.

- (e)** There are no guaranteed investment returns.
- (f)** The Company recovers its costs as follows: -
  - (i)** An initial charge of 5% is included in the offer price of units.
  - (ii)** Unit prices for internal linked funds are reduced to take into account an annual management charge of 1% per annum.
- (g)** The annual management charge can be increased up to a maximum of 2.5% per annum.
- (h)** The benefit on surrender is the bid value of units less an early redemption charge in the case of surrenders during the first 4 years of the policy. The charge applies where the amount surrendered exceeds 10% of the initial investment and is applied to the full amount withdrawn according to the following scale:

Year	Charge
1	3%
2	3%
3	2%
4	1%

- (i)** Benefits may be linked to up to 6 of the internal linked pension funds of Norwich Union Linked Life Assurance Limited, excluding the Pension Guaranteed Fund and the Pensions Assured Fund, except in the case of the Jersey and Guernsey version where benefits may only be linked to the Pension Managed and Pension All Share Tracker Funds.
- (j)** No other features are material to the method and basis of the valuation.
- (k)** The contract was not open to new business on the valuation date.
- (l)** There were no increases in the rates of charges.

### **(a) Trustee Investment Plan (written on or after 8 December 1997)**

- (b)** This is a direct written investment contract. The contract is either written in the United Kingdom in which case it is included as pension business, or in Jersey and Guernsey, in which case it is included as overseas life and general annuity business. In either event, it is incorporated with Group Pension Investment Bond.
- (c)** Single premiums are payable.
- (d)** The contract provides non-earmarked benefits to Trustees of occupational pension schemes. The cash sum may be paid out as cash within Inland Revenue limits or used to buy an annuity with the Company or any other insurer at the immediate annuity rates at the time.

Premiums may be applied to purchase units in the Unitised With Profit Pension Fund of this Company.

The contract provides a bonus of 0.5% of the value of the fund on the sixth and subsequent policy anniversaries.

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

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2003**

- (e) On the fifth anniversary of the plan, the value of units in the Pension Guaranteed Fund is guaranteed to be not less than the original investment in the fund. For investments in the Pension Assured Fund, a selected date is chosen by the policyholder (not less than 10 years from commencement) at which point the units have a guaranteed price of £1.
- (f) The Company recovers its costs as follows: -
  - (i) Unit prices for internal linked funds are reduced to take into account an annual management charge of 0.625% per annum (1% per annum in the case of policies issued prior to October 1998). An additional annual management charge of 0.25% per annum is made in the case of the Pension Guaranteed Fund and the Pension Assured Fund.
  - (ii) Units are cancelled at the end of each of the first 5 policy years to provide for a plan management charge. The charge is 0.75% of the fund value.
- (g) The annual management charge can be increased up to a maximum of 2.5% per annum.
- (i) The benefit on surrender is the bid value of units 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 full amount withdrawn according to the following scale:

Year	Charge
1	7.5%
2	6.0%
3	4.5%
4	3.0%
5	1.5%

- (i) Benefits may be linked to up to 6 of the internal linked pension funds of Norwich Union Linked Life Assurance Limited, including the Pension Guaranteed Fund and Pension Assured Fund, except in the case of the Jersey and Guernsey version where benefits may only be linked to the Pension Managed and Pension All Share Tracker Funds.
- (j) No other features are material to the method and basis of the valuation.
- (k) The contract was not open to new business on the valuation date.
- (l) There were no increases in the rates of charges.

### (a) Self Invested Pension Plan

- (b) This contract is a United Kingdom direct written investment contract which complies with Chapter IV Part XIV of the Income and Corporation Taxes Act 1988, and is classified as pensions business.
- (c) Single contributions and additional single contributions may be paid.
- (d) The contract provides non-earmarked benefits to Trustees of self invested personal pension schemes. The cash sum may be paid out as cash within Inland Revenue limits or used to buy an annuity with the Company or any other insurer at the immediate annuity rates at the time.

Premiums may be applied to purchase units in the Unitised With Profit Pension Fund of this Company.

- (e) There are no guaranteed investment returns.
- (f) The Company recovers its costs as follows: -
  - (i) An initial charge of 5% is included in the offer price of units.
  - (ii) Unit prices for internal linked funds are reduced to take into account an annual management charge of 0.625% per annum. (1.0% per annum in the case of policies issued prior to October 1998).
- (g) The annual management charge can be increased up to a maximum of 2.5% per annum.

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

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2003**

- (h) The benefit on surrender is the bid value of units less an early redemption charge in the case of surrenders during the first 4 years of the policy. The charge applies where the amount surrendered exceeds 10% of the initial investment and is applied to the full amount withdrawn according to the following scale:

Year	Charge
1	3%
2	3%
3	2%
4	1%

- (i) Benefits may be linked to up to 6 of the internal linked pension funds of Norwich Union Linked Life Assurance Limited, excluding the Guaranteed Fund, except in the case of the Jersey and Guernsey version where benefits may only be linked to the Pension Managed and Pension All Share Tracker Funds.
- (j) No other features are material to the method and basis of the valuation.
- (k) The contract was not open to new business on the valuation date.
- (l) There were no increases in the rate of charges.

**(a) Pension Transfer Plan**

- (b) This contract is a United Kingdom direct written deferred annuity contract, which complies with section 591(2)(g) of the Income and Corporation Taxes Act 1988. It is classified as pensions business.
- (c) Transfer values may be paid. No additional payments are allowed.
- (d) Accrued rights to Guaranteed Minimum Pensions, subject to fixed rate or limited rate revaluation, may be transferred into the plan. In such cases, the Company specifies a minimum premium that must be invested in the Unitised With Profit Pension Fund. The benefits at State Pension Age are guaranteed to be sufficient to secure such rights.

The benefit on retirement is equal to the bid value of units.

The benefit on death is the bid value of units.

Premiums may be applied to purchase units in the Unitised With Profit Pension Fund.

- (e) There are no guaranteed investment returns.
- (f) The Company recovers its costs as follows: -
- (i) An initial charge of 5% is included in the offer price of units.
  - (ii) Unit prices for internal linked funds are reduced to take into account an annual management charge of 0.625% per annum. (1.0% per annum in the case of policies issued prior to October 1998).
  - (iii) There is an administration charge of £75.00 deducted at the commencement date.
- (g) As for Group Pension Investment Bond.
- (h) The benefit on early encashment is the bid value of units less a charge equal to 0.5% for each year outstanding to the end of the tenth year after commencement, or the normal retirement date if earlier.
- (i) Premiums may be invested in the Unitised With Profit Pensions Fund or in the internal linked pension funds of Norwich Union Linked Life, excluding the Pension Guaranteed Fund.
- (j) No other features are material to the method and basis of the valuation.
- (k) The contract was not open to new business on the valuation date.
- (l) There were no increases in the rate of charges.

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

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2003**

### **(a) Flexible Retirement Plan**

**(b)** This is a United Kingdom direct written deferred annuity contract and is classified as pension business.

**(c)** Single premiums or transfer values may be paid into the plan.

**(d)** The contract provides for phased retirement by means of income withdrawals within Inland Revenue limits. Premiums may be split between income and growth versions. Regular income can be taken from the income version by cancellation of units, but no withdrawals can be taken from the growth version. Investments can be switched from the growth version to the income version and a tax free cash sum may be taken at that time (subject to Inland Revenue limits).

Units must be encashed by age 75 at the latest and the proceeds applied to purchase a compulsory purchase annuity at the annuity rates then prevailing.

On death prior to encashment, the bid value of units is payable. As an alternative, the policy may continue to be used to provide income withdrawals to a surviving spouse or dependent.

Premiums may be applied to purchase units in the Unitised With Profit Pension Fund of this Company.

**(e)** There are no guaranteed investment returns.

**(f)** The Company recovers its costs as follows: -

- (i)** Unit prices for internal linked funds are reduced to take into account an annual management charge of 0.625% per annum (1.0% per annum in the case of policies issued prior to October 1998).
- (ii)** A plan management charge of 0.5% per annum is levied during the first 3 years of the policy through cancellation of units. The charge is applied to the fund value at the end of the policy year.

**(g)** The annual management charge can be increased to a maximum of 2.5% p.a.

**(h)** The benefit on surrender is the bid value of units less an early redemption charge in the case of surrenders during the first 4 years of the policy. The charge is applied to the bid value of units using the same scale as for the Group Pension Investment Bond. The charge is not applied in the case of income withdrawals.

**(i)** Benefits may be linked to up to 6 of the internal linked pension funds of Norwich Union Linked Life Assurance Limited, excluding the Pension Guaranteed Fund and the Pension Assured Fund, except in the case of the Jersey and Guernsey version where benefits may only be linked to the Pension Managed and Pension All Share Tracker Funds.

**(j)** No other features are material to the method and basis of the valuation.

**(k)** The contract was not open to new business on the valuation date.

**(l)** There were no increases in the rate of charges.

### **(a) International Investment Plan and NU International Investment Plan**

**(b)** This is a direct written deferred annuity contract issued in Jersey and is classified as overseas life and general annuity business.

**(c)** Regular premiums may be paid monthly or annually; single premiums may also be paid.

**(d)** The benefit on death is 101% of the bid value of units except for policies issued prior to 14 July 1995 where the benefit is equal to the bid value of units.

Up to 60% of premiums may be invested in the Unitised With Profit Pension Pension Fund of this Company.

**(e)** There are no guaranteed investment returns.

**(f)** The Company recover its costs as for Kaleidoscope (i) to (iv) except that the annual management charge for policies issued since October 1999 is 0.625% per annum.

**(g)** As for Kaleidoscope.

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

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2003**

- (j) The benefit on surrender is equal to the bid value of units less an early redemption charge in the case of surrenders during the first 3 years of the policy. The charge applies to benefits secured by single premiums where the amount surrendered exceeds 10% of the initial investment and is applied to the full amount withdrawn according to the following scale:

Year	Charge
1	3%
2	2%
3	1%

For policies issued since October 1998, the redemption charge on benefits secured by regular premiums is 7.5% of outstanding premiums to the third policy anniversary.

- (i) Benefits may be linked to the Pensions Managed and Pension All Share Tracker funds that are internal linked funds of Norwich Union Linked Life Assurance Limited. For policies issued since October 1998, benefits may be linked to up to 6 of the internal linked pension funds of Norwich Union Linked Life Assurance Limited.
- (j) No other features are material to the method and basis of the valuation.
- (k) The contract was open to new business on the valuation date.
- (l) The administration charge was increased from £2.73 per month to £2.79 per month with effect from the 2003 policy anniversary.

### (a) GA Group Money Purchase Scheme

- (b) This contract is a United Kingdom direct written group deferred annuity and is classified as pensions business.
- (c) Regular premiums may be paid monthly or annually and must be expressed as a level percentage of salary. Single premiums and transfer values may also be paid.
- (d) The benefit on retirement is equal to the bid value of units.

The benefit on death is the bid value of units. Additional death benefits may be effected for an additional premium. An element of free cover may be provided.

A loyalty bonus is payable as described under Personal Pension.

Premiums may be invested in the Unitised With Profit Pension Fund.

- (e) There are no guaranteed investment returns.
- (f) The Company recovers its costs as for Kaleidoscope (i) to (iv) except that the annual management charge for policies issued since October 1998 is 0.625% per annum.
- (g) As for Kaleidoscope.
- (h) As for Personal Pension.
- (i) Benefits may be linked to up to 6 of the internal linked pension funds of Norwich Union Linked Life Assurance Limited, excluding the Pension Assured Fund and the Pension Guaranteed Fund.
- (j) As for Personal Pension.
- (k) The contract was not open to new business to existing schemes on the valuation date.
- (l) The administration charge was increased from £2.73 per month to £2.79 per month with effect from the 2003 policy anniversary.

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

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2003**

### (a) Irish Portfolio Pension

- (b) This is a directly written deferred annuity contract, written in Ireland and is classified as overseas life and general annuity business.
- (c) Regular premiums can be paid monthly or annually. Single premiums and transfer values may be paid into the scheme.
- (d) The benefit at the selected pension date is the bid value of units. The cash sum may be paid out as cash within Revenue Commission limits or used to buy an annuity with the Company or any other insurer at the immediate annuity rates at the time.

The benefit on death before retirement is the greater of the bid value of units plus any loyalty bonus and any selected life cover. Additional life cover may be arranged.

A loyalty bonus will be payable on policies as follows :-

- (i) For single premium investments, bonus units will be added on the 11th and subsequent anniversaries since payment. The number of bonus units added will be 0.5% of fund value each year.
- (ii) For regular premium investments a bonus will be payable when premiums have been paid for a cumulative period of 10 years or more. The bonus payable is 0.75% of the fund value at the date of claim for each complete year that such premiums have been paid.

Waiver of premium benefit may be effected. The benefit is subject to an HIV exclusion clause.

Annual indexation option may be effected in which case the regular premium will increase on each policy anniversary without evidence of health. The increases are in line with National Average Earnings subject to upper and lower limits.

In the case of group arrangements with an employer, where contributions are expressed as a level percentage of earnings, annual indexation option is not available. Waiver of premium benefit and life cover of up to 25 times the yearly contribution may be available without evidence of health.

Regular contributions may be reduced or stopped at any time without penalty. Contributions may be restarted at any time.

Premiums may be applied to purchase units in the Irish Unitised With Profit Pension fund of this Company.

- (e) There are no guaranteed investment returns.
- (f) The Company recovers its costs as follows :-
  - (i) There is an establishment fee if the arrangement commences with a single contribution only.
  - (ii) Reduced allocation rates apply to all regular contributions. The allocation for single contributions depends on the size and term to selected pension age.
  - (iii) Unit prices for internal linked funds are reduced to take into account an annual management charge of 1% per annum.
  - (iv) Units are cancelled each month to provide for the administration charge for regular contributions.
  - (v) The costs of selected life cover and waiver of premium benefit are met by the cancellation of units each month.
- (g) The annual management charge can be increased to a maximum of 2.5% p.a. The administration charge may be increased to take account of changes in earnings' inflation, administration costs and taxation.
- (h) The benefit on early encashment is the bid value of units, subject in the case of single premiums and transfer values to an early encashment penalty. The penalty is 7.5% of the fund reducing by 0.75% for each completed year up to the tenth anniversary.
- (i) Benefits may be linked to the Irish unitised with profit fund or one or more of our internal linked funds of Norwich Union Linked Life Assurance Limited from the following list up to a maximum of six:- Irish Equity, Managed, European Equity, Cash, Fixed Interest and Euro Safety Net
- (j) The contract will be cancelled by the Company if the units allocated to the policy are insufficient to meet the administration charge.
- (k) The contract was not open to new business on the valuation date.



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

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2003**

- (l) The administration charge was €4.05 per month with effect from the 2003 policy anniversary. The reduced administration charge, where regular premiums have ceased, was €2.70 per month with effect from the 2003 policy anniversary.

**(a) Irish Executive Portfolio Pension**

- (b) This is a directly written deferred annuity contract written in Ireland and is classified as overseas life and general annuity business.
- (c) Regular premiums can be paid monthly or annually. Single premiums and transfer values may also be paid.
- (d) The benefit at the selected pension date is the bid value of units. The benefit on death before retirement is the greater of the bid value of units and the selected life cover.

Loyalty bonus is payable as for the Irish Portfolio Pension.

Contributions may be expressed as a percentage of salary. Where selected life cover is related to salary, selected life cover may be increased by up to 10% per annum on each of the first 5 renewal dates without evidence of health subject to age and maximum cover restrictions.

Regular contributions may be stopped and restarted as described under the Irish Portfolio Pension.

Premiums may be applied to purchase units in the Irish Unitised With Profit Pension Fund of this Company.

- (e) As for Irish Portfolio Pension.
- (f) As for Irish Portfolio Pension Scheme.
- (g) As for Irish Portfolio Pension Scheme.
- (h) As for Irish Portfolio Pension Scheme.
- (k) As for Irish Portfolio Pension, except for the Euro Safety Net Fund.
- (j) As for Irish Portfolio Pension Scheme.
- (k) The contract was not open to new business on the valuation date.
- (l) As for Irish Portfolio Pension Scheme.

**(a) Portfolio-Bond 1**

- (b) This contract is an overseas direct written whole life assurance and is classified as life assurance and general annuity business.
- (c) This is a single premium contract. No additional premiums may be paid, except after the 3 February 2005, the guarantee date.
- (d) Benefits are denominated in Euros.

The guarantee term is eight years from 3 February 1997.

The value of the units at the guarantee date is linked to the performance of an index.

After the guarantee date, the units may be switched into any of the French internal linked funds and conditions similar to those of the Multi-Portfolio contract will apply.

The death benefit is 101% of the fund value of the units.

- (e) The minimum value of units at the guarantee date is 131.68% of the value of units at 3 February 1997.

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

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2003**

- (f) The Company recovers its costs out of the margin between the initial investment and the cost of the underlying hedging instruments and as follows: -
  - (i) Allocation rates of less than 100% apply to all contributions.
  - (ii) After the guarantee date management charges of 1.00% are applied to all funds and are taken by cancellation of units.
  - (iii) Fund based commission is paid by the external fund managers.
- (g) The charges cannot be increased.
- (h) The surrender value is equal to the surrender value of the underlying hedging instruments until the guarantee date after which it is the value of the allocated units.
- (i) The value of the units at the guarantee date is linked to the performance of the CAC 40 index between 3 February 1997 and 3 February 2005. The value of the units is:
  - (i) 131.68% of the value of the units at 3 February 1997 where the index increases by less than 31.68%; otherwise
  - (ii) 185.1% of the value of the units at 3 February 2005.

Subsequent to the guarantee date benefits may be linked to any of the eight internally linked French funds of GA Vie or the French Cash Fund of this Company.

- (j) No other features are material to the method and basis of the valuation.
- (k) The contract was not open to business on the valuation date.
- (l) Not applicable.

### (a) **NU Bond**

- (b) This contract is a United Kingdom direct written whole life assurance and is classified as life assurance and general annuity business.
- (c) Single premiums may be paid.
- (d) The death benefit is the greater of the single premium, 101% of the bid value of units and the selected life cover.

Annual indexation option may be effected in which case the selected life cover will increase on each policy anniversary without evidence of health. The increases are in line with the Retail Prices Index subject to upper and lower limits as defined in the policy.

Special event options enable the selected life cover to be increased without evidence of health on the birth or adoption of a child or on marriage. Restrictions apply to the increase in cover that may be provided. The options cease at age 50.

Regular withdrawal option enables regular payments to be taken from the Bond.

Annual indexation, special events and regular withdrawal options are not available where there are investments in the Unitised With Profit Income Fund.

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.

- (e) Where benefits are linked to the Life Guaranteed Fund of Norwich Union Linked Life Assurance Limited units have a guaranteed value, on the 5th anniversary of their allocation, of their original value at the time of allocation. This guarantee only applies to units held throughout the 5-year period, and to units cancelled during that period to provide for the additional management charge. Units must be switched out of the Guaranteed Fund at the end of the 5-year period. Units cannot be switched into the Guaranteed Fund.
- (f) The Company recovers its costs as follows: -
  - (i) Unit prices for internal linked funds are reduced to take into account an annual management charge of 1.00% per annum (1.50% per annum in the case of the Guaranteed Fund).
  - (ii) Units are cancelled at the end of each of the first 5 policy years to provide for an additional management charge. The charge is 0.50% (1.00% for investments of less than £10,000) of the fund value.
  - (iii) The cost of selected life cover is met by the cancellation of units each month.

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

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2003**

For investments in excess of £100,000, the allocation rate is 102.5%. Because there is no initial charge included in the offer price of units, more than 100% of the premium is deemed to be invested. The excess is recouped during the first five years or on earlier surrender.

- (g) There are no restrictions on increases in charges.
- (h) The surrender value is equal to the bid value of units 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	7%
2	6%
3	5%
4	3%
5	1%

- (i) Benefits may be linked to up to 10 of the internal linked funds of Norwich Union Linked Life Assurance Limited, including the Guaranteed Fund.
- (j) The Company will cancel the policy if the units allocated to the policy are insufficient to meet the charge for selected life cover.
- (k) The contract was not open to new business on the valuation date.
- (l) There were no increases in charges during the report period.

**(a) NU Bond 2000**

- (b) This contract is a United Kingdom direct written whole life assurance and is classified as life assurance and general annuity business.
- (c) Single premiums may be paid.
- (d) The death benefit is the greater of the single premium, 101% of the bid value of units and the selected life cover.

Annual indexation, special events and regular withdrawal options as for the NU Bond.

- (e) As for the NU Bond.

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 varying from 0.5% up to 3.5% for investments over £100,000.

A Loyalty bonus of 3.25% is payable against the number of units remaining in the bond at the close of business on the day prior to the tenth anniversary, and every subsequent fifth anniversary. The Loyalty bonus is paid by adding extra units. For bonds written on or after 25/6/01 the bonus is 0.5% payable on the sixth anniversary and every anniversary thereafter.

- (f) The Company recovers its costs as follows: -
- (i) Unit prices for internal linked funds are reduced to take into account an annual management charge of 1.50% per annum (2.00% per annum in the case of the Guaranteed Fund).
  - (ii) The cost of selected life cover is met by the cancellation of units each month.
  - (iii) 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.
- (g) There are no restrictions on increases in charges.
- (h) 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:

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

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2003**

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

- (i) Benefits may be linked to the Unitised With Profit Fund, the Unitised With Profit Income Fund or a combination of both. From 25/6/01 benefits may be linked to a maximum of 10 internal funds, including the Guaranteed Fund.
- (j) The Company will cancel the policy if the units allocated to the policy are insufficient to meet the charge for selected life cover.
- (k) The contract was not open to new business on the valuation date.
- (l) There were no increases in charges during the report period.

**(a) NU FlexiBond**

- (b) This contract is a United Kingdom direct written whole life assurance and is classified as life assurance and general annuity business.
- (c) Single premiums may be paid. Additional single contributions may also be paid.
- (d) The death benefit is the greater of the initial investment, 101% of the bid value of units and the selected life cover.

Annual indexation, special events and regular withdrawal options as for the NU Bond.

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.

The contract can be written as a Flexible Protection Bond in which case the contract provides annual withdrawals of between 4% and 5% of the contributions (dependent on age at commencement) to fund regular premiums under the Future Assured (Long Term Care) contract of Norwich Union Life & Pensions Ltd. In this case, premiums may only be invested in the Unitised With Profit Life Fund of the Company.

- (e) As for the NU Bond.
- (f) The Company recovers its costs as follows :-
  - (i) An initial charge of 5% is included in the offer price of units.
  - (ii) Unit prices for internal linked funds, with the exception of With-Profit and the With-Profit Income Funds, are reduced to take account of an annual management charge of 1.0% per annum (1.5% on the Guaranteed Fund). For the With-Profit and With-Profit Income Funds expenses are taken into account when calculating the bonus rate and the price of units.
  - (iii) The cost of selected life cover is met by the cancellation of units each month.
- (g) There are no restrictions on increases in charges.
- (h) 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	5%
2	4%
3	3%
4	2%
5	1%

- (i) As for the NU Bond 2000.

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

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2003**

- (j) The Company will cancel the policy if the units allocated to the policy are insufficient to meet the charge for selected life cover.
- (k) The contract was not open to new business on the valuation date.
- (l) There were no increases in charges during the report period.

### **(a) NU Homemaker Plus**

- (b) This contract is a United Kingdom direct written endowment assurance and is classified as life assurance and general annuity business.
- (c) Regular premiums may be paid monthly or annually.
- (d) On maturity, the bid value of the units attaching to the policy at the end of the term increased for any final bonus on the bid value of units held in the unitised with profit fund, will be paid.

The death benefit is the greater of the bid value of units and the mortgage sum assured (plus any additional life cover and automatic additional life cover) increased for any final bonus on the bid value of units held in the unitised with profit fund.

A critical illness benefit may be selected, which can be greater than the policyholder's existing death benefit on the policy.

A terminal illness benefit is payable other than within the 18 months prior to the maturity date in the event of the life assured being diagnosed as having no more than 12 months life expectancy.

A waiver of premium benefit may be selected.

- (e) There are no guaranteed investment returns.
- (f) The company recovers its costs as follows :-
  - (i) Unit prices for internal linked funds, with the exception of the Unitised With-Profit Life Fund, are reduced to take account of an annual management charge of 0.75% per annum. For the Unitised With Profit Life Fund expenses are taken into account when calculating the bonus rate and the price of units.
  - (ii) Initial charge of 5% is included in the offer price of units.
  - (iii) Units are cancelled each month to provide for the administration charge.
  - (iv) The costs of the selected life cover, critical illness cover and waiver of premium benefit are covered by cancellation of units each month.
- (g) The annual management charge can be increased up to a maximum of 2.5% p.a. The administration charge may only be increased to take account of changes in Retail Price Index (or similar index) and the cost of administration of policies.
- (h) The current value is the bid value of allocated units plus any final bonus on units held in the Unitised With Profit Life Fund less any market value adjustment on unitised with profits units held.
- (i) Benefits may be linked to the internal linked funds of Norwich Union Linked Life Assurance limited (excluding the Guaranteed Fund), to a range of external linked funds and the unitised with-profits fund, with a maximum of six links at any one time.
- (j) No other features are material to the method and basis of the valuation.
- (k) The contract was open to new business on the valuation date.
- (l) The administration charge was increased from £1.05 per month to £1.07 per month with effect from the 2003 policy anniversary.

### **(a) CGU / NU Your Pension - Ind**

- (b) This contract is a United Kingdom direct written deferred annuity.
- (c) Regular premiums may be paid monthly or annually. Single premiums, transfer values and Department of Social Security contributions may be paid into the scheme.

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

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2003**

- (d) The benefit at the selected retirement date is the bid value of units. The cash sum may be paid out as cash within Inland Revenue limits or used to buy an annuity with the Company or any other insurer at the immediate annuity rates at the time.

The death benefit is the bid value of units.

Annual indexation option may be selected. Contributions are increased in line with the National Average Earnings subject to upper and lower limits as defined in the policy.

A waiver of premium benefit may be selected.

Regular contributions may be reduced or stopped at any time without penalty. Contributions may be restarted at any time.

Premiums may be applied to purchase units in the Unitised With Profit Pension fund of the Company.

- (e) Units in the Pension Assured Fund have a guaranteed price of £1 at the selected pension age or on earlier death.
- (f) The Company recovers its costs as follows:
- (i) Annual Fund charge of 1% p.a. is deducted from the fund by monthly cancellation of units.
  - (ii) For investments in the Unitised With Profit Pension Fund 0.6% of the Annual Fund charge is allowed for when the bonus rate is calculated and the remainder is deducted by monthly cancellation of units.
  - (iii) For investments in the Pension Assured Fund an additional charge of 0.25% p.a. is taken into account when bonus units are declared.
  - (iv) Up to 0.2% of the annual fund charge may be refunded to the policyholder. The percentage is dependent on the size of the fund
- (g) There are no restrictions on increases in charges.
- (h) The bid value of units may be transferred to a new employer's scheme.
- (i) Benefits may be linked to up to 6 of the internal linked funds of Norwich Union Linked Life Assurance Limited, including the Pension Assured Fund.
- (j) No other features are material to the method and basis of the valuation.
- (k) The contract was open to new business on the valuation date.
- (l) There were no increases in charges during the report period.

**(a) CGU / NU Your Pension – Grp**

- (b) This contract is a United Kingdom direct written deferred annuity.
- (c) Regular premiums may be paid monthly or annually. Single premiums, transfer values and Department of Social Security contributions may be paid into the scheme.
- (d) The benefit at the selected retirement date is the bid value of units. The cash sum may be paid out as cash within Inland Revenue limits or used to buy an annuity with the Company or any other insurer at the immediate annuity rates at the time.

The death benefit is the bid value of units.

Annual indexation option may be selected. Contributions are increased in line with the National Average Earnings subject to upper and lower limits as defined in the policy.

Contributions may be a fixed percentage of salary.

A waiver of premium benefit may be selected.

Regular contributions may be reduced or stopped at any time without penalty. Contributions may be restarted at any time.

Premiums may be applied to purchase units in the Unitised With Profit Pension Fund of the Company.

- (e) As for NU Your Pension – Ind.

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

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2003**

- (f) As for NU Your Pension – Ind.
- (g) As for NU Your Pension – Ind.
- (h) As for NU Your Pension – Ind.
- (i) As for NU Your Pension – Ind.
- (j) As for NU Your Pension – Ind.
- (k) The contract was open to new business on the valuation date.
- (l) As for NU Your Pension – Ind.

### **(a) NU Your Pension Select – Ind**

- (b) This contract is a United Kingdom direct written deferred annuity.
- (c) Regular premiums may be paid monthly or annually. Single premiums, transfer values and Department of Social Security contributions may be paid into the scheme.
- (d) The benefit at the selected retirement date is the bid value of units. The cash sum may be paid out as cash within Inland Revenue limits or used to buy an annuity with the Company or any other insurer at the immediate annuity rates at the time.

The death benefit is the bid value of units.

Annual indexation option may be selected. Contributions are increased in line with the National Average Earnings subject to upper and lower limits as defined in the policy.

A waiver of premium benefit may be selected.

Regular contributions may be reduced or stopped at any time without penalty. Contributions may be restarted at any time.

Premiums may be applied to purchase units in the Unitised With Profit Pension Fund of the Company.

- (e) As for NU Your Pension – Ind
- (f) The Company recovers its costs as follows:
  - (i) Annual Fund charge of 1% p.a. is deducted from the fund by monthly cancellation of units.
  - (ii) For investments in the Unitised With Profit Pension Fund, under contracts written prior to 6 April 2001, 0.6% of the Annual Fund charge is allowed for when the bonus rate is calculated and the remainder is deducted by monthly cancellation of units.
  - (iii) For investments in the Pension Assured Fund an additional charge of 0.25% p.a. is taken into account when bonus units are declared.
  - (iv) Up to 0.2% of the annual fund charge is refunded. This is dependent on the size of the fund.
  - (v) Reduced allocation period on regular contributions of up to 5 years.
- (g) As for NU Your Pension – Ind.
- (h) As for NU Your Pension – Ind.
- (i) As for NU Your Pension – Ind.
- (j) As for NU Your Pension – Ind.
- (k) The contract was open to new business on the valuation date.
- (l) As for NU Your Pension – Ind.

### **(a) NU Your Pension Select – Grp**

- (b) This contract is a United Kingdom direct written deferred annuity.
- (c) Regular premiums may be paid monthly or annually. Single premiums, transfer values and Department of Social Security contributions may be paid into the scheme.

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

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2003**

- (d) The benefit at the selected retirement date is the bid value of units. The cash sum may be paid out as cash within Inland Revenue limits or used to buy an annuity with the Company or any other insurer at the immediate annuity rates at the time.

The death benefit is the bid value of units.

Annual indexation option may be selected. Contributions are increased in line with the National Average Earnings subject to upper and lower limits as defined in the policy.

Contributions may be a fixed percentage of salary.

A waiver of premium benefit may be selected.

Regular contributions may be reduced or stopped at any time without penalty. Contributions may be restarted at any time.

Premiums may be applied to purchase units in the Unitised With Profit Pension Fund of the Company.

- (e) As for NU Your Pension – Ind

- (f) The Company recovers its costs as follows: -

- (i) Annual Fund charge of 1% p.a. is deducted from the fund by monthly cancellation of units.
- (ii) For investments in the Unitised With Profit Pension Fund, under contracts written prior to 6 April 2001, 0.6% of the Annual Fund charge is allowed for when the bonus rate is calculated and the remainder is deducted by monthly cancellation of units.
- (iii) For investments in the Pension Assured Fund an additional charge of 0.25% p.a. is taken into account when bonus units are declared.
- (iv) Up to 0.2% of the annual fund charge is refunded. This is dependent on the size of the fund.
- (v) Reduced allocation period on regular contributions of up to 5 years.

- (g) As for NU Your Pension – Ind.

- (h) As for NU Your Pension – Ind.

- (i) As for NU Your Pension – Ind.

- (j) As for NU Your Pension – Ind.

- (k) The contract was open to new business on the valuation date.

- (l) As for NU Your Pension – Ind.

### (a) **NU Optimiser Personal Pension**

- (b) This contract is a direct written deferred annuity. The contract is either written in the United Kingdom in which case it is included as United Kingdom pension business, or in Jersey or Guernsey, in which case it is included as overseas life and general annuity business.

- (c) Regular premiums may be paid monthly or annually. Single premiums, transfer values and Department of Social Security contributions may also be paid into the scheme.

- (d) The benefit at the selected retirement date is the bid value of units. The cash sum may be paid out as cash within Inland Revenue limits or used to buy an annuity with the Company or any other insurer at the immediate annuity rates at the time.

The death benefit is the greater of bid value of units plus any loyalty bonus and the selected life cover.

A waiver of premium benefit may be selected.

Annual indexation option may be effected in which case the regular premium will increase each year either by a fixed percentage of the contributions (5% or 10%) or in line with National Average Earnings subject to upper and lower limits.

A loyalty bonus is payable at retirement, death or transfer where regular contributions have been made for a cumulative period of 10 years or more. The bonus amount will be 0.5% of the bid value of units for each complete year that contributions have been paid.



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

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2003**

Regular contributions may be reduced or stopped at any time without penalty. Contributions may be restarted at any time.

Premiums may be applied to purchase units in the Unitised With Profit Pension Fund of the Company.

- (e) Units in the Pension Assured Fund have a guaranteed price of £1 at the selected pension age or on earlier death.
- (f) The Company recovers its costs as follows: -
  - (i) Reduced allocation rates apply to regular contributions. Allocation rates for single premiums and transfer payments vary by size.
  - (ii) An initial charge of 5% is included in the offer price of units.
  - (iii) Unit prices for internal linked funds are reduced to take into account an annual management charge of 0.625% p.a. (0.875% for the Pension Assured Fund).
  - (iv) Plan management charge of 0.375% p.a. of the regular contribution fund value, deducted by cancellation of units.
  - (v) Units are cancelled each month to provide for the administration charge for regular contributions only.
  - (vi) Units are cancelled each month to provide for the cost of life cover and the cost of waiver of contribution.
- (g) The administration charge may be increased by no more than the increase in the Retail Prices index.
- (h) The bid value of units may be transferred to a new employer's scheme.
- (i) Benefits may be linked to up to 6 of the internal linked funds of Norwich Union Linked Life Assurance Limited, including the Pension Assured Fund.
- (j) The Company will cancel the policy if the units allocated to the policy are insufficient to meet the administration charge.
- (k) The contract is closed to new business.
- (l) The administration charge was £2.74 per month.

### **(a) NU Executive Personal Pension**

- (b) This contract is a United Kingdom direct written deferred annuity and is classified as pension business. The contract complies with Chapter I Part XIV of the Income and Corporation Taxes Act 1988.
- (c) Regular premiums may be paid monthly or annually. Single premiums and transfer values may also be paid.
- (d) The benefit at the selected retirement date is the bid value of units plus any loyalty bonus and any final bonus earned on units in the Unitised With Profit Pension Fund.

The death benefit is the greater of bid value of units plus any loyalty bonus and any terminal bonus earned on units in the Unitised With Profit Pension Fund and the selected life cover.

For the Optimiser basis only, a loyalty bonus on regular contributions is payable as for NU Optimiser Personal Pension.

Single contributions and transfer payments, which have been invested for more than 10 years qualify for a loyalty bonus. The bonus is 0.25% of the bid value of units and is added by crediting additional units to the plan on the 11th and each subsequent plan anniversary.

Regular contributions may be expressed as a percentage of pensionable earnings.

Where contributions are earnings related, selected life cover may be expressed as a multiple pensionable earnings and may be increased by up to 10% p.a. on each of the first five renewal dates without further evidence of health subject to age and maximum cover restrictions.

Regular contributions may be stopped and restarted as described under the NU Optimiser Personal Pension.

Premiums may be applied to purchase units in the Unitised With-Profit Fund of the Company.

- (e) As for NU Optimiser Personal Pension.
- (f) The Company recovers its costs as follows:
  - (i) Reduced allocation rates apply to regular contributions. Allocation rates for single premiums and transfer payments vary by size.

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

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2003**

- (ii) An initial charge of 5% is included in the offer price of units.
- (iii) Unit prices for internal linked funds are reduced to take into account an annual management charge of 0.625% p.a. (0.875% for the Pension Assured Fund).
- (iv) Plan management charge, for the Optimiser basis only, of 0.375% a year of the regular contribution fund value deducted by the cancellation of units.
- (v) Units are cancelled each month to provide for the administration charge
- (vi) Units are cancelled each month to provide for the cost of life cover.

(g) As for NU Optimiser Personal Pension.

(h) The benefit on early retirement or transfer before pension age is the bid value of units. For single contributions or transfer values paid within the previous 10 years a penalty of 0.5% of the contribution for each year outstanding to the end of 10 years after the contribution was made is charged.

(i) As for NU Optimiser Personal Pension.

(j) As for NU Optimiser Personal Pension.

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

(l) The administration charge was £2.74 per month.

### (a) **NU Directors Personal Pension**

(b) This contract is a United Kingdom direct written deferred annuity and is classified as pension business. The contract complies with Chapter I Part XIV of the Income and Corporation Taxes Act 1988.

(c) Regular premiums may be paid monthly or annually. Single premiums and transfer values may also be paid.

(d) The benefit on death, where regular contributions are made, is the greater of the bid value of units and the selected life cover. Any sums secured by additional voluntary contributions and any transfer payments are payable in addition.

Death benefit where regular contributions are not made is the bid value of units.

The benefit at retirement is the bid value of units.

Regular contributions may be stopped and restarted as described under the NU Optimiser Personal Pension.

A loyalty bonus is payable as for the Executive Personal Pension.

Premiums may be applied to purchase units in the Unitised With Profit Pension Fund of the Company.

(e) As for NU Optimiser Personal Pension.

(f) As for NU Executive Personal Pension.

(g) As for NU Optimiser Personal Pension.

(h) As for NU Executive Personal Pension.

(i) As for NU Optimiser Personal Pension.

(j) As for NU Optimiser Personal Pension.

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

(l) The administration charge was £2.74 per month.

### (a) **NU Free Standing AVC Plan**

(b) This contract is a United Kingdom direct written deferred annuity and is classified as pension business.

(c) Regular premiums may be paid monthly or annually. Single premiums and transfer values may also be paid.

(d) The benefit at the selected retirement date is the bid value of units.

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

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2003**

The benefit on death before retirement is the greater of bid value of units and the selected life cover.  
Annual indexation option may be effected as for NU Optimiser Personal Pension.  
A loyalty bonus is payable as for NU Executive Personal Pension.  
Regular contributions may be stopped and restarted at any time without penalty.  
Premiums may be applied to purchase units in the Unitised With Profit Pension Fund of the Company.

- (e) As for NU Optimiser Personal Pension.
- (f) As for NU Executive Personal Pension.
- (g) As for NU Optimiser Personal Pension.
- (h) As for NU Executive Personal Pension.
- (i) As for NU Optimiser Personal Pension.
- (i) As for NU Optimiser Personal Pension.
- (k) The contract was open to new business on the valuation date.
- (l) The administration charge was £2.74 per month.

### (a) **NU Personal Transfer Plan**

- (b) This contract is a United Kingdom direct written deferred annuity, which complies with section 591(2)(g) of the Income and Corporation Taxes Act 1988. It is classified as pension business.
- (c) Transfer values may be paid. No additional payments are allowed
- (d) Accrued rights to Guaranteed Minimum Pensions, subject to fixed rate or limited rate revaluation, may be transferred into the plan. In such cases, the Company specifies a minimum premium that must be invested in the With-Profit fund. The benefits at State Pension Age are guaranteed to be sufficient to secure such rights.

The benefit on retirement is equal to the bid value of units.

The death benefit is the bid value of units.

A loyalty bonus is payable where contributions have been invested for more than 10 years. A bonus of 0.25% of the fund value is added by crediting additional units to the plan on the 11th and each subsequent plan anniversary.

Premiums may be applied to purchase units in the Unitised With Profit Pension Fund.

- (e) Units in the Pension Assured Fund have a guaranteed price of £1 at the selected pension age or on earlier death.
- (f) The Company recovers its costs as follows:-
  - (i) An initial charge of 5% is included in the offer price of units
  - (ii) Unit prices for internal linked funds are reduced to take into account an annual management charge of 0.625% (0.875% for the Pension Assured Fund).
  - (iii) Units are cancelled each month to provide for the administration charge
- (g) The monthly administration charge can be increased by no more than the increase in the Retail Prices Index.
- (h) As for NU Executive Personal Pension.
- (i) Benefits may be linked to up to 6 of the internal linked funds of Norwich Union Linked Life Assurance Limited, including the Pension Assured Fund.
- (j) No other features are material to the method and basis of the valuation.
- (k) The contract was open to new business on the valuation date.
- (l) The administration charge was £1.37 per month.

### (a) **NU Group Pension Investment Bond**

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

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2003**

- (b) This is a direct written investment contract. The contract is either written in the United Kingdom in which case it is included as pension business, or in Jersey and Guernsey, in which case it is included as overseas life and general annuity business.
- (c) Single contributions are paid. Additional single contributions may also be paid.
- (d) The contract provides non-earmarked benefits to Trustees of occupational and personal pension schemes. The cash sum may be paid out as cash within Inland Revenue limits or used to buy an annuity with the Company or any other insurer at the immediate annuity rates at the time.

Contributions that have been invested for more than 10 years qualify for a loyalty bonus of 0.25% of the fund value. The bonus is added by crediting additional units to the plan on the 11th and each subsequent plan anniversary.

Premiums may be applied to purchase units in the Unitised With Profit Pension Fund of the Company.

- (e) For investments in the Pension Assured Fund, a selected date is chosen by the policyholder at which point the units have a guaranteed price of £1.
- (f) The Company recovers its costs as follows: -
  - (i) Unit prices for internal linked funds (with the exception of the Unitised With Profit Pension Fund) are reduced to take into account an annual management charge of 0.625% per annum (0.875% per annum for the Pension Assured Fund).
  - (ii) For the Unitised With Profit Pension Fund expenses are allowed for when determining the bonus rates.
  - (iii) Units are cancelled at the end of each of the first 5 policy years to provide for a plan management charge of 0.75% per annum.
- (g) There are no restrictions on increases in charges.
- (h) An early encashment charge may apply if units are cashed in within 5 years of a contribution been paid. The charge applies where the amount cashed in exceeds 10% of the total contributions paid and is expressed as a percentage of any excess over 10% as shown below:

Year	Charge
1	7.5%
2	6%
3	4.5%
4	3%
5	1.5%

The charge is applied to each contribution separately according to the length of time it has been invested. Where only part of the plan is cashed in, the most recent contribution will be cashed in first.

- (i) Benefits may be linked to up to 6 of the internal linked pension funds of Norwich Union Linked Life Assurance Limited.
- (j) No other features are material to the method and basis of the valuation.
- (k) The contract was open to new business on the valuation date.
- (l) There were no increases in the rates of charges.

### (a) **NU Self Invested Personal Pension**

- (b) This contract is a United Kingdom direct written investment contract which complies with Chapter IV Part XIV of the Income and Corporation Taxes Act 1988, and is classified as pensions business.
- (c) Regular or single contributions may be paid. Additional single contributions and transfer values may also be paid.
- (d) The benefit at retirement is the bid value of units. This may be paid out as a cash lump sum within Inland Revenue limits or used to purchase an annuity. It is possible to defer purchase of an annuity and withdraw an income from the fund.

The bid value of units is payable on death.

Regular contributions may be increased.

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

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2003**

Regular contributions may be reduced or stopped at any time without penalty. Contributions may be restarted at any time.

A loyalty bonus is payable as for the Group Pension Investment Bond.

Premiums may be applied to purchase units in the Unitised With-Profit Pension Fund of the Company.

- (e) For investments in the Pension Assured Fund, a selected date is chosen by the policyholder at which point the units have a guaranteed price of £1.
- (f) As for Group Pension Investment Bond. There are also additional charges for specific services (e.g. Ad hoc valuations).
- (g) As for Group Pension Investment Bond.
- (h) As for Group Pension Investment Bond.
- (i) As for Group Pension Investment Bond.
- (j) As for Group Pension Investment Bond.
- (k) The contract was open to new business on the valuation date.
- (l) There were no increases in the rate of charges.

### (a) **NU Designer Personal Pension**

- (b) This contract is a United Kingdom direct written deferred annuity.
- (c) Regular premiums may be paid monthly or annually. Single premiums, transfer values and Department of Social Security contributions may also be paid into the scheme.
- (d) The benefit at selected retirement date is the bid value of units. This may be paid out as a cash lump sum within Inland Revenue limits or used to purchase an annuity with the Company or any other insurer at the immediate annuity rates at the time.

The benefit on death before retirement is the greater of the bid value of units and the selected life cover.

A waiver of premium benefit may be selected.

Regular contributions may increase each year either by a fixed percentage of the contributions (5% or 10%) or in line with National Average Earnings subject to a minimum of 3%.

Regular contributions may be reduced or stopped and restarted at any time without penalty.

- (e) There are no guaranteed investment returns.
- (f) The margin for expenses and commission is a fund management charge of between 0.4% and 1.75% of the value of the fund, depending on the level of commission, the style of contract and the funds selected. The fund charge can be deducted by monthly cancellation of units, implicitly in the fund price or a combination of methods depending on the fund series used for the contract. For most contracts written since 6 April 2001 the charge is deducted by cancellation of units.
- (g) The fund management charge may vary.
- (h) The benefit on early retirement is the bid value of units.
- (i) Benefits may be linked to any of the 16 internal linked funds of Norwich Union Linked Life Assurance Limited and the Unitised With Profit Pension Fund, of the Company.
- (j) No other features are material to the method and basis of the valuation.
- (k) The contract was open to new business on the valuation date.
- (l) There were no increases in charges during the report period.

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

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2003**

**(a) Stakeholder NU Designer Personal Pension**

- (b) This contract is a United Kingdom direct written deferred annuity.
- (c) Regular premiums may be paid monthly or annually. Single premiums, transfer values and Department of Social Security contributions may also be paid into the scheme.
- (d) The benefit at selected retirement date is the bid value of units. This may be paid out as a cash lump sum within Inland Revenue limits or used to purchase an annuity with the Company or any other insurer at the immediate annuity rates at the time.

The benefit on death before retirement is the bid value of units.

Regular contributions may increase each year either by a fixed percentage of the contributions (5% or 10%) or in line with National Average Earnings subject to a minimum of 3%.

Regular contributions may be reduced or stopped and restarted at any time without penalty.

- (e) There are no guaranteed investment returns.
- (f) The margin for expenses and commission is a fund management charge of between 0.4% and 1% of the value of the fund depending on the level of commission, style of contract and funds selected. The fund charge can be deducted by monthly cancellation of units, implicitly in the fund price or a combination of both depending on the fund series used for the contract. For most stakeholder contracts the charge is deducted by cancellation of units.
- (g) The fund management charge may vary, subject to a 1% maximum.
- (h) The benefit on early retirement is the bid value of units.
- (i) Benefits may be linked to internal linked funds of Norwich Union Linked Life Assurance Limited, external linked funds and the Unitised With Profit Pension Fund, of the Company.
- (j) No other features are material to the method and basis of the valuation.
- (k) The contract was open to new business on the valuation date.
- (l) There were no increases in charges during the report period.

**(a) Variable Money Purchase Plan, Variable Money Purchase Plan (Mono Charge) and Millennium Variable Money Purchase Plan**

- (b) This contract is a United Kingdom direct written pension contract, which complies with Chapter 1 Part XIV of the Income and Corporation Taxes Act 1988.
- (c) Regular contributions may be paid. Additional single contributions and transfer values may also be paid. Single contributions from employees are directed to a separate Additional Voluntary Contribution Plan.
- (d) The benefit at retirement is the bid value of units. This may be paid out as a cash lump sum within Inland Revenue limits or used to purchase an annuity with the Company or any other insurer at the immediate annuity rates at the time.

The bid value of units is payable on death.

- (e) There are no guaranteed investment returns.
- (f) The Company recovers its costs as follows:-
- (i) An annual management charge of 0.7% for Mono charge contracts, up to 1% for Millennium contracts and 0.875% for other contracts. For millennium contracts the charge is taken by unit cancellation. Additionally for the Variable Money Purchase Plan contract:
  - (ii) Reduced allocation rates apply to regular contributions. Allocation rates for transfers and single premiums will be adjusted if they were paid within 5 years of an alteration to the retirement date.
  - (iii) Charges may be made for switches over a given frequency.
  - (iv) An initial charge of 5% is included in the offer price of units.
  - (v) There is an initial charge of £50 per member for plans with less than 50 members.
- (g) Initial member charges when applicable can be reviewed. Switch charges when applicable can be increased at not more than the increase in the Retail Prices Index. The fund management charge may vary.

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

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2003**

- (h) The benefit on early retirement is the bid value of units.
- (i) Benefits may be linked to internal linked funds of Norwich Union Linked Life Assurance Limited and the Unitised With Profit Pension Fund of the Company.
- (j) No other features are material to the method and basis of the valuation.
- (k) The contract was open to new business on the valuation date.
- (l) The administration charge when applicable was £2.94 per month.

**(a) NU Group AVC, NU Group AVC (Mono Charge) and Variable Group AVC (Millennium Series)**

- (b) This contract is a United Kingdom direct written pension contract, which complies with Chapter 1 Part XIV of the Income and Corporation Taxes Act 1988.
- (c) Regular contributions may be paid. Additional single contributions may also be paid.
- (d) At retirement, or earlier death, the member's fund will be used to buy benefits in accordance with the rules of the employer's main scheme. For most cases no cash is allowed to be taken instead of pension.

Additional life cover may continue under a regular contribution plan whilst the member's fund is sufficient to meet the cost.

- (e) There are no guaranteed investment returns.
- (f) The Company recovers its costs as follows:-
  - (i) An annual management charge of 0.7% for Mono charge contracts up to 1% for Millennium contracts, and 0.875% for other contracts. For millennium contracts the charge is taken by unit cancellation. Additionally for the non Mono charge and non Millennium contracts only:
    - (ii) An initial charge of 5% is included in the offer price of units.
    - (iii) Reduced allocation rates apply which vary according to whether the contributions are fixed or variable.
    - (iv) Allocation rates for transfers and single contributions will be adjusted if they were paid within 5 years of an alteration to the retirement date.
    - (v) Switch charges are payable for each switch more than once per plan year.
    - (vi) For plans with regular contributions, cancelling the appropriate number of units pays for the cost of life cover.
    - (vii) Units are cancelled each month to provide for the monthly plan fee.
    - (viii) An initial charge for each member may be made.

- (g) The fund management charge may vary.

- (h) The benefit and options on early retirement will be subject to the rules of the main scheme. The plan pays the bid value of units to the trustees of the main scheme.
- (i) Benefits may be linked to up to 6 of the internal linked funds of Norwich Union Linked Life Assurance Limited and the Unitised With Profit Pension Fund.
- (j) No other features are material to the method and basis of the valuation.
- (k) The contract was open to new business on the valuation date.
- (l) The administration charge when applicable was £3.04 per month.

**(a) Stakeholder NU Your Pension – Ind and Stakeholder NU Your Pension - Grp**

- (b) This contract is a United Kingdom direct written deferred annuity.
- (c) Regular contributions may be paid monthly or annually. Single premiums, transfer values and Department of Social Security contributions may be paid into the scheme. Contributions may be a fixed percentage of salary with an option to increase in line with National Average Earnings or by fixed rates at 5% or 10% per annum.
- (d) The benefit at the selected retirement date is the bid value of units. The cash sum may be paid out as cash within Inland Revenue limits or used to buy an annuity with the Company or any other insurer at the immediate annuity rates at the time.

The death benefit is the bid value of units.

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

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2003**

Regular contributions may be reduced or stopped and restarted at any time without penalty.

- (e) There are no guaranteed investment returns.
- (f) The margin for expenses and commission is a fund management charge of between 0.6% and 1% of the value of the fund, depending on the level of commission and is deducted by monthly cancellation of units.
- (g) The management charge is restricted to a maximum of 1% per annum, with fund value rebates for large funds.
- (h) The bid value of units may be transferred to another scheme.
- (i) Benefits may be linked to the internal linked funds of Norwich Union Linked Life Assurance Limited and to some externally managed funds.
- (j) No other features are material to the method and basis of the valuation.
- (k) The contract was open to new business on the valuation date.
- (l) There were no increases in charges during the report period.

**(a) NU Bond (Level Option) and NU Bond (Step Down Option)**

- (b) This contract is a United Kingdom direct written whole life assurance and is classified as life assurance and general annuity business.
- (c) Single premiums may be paid.
- (d) Death benefit is 101% of the bid value of the units increased for any final bonus on the bid value of units held in the Unitised With Profit Fund.
- (e) Where benefits are linked to the Life Guaranteed Fund of Norwich Union Linked Life Assurance Limited, units have a guaranteed value, on the 5th anniversary of their allocation, of their original value at the time of allocation. This guarantee only applies to units held throughout the 5 year period, and to units cancelled during that period to provide for the additional management charge. Units must be switched out of the Guaranteed Fund at the end of the 5 year period. Units cannot be switched into the Guaranteed Fund.
- (f) The Company recovers its costs as follows:  
For the Level Option, the annual management charge varies between 1.25% to 1.75% per year depending on the amount of investment (an additional charge of 0.5% applies to units invested in Guaranteed Fund and 0.25% in Sustainable Future Fund).

For the Step Down Option, the annual management charge is 1% on all funds except for Guaranteed Fund and Sustainable Future Fund where it is 1.5% and 1.25% per year respectively. Units are cancelled each month for the first 5 policy years to provide for an additional management charge. The charge is 0.50% p.a. (1.00% p.a. for premiums of less than £10,000) of the fund value.

- (g) There are no restrictions on increases in charges.
- (h) The surrender value is the bid value of allocated units increased by any final bonus payable and reduced by any Market Value Adjustment applicable at the date of surrender. An early exit charge also arises during the first 5 years of the policy where the amount withdrawn exceeds 10%, according to the following scale:

Step Down Option

Year	Charge
1	10%
2	6%
3	5%
4	3%
5	1%

Level Option

Year	Charge
1	9%
2	5%
3	3%
4	2%
5	1%



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

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2003**

- (i) Benefits may be linked to up to 10 of the internal linked life funds of the Norwich Union Linked Life Assurance Limited.
- (j) No other features are material to the method or basis of valuation.
- (k) The contract was open to new business in the year to the valuation date.
- (l) Not applicable.

- 5 (2) The value of units in the Unitised With Profit Life Fund purchased prior to 1 February 1994 and not subsequently switched into the Loyalty Fund is increased by guaranteed interest at a rate of 3% per annum compound. The value of units in the Unitised With Profit Pension Fund is increased by guaranteed interest at a rate of 4% per annum compound in the case of units purchased by single premiums paid prior to 22 January 1996 and units purchased by regular premiums paid prior to 13 May 1996. Interest rate guarantees do not apply to other units in these funds or to units in the Stakeholder Unitised With Profit fund. Unit prices are further increased by the addition of declared and interim bonuses calculated on a daily basis.

The Company has discretion to reduce the bid value of units in the Unitised With Profit Funds by applying a Market Value Reduction to reflect adverse financial conditions current at that time. The circumstances in which this factor may be applied are as follows: -

### **Flexible Retirement Plan**

- (i) On withdrawals in excess of 5% of the initial investment.
- (ii) On the payment of a tax free cash sum as a result of a transfer from a growth to an income policy.
- (iii) On the payment of a transfer value.
- (iv) On the purchase of a compulsory purchase annuity.
- (v) On the exercise of an option to switch to the internal linked funds of Norwich Union Linked Life Assurance Limited.

### **Group Pension Investment Bond, NU Group Pension Investment Bond, Trustee Investment Plan, Self Invested Pension Plan and NU Self Invested Personal Pension**

- (i) On withdrawal at any time other than at a selected date determined either at commencement or at the original selected date. The selected date must be at least five years after commencement or extension. The selected date does not apply to Trustee Investment Plans or Self Invested Personal Pensions written after 1 June 2002.
- (ii) On withdrawals in excess of 5% of the initial investment in any one year (10% if written before 1 June 2002 provided that the selected date is at least ten years after commencement).
- (iii) On the exercise of an option to switch to the internal linked funds of Norwich Union Linked Life Assurance Limited.
- (iv) For Trustee Investment Plans and Self Invested Personal Pensions written since 1 June 2002, 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.

### **International Personal Pension and NU International Investment Plan**

- (i) On any withdrawal except at the selected pension date in respect of units purchased by regular premiums for a period of at least five years.
- (ii) On the exercise of an option to switch to the internal linked funds of Norwich Union Linked Life Assurance Limited.

### **All Other Pension Contracts**

- (i) On the exercise of an option to switch to the internal linked funds of Norwich Union Linked Life Assurance Limited.
- (ii) On retirement prior to the selected pension date (except for jointly written policies).
- (iii) On retirement after the selected pension date (except for jointly written policies).
- (iv) On retirement at the selected pension date, in respect of units purchased by single premiums paid within five years of retirement or units purchased by increments in regular premiums within five years of retirement (except for jointly written policies).
- (v) In the case of jointly written policies, on retirement at a date more than three years earlier than the selected pension date, or on retirement at any time in respect of units purchased by single premiums.
- (vi) On the payment of a transfer value.

### **Kaleidoscope, Lifetrack**

- (i) On surrender or part surrender at any time.

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Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2003**

- (ii) On the exercise of an option to switch to the internal linked funds of Norwich Union Linked Life Assurance Limited.

### **Portfolio Bond, NU Bond, NU Bond 2000, NU Flexibond, NU Bond Level Option, NU Bond Step Down Option, Investment Bond and Irish Portfolio Bond**

- (i) On surrender or part surrender at any time, except for contracts written between October 1998 and January 2002 where the adjustment is guaranteed not to apply on the tenth anniversary of the policy and on each fifth anniversary thereafter. For investments in the Unitised With Profit Life Fund under Bonds issues since January 2002, 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, switches and additional life cover charges.
- (ii) On the exercise of an option to switch to the internal linked funds of Norwich Union Linked Life Assurance Limited.
- (iii) On income withdrawals except where the withdrawal is less than 7.5% p.a. (5.0% p.a. for NU Bond Level and NU Bond Step Down) of the initial investment and this facility was set up from inception or for policies issued since 1 July 1999, this facility was set up after outset at a time when no Market Value Reduction was applying.
- (iv) In the case of Portfolio Bonds issued since 15 May 2000, NU Bond, NU Bond 2000, NU Flexibond, NU Bond Level and NU Bond Step Down, on a switch between the Unitised With Profit Life Fund and the Unitised With Profit Income Fund and on income payments from the Unitised With Profit Income fund in excess of the prevailing interim bonus rate.

In all other circumstances the bid price value of units is payable (less any charges specified in the contract descriptions in paragraph 5(1) above).

### **Multi-Portfolio**

- (i) On surrender at any time other than the selected date. The selected date must be at least eight years after commencement.
- (ii) On ad hoc partial withdrawals.
- (iii) On the exercise of an option to switch to the internal linked funds of Norwich Union Linked Life Assurance Limited or the French Cash Fund of this Company.
- (iv) On automatic partial withdrawal in excess of 6% of the fund value at commencement of those withdrawals.
- (v) At the selected date in respect of any single premiums or switches made in the 5 years prior to the selected date.

### **Multi-Portfolio Retraite**

- (i) On surrender at any time other than the selected date. The selected date must be at least eight years after commencement.
- (ii) On ad hoc partial withdrawals.
- (iii) On the exercise of an option to switch to the internal linked funds of Norwich Union Linked Life Assurance Limited or the French Cash Fund of this Company.
- (iv) On automatic partial withdrawals.
- (v) At the selected date in respect of single premiums, switches or redirections made in the 5 years prior to the selected date.
- (vi) At the selected date in respect of regular premiums where, at a date within 5 years of the selected date, the regular premium had been increased to more than twice the level which applied 5 years prior to the selected date. In such circumstances the Market Value Adjustment Factor may only be applied to benefits purchased by premiums paid after the date of increase.

### **German GALA**

- (i) On surrender at any time.
- (ii) On the exercise of an option to switch to the internal linked funds of Norwich Union Linked Life Assurance Limited.
- (iii) Where the extension option is chosen and where encashment takes place less than 5 years after the original maturity date.

### **German DIVA**

- (i) On surrender or partial surrender at any time.
- (ii) On the exercise of an option to switch to the internal linked funds of Norwich Union Linked Life Assurance Limited.
- (iii) At the selected retirement date in respect of units which have been switched into the fund within the previous 5 years.

### **Swedish Personal Investment Plan**

- (i) On surrender or part surrender at any time.

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

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2003**

- (ii) On the exercise of an option to switch to the internal linked funds of Norwich Union Linked Life Assurance Limited.
- (iii) On income withdrawals except where the withdrawal is less than 7.5% p.a. of the initial investment and this facility was set up from inception and not varied.
- (iv) At the maturity date in respect of units which have been switched into the fund within 10 years of the maturity date.

### **Portfolio - Bond 1**

- (i) On surrender at any time other than the selected date. The selected date must be at least five years after the guarantee date.
- (ii), (iii), (iv) and (v) as for Multi-Portfolio.

### **Homemaker Plus and NU Homemaker Plus**

- (i) On cancellation at any time except in the following circumstances:
- (ii) Death, terminal illness and critical illness claims.
- (iii) On maturity at the original maturity date.
- (iv) On the five policy anniversaries immediately preceding the original Maturity Date providing the original term was at least 15 years and a constant level of regular premiums has purchased the units.
- (v) On cancellation of units for any reason when these units were purchased by switches or redirections of premiums into the unitised with-profit fund.

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 decisions.

- 5 (4)** The only internal linked fund the Company operates is a cash fund for new investments in respect of its French branch business. This fund enables any new investments to be held on deposit during the 30 day cooling off period.

Valuations are made at close of business on each working day. All liability units are allocated or de-allocated at the price calculated at close of business on that day.

Units in this fund are created and cancelled at the same price. This price is determined from the value of the units held in 'Vega Securite' an external securitised fund. This value is divided by the number of units in force to give the price.

The holdings in 'Vega Securite' are valued as at the close of business on the previous working day. In any dealings the fund will get the previous working day's price which will be the same price as that available to other investors.

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

- 5 (6)** The Company does not receive any financial benefit by way of discount, commission, investment management charge rebate or any other allowance in respect of units in 'Vega Securite' held by the fund.

- 6 (1)** Following an application requesting waiver from IPRU(INS) 5.9 and 5.10, the FSA has allowed the Company to use gross premium method in its calculation of mathematical reserves for its with-profits liabilities. Based on this approval, the liabilities in respect of the principal classes of policies were valued on a gross premium method. A gross premium valuation method was also used in respect of most non-profits liabilities.

A small number of policies on legacy systems are valued on a net premium basis, the reserves are not significant

Assurances and deferred annuities were valued according to nearest age at the date of investigation. For UK non-linked individual assurances where smoker status was allowed for in the premium charged, a deduction of two years was made for non-smokers and an addition of four years for smokers. For German branch business, separate tables were used for smokers and non-smokers. For French branch business, no distinction was made. Provision was made for the immediate payment of claims.

Immediate Annuities were valued according to age last birthday at the date of the investigation.

Except for Parent's Life Policies, contracts, which are a combination of two or more categories of contract, have been valued in their constituent parts.

Additional Reserves are held to provide for the potential cost of Personal Pension Compensation Payments and associated levies and expenses.

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

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2003**

Individual sickness benefits and Income replacement Plan have been valued using a net premium valuation based on inception/annuity methodology. The reserve for claims in payment is the discounted value of future claim payments. Any benefit escalation is explicitly allowed for. Claim expenses are valued during claim, based on annual per claim expense amounts, with allowance for inflation. An additional disputed claims reserve is held and a notified outstanding claims reserve is held in respect of claims reported but not yet authorised.

- (a) The unit liability in respect of index linked contracts was taken as the surrender value of the matching derivative instruments.
- (b) For with-profit contracts there is a margin in the valuation interest rate, which provides partially for future reversionary bonus.

Bonus reserve valuations were carried out for broad categories of contract to determine the rates of reversionary 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 reversionary 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.

Some individual PHI contracts have renewable premium rates. Regard is given to the reasonable expectations of policyholders by limiting the extent of any increases to the valuation net premiums so that they reflect heavier morbidity, where appropriate, but not higher expense levels.

### (c) **Life Assurance and Annuity Business**

No adjustment was made to the net premium, where net premium valuation basis was used.

#### **Permanent Health Insurance Business**

For Critical Illness Contracts the net premiums were the true net premiums subject to a maximum of 95% of the office premiums.

For individual sickness benefit and Income Replacement Plan contracts the net premiums were obtained by limiting the true net premiums to a maximum of 92.5% of the office premiums, the modification being made to avoid taking credit for more than the premiums receivable and to provide for future expenses. For group sickness benefit contracts the net premiums were taken as 83.5% of the office premiums as an approximation to the true net premiums after providing for future expenses.

- (d) The valuation basis produced negative reserves under certain classes but these were eliminated to ensure that no contract was treated as an asset.
- (e) No reserve was made for future bonuses except in the case of Unitised With Profit business as described below.
- (f) The "fund carried forward" in Form 58 allows sufficient margin within market values to allow for any prospective liability for tax on unrealised capital gains.

Provision has been made for the prospective liability to taxation on unrealised capital gains as part of the deferred tax provision in line 21 of Form 14. This provision has been established on the basis of accounting standard FRS19.

- (g) A Maturity Guarantee Reserve for the maturity guarantee under Equity Endowment Assurances has been included. This figure represents the present value of a sum equal to five times the basic annual premiums under the contracts payable at the date of maturity of the contracts.

A Death Benefit Guarantee Reserve was included in respect of Portfolio Bonds, issued since August 1994, NU Bonds, NU Bond 2000 and NU Flexibond where premiums are linked to the internal linked funds of Norwich Union Linked Life. The reserve was established using the methodology described in the report of the Maturity Guarantees Working Party. For this purpose the full standard Wilkie investment model was used assuming 100% investment in UK equities.

Guaranteed Fund Reserves have been included to cover the 5 year guarantee on Portfolio Bond, NU Bonds, NU Flexibond, Irish Portfolio Bond and Trustee Investment Plan investments in the Guaranteed Funds. The reserves were established using the methodology described in the Report of the maturity Guarantees Working Party. For this purpose, a lognormal model for equity risk was used and active management of the equity backing ratio was assumed, based on an initial 40% investment in equities for Ulster Bank Guaranteed

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Fund, and 25% investment in UK equities for other guaranteed funds. Credit was taken for the first result of the required margin of solvency in establishing this reserve.

- (h) A reserve for options was included to provide for options which grant additional or extension assurances without medical evidence in addition to reserves of various multiples of specific extra premiums charged. The valuation basis was chosen so as to make suitable allowance for other guarantees and options granted.

An additional AIDS reserve for options has been included. The reserve has been assessed on the basis that all options are exercised at the then current premium rates and conditions, with additional mortality of one sixth of 'level R' on options to increase or convert Term Assurances and one thirtieth of 'level R' on guaranteed insurability options effected principally on moving house.

An additional amount was included in the With Profit Endowment and Whole Life Reserves where the expected cost of non-guaranteed surrender value payments was in excess of the corresponding reserves.

An amount was included in the Decreasing Term Reserve to cover the risk of death during a period not exceeding three months under certain mortgage related policies between the date of exchange of contracts and the completion of a mortgage.

An amount was included in the With Profits Endowment Reserve to meet the non-recovery of Life Assurance Premium Relief agreed with the Inland Revenue in respect of future premiums on certain life policies issued in March 1984.

An amount was included in the With Profits Endowment Reserve to provide for minimum surrender value payments under certain low cost endowment policies issued since 23 November 1993.

An amount was included in the Term Assurance Reserve to cover conversion and renewal options based on a multiple of the premiums paid for such options. A further amount was included in this reserve to provide for the terminal illness benefit having regard to the accelerated payment of claims.

For those assurances with a guaranteed annuity option and for deferred annuities with a guaranteed cash option, the mathematical reserves are calculated as the greater of either the discounted value of the cash option or 103% of the discounted value of the guaranteed annuity. The interest and mortality assumptions are as indicated in columns 2 and 3 of Forms 51 and 52. For assurances with a guaranteed annuity option it is assumed that the option will be exercised in a proportion of the cases where the value of the annuity exceeds the cash benefit. The proportion is 80% for policies that mature during 2004, increasing by 1% p.a. to 95% for policies maturing in 2019 or later. The same assumption is made in respect of deferred annuities with a guaranteed cash option. This assumption is consistent with the Individual Guidance issued by the Financial Services Authority in respect of IPRU(INS) rules 5.6 and 5.14 on 26<sup>th</sup> September 2003. The reserve for guaranteed annuity options included within the mathematical reserves was £23,070,000.

Principles adopted in the valuation of particular contracts were:

- (i) The reserve for single premium group and individual term assurance contracts was the single premium and for Group Decreasing Term Assurance and Group Disability contracts the reserve was one year's office premium for annual premium contracts and the unearned proportion of the premium on the 24th basis for single premium contracts, plus an appropriate reserve for profit sharing.
- (ii) In valuing immediate annuities an addition of 3% of the basic liabilities was included for the expense of making annuity payments.
- (iii) Retirement Annuities by recurring single premiums were valued using a prospective bonus reserve valuation. The valuation assumes that future regular bonuses are nil. Allowance is made for the excess, if any, of the value of benefits purchased by future premiums at the current level over the value of such premiums.

Provision is made for future expenses on the basis of the charges made to the Company under the Management Services Agreement with Norwich Union Life Services assuming future inflation at 3.5% per annum.

The reserves are similarly calculated assuming retirement at the earliest age specified in the policy and the reserve was taken as the greater of the two values.

- (iv) Equity Endowment Assurances were valued by taking the Bid Prices of the Units deemed to have been purchased at the valuation date and adding 1/12 of the total annual premium payable.
- (v) For contracts with benefits linked to the internal linked funds of Norwich Union Linked Life Assurance Limited or Abeille Vie the unit liability was taken as the value of units deemed allocated to the policies in the internal linked funds of those companies.
- (vi) Unitised With Profit 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.

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The prospective valuation accrues future regular bonuses and then discounts to the valuation date. Future regular bonuses are assumed to run down at 1.5% per annum for life and 1.0% per annum for pensions in line with policyholders' expectations, to the guaranteed rate (or nil where there is no guaranteed rate). The initial level of regular bonus is taken to be the interim rate applying on the valuation date.

An allowance is made for future non-guaranteed surrenders at rates consistent with the Embedded Value basis. At a date (or dates in the case of regular withdrawals) where the company guarantees not to apply a Market Value Reduction on surrender, an exit rate of 50% is assumed.

Additional reserves are included where appropriate for contracts which provide a money back guarantee on a future policy anniversary.

Provision is made for future expenses on the basis of the charges made to the Company under the Management Services Agreement with Norwich Union Life Services assuming future expense inflation at 3.5% per annum.

Allowance is made for the cost of future shareholders transfers associated with the assumed pattern of future regular bonuses.

- (vii) Assurances issued on impaired lives and subject to extra premiums were valued as if effected at the ages corresponding to the premiums charged, except that for certain assurances issued before 9 November 1970 one full year's extra premium was reserved in addition to the normal reserve calculated on the basis of the true age.

One full year's extra premium was reserved in addition to the normal reserve under assurances carrying an extra premium for any other reason.

Debts that have been imposed on assurances have been ignored.

- (viii) Sickness benefit contracts with waiver of premium were valued by treating the premium waiver as an extra benefit.
- (ix) The reserve for accident benefits on sickness or accident benefit contracts was an approximate reserve in excess of one year's premium.
- (x) The reserve for group sickness benefits by recurring single premiums was taken as the current year's single premium.
- (xi) For permanent health insurance contracts an additional reserve for sickness claims was made based on the probability of death and recovery. Additional reserves were held for disputed claims and notified outstanding claims.
- (xii) Amounts in overseas currencies were converted to sterling using rates of exchange current at the valuation date.
- (xiii) The reserve for the serious illness contract ignores deaths that do not give rise to a serious illness benefit. The reserve has been apportioned between the Life & Annuity Fund and the Permanent Health Insurance Fund in the ratio 65/35, being the estimated proportion of claims arising on death and diagnosis respectively.
- (xiv) The reserve for the critical illness ignores mortality. The 'life' table used is based on critical illness risk premium rates. The reserve for critical illness benefits under the income replacement plan is an approximate reserve.
- (xv) The reserve for the Irish and German term assurance contracts was taken as one year's premium.
- (xvi) For term assurance contracts with critical illness benefits and for decreasing term assurance contracts with critical illness benefits written between 2 October 2000 and 31 December 2000, the reserve has been apportioned between the Life & Annuity Fund and the Permanent Health Insurance Fund in proportion to the premiums for death benefits and critical illness benefits respectively.
- (xvii) For term assurance contracts with critical illness benefits and for decreasing term assurance contracts with critical illness benefits accepted by the Company under a reinsurance treaty since 1 January 2001, the reserve has been apportioned between Life Assurance business and Permanent Health Insurance business within the Life and Annuity fund in proportion to the premiums for death benefits and critical illness benefits respectively.
- (xviii) The reserve for waiver of premium benefits attaching to endowment assurance, term assurance and decreasing term assurance contracts has been taken as one year's premium

- 6 (2)** In determining the provision referred to in sub-paragraph (f) above, and the reserves referred to in sub-paragraphs 7(7) and 7(8) below; account has been taken of the fact that the fund has been brought into Form 58 at book value in accordance with IPRU (INS) rule 4.1 (6).

In the context of assets valued at market value, additional reserves have been taken into account in the appointed actuary's certificate.

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## 7 (1) The rates of interest are shown on Forms 51 to 54.

The mortality tables used are coded as follows:

Code	Table		Age Rating
A	Males: Females:	50% AM92 ultimate 50% AF92 ultimate	- -
C	Males: Females:	AM92 ultimate AF92 ultimate	- -
D	In deferment: In payment:	males - 50% AM92 ultimate females - 50% AF92 ultimate males - 78% PMA80 adj (see 7(4)) females - 94% PFA80 adj (see 7(4))	
E	In deferment: In payment:	males - 50% AM80 ultimate females - 50% AF80 ultimate males - PMA92 (C=2020) ultimate females - PFA92 (C=2020) ultimate	- - down 2 years down 2 years
F	Males: Females:	70% IM80 ultimate 102% IF80 ultimate	- -
G	Males: Females:	PMA92 (C=2010) ultimate PFA92 (C=2010) ultimate	Down 1 year Down 1 year
H	Males: Females:	A variable percentage of A67/70 ultimate. The percentage is 220% at age 50, reducing by 5.5% for each year of age to 126.5% for ages 67 and above. Based on the male table with a deduction of 4 years from the age.	
L	Males: Females:	75% German DAVM 75% German DAVF	- -
M	Males: Females:	AM80 ultimate AF80 ultimate	down 1 year down 1 year
O	Males: Females:	AM92 ultimate AF92 ultimate	-2 non smoker, +4 smoker -2 non smoker, +4 smoker
P	Males: Females:	75% TM92 non smoker, 150% TM92 smoker 75% TF92 non smoker, 180% TF92 smoker	
Q	Males: Females:	80% TM92 non smoker, 165% TM92 smoker 85% TF92 non smoker, 190% TF92 smoker	
R	Males: Females:	RMV92 (C=2010) ultimate RFV92 (C=2010) ultimate	Down 2 years Down 2 years
S	Males: Females:	78% PMA80 adj (see 7(4)) 94% PFA80 adj (see 7(4))	
T	Males: Females:	50% AM80 ultimate 50% AF80 ultimate	

The morbidity basis for Sickness Benefits and Income Replacement Plan is as follows:

### Inceptions:

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

### Terminations:

Based on CMIR12 rates adjusted by factors dependent on the deferred period and duration of claim. Further margins have been taken for prudence.

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**7 (2) Code**

I	Combined disability and mortality table used in the valuation of contracts that offer 'critical illness' and death benefits, as described in section 5. The table used is illustrated by the following specimen annual rates per mille :			
	<b>Age</b>	<b>Male</b>	<b>Age</b>	<b>Male</b>
	20	1.157	55	17.790
	25	0.966	60	28.780
	30	1.045	65	39.280
	35	1.663	70	59.670
	40	3.135	75	101.450
	45	5.921	80	155.350
	50	10.540	85	245.750

Rates for females can be obtained by deducting 4 years from age.

**Code**

N	Combined disability and mortality table used in the valuation of level term, endowment and attaching decreasing term contracts that offer 'critical illness' and death benefits, as described in section 4. The table used is illustrated by the following specimen annual rates per mille:				
	<b>Age</b>	<b>Male Smoker</b>	<b>Male Non Smoker</b>	<b>Female Smoker</b>	<b>Female Non Smoker</b>
	20	1.3150	1.1940	1.0650	1.0650
	25	1.2800	1.1430	1.1670	1.1460
	30	1.4350	1.1800	1.7860	1.4810
	35	2.0100	1.4610	2.5260	1.7080
	40	3.8730	2.4090	3.9690	2.2500
	45	7.5020	4.0680	6.8000	3.3350
	50	13.3690	6.3520	11.7790	5.2830
	55	23.1430	9.9960	19.0010	8.4780
	60	37.4120	15.4820	27.2280	13.1180
	65	52.5960	22.3910	34.6620	18.8180
	70	72.3430	32.3020	42.6770	24.6070
	75	102.8720	53.4100	59.2470	39.8130
	80	144.1880	88.2700	81.8950	64.0740
	85	194.6210	140.3030	117.7960	105.8020

Rates are also factored by  $(1 + L/100)$ , where L equals 1.0 for each year of policy term to allow for

guaranteed rates.

**Code**

K	Stand-alone critical-illness table used in the valuation of the critical illness contract. The table used is illustrated by the following specimen annual rates per mille:				
	<b>Age</b>	<b>Male Smoker</b>	<b>Male Non Smoker</b>	<b>Female Smoker</b>	<b>Female Non Smoker</b>
	20	0.7370	0.7370	1.0070	1.0070
	25	0.7700	0.7700	1.1080	1.1080
	30	0.9830	0.8870	1.7190	1.4870
	35	1.5540	1.2170	2.5390	1.7600
	40	3.3230	2.1300	4.1680	2.4130
	45	6.7700	3.7910	7.2770	3.6450
	50	12.5180	6.1640	12.7560	5.8460
	55	22.5130	10.1310	20.4700	9.4110
	60	37.1470	16.0550	28.8820	14.5430
	65	50.9770	22.7600	35.5470	20.4370
	70	66.1930	31.0730	41.3210	25.5340
	75	88.5870	49.0020	54.2940	39.7940
	80	110.7600	73.9380	68.5020	59.9680
	85	133.5730	107.9460	89.0450	89.0450



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Rates are also factored by  $(1 + L/100)$ , where L equals 1.5 for each year of policy term to allow for guaranteed rates.

**Code**

<b>B</b>	Combined disability and mortality table used in the valuation of decreasing term mortgage protection contracts that offer 'critical illness' and death benefits, as described in section 4. The table used is illustrated by the following specimen annual rates per mille:				
	<b>Age</b>	<b>Male Smoker</b>	<b>Male Non Smoker</b>	<b>Female Smoker</b>	<b>Female Non Smoker</b>
	20	1.2540	1.1410	1.0200	1.0200
	25	1.2220	1.0930	1.1160	1.0950
	30	1.3670	1.1280	1.6920	1.4110
	35	1.9020	1.3920	2.3870	1.6180
	40	3.6530	2.2770	3.7430	2.1270
	45	7.0630	3.8360	6.4040	3.1470
	50	12.5770	5.9820	11.0830	4.9780
	55	21.7620	9.4070	17.8700	7.9800
	60	35.1730	14.5630	25.6010	12.3410
	65	49.4420	21.0560	32.5880	17.6980
	70	68.0010	30.3700	40.1210	23.1390
	75	96.6920	50.2080	55.6930	37.4290
	80	135.5200	82.9690	76.9780	60.2290
	85	182.9180	131.8690	110.7170	99.4450

Rates are also factored by  $(1 + L/100)$ , where L equals 1.0 for each year of policy term to allow for guaranteed rates.

**Code**

<b>J</b>	Combined death and diagnosis table used in the valuation of the serious illness contract. The table used is illustrated by the following specimen annual rates per mille.					
	<b>Age</b>	<b>Male</b>	<b>Female</b>	<b>Age</b>	<b>Male</b>	<b>Female</b>
	20	0.28	0.25	50	7.82	4.59
	25	0.36	0.41	55	12.29	7.37
	30	0.58	0.77	60	19.71	12.35
	35	1.21	1.18	65	30.20	19.53
	40	2.47	1.89	70	41.98	27.03
	45	4.62	2.96			

7 (3) The degree of variation of morbidity and mortality between states of commitment does not give rise to a material effect in the valuation.

7 (4) 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.

7 (5) Margins in the published mortality basis are sufficient to cover current estimates of the cost of future additional claims from AIDS, other than those arising out of the exercise of options, at a level corresponding to one third of the AIDS Working Party's Projection 6A with allowance for the continuance of mortality rates at peak rates.

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No additional reserves have been held to cover sickness claims from AIDS in respect of permanent health Insurance Business.

The remaining margins in the published mortality and morbidity bases are considered sufficient to provide for adverse deviations in experience arising from other causes. No additional reserves are therefore held.

- 7 (6) The following changes in the future value of assets were tested when determining the amount of the long term liabilities.

Scenario 1

- equities fall in value by 18.1%
- property falls in value by 20.0%.
- fixed interest yields rise by 0.968 percentage point which is 20% of the UK 15 year gilt yield

Scenario 2

- equities fall in value by 18.1%
- property falls in value by 20.0%.
- fixed interest yields reduce by 0.968 percentage point

Scenario 1 produces the most onerous requirement.

- 7 (7) No reserve was considered necessary having regard to the high proportion of with-profit business and the margins in the published valuation basis.

- 7 (8) Under the most onerous scenario tested, the additional reserve required pursuant to rule 5.17(b) of IPRU (INS) was £113,626,000 for the Life and Annuity Fund and £-1,130,000 for the Permanent Health Insurance Fund.

- (a) In determining the long term liabilities in the changed investment conditions, the following changes in assumptions were made :-

- (i) For Unitised With Profit benefits, the non guaranteed surrender values were assumed to fall in line with the reduction in the value of the hypothetical assets having regard to the ability of the Company to apply a Market Value Reduction. Future regular bonus rates were assumed to be nil.
- (ii) Allowance was made for the change in the accounting provision for Capital Gains Tax and for tax on the movement in the market value of Loan Relationship assets that would arise under the investment conditions of the resilience scenario.

- (b) Assets were initially hypothecated to cover the published liabilities for each category of contract. The choice of assets for this purpose took account of the nature of the liabilities and the desire to minimise the requirement. Low yielding assets such as overseas equities were therefore avoided where possible.

Allowance was made for the fall in value of assets in the changed financial conditions. For this purpose, assets were valued under chapter 4 of IPRU (INS).

Assets were re-hypothecated in the changed financial conditions and the liabilities were recalculated using the changed assumptions and yields closer to the maximum permitted yields in each scenario. An iterative process was used with the objective of minimising the liabilities whilst bearing in mind the suitability of the hypothecated assets.

The fall in the value of assets was compared with the reduction in liabilities.

- (c) For the Life and Annuity Fund, the reduction in the aggregate amount of the liabilities was £1,152,106,000. The reduction in the aggregate value of the hypothecated assets was £1,265,732,000.

For the Permanent Health Insurance Fund, the reduction in the aggregate amount of the liabilities was £3,455,000. The decrease in the aggregate value of the hypothecated assets was £2,325,000.

- 7 (9) Only the sterling reserves in respect of the German and Irish branch products required an interest rate assumption. The interest rate used was based on the gross redemption yield on the relevant government bonds respectively, less a margin.

- 8 (a) See Forms 51 and 52.

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- (b) Where premiums have ceased or where no future premiums are payable or where the method of valuation does not take credit for future premiums as an asset, an additional reserve has been made for future expenses by an appropriate adjustment to the total liability for the particular classes concerned.

**(c) Group Decreasing Term Assurance contracts by single premium**

The reserve is calculated as the unearned proportion on the 24ths basis of the single premiums paid, plus an appropriate reserve for profit sharing. Under approximately 95% of this business the premium is independent of age, and a typical contract is for 5 years with a premium rate of £10 per £1,000 initial sum assured.

The following table sets out, for specimen ages, the mid year net premium reserves per £1,000 initial sum assured calculated in accordance with rules 5.8 to 5.17 of IPRU (INS) for such a contract by single premium. The valuation basis is A67/70 ultimate mortality rated down 1 year and 3.5% interest.

Year	Age At Entry		
	30 £	40 £	50 £
1	3.65	5.58	13.60
2	2.67	4.09	9.71
3	1.80	2.71	6.16
4	0.93	1.42	3.12
5	0.07	0.20	0.66

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

**Group Decreasing Term Assurance contracts by annual premium**

The reserve is taken as one year's office premium. Under approximately 75% of this business the premium is independent of age, and a typical contract is for 5 years with an annual premium rate of £1.70 per £1,000 initial sum assured.

The following table sets out, for specimen ages, the mid year net premium reserves per £1,000 initial sum assured calculated in accordance with rules 5.8 to 5.17 of IPRU (INS) for such a contract where premiums are paid annually. The valuation basis is A67/70 ultimate mortality rated down 1 year and 3.5% interest with no Zillmer adjustment.

Year	Age At Entry		
	30 £	40 £	50 £
1	0.06	0.10	5.24
2	-	-	3.26
3	-	-	1.70
4	-	-	0.75
5	0.07	0.20	0.66

The net premium has been restricted to a maximum of 100% of the office premium and negative reserves have been eliminated.

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

**Group Disability contracts by single premium**

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

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

Year	Age at entry		
	30 £	40 £	50 £
1	1.84	2.98	5.88
2	1.61	2.63	5.29
3	1.36	2.25	4.60

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4	1.10	1.82	3.80
5	0.81	1.36	2.88
6	0.51	0.85	1.84
7	0.18	0.29	0.65

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

- (d) For Group Sickness contracts by annual premium, the mathematical reserves are not less than those that would be determined on a net premium reserving.

For Irish Term Assurance, the mathematical reserves are not less than those that would be determined on a net premium reserving basis using AM80 ultimate mortality for males, AF80 ultimate mortality for females and 2.75% interest.

- 9 (a) The principles adopted for the valuation of contracts with benefits linked to the internal funds of Norwich Union Linked Life Assurance are described in paragraph 6. The assumptions used are as follows :-

- (i) Maintenance expense allowances were set equal to 110% of the expenses charged to the Company under the Management Services Agreement with Norwich Union Life Services.
- (ii) Expenses and administration charges were assumed to increase in line with inflation at 3.5%.
- (iii) The cost of death benefits was based on the mortality table indicated in Form 53. For all other benefits the costs were assumed to be met each year by the other benefit charges.
- (iv) Unit growth at a rate of 5.5% was assumed before allowance for tax and the annual management charge.
- (v) Tax of 15% of the unit growth and tax relief of 20% on expenses for UK and Irish life contracts.
- (vi) Withdrawals were not allowed for.
- (vii) For regular premium pension policies, the reserve was calculated with and without allowance for immediate conversion to paid up status and the reserve has been taken as the higher amount.
- (viii) Explicit allowance was made for commission.
- (ix) Sterling reserves were assumed to earn interest at 4.5% gross for pension, overseas and general annuity contracts and 3.6% net for life assurance contracts.
- (x) Where the sterling reserve resulted in a negative value, the reserve was limited firstly to the amount of any charge on surrender and secondly to 70% of the unit reserve for the policy.
- (xi) Cash flow projections were made over the outstanding contract term. In the case of Kaleidoscope and Lifetrack policies, cash flows were projected to the next review date.
- (xii) For Personal Pensions and Group Personal Pension contracts, no credit was taken for the initial charge applied to future premiums or for future administration charges.

### 9 (b) Equity endowment assurances

Future expenses and mortality costs were assumed to be met by the excess of the premium over the allocated premium together with the reserve of one twelfth of the annual premium. Complex tests of adequacy were considered unnecessary in view of the small amounts of business in force.

- 10 (1) For linked contracts other than the contracts referred to in paragraph 9(b) above and for recurring single premium and paid up conventional contracts, an explicit allowance was made for expense inflation at 3.5% per annum.

For premium paying non profit contracts, (other than recurring single premium contracts) and annuities in payment, an implicit allowance was made for expense inflation by discounting the expense allowance at the yield on index linked gilts (net of tax in the case of life contracts) less 1%.

- 10 (2) The aggregate allowance for expenses during 2004 arising from linked contracts and non profit contracts other than recurring single premium contracts and with profit whole life and endowments was £37,629,000.

In the case of premium paying contracts an explicit allowance for expenses made in the gross premium valuation of conventional regular premium business. The allowance represents the assumed expenses during 2004. Credit has been taken for premiums rebated by the reinsurer for business valued on a gross premium basis. Allowance was also made for commission, reinsurance and any option premiums included in the office premium.

In the case of annuities in payment, the expense allowance of 3% of the annuity payment was re-expressed as an allowance for expenses during 2004 increasing in line with inflation over the remaining contract term.

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The aggregate allowance includes an allowance for carrying out Phase 2 of the personal pensions review during 2004 based on that allowed for in the reserve for personal pension compensation.

The aggregate allowance also includes an additional reserve of £10,000,000.

The expense allowances above exceed the maintenance expenses incurred during 2003 by more than the assumed rate of inflation.

- 10 (3)** An assessment of the acquisition expense overrun during 2004 was made using the following method and basis: -
- (i) The volume and mix of business written were based on sales targets.
  - (ii) The acquisition allowances for each product type were based on the allowances used for profit testing during 2004.
  - (iii) The acquisition expenses incurred were based on detailed departmental expense forecasts for 2004. Such forecasts were based on target volumes of business.
  - (iv) Allowance was made for the proportion of overrun expenses that would be borne by Norwich Union Life & Pensions Ltd., Commercial Union Life Assurance Company Ltd. and Norwich Union Linked Life Assurance Ltd.

The resulting expense overrun together with the projected new business strain during 2004 was substantially less than the surplus expected to arise during 2004 on prudent assumptions. No reserve is required.

- 10 (4)** An assessment was made of the cost of closure of the Company to new business at the end of 2004 using the following method and basis of calculation.
- (i) All sales, marketing and new business administration operations were assumed to cease immediately.
  - (ii) Allowance was made for redundancy costs.
  - (iii) An allowance was made for redundancies in departments servicing the new business areas.
  - (iv) Allowance was made for costs arising from the delay in re-letting properties occupied by the new business areas.
  - (v) Allowance was made for other costs incurred on closure to new business such as write-offs on fixed assets.
  - (vi) The aggregate costs were discounted to the valuation date.
  - (vii) Allowance was made for the proportion of closure expenses that would be borne by Norwich Union Life & Pensions Ltd., Commercial Union Life Assurance Company Ltd. Norwich union Annuity Ltd. and Norwich Union Linked Life Assurance Ltd.

The cost of closure was covered by existing expense allowance and no reserve is required.

- 11** The mathematical reserves (other than reserves in respect of property linked benefits) and matching assets, analysed by currency are as follows :-

<b>Life and Annuity Fund</b>			
<b>Assets</b>	<b>Mathematical Reserves (£000)</b>		
	<b>Sterling</b>	<b>Euros</b>	<b>Other Currencies</b>
Sterling	8,937,684	-	284
Other currencies	-	-	12,015
Euro	-	355,066	-
<b>Permanent Health Insurance Fund</b>			
<b>Assets</b>	<b>Mathematical Reserves (£000)</b>		
	<b>Sterling</b>	<b>Other Currencies</b>	
Sterling	29,917	1	

99% of the liabilities expressed in other currencies were matched by assets in the same currency.

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

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2003**

- 12 (1)** No premiums were payable during the report period for business ceded on a facultative basis to reinsurers who are not permitted to carry on business in the United Kingdom.
- 12 (2)** There were 41 reinsurance treaties where the Company was the ceding insurer and under which business was in force at the valuation date: -
- (i) (a) The first treaty, with Norwich Union Linked Life Assurance Limited.  
(b) The reinsurer is authorised to carry on insurance business in the United Kingdom.  
(c) The Company is connected with the reinsurer.  
(d) The treaty provides cover for whole life and endowment assurances on a risk premium basis and for term assurances on original terms up to £250,000 above the Company's retention limit.  
(e) The premium payable by the Company during 2003 was £282,000.
  - (ii) (a) The second treaty, with Swiss Re Life & Health Limited.  
(b) The reinsurer is authorised to carry on insurance business in the United Kingdom.  
(c) The Company is not connected with the reinsurer.  
(d) The treaty provides cover for whole life and endowment assurances on a risk premium basis and for term assurances on original terms up to £1,500,000 above the Company's retention limit and the first treaty.  
(e) The premium payable by the Company during 2003 was £1,287,000.
  - (iii) (a) The third treaty, with ERC Frankona.  
(b) The reinsurer is authorised to carry on insurance business in the United Kingdom.  
(c) The Company is not connected with the reinsurer.  
(d) The treaty provides cover for whole life and endowment assurances on a risk premium basis and for term assurances on original terms up to £1,000,000 above the Company's retention limit and the first and second treaty.  
(e) The premium payable by the Company during 2003 was £130,000.
  - (iv) (a) The fourth treaty, with Swiss Re Life & Health Limited.  
(b) The reinsurer is authorised to carry on insurance business in the United Kingdom.  
(c) The Company is not connected with the reinsurer.  
(d) The treaty provides cover for certain term assurances on original terms up to a limit of £75,000.  
(e) The premium payable by the Company during 2003 was £Nil.
  - (v) (a) The fifth treaty, with Swiss Re Life & Health Limited.  
(b) The reinsurer is authorised to carry on insurance business in the United Kingdom.  
(c) The Company is not connected with the reinsurer.  
(d) The treaty provides cover for group life and dependants' benefits on a risk premium basis up to £1,500,000 above the Company's retention limit.  
(e) The premium payable by the Company during 2003 was £520,000.
  - (vi) (a) The sixth treaty, with Swiss Re Life & Health Limited.  
(b) The reinsurer is authorised to carry on insurance business in the United Kingdom.  
(c) The Company is not connected with the reinsurer.  
(d) The treaty provides sickness benefits up to £25,000 p.a. for individual contracts and £32,500 p.a. for Group contracts in excess of the Company's retention limits.  
(e) The premium payable by the Company during 2003 was £276,000.
  - (vii) (a) The seventh treaty, with Swiss Re Life & Health Limited.  
(b) The reinsurer is authorised to carry on insurance business in the United Kingdom.  
(c) The Company is not connected with the reinsurer.  
(d) The treaty provides cover of 75% of the first £1,000 per week and 100% of the next £925 per week sickness benefits on individual contracts.  
(e) The premium payable by the Company during 2003 was £249,000.
  - (viii) (a) The eighth treaty, with Norwich Union Linked Life Assurance Limited.  
(b) The reinsurer is authorised to carry on insurance business in the United Kingdom.  
(c) The Company is connected with the reinsurer.  
(d) The treaty applies to all Unit Linked contracts except Unit Trust and Index Linked contracts. The treaty provides the value of units in the internal linked funds of Norwich Union Linked Life Assurance Limited, together with all death or critical illness benefits, waiver of premium benefit, permanent health benefit, permanent total disability benefit, and any risks under options on original terms. The Company retains the initial charge included in the offer price of units. Administration charges, where applicable, are taken by the Company by deduction of units allocated to a policy. The treaty also provides cover on original terms for Group term assurances in respect of Credit Life business.  
(e) The premium payable by the Company during 2003 was £117,591,000.

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

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2003**

- (ix) (a) The ninth treaty, with Norwich Union Linked Life Assurance Limited.  
(b) The reinsurer is authorised to carry on insurance business in the United Kingdom.  
(c) The Company is connected with the reinsurer.  
(d) The treaty provides cover for 100% of UK and Channel Islands unit linked benefits, together with all death or critical illness benefits and waiver of premium benefits for unitised contracts, written between 2 October 2000 and 31 December 2001, on original terms.  
(e) The premium payable by the Company during 2003 was £223,045,000
- (x) (a) The tenth treaty, with Swiss Re Life & Health Limited.  
(b) The reinsurer is authorised to carry on insurance business in the United Kingdom.  
(c) The Company is not connected with the reinsurer.  
(d) The treaty provides cover of 50% of the sum assured for Lifecover Plus policies on original terms.  
(e) The premium payable by the Company during 2003 was £157,000.
- (xi) (a) The eleventh treaty, with ERC Frankona.  
(b) The reinsurer is authorised to carry on insurance business in the United Kingdom.  
(c) The Company is not connected with the reinsurer.  
(d) The treaty provides cover for Low Cost Endowment with Critical Illness and Stand Alone Critical Illness contracts on a risk premium basis up to £950,000 in excess of the company's retention limit.  
(e) The premium payable by the Company during 2003 was £816,000.
- (xii) (a) The twelfth treaty, with Munich Reinsurance Company, United Kingdom Life Branch.  
(b) The reinsurer is authorised to carry on insurance business in the United Kingdom.  
(c) The Company is not connected with the reinsurer.  
(d) The treaty provides cover for whole life and endowment assurances not covered by the tenth and eleventh treaties on a risk premium basis and term assurances on original terms up to £3,500,000 (£5,000,000 for business written on or after 28 May 1999) above the Company's retention limit.  
(e) The premium payable by the Company during 2003 was £6,476,000.
- (xiii) (a) The thirteenth treaty, with ERC Frankona.  
(b) The reinsurer is authorised to carry on insurance business in the United Kingdom.  
(c) The Company is not connected with the reinsurer.  
(d) The treaty provides cover for whole life and endowment assurances on a risk premium basis and term assurances on original terms up to £5,500,000 above the Company's retention limit.  
(e) The premium payable by the Company during 2003 was £767,000.
- (xiv) (a) The fourteenth treaty, with ERC Frankona.  
(b) The reinsurer is authorised to carry on insurance business in the United Kingdom.  
(c) The Company is not connected with the reinsurer.  
(d) The treaty provides cover for critical illness benefits under Serious Illness policies on original terms up to £50,000 above the Company's retention limit.  
(e) The premium payable by the Company during 2003 was £1,000.
- (xv) (a) The fifteenth treaty, with ERC Frankona.  
(b) The reinsurer is authorised to carry on insurance business in the United Kingdom.  
(c) The Company is not connected with the reinsurer.  
(d) The treaty provides cover for term assurances issued after 13 October 1996, on original terms, up to £5,500,000 above the Company's retention limit. The treaty provides cover for term assurances written on or after 28 May 1999, up to 60% quota share for sum insured less than £115,000 and 30% quota share for sum insured £115,000 to £200,000 in excess of the Company's retention limit.  
(e) The premium payable by the Company during 2003 was £1,970,000.
- (xvi) (a) The sixteenth treaty, with Swiss Re Life & Health Limited.  
(b) The reinsurer is authorised to carry on insurance business in the United Kingdom.  
(c) The Company is not connected with the reinsurer.  
(d) The treaty provides cover for term assurances on original terms for up to £1,500,000 above the Company's retention limit and for term assurances with accelerated critical illness benefit on a risk premium basis up to £3,000,000 in excess of the Company's retention limit. From 2 October 2000 the treaty provides cover for term assurances with accelerated critical illness benefit on a risk premium basis for 50% in excess of the Company's retention limit up to £1,700,000.  
(e) The premium payable by the Company during 2003 was £1,696,000.
- (xvii) (a) The seventeenth treaty, with Swiss Re Life & Health Limited.  
(b) The reinsurer is authorised to carry on insurance business in the United Kingdom.  
(c) The Company is not connected with the reinsurer.  
(d) The treaty provides cover for Mortgage Protection (with or without critical illness cover) on original terms up to £8,500,000 above the Company's retention limit for life cover only or £3,000,000 where critical illness cover is also selected.  
(e) The premium payable by the Company during 2003 was £3,123,000.

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

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2003**

- (xviii)(a) The eighteenth treaty, with Munich Reinsurance Company.
  - (b) The reinsurer is authorised to carry on insurance business in the United Kingdom.
  - (c) The Company is not connected with the reinsurer.
  - (d) The treaty provides cover for the Income Replacement Plan (with or without critical illness cover) on original terms for PHI & waiver of premium benefits and risk premium basis for critical illness benefits up to £6,000 per month for PHI and £720,000 for critical illness, above the Company's retention limit.
  - (e) The premium payable by the Company during 2003 was £149,000.
- (xix) (a) The nineteenth treaty, with HSBC Life UK Ltd.
  - (b) The reinsurer is authorised to carry on insurance business in the United Kingdom.
  - (c) The Company is not connected with the reinsurer.
  - (d) The treaty provides cover under First Direct Personal Loan, First Direct Business-to-Business and Midland Bank Group Disability schemes on an 80%, 40% and 80% quota share basis, respectively.
  - (e) The premium payable by the Company during 2003 was £15,889,000.
- (xx) (a) The twentieth treaty, with Norwich Union Insurance plc.
  - (b) The reinsurer is authorised to carry on insurance business in the United Kingdom.
  - (c) The Company is connected with the reinsurer.
  - (d) The treaty provides cover for the first four years and eleven months of loans under First Direct Personal Loan, First Direct Business-to-Business, Lloyds Bank Personal Loan Protector and Midland Bank Group Disability schemes on a pro-rata basis. This treaty operates after the nineteenth treaty above.
  - (e) The premium payable by the Company during 2003 was £3,906,000.
- (xxi) (a) The twenty-first, with Commercial Union Life Assurance Company Limited.
  - (b) The reinsurer is authorised to carry on insurance business in the United Kingdom.
  - (c) The Company is connected with the reinsurer.
  - (d) The treaty provides cover for Unitised With Profit, Low Cost Endowment, Economy Low Cost Endowments and Endowment Assurances on a 50% quota share basis for business written between 1 October 1998 and 31 December 1998 and on a 75% quota share basis for business between 1 January 1999 and 1 October 2000.
  - (e) The premium payable by the Company during 2003 was £35,206,000.
- (xxii) (a) The twenty-second treaty, with Commercial Union Life Assurance Company Limited.
  - (b) The reinsurer is authorised to carry on insurance business in the United Kingdom.
  - (c) The Company is connected with the reinsurer.
  - (d) The treaty provides cover for certain personal loan and credit card schemes on a 49% quota share basis.
  - (e) The premium payable by the Company during 2003 was £1,231,000
- (xxiii) (a) The twenty-third treaty, with Abeille Vie.
  - (b) The reinsurer is not authorised to carry on insurance business in the United Kingdom.
  - (c) The Company is connected with the reinsurer.
  - (d) The treaty provides cover for all unit-linked business written by the French branch of CGNU Life. The treaty provides the value of the units in the internal linked French Funds of Abeille Vie. Entry charges and a proportion of the management charge in respect of investments in the unit linked funds are retained by the Company.
  - (e) The premium payable by the Company during 2003 was £317,000.
- (xxiv) (a) The twenty-fourth treaty with Commercial Union Life Assurance Company Limited.
  - (b) The reinsurer is authorised to carry on insurance business in the United Kingdom.
  - (c) The Company is connected with the reinsurer.
  - (d) The treaty provides cover for 100% of the Income Replacement Plan (with or without critical illness cover) and the stand alone critical illness plan written from 1 January 1999 until 31 December 2000 on original terms.
  - (e) The premium payable by the Company during 2003 was £1,617,000.
- (xxv) (a) The twenty-fifth treaty, with Commercial Union Life Assurance Company Limited and Norwich Union Life and Pensions.
  - (b) The reinsurer is authorised to carry on insurance business in the United Kingdom.
  - (c) The Companies are connected with the reinsurer.
  - (d) The treaty provides cover for United Kingdom and Channel Islands Unitised With Profit benefits on a 60% quota share basis to Commercial Union Life Assurance Company Limited and a 20% quota share basis to Norwich Union Life and Pensions on original terms for business written between 2 October 2000 and 31 December 2001. United Kingdom and Channel Islands Unitised With Profit benefits written on or after 1 January 2002 are reassured on a 45% quota share basis to Commercial Union Life Assurance Company Limited and a 10% quota share basis to Norwich Union Life and Pensions on original terms.



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

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2003**

- (e) The premium payable by the Company during 2003 was £226,831,000.
- (xxvi) (a) The twenty-sixth treaty, with Norwich Union Linked Life Assurance Limited.  
(b) The reinsurer is authorised to carry on insurance business in the United Kingdom.  
(c) The Company is connected with the reinsurer.  
(d) The treaty provides cover for non-profit term assurance business, including mortgage protection, written between 2 October 2000 and 31 December 2000 on original terms. It also covers non-profit family income benefits and pension term assurance written on or after 2 October 2000.  
(e) The premium payable by the Company during 2003 was £6,968,000
- (xxvii) (a) The twenty-seventh treaty, with Kolnische Ruckversicherungs-Gesellschaft AG.  
(b) The reinsurer is not authorised to carry on insurance business in the United Kingdom.  
(c) The Company is not connected with the reinsurer.  
(d) The treaty provides cover for Term Assurances written on or after 28 May 1999 on original terms, up to £3,500,000 in excess of the company's retention limit.  
(e) The premium payable by the Company during 2003 was £1,389,000
- (xxviii) (a) The twenty-eighth treaty, with Reinsurance Group of America.  
(b) The reinsurer is not authorised to carry on insurance business in the United Kingdom.  
(c) The Company is not connected with the reinsurer.  
(d) The treaty provides cover for Term Assurances written on or after 2 October 2000 on original terms, up to £11,250,000 in excess of the company's retention limit.  
(e) The premium payable by the Company during 2003 was £192,000.
- (xxix) (a) The twenty-ninth treaty, with Reinsurance Group of America.  
(b) The reinsurer is not authorised to carry on insurance business in the United Kingdom.  
(c) The Company is not connected with the reinsurer.  
(d) The treaty provides cover for Term Assurances with accelerated critical illness benefit written on or after 2 October 2000 on a risk premium basis, up to £2,800,000 in excess of the Company's retention limit.  
(e) The premium payable by the Company during 2003 was £54,000.
- (xxx) (a) The thirtieth treaty, with Reinsurance Group of America.  
(b) The reinsurer is not authorised to carry on insurance business in the United Kingdom.  
(c) The Company is not connected with the reinsurer.  
(d) The treaty provides cover for Mortgage Protection written on or after 2 October 2000 on original terms.  
(e) The premium payable by the Company during 2003 was £31,000.
- (xxxi) (a) The thirty-first treaty, with Gerling Global Dublin Reinsurance Company Limited.  
(b) The reinsurer is authorised to carry on insurance business in the United Kingdom.  
(c) The Company is not connected with the reinsurer.  
(d) The treaty provides cover for Mortgage Protection with critical illness cover written on or after 2 October 2000 on original terms, up to £2,750,000 in excess of the company's retention limit.  
(e) The premium payable by the Company during 2003 was £8,000.
- (xxxii) (a) The thirty-second treaty, with Gerling Global Dublin Reinsurance Company Limited.  
(b) The reinsurer is authorised to carry on insurance business in the United Kingdom.  
(c) The Company is not connected with the reinsurer.  
(d) The treaty provides cover for Term Assurances written on or after 28 May 1999 on original terms, up to £5,000,000 in excess of the company's retention limit.  
(e) The premium payable by the Company during 2003 was £1,205,000.
- (xxxiii) (a) The thirty-third treaty, with Munich Reinsurance Company UK Life Branch.  
(b) The reinsurer is authorised to carry on insurance business in the United Kingdom.  
(c) The Company is not connected with the reinsurer.  
(d) The treaty provides cover for Personal Life Assurance with optional Waiver of Premium written on or after 1 October 1998 on a quota share basis, up to £3,500,000 in excess of the company's retention limit.  
(e) The premium payable by the Company during 2003 was £21,300.
- (xxxiv) (a) The thirty-fourth treaty, with ERC Frankona.  
(b) The reinsurer is authorised to carry on insurance business in the United Kingdom.  
(c) The Company is not connected with the reinsurer.  
(d) The treaty provides cover for Pensions Term Assurance (PLA) with optional Waiver of Premium written on or after 1 October 1998 on a quota share basis, up to £5,500,000 in excess of the company's retention limit.  
(e) The premium payable by the Company during 2003 was £43,000.

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

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2003**

- (xxxv) (a) The thirty-fifth treaty, with Swiss Re Life & Health Limited.
  - (b) The reinsurer is authorised to carry on insurance business in the United Kingdom.
  - (c) The Company is not connected with the reinsurer.
  - (d) The treaty provides cover for the Stakeholder pension waiver of premium benefits, on original terms, up to £4,500 per annum in excess of the company's retention limit.
  - (e) The premium payable by the Company during 2003 was £Nil.
- (xxxvi) (a) The thirty-sixth treaty, with Munich Reinsurance Company.
  - (b) The reinsurer is authorised to carry on insurance business in the United Kingdom.
  - (c) The Company is not connected with the reinsurer.
  - (d) The treaty provides cover for level term assurance, mortgage protection, decreasing term assurance attached to low cost whole life assurance, and pensions term assurance issued on or before, and still in force as at 30 September 2001, on original terms. This only applies to the portion that is not otherwise reinsured.
  - (e) The premium payable by the Company during 2003 was £9,100,000.
- (xxxvii) (a) The thirty-seventh treaty, with Norwich Union Life & Pensions.
  - (b) The reinsurer is authorised to carry on insurance business in the United Kingdom.
  - (c) The Company is connected with the reinsurer.
  - (d) The treaty provides cover for the Stakeholder pension waiver of premium benefits, on original terms. This treaty operates after the thirty-fifth treaty above.
  - (e) The premium payable by the Company during 2003 was £781,000.
- (xxxviii) (a) The thirty-eighth treaty, with Norwich Union Linked Life Assurance Limited, Commercial Union Life Assurance Company Limited and Norwich Union Life and Pensions.
  - (b) The reinsurer is authorised to carry on insurance business in the United Kingdom.
  - (c) The Company is connected with the reinsurer.
  - (d) Under the treaty, Norwich Union Linked Life Assurance Limited provides cover for unit linked stakeholder personal pension benefits and the total expense and persistency risk for business written between 6 April 2001 and 31 December 2001. For such business written on or after 1 January 2002 cover is provided by Norwich Union Life and Pensions. Also covered are unitised with profit stakeholder personal pension benefits written on a 60% quota share basis to Commercial Union Life Assurance Company Limited and a 20% quota share basis to Norwich Union Life and Pensions on original terms for business written between 6 April 2001 and 31 December 2001. Unitised with profit business written on or after 1 January 2002 is reassured on a 45% quota share basis to Commercial Union Life Assurance Company Limited and a 10% quota share basis to Norwich Union Life and Pensions on original terms.
  - (e) The premium payable by the Company during 2003 was £699,677,000.
- (xxxix) (a) The thirty-ninth treaty, with Norwich Union Linked Life Assurance Limited.
  - (b) The reinsurer is authorised to carry on insurance business in the United Kingdom.
  - (c) The Company is connected with the reinsurer.
  - (d) The treaty provides cover for critical illness option benefits on term assurance contracts written between 17 November 1999 and 31 December 2000 and on mortgage protection contracts written between 2 October 2000 and 31 December 2000 on original terms.
  - (e) The premium payable by the Company during 2003 was £7,744,000.
- (xxxx) (a) The fortieth treaty, with Norwich Union Linked Life Assurance Limited.
  - (b) The reinsurer is authorised to carry on insurance business in the United Kingdom.
  - (c) The Company is connected with the reinsurer.
  - (d) The treaty provides cover for stand-alone critical illness plan written between 1 January and 16 September 2001 on original terms.
  - (e) The premium payable by the Company during 2003 was £609,000.
- (xxxxi) (a) The forty-first treaty, with Norwich Union Life and Pensions.
  - (b) The reinsurer is authorised to carry on insurance business in the United Kingdom.
  - (c) The Company is connected with the reinsurer.
  - (d) The treaty provides cover for 100% of UK and Channel Islands unit linked benefits, together with all death or critical illness benefits and waiver of premium benefits for unitised contracts, written on or after 1 January 2002, on original terms.
  - (e) The premium payable by the Company during 2003 was £1,485,137,000.
  - (f) There are no deposit back arrangements.
  - (g) No provision was made for refund of reinsurance commission in the event of lapse or surrender of the contracts.
  - (h) The 1st, 2nd, 3rd, 4th, 5th, 6th, 7th, 8th, 9th, 10th, 14th, 15th, 16th, 17th, 18th, 19th, 20th, 21st, 24th, 27th, 28th, 29th, 30th, 31st, 32nd, 39th and 40th treaties are closed to new business. All other treaties are open to new business.

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

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2003**

**13 (1)** With-profit policyholders are entitled to participate in the profits arising from the Life Assurance and Annuity Business only. Separate revenue accounts and details of the principles and methods applied in apportioning the investment income, increase or decrease in the value of assets brought into account, expenses and taxation between the Life and Annuity Fund and the PHI Fund are included in Appendix 9.3 of these returns.

**(a)** Revenue accounts in the format of Form 40 are given below for the Stakeholder Fund and the With Profit Fund, which are sub funds of the Life and Annuity Fund.

Net of reinsurance ceded		Stakeholder	With Profit	Life and Annuity
<b>£000</b>		As at the end of the financial year		
Earned Premiums	11	69179	734222	803401
Investment Income receivable before deduction of tax	12	4623	500411	505034
Increase (decrease) in the value of non-linked assets brought into account	13	7232	(383762)	(376530)
Increase (decrease) in the value of linked assets	14	0	155	155
Other income	15	0	0	0
Total income	19	81034	851026	932060
Claims incurred	21	5977	891450	897427
Expenses payable	22	1161	137251	138412
Interest payable before deduction of tax	23	0	5866	5866
Taxation	24	0	(25811)	(25811)
Other expenditure	25	0	0	0
Transfer to (from) technical account	26	0	27448	27448
Total expenditure	29	7138	1036204	1043342
Increase (decrease) in fund in financial year	39	73896	(185178)	(111282)
Fund brought forward	49	83035	9334634	9417669
Fund carried forward	59	156931	9149456	9306387

Investment income relating to linked assets is included in line 12 was £nil for the Stakeholder Fund and £128 (£000) for the With-Profit Fund.

**(b)** A statement of liabilities in the format of Form 14, is given below for the unitised with profit Stakeholder Fund and the With Profit Fund.

Net of reinsurance ceded		Stakeholder	With Profit	Life and Annuity
<b>£000</b>		As at the end of the financial year		
Mathematical reserves after distribution of surplus	11	156931	9149436	9306367
Balance of surplus	13	0	20	20
Long term insurance business fund carried forward	14	156931	9149456	9306387
Total other insurance and non-insurance liabilities	49	0	408389	408389
Excess of the value of net admissible assets	51	4540	2005645	2010185
Total liabilities and margins	59	161471	11563490	11724961

The increase in the value of non-linked assets during the year was £7,232 (£000) for the Stakeholder Fund and £704,985 (£000) for the With-Profit Fund.

**14 (1)** The amount available for distribution amongst with-profits policyholders and shareholders is determined from time to time by the directors on the advice of the appointed actuary. Under the Articles of Association, not less than 90% of the distributed profits in the With Profit Fund and 100% of the distributed profits in the Stakeholder Fund are allocated to with-profits policyholders. The basis of participation for French, Irish and German with-profits contracts in the With-Profit Fund is the same as for United Kingdom contracts. Profits arising from the Permanent Health Insurance Fund are allocated to shareholders.

Currently issued with-profit policies, product technical guides, the Guide to Conventional With-Profits and the Company's With Profit Guide describe the distribution of profits as above. The principles of distribution are not described in older policies and other Guides to With-Profits, nor are they described in all advertisements issued by the Company.

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

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2003**

The distribution of profits amongst policies issued prior to 9 November 1970 takes into account the scheme of transfer mentioned in paragraph 15 below.

### 14 (2)

- (a) The With-Profit and Stakeholder Funds are operated and accounted for as separate sub-funds within the Life & Annuity Fund of the Company. The Stakeholder Fund is maintained in respect of stakeholder pension business and the With Profit Fund is maintained in respect of all other with-profit and non-profit business written in the Life & Annuity Fund.

Liabilities, income and expense are allocated between the sub-funds according to the category of contract from which they arise. Assets are not segregated but the investment income and gains and the investment expenses are apportioned between the sub-funds in proportion to the respective fund sizes taking into account the proportions of each category of investment considered appropriate for each category of business.

Expenses other than investment and development expenses are determined from the defined expense charges for each category of contract under the Management Services Agreement with Norwich Union Life Services. Development expenses are apportioned on an equitable basis having regard to the nature of the development.

Under the terms of a reinsurance arrangement, all expenses incurred in connection with stakeholder pension business written prior to 1 January 2002 are borne by Norwich Union Linked Life and that company receives the benefit of all charges levied against the stakeholder unitised with-profit fund. Premiums deemed to be invested in the internal linked funds of Norwich Union Linked Life are payable to that company. For business written from 1 January 2002, expenses are borne by Norwich Union Life and Pensions and that company receives the benefit of all charges levied against the stakeholder unitised with-profit fund. Premiums deemed to be invested in the internal linked funds of Norwich Union Linked Life are payable to Norwich Union Life and Pensions.

- (b) Non profit insurance business has been written in the With Profits Fund as shown in Forms 51, 53 and 54. Profits arising from without-profit policies are included in asset shares for policies written prior to 1 October 2000. For policies written from 1 October 2000, profits arising from without-profit policies will not be included in asset shares. No non-profit business is written in the Stakeholder Fund.
- (c) Non-profit liabilities in the With Profit Fund are matched by fixed interest investments. The remaining assets of the With Profits Fund and the assets of the Stakeholder Fund are predominantly invested in equity shares, property and fixed interest investments. The Company currently intends to maintain between 55% and 65% of such assets in equity shares and property. This range may be changed in order to improve long term performance or to make sure that the fund can meet its guarantees. The investment mix of the Stakeholder Fund may differ from that of the With Profit Fund.
- (d) The Stakeholder Fund was established with no free reserves and an account for smoothing and guarantees is being built up from the accumulation of a deduction of 0.25% p.a. from the asset shares. The level of the free reserves in the With Profit Fund is managed with the primary objective of enabling a relatively unconstrained investment policy, providing the capital backing necessary for smoothing, and to finance new business growth.
- (e) (i) An asset share methodology is used when assessing the level of discretionary benefits allocated to with-profit policyholders. Currently, for contracts other than stakeholder pensions, asset shares represent the accumulation of past premiums allowing for the actual investment performance, expenses, policyholder tax, mortality costs, surrender payments and shareholders' profits together with profits arising from without-profit policies as described in 14(2)(b) above. In the case of Unitised With Profit contracts however, profits or losses on surrender which arise after 31 December 2002 will not be allocated to asset shares. Board Resolutions have been passed to charge the tax associated with shareholders' transfers from the Life & Annuity Fund to the Estate of the With Profit Fund.

In the case of stakeholder pensions contracts, however, asset shares represent the accumulation of the invested premiums allowing for the actual investment performance, surrender payments and the explicit annual management charge (set at an equivalent level to the charge for unit-linked funds). An allowance of 0.25% of the value of the stakeholder with-profits fund will be deducted from asset shares and directed into a "smoothing" account each year. This account builds up over time and allows the Company to operate the crucial features of with-profits investment, i.e. smoothing out the peaks and troughs in the values of underlying assets and providing the guarantees on retirement and death. The 0.25% remains within the stakeholder fund and therefore for the sole benefit of the stakeholder with-profits investors.

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

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2003**

For all unitised with profits contracts issued after 1 October 2001, asset shares will no longer include actual expenses and shareholder profits, but rather the explicit charges made under the contract (including an annual management charge set at an equivalent level to the charge for unit-linked funds).

Final bonus policy is framed with the objective of providing maturity payments which represent 100 per cent of asset shares in the long term, although, in order to provide an element of stability in the returns to policyholders, smoothing is applied.

The final bonus scale derived for maturities is also applied to claims arising by death.

- (ii) Our aim in normal circumstances is to smooth changes in actual policy payouts, limiting the change from year to year to around 15 per cent maximum. In the normal course of events, one would expect maturity payouts to lie in the range 90 to 110 per cent of asset shares. There is likely to be a lower degree of smoothing within the stakeholder pensions fund at least in the early years until the smoothing account has begun to build up, and this may lead to policy payouts from year to year changing by up to 20 per cent instead of 15 per cent in normal circumstances.

Changes in bonuses are not usually made more than twice a year and changes in regular bonus can be expected to be gradual. For single premium business however, smoothed claim values will in future be determined on a more regular basis to reflect increased stock-market volatility.

- (iii) Profits are allocated to policyholders in the form of bonus additions to the guaranteed benefits in two ways: regular bonuses and final bonuses.

Regular bonuses are declared and added each year. Once added they become part of the benefits payable under the terms of the contract.

Final bonus where applicable is payable until further notice on all cancellations of units in the unitised with-profits funds and on all claims arising on death, maturity or retirement under the terms of the contract, for other with-profits policies. An allowance is made for final bonus where appropriate on a claim arising on surrender of the latter policies. Final bonus is currently expressed as a percentage addition to the guaranteed benefits, including previously declared bonuses.

In the past, special bonuses have been declared on certain life assurance policies. These bonuses represented a consolidation of part of the final bonus otherwise payable on death and maturity claims.

Regular bonus declarations take into account the rates, which we expect to be able to maintain over the terms of both existing and new policies on the basis of current economic conditions. For this purpose, account is taken of the premium rates charged, the expected future experience, particularly with regard to future investment returns, and the financial resources of the Company. Changes in regular bonus rates are required from time to time as both recent and expected future experience change. Such changes are, however, made over a period of time in order to provide a degree of smoothing to the build up of guaranteed benefits. Final bonuses arise mainly from capital appreciation of equity shares and property and so are reviewed from time to time in the light of prevailing financial conditions.

For new business written since 1 October 2001, the Company aims on average to share out between half and two thirds of the profits through guaranteed growth or regular bonus, with the balance paid as final bonus. More generally, regular bonus rates are set at a level that permits an appropriate final bonus margin to emerge.

In the case of contracts with options, the final bonus rate is determined by comparing the asset share with the value of the principal benefit under the contract. The same final bonus rate is applied whatever the option selected by the policyholder.

- (iv) Fairness of treatment between investors holding policies issued at different times is achieved by assessing maturity and surrender payments having regard to the results of asset share calculations.

Where investments are in the unitised with-profits funds, fairness of treatment on cancellation of units may occasionally require the payment of a value less than the quoted bid value of units or, where final bonus is currently applicable, a value less than the quoted bid value of units increased by the application of the current final bonus scale. This is achieved by the application of a reduction factor, known as a Market Value Reduction (MVR), to the quoted bid value of units or, in the latter case, to the quoted bid value of units plus final bonus. In deciding whether to apply an MVR, we may consider each encashment on a case by case basis.

The investment performance of the With-Profits Fund during the period of investment is compared with the return already credited to the policy by means of increase in unit prices and by the application of the final bonus scale. Current practice is only to consider applying an MVR when the investment performance of the With-Profits Fund is less than the return already credited.

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Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2003**

For investments made within five years of cancellation, the Company intends to provide less smoothing and potentially take full account of any shortfall between the bid value of units plus final bonus and the market value of assets. For longer periods of investment we would apply a gradually increasing smoothing benefit.

In the case of policies with premiums invested in the life unitised with-profits income fund, an MVR is likely to be applied on a more frequent basis than under the unitised with-profits fund.

For stakeholder pensions policies invested in the Stakeholder With-Profits Fund, an MVR is also more likely to be applied on a more frequent basis than under the main Unitised With-Profits Fund. This is because the stakeholder with-profits fund stands on its own and must be able to support itself without assistance from the Company's free reserves. In the early years of stakeholder pensions business, the smoothing account described above will take time to build up and so there will be less "free assets" available to smooth out the peaks and troughs in market values. It is therefore more likely to be necessary to apply an MVR in order to protect the interests of the remaining policyholders in the stakeholder fund.

More frequent application of MVRs or a change in the smoothing policy outlined above could be expected if we experience a prolonged period of depressed markets, a heavy incidence of withdrawals from the fund, or the occurrence of substantial business losses in the fund.

For non-guaranteed surrender values on conventional with-profits policies, our approach is to pay out 90% to 100% of asset shares, subject to smoothing.

- (v) Any costs associated with Personal Pension compensation payments, including the associated expenses and levies, and the exercise of guaranteed annuity options under traditional pensions contracts are currently charged to the free reserves.

The Company has announced its intention that payments on with profit mortgage endowment policies will, if necessary, be topped up at maturity where there is a shortfall between the claim value and the mortgage originally targeted, provided that future investment returns between 1 January 2000 and the date of maturity average no less than 6% p.a. net and that such payments can be met from future investment earnings on the free reserves within its life fund. The cost of such top up payments will be charged to the Estate. In such cases, the maturity payment may represent more than 100% of asset shares.

Final bonus policy is not subject to frequent changes but the director's reserve the right to alter the conditions for the payment of final bonuses or to cease paying final bonuses at any time without notice.

- (f) The amount available for distribution amongst with-profits policyholders and shareholders is determined from time to time by the directors on the advice of the actuary. The proportion of profits distributed to policyholders and shareholders in the Stakeholder Fund is determined by the Articles of Association. In the case of the With Profit Fund, the general principle followed is to allocate to shareholders the maximum proportion of distributed profits permitted by the Articles of Association. This principle may however be modified in the case of unitised contracts written since 2 October 2000 where, in order to disclose the same charges for unitised with profit and unit linked investments, the charge to asset shares in respect of shareholder profits has been restricted. In such cases, in order to limit the potential cost to the Estate, the shareholder proportion may be less than 10%.

- 14 (3)** Asset shares are calculated for sample policies issued at different times in the past. Separate calculations are carried out for broad groups of policies which have different characteristics or which had significantly different past experience.

Final bonus scales are constructed, based on the sample policies, to provide policy payouts which are consistent with the aims described in 14(2) above. Revised final bonus scales are determined at the beginning of each calendar year and at the half yearly review, based on financial conditions at those times and the anticipated investment performance during the year. These scales are monitored during the remainder of the year and may be changed at any time in the event of significant stock-market movements.

In the case of unitised with profit contracts, MVR's are regularly reviewed during the year having regard to the performance of the with profit fund and the level of withdrawals.

The methods used for French, German and Irish with-profits contracts are the same as for United Kingdom contracts except that the investment performance is based on that of a notionally hypothecated pool of assets within the Life & Annuity Fund. These assets are primarily denominated in Euros.

- 14 (5)** With-profits policies to which the information in 14(2) and 14(3) does not apply are as follows:-

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Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2003**

Money Purchase Schemes (1974)  
German Unitised With Profit.

- 15** Regular bonuses were allotted on participating assurances and deferred annuities in force on 31 December 2003. The bonuses on assurances and annual premium deferred annuities are calculated on the sum assured or annuity and the existing bonuses where appropriate, and the bonuses on other annuities are calculated on the annuity secured to date and the existing bonus annuity. Regular bonuses on unitised with profit benefits are allotted 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. Regular bonuses for with profit immediate annuity contracts vest on the first payment date on or after 1 February 2004. All other regular bonuses vest immediately they are declared.

The relationship between the rates of bonus declared are in accordance with the provisions of the Scheme of Transfer sanctioned on 19 October 1970 in the High Court of Justice in England transferring to the Company the Life Assurance, Annuity and Capital Redemption business of The Yorkshire Insurance Company Limited and the Life Assurance and Annuity business of Scottish Insurance Corporation Limited. The Scheme was made operative on 9 November 1970.

Contracts in Category A comprise all contracts issued by the Company under its present name or issued under its former names of CGU Life Assurance Limited, General Accident Life Assurance Limited, Yorkshire-General Life Assurance Company Limited or The General Life Assurance Company.

Contracts in Category B comprise all contracts issued by The Yorkshire Insurance Company Limited or Scottish Insurance Corporation Limited before 9 November 1970.

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 Name of insurer **CGNU Life Assurance Limited**

 Financial year ended **31 December 2003**

	<b>Rates of Bonus per cent per annum in 2003</b>	
<b>Life Assurance</b>	<b>Whole Life Assurance %</b>	<b>Other Contracts %</b>
<b>Category A</b>		
Series 2 (1897 - 1925)	3.35 compound	3.10 compound
Series 3 (01.01.1926 - 31.12.1966)	3.35 simple	3.10 simple
Series 4 (01.01.1967 - 08.11.1970)	2.70 compound	2.45 compound
Series 5 (09.11.1970 - 31.12.1981)	3.50 simple	3.50 simple
Series 6 (01.01.1982 - onwards)	0.50 of sum assured plus 1.00 of attaching bonus	0.50 of sum assured plus 1.00 of attaching bonus
Unitised With Profit – Implicitly charged		
UK purchased prior to 1st February 1994	-	0.25 compound
UK purchased since 1st February 1994	-	3.25 compound
Loyalty Fund	-	3.75 compound
France Valeur Plus	-	4.00 compound#
Germany UWP fund	-	3.50 compound
Irish UWP		2.50 compound
Income Fund – except for Bond 2000 and Joint Venture Bond		4.00 compound
Income Fund – Bond 2000 and Joint Venture Bond		3.50 compound
Unitised With Profit – Explicitly charged		
Life		4.25 compound
Income Fund		5.00 compound
<b>Category B</b>	3.50 simple	3.50 simple
<b>Pension and General Annuity</b>	<b>Whole Life Assurance</b>	<b>Other Contracts</b>
<b>Categories A and B</b>		
Retirement Annuities	-	0.00 of basic annuity plus 0.00 of bonus annuity
Group Single Premium Contracts (except Money Purchase Schemes (1974))	-	0.00 of ECV plus 0.00 of attaching bonus
Group Annual Premium Contracts and Money Purchase Schemes (1974)	-	0.00 of ECV plus 0.00 of attaching bonus
Unitised With Profit – Implicitly charged		
Purchased prior to 22nd January 1996 (13th May 1996 for regular premiums)	-	0.00 compound
Purchased since 22nd January 1996 (13th May 1996 for regular premiums)	-	3.75 compound
Purchased since 22nd January 1996 with explicit annual management charges	-	4.00 compound
Stakeholder Fund	-	3.50 compound
Irish Unitised With Profit		3.75 compound
NUIL Bond – Explicitly charged		5.00 compound £ business 4.75 compound € business 4.75 compound \$ business
Immediate Annuity Contracts		4.00 compound

# After 1% p.a. management charge.



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 Name of insurer **CGNU Life Assurance Limited**

 Financial year ended **31 December 2003**

- 16** Interim regular bonuses where applicable will be payable until further notice on claims arising on or before 31 December 2004 at the following rates:

<b>Rates of Interim Bonus per cent per annum in 2004</b>		
<b>Life Assurance</b>	<b>Whole Life Assurance</b>	<b>Other Contracts</b>
<b>Category A</b> Series 2 (1897 - 1925) Series 3 (01.01.1926 - 31.12.1966) Series 4 (01.01.1967 - 08.11.1970) Series 5 (09.11.1970 - 31.12.1981) Series 6 (01.01.1982 – onwards)  Unitised With Profit – Implicitly charged UK purchased prior to 1 <sup>st</sup> February 1994 UK purchased since 1st February 1994 Loyalty Fund France Valeur Plus Germany UWP fund Irish UWP Joint Venture Bond Income Fund – except for Bond 2000 and Joint Venture Bond Income Fund – Bond 2000 Income Fund – Joint Venture Bond Unitised With Profit – Explicitly charged Life Income Fund <b>Category B</b>	3.35 compound 3.35 simple 2.70 compound 3.50 simple 0.50 of sum assured plus 1.00 of attaching bonus  - - - - - - - - - - - - - 3.50 simple	3.10 compound 3.10 simple 2.45 compound 3.50 simple 0.50 of sum assured plus 1.00 of attaching bonus  0.00 compound 2.50 compound 3.00 compound 3.00 compound# 3.00 compound 1.25 compound 3.25 compound 3.25 compound  2.75 compound 3.50 compound  4.25 compound 5.00 compound 3.50 simple
<b>Pension and General Annuity</b>	<b>Whole Life Assurance</b>	<b>Other Contracts</b>
<b>Categories A and B</b> Retirement Annuities  Group Single Premium Contracts (except Money Purchase Schemes (1974)) Group Annual Premium Contracts and Money Purchase Schemes (1974) Unitised With Profit – Implicitly charged Purchased prior to 22nd January 1996 (13th May 1996 for regular premiums) Purchased since 22nd January 1996 (13th May 1996 for regular premiums) Purchased since 22nd January 1996 with explicit annual management charges Stakeholder Fund Irish Unitised With Profit NUIL Bond – Explicitly charged  Immediate Annuity Contracts	- - - - - - - - -	0.00 of basic annuity plus 0.00 of bonus annuity 0.00 of ECV plus 0.00 of attaching bonus 0.00 of ECV plus 0.00 of attaching bonus  0.00 compound 3.00 compound 4.00 compound 3.50 compound 3.00 compound 5.00 compound £ business 4.75 compound € business 4.75 compound \$ business 3.00 compound*

# After 1% p.a. management charge.

\* This bonus will apply to annuity payments on or after the 1 February 2004

Final bonuses are payable until further notice on death and maturity claims arising on or after 1 January 2004 under assurances in force as participating contracts at the date of claim, and also on unit cancellations on a UK Life unitised with profit contract. This does not include the Unitised With Profit Income Fund. Final bonuses are also payable until further notice on all participating pension and general annuity contracts, in the event of (i) a pension commencing under a retirement annuity or (ii) a retirement on or after normal retirement date under a contract providing pensions, or lump sums at retirement or (iii) on unit cancellations under a unitised with profit contract. Final bonuses are also payable on unit cancellations on the French Valeur Plus

**Valuation report prepared by the appointed actuary – IPRU (INS) Appendix 9.4**Name of insurer **CGNU Life Assurance Limited**Financial year ended **31 December 2003**

contract. An allowance for final bonus is made on surrender, or early retirement in the case of conventional contracts.

Final bonus rates on Life Assurance policies and Group Annual Premium contracts depend on the year of commencement of the policy, year of conversion to with-profit, or year of commencement of any increment. Final bonus rates for Retirement Annuities and Group Single Premium contracts depend on the year of purchase of benefit.

Specimen rates of final bonus applicable on 1 January 2004 expressed as amounts per cent of benefit are shown below. The rates are applied to the sum assured (or other measure of benefit) and attaching declared and interim bonuses in the case of conventional contracts, and to the bid value of units in the case of Unitised With Profit contracts.

<b>Calendar Year</b>	<b>Life Assurance Contracts</b>	<b>Retirement Annuity &amp; Group Single Premium Contracts*</b>	<b>Individual Pension Arrangements by Single Premium</b>	<b>Group &amp; IPA Annual Premium Contracts</b>	<b>Life Unitised With Profit Benefits</b>	<b>Pension &amp; General Annuity Unitised With Profit Benefits</b>	<b>French Unitised With Profit Benefits</b>
2003	0	0	0	0	3	3	0
2002	0	0	0	0	0	0	0
2001	0	0	0	0	0	0	0
2000	0	0	0	0	0	0	0
1999	0	0	0	0	0	0	0
1994	0	0	0	0	2	0	-
1989	0	0	0	0	-	0	-
1984	7	2	14	0	-	-	-
1979	55	52	45	0	-	-	-
1974	120	80	85	20	-	-	-
1969	120	110	-	-	-	-	-

\* Excluding Money Purchase Schemes (1974), where the final bonus applicable on 1 January 2004 was 0% of attaching declared and interim bonus.

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)** Forms 48 and 49 are appended.

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

**20 (1)** Forms 51-56 are appended.

**20 (3)** The provisions of IPRU (INS) rule 2.3 have been complied with in accordance with published guidance, in relation to those fund links that have been wholly reinsured.

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

**21 (2)** In accordance with rule 5.11(7), 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 other than equity shares and land.

This adjustment took account of:

- (i) The historic experience of bad debts for each of the major fixed interest asset classes

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- (ii) Market margins of gross yield over the yields of risk-free investments of a similar term in the same currency, where available
- (iii) 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
- (iv) The need to take a prudent view of the above.

The adjustment made is expressed as a deduction from the expected yield and varies by type of asset as follows:

Type of Asset	Deduction from yield
Deposits	0.10%
Approved fixed interest securities	0.00%
Other fixed interest securities	0.28%

**21 (3)** For equity shares, the yields on individual stocks were restricted to be not more than the yield on 15-year gilts plus 2%. For land, the rental yields were capped at the yield on 15 year gilts plus 3% to allow for the risk that the aggregate rental income might not be maintained. The same reductions in income were applied in the resilience scenarios.

**22** Form 58 is appended.

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

**M N Urmston**  
**Appointed Actuary**

**Long term insurance business : Summary of changes in ordinary long term business**Name of insurer **CGNU Life Assurance Limited**

Global business

United Kingdom business

Non-linked

Financial year ended **31st December 2003**

		Company registration number		GL/UK/CM		Period ended			Units	UK/OS	NL/LN
						day	month	year			
		R46	226742	GL		31	12	2003	£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	1253239	317302	60237	9652	195364	17242				
New business and increases	12	15592	1875	1008	36	2744	219				
Net transfers and other alterations 'on'	13						1196				
Total 'on' (12+13)	19	15592	1875	1008	36	2744	1415				
Deaths	21	3967	1573	993	57	48	13				
Other insured events	22	317	116			225	33				
Maturities	23	9093	3446	861	521						
Surrenders	24	36473	14208								
Forfeitures	25	74665	12067	520	232	26551	2434				
Conversions to paid-up policies for reduced benefits	26		24								
Net transfers, expiries and other alterations 'off'	27	17955	1822	499	219	65					
Total 'off' (21 to 27)	29	142470	33256	2873	1029	26889	2480				
In force at end of year (11+19-29)	39	1126361	285921	58372	8659	171219	16177				

**Long term insurance business : Summary of changes in ordinary long term business**Name of insurer **CGNU Life Assurance Limited**

Global business

United Kingdom business

Linked

Financial year ended **31st December 2003**

		Company registration number		GL/UK/CM		Period ended			Units	UK/OS	NL/LN
						day	month	year			
		R46	226742	GL	31	12	2003	£000	UK	LN	
		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	537412	39338	424557	496032						
New business and increases	12	38050	317	94383	165562						
Net transfers and other alterations 'on'	13		259								
Total 'on' (12+13)	19	38050	576	94383	165562						
Deaths	21	6234	59	388	330						
Other insured events	22	32	34								
Maturities	23	125	107	1662	591						
Surrenders	24	30143	5040	3912	1502						
Forfeitures	25	379	226		22						
Conversions to paid-up policies for reduced benefits	26		549		56297						
Net transfers, expiries and other alterations 'off'	27	983		3427	46969						
Total 'off' (21 to 27)	29	37896	6015	9389	105711						
In force at end of year (11+19-29)	39	537566	33899	509551	555883						

**Long term insurance business : Summary of changes in ordinary long term business**Name of insurer **CGNU Life Assurance Limited**

Global business

Overseas business

Non-linked

Financial year ended **31st December 2003**

		Company registration number		GL/UK/CM		Period ended			Units	UK/OS	NL/LN
						day	month	year			
						R46	226742	GL			
		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	13524	4653			2178	22				
New business and increases	12	716	57			2					
Net transfers and other alterations 'on'	13		4			1	30				
Total 'on' (12+13)	19	716	61			3	30				
Deaths	21	24	4			2					
Other insured events	22	4	1			2					
Maturities	23	45	38								
Surrenders	24	153	123								
Forfeitures	25	1135	261			242	2				
Conversions to paid-up policies for reduced benefits	26		2								
Net transfers, expiries and other alterations 'off'	27	131									
Total 'off' (21 to 27)	29	1492	429			246	2				
In force at end of year (11+19-29)	39	12748	4285			1935	50				

**Long term insurance business : Summary of changes in ordinary long term business**Name of insurer **CGNU Life Assurance Limited**

Global business

Overseas business

Linked

Financial year ended **31st December 2003**

		Company registration number		GL/UK/CM		Period ended			Units	UK/OS	NL/LN
						day	month	year			
		R46	226742	GL	31	12	2003	£000	OS	LN	
		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	24947	14082								
New business and increases	12	1350	4084								
Net transfers and other alterations 'on'	13										
Total 'on' (12+13)	19	1350	4084								
Deaths	21	153	8								
Other insured events	22										
Maturities	23	9	8								
Surrenders	24	965	397								
Forfeitures	25	4									
Conversions to paid-up policies for reduced benefits	26		777								
Net transfers, expiries and other alterations 'off'	27	115	1337								
Total 'off' (21 to 27)	29	1246	2527								
In force at end of year (11+19-29)	39	25051	15639								

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

Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2003**

Financial year ended	31st December 2003	Company registration number		GL/UK/CM	Period ended			Units
		day	month		year			
		R47	226742	GL	31	12	2003	£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 With-Profits Policies								
Whole Life Assurance	13	613	1062	1931	1190	21957		
Endowment Assurance				49	125	1783		
Economy Endowment Assurance					10			
Sub total: Non-Linked With-Profits Policies								
	13	613	1062	1980	1325	23740		
Non-Linked Non-Profit Policies								
Term Assurance: Level				38	35	15013		
Term Assurance: Decreasing	12	382	1230	1851	376	40450		
Term Assurance: Income Benefits				623	138	101647		
Economy Decreasing Term Assurance					1			
Group Term Assurance	325465	17249	2050046	1105	1137	164093		
Annuity in payment	4	104	8 pa					
Group Annuity in payment	2	8	1 pa					
Reversionary annuity	1		1 pa					
Sub total: Non-Linked Non-Profit Policies								
	325484	17743	2051276 10 pa	3617	1687	321203		



Financial year ended **31st December 2003**

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
<b>Other Linked Contracts</b>						
Kaleidoscope 1992		1	1		93	864
Lifetrack 1991					21	77
Investment Bond additional		486	486			
Swedish Personal Investment Plan Single	352	11255	11255			
Swedish Personal Investment Plan Regular					2	2
Homemaker Plus					2	
NU Bond	15930	443490	454500			
NU Bond Level	8987	243146	243146			
NU Bond Step Down	8732	348465	348465			
NU Bond 2000	3758	125402	128398			
NU Homemaker Plus				125	199	6074
NU Flexbond (LTC)	166	4825	4825			
<b>Sub total: Other Linked Contracts</b>	<b>37925</b>	<b>1177070</b>	<b>1191076</b>	<b>125</b>	<b>317</b>	<b>7017</b>
<b>Total: Life Assurance &amp; General Annuity Insurance Business</b>	<b>363422</b>	<b>1195426</b>	<b>3243414</b> <b>10 pa</b>	<b>5722</b>	<b>3329</b>	<b>351960</b>

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

Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2003**

Financial year ended 31st December 2003		Company registration number		GL/UK/CM	Period ended			Units
					day	month	year	
					R47	226742	GL	
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		
<b>Pension Insurance Business</b>								
<b>Accumulating With-Profits Policies</b>								
Retirement Annuity					36	97 pa		
Retirement Annuity additional		3307	238 pa					
<b>Sub total: Accumulating With-Profits Policies</b>		<b>3307</b>	<b>238 pa</b>		<b>36</b>	<b>97 pa</b>		
<b>Non-Linked With-Profits Policies</b>								
Group Cash On Retirement		292	366	4	42	605		
Group Deferred Life Annuity		214	23 pa	5	29	38 pa		
Group Deferred Reversionary Annuity		2				2 pa		
<b>Sub total: Non-Linked With-Profits Policies</b>		<b>508</b>	<b>366</b>	<b>9</b>	<b>71</b>	<b>605</b>		
<b>Non-Linked Non-Profit Policies</b>			<b>23 pa</b>			<b>40 pa</b>		
Annuity in payment	866	23282	2228 pa					
Group Annuity in Payment	79	1061	71 pa					
Reversionary Annuity	142		275 pa					
Group Reversionary Annuity	31		20 pa					
Group Term Assurance				7	16	1607		
<b>Sub total: Non-Linked Non-Profit Policies</b>	<b>1118</b>	<b>24343</b>	<b>2594 pa</b>	<b>7</b>	<b>16</b>	<b>1607</b>		

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

Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2003**

Financial year ended		31st December 2003		Company registration number		GL/UK/CM		Period ended			Units		
				R47		226742		GL		31	12	2003	£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				
Other Linked Contracts													
Personal Pension Scheme		1	2621	2621	1120		8785		253				
Personal Pension Scheme additional			17578	17578									
Free-Standing AVC Plan							59						
Free-Standing AVC Plan additional			146	146									
Self Invested Pension Plan additional			118	118									
GA Group Money Purchase Scheme			22	22	7		38						
Executive Pension Plan			3596	3596			1121						
Pension Transfer Plan			10	10									
Group Pension Investment Bond			694	694									
Flexible Retirement Plan			745	745									
CGU Your Pension		35	411	411	308		961						
CGU Your Pension additional			2374	2374									
NU Your Pension		491	9192	9192	2518		9020						
NU Your Pension additional			26637	26637									
NU Your Pension Select		16	125	125	159		372						
NU Your Pension Select additional			1010	1010									
NU Optimiser Personal Pension		2	396	396	5		402						
NU Optimiser Personal Pension additional			2535	2535									
NU Executive & Directors Personal Pension		62	13615	13615	1001		10686		2896				

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

Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2003**

Financial year ended 31st December 2003		Company registration number		GL/UK/CM	Period ended			Units
					day	month	year	
					R47	226742	GL	
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		
NU Free Standing AVC Plan	19	1439	1439	123	543			
NU Free Standing AVC Plan additional		218	218					
NU Personal Transfer Plan	485	22909	22909					
NU Self Invested Personal Pension	1301	186306	186306					
NU Self Invested Personal Pension additional		6005	6005					
NU Group Pension Investment Bond	188	23801	23801					
NU Designer Personal Pension	7836	42635	42635	13919	45590			
NU Designer Personal Pension additional		35755	35755					
Stakeholder NU Your Pension	14036	372752	372752	27586	59478			
Stakeholder NU Your Pension additional		137457	137457					
NU Your Pension Select (Post 6/4/01)	3498	151270	151270	8612	26109			
NU Your Pension Select (Post 6/4/01) additional		60621	60621					
Stakeholder NU Designer Personal Pension	6756	13968	13968	5557	14243			
Stakeholder NU Designer Personal Pension additional		11980	11980					
NU Group AVC	1619	8645	8645	779	2582			
NU Variable Money Purchase Plan	1842	16509	16509	9956	25455			
Sub total: Other Linked Contracts	38187	1174095	1174095	71650	205444	3149		
Total: Pension Insurance Business	39305	1202253	1174461 2855 pa	71666	205567	5361 137 pa		

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

Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2003**

Financial year ended	31st December 2003	Company registration number		GL/UK/CM	Period ended			Units
					day	month	year	
		R47	226742	GL	31	12	2003	£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	
Permanent Health Insurance Business Non-Linked Non-Profit Policies Group Disability NU Your Pension Protector		33350	20160	102342	2733	219	447	
Sub total: Non-Linked Non-Profit Policies		33350	20160	102342	2733	219	447	
Total: Permanent Health Insurance Business		33350	20160	102342	2733	219	447	
Total: UK Direct Written Insurance Business		436077	2417839	4520217 2865 pa	80121	209115	357768 137 pa	

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

Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2003**

Financial year ended	31st December 2003	Company registration number							GL/UK/CM			Period ended			Units
		R47	226742	GL	day month year										
					31	12	2003								
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															
Accumulating With-Profits Policies															
Joint Venture Bond		11049	127650	127650											
Sub total: Accumulating With-Profits Policies		11049	127650	127650											
Non-Linked Non-Profit Policies															
Term Assurance : Level					10			388							
Term Assurance : Decreasing					11			233							
Sub total: Non-Linked Non-Profit Policies					21			621							
Total: Life Assurance & General Annuity Insurance Business		11049	127650	127650	21			621							

Financial year ended **31st December 2003**

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
<b>Permanent Health Insurance Business</b>						
<b>Non-Linked Non-Profit Policies</b>						
Term Assurance : With Critical Illness				3		55
Decreasing Term Assurance : With Critical Illness				8		119
<b>Sub total: Non-Linked Non-Profit Policies</b>				<b>11</b>		<b>174</b>
<b>Total: Permanent Health Insurance Business</b>				<b>11</b>		<b>174</b>
<b>Total: UK Reinsurance Accepted</b>	<b>11049</b>	<b>127650</b>	<b>127650</b>	<b>32</b>		<b>795</b>

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

Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2003**

Financial year ended		31st December 2003		Company registration number		GL/UK/CM		Period ended			Units		
				R47		226742		GL		31	12	2003	£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					
<b>OVERSEAS DIRECT WRITTEN INSURANCE BUSINESS</b>													
<b>Life Assurance &amp; General Annuity Insurance Business</b>													
<b>Accumulating With-Profits Policies</b>													
Retirement Annuity										1 pa			
Retirement Annuity additional			15	1 pa									
<b>Sub total: Accumulating With-Profits Policies</b>			15	1 pa						1 pa			
<b>Non-Linked With-Profits Policies</b>													
Whole Life Assurance					6	28				523			
Endowment Assurance					5	27				421			
Group Deferred Life Annuity			1			86				44 pa			
Group Reversionary Annuity						3				4 pa			
<b>Sub total: Non-Linked With-Profits Policies</b>			1		11	144				944			
<b>Non-Linked Non-Profit Policies</b>										48 pa			
Term Assurance : Level						2				281			
Term Assurance : Decreasing					5					36			
German Term										91			
Group Term Assurance						1				121			
Group Widows Death In Service										4 pa			



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

Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2003**

Financial year ended	31st December 2003							
		Company registration number	GL/UK/CM	Period ended			Units	
				day	month	year		
		R47	226742	GL	31	12	2003	£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		
Annuity in Payment	4	321	33 pa					
Sub total: Non-Linked Non-Profit Policies	4	321	33 pa	5	3	529 4 pa		
Other Linked Contracts								
Personal Pension Scheme		230	230		257			
Personal Pension Scheme additional		509	509					
International Investment Plan		26	26		23			
International Investment Plan additional		1059	1059					
Self Invested Personal Pension additional		20	20					
Group Pension Investment Bond		50	50					
Executive Pension Plan		53	53		84			
NU Optimiser Personal Pension	116	4091	4091	822	2207			
NU Optimiser Personal Pension additional		775	775					
NU International Investment Plan	62	3515	3515	10	20			
NU International Investment Plan additional		527	527					
NU Self Invested Personal Pension	17	1744	1744					
NU Self Invested Personal Pension additional		36	36					
NU Group Pension Investment Bond	1	130	130					
NU Executive & Directors Personal Pension		776	776	358	1086	146		
Multi Portfolio	254			28	1264			

Financial year ended **31st December 2003**

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
German GALA					9	172
German DIVA						1
Irish Portfolio Pension	6	302	306	35	304	307
<b>Sub total: Other Linked Contracts</b>	<b>456</b>	<b>13843</b>	<b>13847</b>	<b>1253</b>	<b>5254</b>	<b>626</b>
<b>Total: Life Assurance &amp; General Annuity Insurance Business</b>	<b>460</b>	<b>14180</b>	<b>13847 34 pa</b>	<b>1269</b>	<b>5401</b>	<b>2099 53 pa</b>
<b>Total: Overseas Direct Written Insurance Business</b>	<b>460</b>	<b>14180</b>	<b>13847 34 pa</b>	<b>1269</b>	<b>5401</b>	<b>2099 53 pa</b>

Financial year ended **31st December 2003**

	Company registration number	GL/UK/CM	Period ended			Units
			day	month	year	
R47	226742	GL	31	12	2003	£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
<b>OVERSEAS REINSURANCE ACCEPTED</b>						
<b>Life Assurance &amp; General Annuity Insurance Business</b>						
<b>Accumulating With-Profits Policies</b>						
NU International Bond	694	34343	34343			
<b>Sub total: Accumulating With-Profits Policies</b>	<b>694</b>	<b>34343</b>	<b>34343</b>			
<b>Non-Linked Non-Profit Policies</b>						
Term Assurance : Decreasing				2		7
<b>Sub total: Non-Linked Non-Profit Policies</b>				<b>2</b>		<b>7</b>
<b>Total: Life Assurance &amp; General Annuity Insurance Business</b>	<b>694</b>	<b>34343</b>	<b>34343</b>	<b>2</b>		<b>7</b>

Financial year ended **31st December 2003**

	Company registration number	GL/UK/CM	Period ended			Units
			day	month	year	
R47	226742	GL	31	12	2003	£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
Permanent Health Insurance Business Non-Linked Non-Profit Policies Decreasing Term Assurance : With Critical Illness				2		7
Sub total: Non-Linked Non-Profit Policies				2		7
Total: Permanent Health Insurance Business				2		7
Total: Overseas Reinsurance Accepted	694	34343	34343	4		14

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

Global business

Financial year ended **31st December 2003**Category of assets **Total long term insurance business assets**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R48	226742	GL	31	12	2003	£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	1260421		84607		6.71	
Fixed interest securities	Approved securities		12	2626820		130820		4.72	
	Other		13	1702629		91759		5.35	
Variable interest and variable yield securities (excluding items shown at line 16)	Approved securities		14	5802		135		2.33	
	Other		15	19151		824		4.37	
Equity shares and holdings in collective investment schemes			16	5513098		219029		3.97	
Loans secured by mortgages			17	118					
All other assets	Producing income		18	406829		20610		5.07	
	Not producing income		19	241509					
Total (11 to 19)			29	11776377		547784		4.59	

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

Global business

Financial year ended **31st December 2003**Category of assets **Life and Annuity**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R48	226742	GL	31	12	2003	£000	11
Type of asset			Value of admissible assets as shown on Form 13 1		Expected income from admissible assets 2		Yield % 3		
Land and buildings			11	1260421		84607		6.71	
Fixed interest securities	Approved securities		12	2600883		129493		4.72	
	Other		13	1702629		91759		5.35	
Variable interest and variable yield securities (excluding items shown at line 16)	Approved securities		14	5802		135		2.33	
	Other		15	19151		824		4.37	
Equity shares and holdings in collective investment schemes			16	5513098		219029		3.97	
Loans secured by mortgages			17	118					
All other assets	Producing income		18	386446		19858		5.14	
	Not producing income		19	235032					
Total (11 to 19)			29	11723580		545705		4.59	

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

Global business

Financial year ended **31st December 2003**Category of assets **Permanent Health**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R48	226742	GL	31 day	12 month	2003 year	£000	12
Type of asset			Value of admissible assets as shown on Form 13 1		Expected income from admissible assets 2		Yield % 3		
Land and buildings			11						
Fixed interest securities	Approved securities	12	25937		1327		4.69		
	Other	13							
Variable interest and variable yield securities (excluding items shown at line 16)	Approved securities	14							
	Other	15							
Equity shares and holdings in collective investment schemes			16						
Loans secured by mortgages			17						
All other assets	Producing income	18	20383		752		3.69		
	Not producing income	19	6477						
Total (11 to 19)			29	52797		2079	3.73		

**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 **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2003**Category of assets **Total long term insurance business assets**Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

Category  
of assets

R49	226742	GL	31	12	2003	£000	10
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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	28954	4.04		Variable interest and variable yield approved securities excluding equities			
More than one year but not more than five years	12		128790	2.77					
More than five years but not more than ten years	13		229744	4.72					
More than ten years but not more than fifteen years	14		409737	4.80					
More than fifteen years but not more than twenty years	15		436741	4.92					
More than twenty years but not more than twenty five years	16		599030	4.86					
More than twenty five years	17		793824	4.79			5802	2.33	
Irredeemable	18								
Total (11 to 18)	19		2626820	4.72			5802	2.33	
One year or less	21	Other fixed interest securities	250945	3.55		Other variable interest and variable yield securities excluding equities			
More than one year but not more than five years	22		52736	6.14					
More than five years but not more than ten years	23		233605	5.53					
More than ten years but not more than fifteen years	24		203298	5.70					
More than fifteen years but not more than twenty years	25		239075	5.49					
More than twenty years but not more than twenty five years	26		174310	5.87			295	2.73	
More than twenty five years	27		328126	5.46					
Irredeemable	28		220534	5.95			18856	4.40	
Total (21 to 28)	29		1702629	5.35			19151	4.37	



**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 **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2003**Category of assets **Life and Annuity**Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

Category  
of assets

R49	226742	GL	31	12	2003	£000	11
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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	27666	4.04		Variable interest and variable yield approved securities excluding equities			
More than one year but not more than five years	12		128790	2.77					
More than five years but not more than ten years	13		223137	4.72					
More than ten years but not more than fifteen years	14		405683	4.80					
More than fifteen years but not more than twenty years	15		432920	4.92					
More than twenty years but not more than twenty five years	16		596714	4.86					
More than twenty five years	17		785973	4.79			5802	2.33	
Irredeemable	18								
Total (11 to 18)	19		2600883	4.72			5802	2.33	
One year or less	21	Other fixed interest securities	250945	3.55		Other variable interest and variable yield securities excluding equities			
More than one year but not more than five years	22		52736	6.14					
More than five years but not more than ten years	23		233605	5.53					
More than ten years but not more than fifteen years	24		203298	5.70					
More than fifteen years but not more than twenty years	25		239075	5.49					
More than twenty years but not more than twenty five years	26		174310	5.87			295	2.73	
More than twenty five years	27		328126	5.46					
Irredeemable	28		220534	5.95			18856	4.40	
Total (21 to 28)	29		1702629	5.35			19151	4.37	

**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 **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2003**Category of assets **Permanent Health**Company  
registration  
number

GL/UK/CM

Period ended

day

month

year

Units

Category  
of assets

R49	226742	GL	31	12	2003	£000	12
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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	1288	4.01		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		6607	4.72					
More than ten years but not more than fifteen years	14		4054	4.79					
More than fifteen years but not more than twenty years	15		3821	4.78					
More than twenty years but not more than twenty five years	16		2316	4.73					
More than twenty five years	17		7851	4.66					
Irredeemable	18								
Total (11 to 18)	19		25937	4.69					
One year or less	21	Other fixed interest securities				Other variable interest and variable yield securities excluding equities			
More than one year but not more than five years	22								
More than five years but not more than ten years	23								
More than ten years but not more than fifteen years	24								
More than fifteen years but not more than twenty years	25								
More than twenty years but not more than twenty five years	26								
More than twenty five years	27								
Irredeemable	28								
Total (21 to 28)	29								

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

Global business

United Kingdom business

Financial year ended **31st December 2003**

Type of business	Life Assurance & General Annuity Insurance Business	Company registration number	GL/UK/CM	Period ended			Units	UK/OS	Type of business	Category of surplus	
				day	month	year					
Category of surplus	With Profit	R51	226742	GL	31	12	2003	£000	UK	L&GA	11

Type of insurance or name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table			Office premiums	Net premiums			Office premiums	Net premiums	
1	2	3	4	5	6	7	8	9	10	11	12
<b>DIRECT WRITTEN INSURANCE BUSINESS</b>											
<b>With-Profits Policies</b>											
Whole Life Assurance	3.7%	O	37262	869815	28951			428895	341161	261531	167364
Endowment Insurance	3.7%	O	195612	2655675	102391			1919942	831979	779974	1139968
Economy Endowment Insurance	3.7%	O	20770	457935	16138			319850	130876	125981	193869
Endowment with Critical Illness	3.7%	N	37509	642492	31118			367095	356741	319310	47785
Miscellaneous:											
-Pure Endowment insurance	3.7%	O	17	81	2			80			80
-Parents Life	3.7%	O	24	288	5			267	9	8	259
-Other assurance	-	-	4	136	1	1	0.561	73	10	4	69
Extra Premiums					839			839			839
Group Whole Life assurance	3.7%	O	3	57				43			43
Group Endowment insurance	3.7%	O	132	191				174	1	1	173
Group Miscellaneous:											
-Group Other Assurance	-	-	30	1902	38			1677			1677
Group Deferred Annuity	4.3%/4.3%	D	42	18 pa				268			268
Miscellaneous Reserve								27216			27216
<b>Sub total: With-Profits Policies</b>			<b>291405</b>	<b>4628572</b> 18 pa	<b>179483</b>	<b>1</b>		<b>3066419</b>	<b>1660777</b>	<b>1486809</b>	<b>1579610</b>

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

Global business

United Kingdom business

Financial year ended **31st December 2003**

31st December 2003											
Type of business	Life Assurance & General Annuity Insurance Business	Company registration number	GL/UK/CM	Period ended			Units	UK/OS	Type of business	Category of surplus	
				day	month	year					
Category of surplus	With Profit	R51	226742	GL	31	12	2003	£000	UK	L&GA	11

Type of insurance or name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table			Office premiums	Net premiums			Office premiums	Net premiums	
1	2	3	4	5	6	7	8	9	10	11	12
<b>Non-Profit Policies</b>											
Whole Life Assurance	3.3%	O	14794	94342	1712			55259	15971	13369	41890
Life Cover Plus	3.3%	H	2200	5652	347			4028	2780	2483	1545
Endowment Insurance	3.3%	O	661	2151	44	41	0.058	1878	157	148	1730
Term Assurance :											
- Level	3.3%	P	126459	12588309	42319			330122	284887	253436	76686
- Level With Critical Illness	3.3%	N	22811	1864879	3571			57058	39884	38833	18225
- Decreasing Mortgage Protection	3.3%	Q	99504	3849562	17703			120924	159278	112105	8819
- Decreasing	3.3%	O	192190	3450439	20735			286546	212041	200561	85985
- Decreasing With Critical Illness	3.3%	B	9766	615389	1078			14800	13597	12271	2529
- Income Benefits	3.3%	Q	11652	435308	1869			4883	10493	4856	27
- Income Benefits	3.3%	C	2010	179453	423			2378	4557	2344	34
- Increasing Income Benefits	3.3%	Q	1788	95175	379			774	1631	770	4
- Increasing	3.3%	O	1739	113316	379	207	0.438	2708	2151	1209	1499
- Decreasing with Critical Illness	3.3%	N	58702	1907179	8474			113881	107056	85398	28483
- Other	-	-	406	7593	10			37			37
- Serious Illness Contract	3.3%	J	32	910	5	3	0.494	15	14	7	8
Miscellaneous :											
- Pure Endowment	3.3%	O	4	1				1			1
- Other Assurance	3.3%	O	20770	380645	1405			16351	11590	10711	5640

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

Global business

United Kingdom business

Financial year ended **31st December 2003**

31st December 2003											
Type of business	Life Assurance & General Annuity Insurance Business	Company registration number	GL/UK/CM	Period ended			Units	UK/OS	Type of business	Category of surplus	
				day	month	year					
Category of surplus	With Profit	R51	226742	GL	31	12	2003	£000	UK	L&GA	11

Type of insurance or name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table			Office premiums	Net premiums			Office premiums	Net premiums	
1	2	3	4	5	6	7	8	9	10	11	12
- Other Assurance	-	-	423	18790	24	15	0.158	1327	129	109	1218
Extra Premiums					1188			1188			1188
Group Whole Life Assurance	3.3%	O	21	19			0.412	16			16
Group Endowment Insurance	3.3%	O	494	133			0.149	120	1		120
Group Pure Endowment Insurance	3.3%	O	72	37				28			28
Group Term Assurance : Level	3.3%	P	347	142	1			25	2		25
Group Term Assurance : Decreasing	-	-	1619515	3634976	340			16287			16287
Group Term Assurance : By RSP	-	-	105354	433378				1818			1818
Reserve for Options								3000			3000
Additional AIDS Reserve for Options								3167			3167
Annuity in Payment	5.2%	F	2716	898 pa				7336			7336
Deferred Life Annuity	4.3%/4.2%	D	7	3 pa				38			38
Reversionary Annuity	5.2%	F	103	82 pa				128			128
Miscellaneous Annuity	-	-	11	14 pa				29			29
Group Annuity in Payment	5.2%	F	49	7 pa				27			27
Group Deferred Life Annuity	4.3%/4.2%	D	13754	244 pa	1			2650	3	3	2647
Group Deferred Reversionary Annuity	4.3%/4.2%	E	3	1 pa				2			2
Group Miscellaneous Annuity	-	-	14					22			22
<b>Sub total: Non-Profit Policies</b>			<b>2308371</b>	<b>29677778</b> <b>1249 pa</b>	<b>102007</b>	<b>266</b>		<b>1048851</b>	<b>866222</b>	<b>738613</b>	<b>310238</b>

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

Global business

United Kingdom business

Financial year ended **31st December 2003**

Type of business	Life Assurance & General Annuity Insurance Business	Company registration number	GL/UK/CM	Period ended			Units	UK/OS	Type of business	Category of surplus	
				day	month	year					
Category of surplus	With Profit	R51	226742	GL	31	12	2003	£000	UK	L&GA	11

Type of insurance or name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table			Office premiums	Net premiums			Office premiums	Net premiums	
1	2	3	4	5	6	7	8	9	10	11	12
<b>Sub total: Direct Written Insurance Business</b>			<b>2599776</b>	<b>34306350</b> <b>1267 pa</b>	<b>281490</b>	<b>267</b>		<b>4115270</b>	<b>2526999</b>	<b>2225422</b>	<b>1889848</b>
<b>REASSURANCE ACCEPTED</b>											
<b>With-Profits Policies</b>											
Whole Life Assurance	3.7%	O	34	1225	7			784	53	50	734
<b>Sub total: With-Profits Policies</b>			<b>34</b>	<b>1225</b>	<b>7</b>			<b>784</b>	<b>53</b>	<b>50</b>	<b>734</b>
<b>Non-Profit Policies</b>											
Whole Life Assurance	3.3%	O	28	174	2			129	16	15	114
Term Assurance :											
- Level	3.3%	P	94096	453679	1517			18194	14878	7905	10289
- Level With Critical Illness	3.3%	N	35755	95394	310			3436	3775	2957	479
- Decreasing Mortgage Protection	3.3%	Q	31581	210276	1865			12594	17851	11749	845
- Decreasing With Critical Illness	3.3%	B	69794	156737	800			8617	10028	8149	468
- Income Benefits	3.3%	Q	1	103	1			3	3	2	1
- Increasing	3.3%	O	1	316				1			1
- Other	-	-	1791	24711	75			81			81
Miscellaneous Assurance	-	-	3558	42897	225		0.385	131	1	1	130
Extra Premiums					9			9			9
Group Miscellaneous Assurances	-	-	1	15				1			1

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

Global business

United Kingdom business

Financial year ended **31st December 2003**

Type of business **Life Assurance & General Annuity Insurance Business**      Company registration number      GL/UK/CM      Period ended  
 day month year      Units      UK/OS      Type of business      Category of surplus

Category of surplus **With Profit**      **R51**      **226742**      **GL**      **31**      **12**      **2003**      **£000**      **UK**      **L&GA**      **11**

Type of insurance or name of contract  1	Valuation basis		No of contracts  4	Amount of sums assured or annuities per annum, including vested reversionary bonuses  5	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits  8	Value of sums assured or annuities per annum, including vested reversionary bonuses  9	Value of annual premiums		Amount of mathematical reserves  12
	Rate of interest  2	Mortality or morbidity table  3			Office premiums  6	Net premiums  7			Office premiums  10	Net premiums  11	
Annuity in Payment	5.2%	F	2	28 pa				346			346
Reversionary Annuity	-	-	2	26 pa				120			120
Miscellaneous Annuity	-	-	8	2 pa				2			2
Group Miscellaneous Annuity	-	-	1					12			12
<b>Sub total: Non-Profit Policies</b>			<b>236619</b>	<b>984302</b> 56 pa	<b>4804</b>			<b>43676</b>	<b>46552</b>	<b>30778</b>	<b>12898</b>
<b>Sub total: Reassurance Accepted</b>			<b>236653</b>	<b>985527</b> 56 pa	<b>4811</b>			<b>44460</b>	<b>46605</b>	<b>30828</b>	<b>13632</b>
<b>REASSURANCE CEDED</b>											
<b>With-Profits Policies</b>											
Whole Life Assurance	3.7%	O		1631	7			1173	44	42	1131
Endowment Insurance	3.7%	O		128349	8274			78115	81065	69885	8230
Endowment with Critical Illness	3.7%	N		113999	6032			61524	74974	59710	1814
Extra Premiums					173			173			173
<b>Sub total: With-Profits Policies</b>				<b>243979</b>	<b>14486</b>			<b>140985</b>	<b>156083</b>	<b>129637</b>	<b>11348</b>
<b>Non-Profit Policies</b>											
Whole Life Assurance	3.3%	O		615	13			465	84	79	386

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

Global business

United Kingdom business

Financial year ended **31st December 2003**

Type of business **Life Assurance & General Annuity Insurance Business**      Company registration number **R51**      GL/UK/CM **GL**      Period ended **31 12 2003**      Units **£000**      UK/OS **UK**      Type of business **L&GA**      Category of surplus **11**

Category of surplus **With Profit**

Type of insurance or name of contract  1	Valuation basis		No of contracts  4	Amount of sums assured or annuities per annum, including vested reversionary bonuses  5	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits  8	Value of sums assured or annuities per annum, including vested reversionary bonuses  9	Value of annual premiums		Amount of mathematical reserves  12
	Rate of interest  2	Mortality or morbidity table  3			Office premiums  6	Net premiums  7			Office premiums  10	Net premiums  11	
Life Cover Plus	3.3%	H		2801	154			1996	1231	1230	766
Term Assurance :											
- Level	3.3%	P		11631921	39697			309175	263514	249161	60014
- Level With Critical Illness	3.3%	N		1730537	3255			51999	36023	34686	17313
- Decreasing Mortgage Protection	3.3%	Q		3616650	16250			116479	143572	108694	7785
- Decreasing	3.3%	O		1397676	12522			177007	133618	129527	47480
- Decreasing With Critical illness	3.3%	B		615389	1078			14800	13597	12271	2529
- Income Benefits	3.3%	Q		3332	13			50	83	50	
- Income Benefits	3.3%	C		179453	423			2378	4557	2344	34
- Increasing Income Benefits	3.3%	Q		1913	6			24	32	23	1
- Increasing	3.3%	O		3862	12	7	0.376	109	83	52	57
- Decreasing With Critical Illness	3.3%	N		1152542	5053			58861	65518	50614	8247
- Other	-	-		161228	853			865			865
- Serious Illness Contract	3.3%	J		146			0.441	3	1	1	2
Miscellaneous Assurance	-	-		5451	1		0.653	70			70
Extra Premiums					1160			1160			1160
Group Whole Life Assurance	3.3%	O		2				2			2
Group Term Assurance : Level	3.3%	P		336	1			19	16	16	3
Group Term Assurance : Decreasing	-	-		3542546				15788			15788
Group Term Assurance : By RSP	-	-		431731				1792			1792



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

Global business

United Kingdom business

Financial year ended **31st December 2003**

Type of business	<b>Life Assurance &amp; General Annuity Insurance Business</b>	Company registration number	GL/UK/CM	Period ended			Units	UK/OS	Type of business	Category of surplus	
Category of surplus	<b>With Profit</b>	<b>R51</b>	<b>226742</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2003</b>	<b>£000</b>	<b>UK</b>	<b>L&amp;GA</b>	<b>11</b>

Type of insurance or name of contract  <b>1</b>	Valuation basis		No of contracts  <b>4</b>	Amount of sums assured or annuities per annum, including vested reversionary bonuses  <b>5</b>	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits  <b>8</b>	Value of sums assured or annuities per annum, including vested reversionary bonuses  <b>9</b>	Value of annual premiums		Amount of mathematical reserves  <b>12</b>
	Rate of interest  <b>2</b>	Mortality or morbidity table  <b>3</b>			Office premiums  <b>6</b>	Net premiums  <b>7</b>			Office premiums  <b>10</b>	Net premiums  <b>11</b>	
Annuity in Payment Reversionary Annuity	5.2% -	F -		15 pa 3 pa				62			62
<b>Sub total: Non-Profit Policies</b>				<b>24478131</b> <b>18 pa</b>	<b>80491</b>	<b>7</b>		<b>753104</b>	<b>661929</b>	<b>588748</b>	<b>164356</b>
<b>Sub total: Reassurance Ceded</b>				<b>24722110</b> <b>18 pa</b>	<b>94977</b>	<b>7</b>		<b>894089</b>	<b>818012</b>	<b>718385</b>	<b>175704</b>
<b>Net total: Life Assurance &amp; General Annuity Insurance Business</b>			<b>2836429</b>	<b>10569767</b> <b>1305 pa</b>	<b>191324</b>	<b>260</b>		<b>3265641</b>	<b>1755592</b>	<b>1537865</b>	<b>1727776</b>

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

Global business

United Kingdom business

Financial year ended **31st December 2003**Type of business **Pension Insurance Business**Category of surplus **With Profit**

Type of insurance or name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
1	2	3	4	5	6	7	8	9	10	11	12
<b>DIRECT WRITTEN INSURANCE BUSINESS</b>											
<b>With-Profits Policies</b>											
Group Cash on Retirement	4.3%/4.3%	D	1550	87220	947			82623	6670	5920	76703
Group Cash on Retirement	4.3%	A	291	768				1506	1		1506
Group Term	4.3%	O	97	688				33			33
Group Deferred Annuity	4.3%/4.3%	D	3556	8763 pa	601			97358	3987	3933	93425
Group Deferred Reversionary Annuity	4.3%/4.3%	E	667	922 pa	10	7	0.298	3267	43	30	3237
Group Miscellaneous Annuity	-	-	88	40 pa				142			142
Immediate Annuity	1.5%	G	752	3140 pa				32583			32583
Miscellaneous Reserve								3984			3984
<b>Sub total: With-Profits Policies</b>			<b>7001</b>	<b>88676 12865 pa</b>	<b>1558</b>	<b>7</b>		<b>221496</b>	<b>10701</b>	<b>9883</b>	<b>211613</b>
<b>Non-Profit Policies</b>											
Term Assurance : Level	4.2%	P	9949	860549	3783			26548	22585	19278	7270
Term Assurance : Level	4.2%	C	91	9176	44			436	452	388	48
Term Assurance : Decreasing	4.2%	O	346	14248	80	40	0.464	333	439	235	98
Term Assurance : Income Benefits	4.2%	O	308	12101	53	21	0.480	113	194	101	12
Term Assurance : Increasing	4.2%	P	192	24372	63			593	345	321	272
Annuity in Payment	5.2%	S	23483	33930 pa				391332			391332

Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of  
businessCategory  
of surplus

R51

226742

GL

31

12

2003

£000

UK

Pens

11

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

Global business

United Kingdom business

Financial year ended **31st December 2003**Type of business **Pension Insurance Business**Category of surplus **With Profit**

Type of business Pension Insurance Business			Company registration number		GL/UK/CM		Period ended			Units	UK/OS	Type of business	Category of surplus
							day	month	year				
Category of surplus With Profit			R51	226742	GL	31	12	2003	£000	UK	Pens	11	
Type of insurance or name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves		
	Rate of interest	Mortality or morbidity table			Office premiums	Net premiums			Office premiums	Net premiums			
1	2	3	4	5	6	7	8	9	10	11	12		
Retirement Annuity	4.3%/4.2%	D	173	5 pa				113			113		
Deferred Annuity	4.3%/4.2%	E	3	5 pa				65			65		
Reversionary Annuity	5.2%	S	3692	4877 pa				19548			19548		
Extra Premiums					19			19			19		
Group Cash on Retirement	4.3%	A	1681	3308				1844			1844		
Group Term: By AP level	4.2%	C	3388	120367	761			5252	3956	3221	2031		
Group Term: By RSP	-	-	1234	16652				21			21		
Group Term: Other	-	-	14	390	2			2			2		
Group Miscellaneous Assurance	-	-	110	13241	6			29			29		
Group Annuity in Payment	5.2%	R	1775	326 pa				2252			2252		
Group Annuity in Payment	5.2%	S	234	101 pa				1473			1473		
Group Retirement Annuity	4.3%/4.2%	D	811	313 pa				3071			3071		
Group Deferred Life Annuity	4.3%/4.2%	D	11463	6790 pa	1			59561	4	4	59557		
Group Deferred Reversionary Annuity	4.3%/4.2%	E	2264	1984 pa				4799			4799		
Group Miscellaneous Annuity	-	-	1384	1084 pa	9	7	0.207	367	44	35	332		
Extra Premiums					22			22			22		
Premiums not yet allocated								175			175		
Sub total: Non-Profit Policies			62595	1074404 49415 pa	4843	68		517968	28019	23583	494385		

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

Global business

United Kingdom business

Financial year ended **31st December 2003**Type of business **Pension Insurance Business**Category of surplus **With Profit**

Type of insurance or name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
1	2	3	4	5	6	7	8	9	10	11	12
<b>Sub total: Direct Written Insurance Business</b>			<b>69596</b>	<b>1163080 62280 pa</b>	<b>6401</b>	<b>75</b>		<b>739464</b>	<b>38720</b>	<b>33466</b>	<b>705998</b>
<b>REASSURANCE ACCEPTED</b>											
<b>Non-Profit Policies</b>											
Term Assurance : Level	4.2%	P	59	2345	13			70	110	67	3
Term Assurance : Other	-	-	29	434	2			1			1
Annuity in Payment	5.2%	R	280	161 pa				2351			2351
Reversionary Annuity	5.2%	R	54	27 pa				108			108
Extra Premiums											
Group Term: By AP level	4.2%	C	10	983	5			28	19	13	15
Group Term: By RSP	-	-	19	3844				5			5
Group Annuity in Payment	5.2%	S	1								
<b>Sub total: Non-Profit Policies</b>			<b>452</b>	<b>7606 188 pa</b>	<b>20</b>			<b>2563</b>	<b>129</b>	<b>80</b>	<b>2483</b>
<b>Sub total: Reassurance Accepted</b>			<b>452</b>	<b>7606 188 pa</b>	<b>20</b>			<b>2563</b>	<b>129</b>	<b>80</b>	<b>2483</b>
<b>REASSURANCE CEDED</b>											

Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of  
businessCategory  
of surplus

R51	226742	GL	31	12	2003	£000	UK	Pens	11
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**Long term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit policies)**Name of insurer **CGNU Life Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2003**Type of business **Pension Insurance Business**Category of surplus **With Profit**

Financial year ended 31st December 2003		Type of business Pension Insurance Business		Company registration number		GL/UK/CM		Period ended			Units		UK/OS		Type of business		Category of surplus						
Category of surplus With Profit				R51		226742		GL		31		12		2003		£000		UK		Pens		11	
Type of insurance or name of contract		Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves											
		Rate of interest	Mortality or morbidity table			Office premiums	Net premiums			Office premiums	Net premiums												
1		2		3		4		5		6		7		8		9		10		11		12	
Non-Profit Policies																							
Term Assurance : Level		4.2%	P		824994	3647								24618		21661		18233		6385			
Term Assurance : Level		4.2%	C		9176	44								436		452		388		48			
Term Assurance : Decreasing		4.2%	O		121	1		1		0.450				3		4		2		1			
Term Assurance : Income Benefits		4.2%	O		23	1				0.895						1							
Term Assurance : Increasing		4.2%	P		65									3		1		1		2			
Annuity in Payment		5.2%	S		9 pa									42						42			
Reversionary Annuity		5.2%	S		3 pa									7						7			
Extra Premiums						28								28						28			
Group Term Assurance By AP Level		4.2%	C		28453	239								1022		1139		691		331			
Group Term Assurance By RSP		-	-		3980									7						7			
Group Miscellaneous Assurance		-	-		696									2						2			
Group Miscellaneous Annuity		-	-		94 pa	4		2		0.320				28		13		9		19			
Extra Premiums						1								1						1			
Sub total: Non-Profit Policies					867508 106 pa	3965		3						26197		23271		19324		6873			
Sub total: Reassurance Ceded					867508 106 pa	3965		3						26197		23271		19324		6873			

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

Global business

United Kingdom business

Financial year ended **31st December 2003**Type of business **Pension Insurance Business**Category of surplus **With Profit**

Financial year ended		31st December 2000		Company registration number		GL/UK/CM		Period ended			Units		UK/OS		Type of business		Category of surplus	
Type of business		Pension Insurance Business						day month year										
Category of surplus		With Profit		R51		226742		GL		31 12 2003			£000		UK		Pens 11	
Type of insurance or name of contract		Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves						
		Rate of interest	Mortality or morbidity table			Office premiums	Net premiums			Office premiums	Net premiums							
1		2	3	4	5	6	7	8	9	10	11	12						
Net total: Pension Insurance Business				70048	303178 62362 pa	2456	72		715830	15578	14222	701608						

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

Name of insurer **CGNU Life Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2003**Type of business **Permanent Health Insurance Business**Category of surplus **With Profit**

Financial year ended		31st December 2000		Company registration number		GL/UK/CM		Period ended			Units	UK/OS	Type of business	Category of surplus						
Type of business		Permanent Health Insurance Business		R51		226742		GL		day month year										
Category of surplus		With Profit		R51		226742		GL		31 12 2003			£000		UK		PHI		11	
Type of insurance or name of contract		Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves								
		Rate of interest	Mortality or morbidity table			Office premiums	Net premiums			Office premiums	Net premiums									
1		2	3	4	5	6	7	8	9	10	11	12								
REASSURANCE ACCEPTED																				
Non-Profit Policies																				
Term Assurance: With Critical Illness		3.3%	N	35755	95394	601			6613	7516	5498	1115								
Decreasing Term Assurance: With Critical Illness		3.3%	B	69794	156737	1333			14153	17185	13443	710								
Critical Illness Level attaching to Decreasing Term		3.3%	B	490	659	7			108	93	47	61								
Sub total: Non-Profit Policies				106039	252790	1941			20874	24794	18988	1886								
Sub total: Reassurance Accepted				106039	252790	1941			20874	24794	18988	1886								
Net total: Permanent Health Insurance Business				106039	252790	1941			20874	24794	18988	1886								
Net total: United Kingdom Insurance Business				3012516	11125735 63667 pa	195721	332		4002345	1795964	1571075	2431270								

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

Global business

Overseas business

Financial year ended **31st December 2003**

Type of business	<b>Life Assurance &amp; General Annuity Insurance Business</b>	Company registration number	GL/UK/CM	Period ended			Units	UK/OS	Type of business	Category of surplus	
Category of surplus	<b>With Profit</b>	<b>R51</b>	<b>226742</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2003</b>	<b>£000</b>	<b>OS</b>	<b>L&amp;GA</b>	<b>11</b>

Type of insurance or name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table			Office premiums	Net premiums			Office premiums	Net premiums	
1	2	3	4	5	6	7	8	9	10	11	12
<b>DIRECT WRITTEN INSURANCE BUSINESS</b>											
<b>With-Profits Policies</b>											
Whole Life Assurance	3.7%	O	138	3731	156			1908	2085	1397	511
Endowment Insurance	3.7%	O	1187	30855	1295			21444	10305	9687	11757
Economy Endowment Insurance	3.7%	O	165	6517	277			4461	2255	2176	2285
Endowment with Critical Illness	3.7%	N	269	7488	371			4483	3947	3607	876
Extra Premiums					23			23			23
Group Miscellaneous Assurance	-	-	53	918	12			780	22	20	760
Group Deferred Annuity	4.3%/4.3%	D	159	1365 pa	454			13910	3306	2418	11492
Group Deferred Reversionary Annuity	4.3%/4.3%	E	22	88 pa	12	8	0.401	225	78	47	178
<b>Sub total: With-Profits Policies</b>			<b>1993</b>	<b>49509</b> <b>1453 pa</b>	<b>2600</b>	<b>8</b>		<b>47234</b>	<b>21998</b>	<b>19352</b>	<b>27882</b>
<b>Non-Profit Policies</b>											
Whole Life Assurance	3.3%	O	65	1240	20			783	213	202	581
Endowment Insurance	3.3%	O	7	12				10	1	1	9
Term Assurance :											
- Level	3.3%	P	1122	174774	614			5143	4299	3936	1207
- Level With Critical Illness	3.3%	N	216	28539	53			741	521	509	232
- Decreasing Mortgage Protection	3.3%	Q	1772	174916	509			4811	5549	4370	441



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

Name of insurer **CGNU Life Assurance Limited**

Global business

Overseas business

Financial year ended **31st December 2003**

31st December 2003		Company registration number	GL/UK/CM	Period ended			Units	UK/OS	Type of business	Category of surplus	
Type of business	Life Assurance & General Annuity Insurance Business			day	month	year					
Category of surplus	With Profit	R51	226742	GL	31	12	2003	£000	OS	L&GA	11

Type of insurance or name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table			Office premiums	Net premiums			Office premiums	Net premiums	
1	2	3	4	5	6	7	8	9	10	11	12
- Decreasing	3.3%	O	944	23399	95			1306	945	915	391
- Decreasing With Critical Illness	3.3%	B	237	23079	37			526	473	434	92
- Income Benefits	3.3%	Q	38	1462	8			17	37	17	
- Income Benefits	3.3%	C	24	1546	4			15	30	15	
- Increasing Income Benefits	3.3%	Q	27	1583	8			10	26	10	
- Increasing	3.3%	O	24	4311	11	7	0.412	82	56	33	49
- Decreasing with Critical Illness	3.3%	N	714	55180	239			3160	3148	2673	487
- Other	-	-	3	56				1			1
- German	-	-	269	23557	129			129			129
- Irish	-	-	82	13027	73			73			73
Miscellaneous Assurance	3.3%	O	165	5987	20			298	172	166	132
Miscellaneous Assurance	-	-	2	774				2			2
Extra Premiums					28			28			28
Group Whole Life Assurance	3.3%	O	28	126				107			107
Group Term Assurance : Level	3.3%	P	192	3836	25			139	208	116	23
Group Term Assurance : By RSP	-	-	5	84							
Extra Premiums											
Annuity in Payment	5.2%	F	239	791 pa				9245			9245
Reversionary Annuity	5.2%	F	37	90 pa				247			247
Group Deferred Annuity	4.3%/4.2%	D	1	3 pa				21			21

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

Name of insurer **CGNU Life Assurance Limited**

Global business

Overseas business

Financial year ended **31st December 2003**

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

Category of surplus **With Profit**

Company registration number **GL/UK/CM** Period ended **31 12 2003** Units **£000** UK/OS **OS** Type of business **L&GA** Category of surplus **11**

Type of insurance or name of contract  1	Valuation basis		No of contracts  4	Amount of sums assured or annuities per annum, including vested reversionary bonuses  5	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits  8	Value of sums assured or annuities per annum, including vested reversionary bonuses  9	Value of annual premiums		Amount of mathematical reserves  12
	Rate of interest  2	Mortality or morbidity table  3			Office premiums  6	Net premiums  7			Office premiums  10	Net premiums  11	
Group Deferred Reversionary Annuity	4.3%/4.2%	E	10	4 pa				13			13
Group Miscellaneous Annuity	-	-	7	79 pa	3	3	0.056	46	26	25	21
<b>Sub total: Non-Profit Policies</b>			<b>6230</b>	<b>537488 967 pa</b>	<b>1876</b>	<b>10</b>		<b>26953</b>	<b>15704</b>	<b>13422</b>	<b>13531</b>
<b>Sub total: Direct Written Insurance Business</b>			<b>8223</b>	<b>586997 2420 pa</b>	<b>4476</b>	<b>18</b>		<b>74187</b>	<b>37702</b>	<b>32774</b>	<b>41413</b>
<b>REASSURANCE ACCEPTED</b>											
<b>Non-Profit Policies</b>											
Term Assurance :											
- Level	3.3%	P	856	5014	23			264	222	151	113
- Level With Critical Illness	3.3%	N	379	1399	4			49	45	36	13
- Decreasing Mortgage Protection	3.3%	Q	1288	5748	45			473	557	441	32
- Decreasing With Critical Illness	3.3%	B	1555	5275	23			255	283	241	14
<b>Sub total: Non-Profit Policies</b>			<b>4078</b>	<b>17436</b>	<b>95</b>			<b>1041</b>	<b>1107</b>	<b>869</b>	<b>172</b>
<b>Sub total: Reassurance Accepted</b>			<b>4078</b>	<b>17436</b>	<b>95</b>			<b>1041</b>	<b>1107</b>	<b>869</b>	<b>172</b>

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

Name of insurer **CGNU Life Assurance Limited**

Global business

Overseas business

Financial year ended **31st December 2003**

Type of business **Life Assurance & General Annuity Insurance Business**      Company registration number **GL/UK/CM**      Period ended **31 12 2003**      Units **£000**      UK/OS **OS**      Type of business **L&GA**      Category of surplus **11**

Category of surplus **With Profit**

Type of insurance or name of contract  1	Valuation basis		No of contracts  4	Amount of sums assured or annuities per annum, including vested reversionary bonuses  5	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits  8	Value of sums assured or annuities per annum, including vested reversionary bonuses  9	Value of annual premiums		Amount of mathematical reserves  12
	Rate of interest  2	Mortality or morbidity table  3			Office premiums  6	Net premiums  7			Office premiums  10	Net premiums  11	
<b>REASSURANCE CEDED</b>											
<b>With-Profits Policies</b>											
Endowment Insurance	3.7%	O		1450	87			863	860	725	138
Endowment with Critical Illness	3.7%	N		1006	54			546	675	535	11
Extra Premiums					3			3			3
<b>Sub total: With-Profits Policies</b>				<b>2456</b>	<b>144</b>			<b>1412</b>	<b>1535</b>	<b>1260</b>	<b>152</b>
<b>Non-Profit Policies</b>											
Term Assurance :											
- Level	3.3%	P		164460	584			4776	4078	3912	864
- Level With Critical Illness	3.3%	N		26629	50			682	484	459	223
- Decreasing Mortgage Protection	3.3%	Q		163717	466			4621	5000	4197	424
- Decreasing	3.3%	O		2697	21			322	249	246	76
- Decreasing With Critical Illness	3.3%	B		23079	37			526	473	434	92
- Income Benefits	3.3%	Q		22					1		
- Income Benefits	3.3%	C		1546	4			15	30	15	
- Increasing Income Benefits	3.3%	Q		93	1			1	3	1	
- Increasing	3.3%	O		407	1		0.286	4	2	1	3
- Decreasing with Critical Illness	3.3%	N		42640	177			2166	2389	1989	177
- Other	-	-		3665	15			15			15

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

Global business

Overseas business

Financial year ended **31st December 2003**

Type of business	<b>Life Assurance &amp; General Annuity Insurance Business</b>	Company registration number	GL/UK/CM	Period ended			Units	UK/OS	Type of business	Category of surplus	
Category of surplus	<b>With Profit</b>	<b>R51</b>	<b>226742</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2003</b>	<b>£000</b>	<b>OS</b>	<b>L&amp;GA</b>	<b>11</b>

Type of insurance or name of contract  1	Valuation basis		No of contracts  4	Amount of sums assured or annuities per annum, including vested reversionary bonuses  5	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits  8	Value of sums assured or annuities per annum, including vested reversionary bonuses  9	Value of annual premiums		Amount of mathematical reserves  12
	Rate of interest  2	Mortality or morbidity table  3			Office premiums  6	Net premiums  7			Office premiums  10	Net premiums  11	
Extra Premiums					30			30			30
<b>Sub total: Non-Profit Policies</b>				<b>428955</b>	<b>1386</b>			<b>13158</b>	<b>12709</b>	<b>11254</b>	<b>1904</b>
<b>Sub total: Reassurance Ceded</b>				<b>431411</b>	<b>1530</b>			<b>14570</b>	<b>14244</b>	<b>12514</b>	<b>2056</b>
<b>Net total: Life Assurance &amp; General Annuity Insurance Business</b>			<b>12301</b>	<b>173022 2420 pa</b>	<b>3041</b>	<b>18</b>		<b>60658</b>	<b>24565</b>	<b>21129</b>	<b>39529</b>

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

Name of insurer **CGNU Life Assurance Limited**

Global business

Overseas business

Financial year ended **31st December 2003**Type of business **Permanent Health Insurance Business**Category of surplus **With Profit**

Financial year ended	31st December 2000			Company registration number	GL/UK/CM	Period ended			Units	UK/OS	Type of business	Category of surplus	
Type of business	Permanent Health Insurance Business					day	month	year					
Category of surplus	With Profit			R51	226742	GL	31	12	2003	£000	OS	PHI	11
Type of insurance or name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves		
	Rate of interest	Mortality or morbidity table			Office premiums	Net premiums			Office premiums	Net premiums			
1	2	3	4	5	6	7	8	9	10	11	12		
REASSURANCE ACCEPTED													
Non-Profit Policies													
Term Assurance: With Critical Illness	3.3%	N	379	1399	9			106	96	75	31		
Decreasing Term Assurance: With Critical Illness	3.3%	B	1555	5275	41			453	514	423	30		
Critical Illness Level attaching to Decreasing Term	3.3%	B	1										
Sub total: Non-Profit Policies			1935	6674	50			559	610	498	61		
Sub total: Reassurance Accepted			1935	6674	50			559	610	498	61		
Net total: Permanent Health Insurance Business			1935	6674	50			559	610	498	61		
Net total: Overseas Insurance Business			14236	179696 2420 pa	3091	18		61217	25175	21627	39590		

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

Name of insurer **CGNU Life Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2003**Type of business **Permanent Health Insurance Business**Category of surplus **Permanent Health**

Type of insurance or name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
1	2	3	4	5	6	7	8	9	10	11	12
<b>DIRECT WRITTEN INSURANCE BUSINESS</b>											
<b>Non-Profit Policies</b>											
Sickness Benefits	3.75%	T	9004	1176 omb	1577	1294	0.179	24013	13325	10934	13079
Income Replacement Plan	3.75%	T	3949	595 omb	892	659	0.262	14297	12755	9414	4883
Accident Benefits	-	-	596	3178	6			65			65
Term Assurance: Serious Illness Contract	3.3%	J	32	490	3	1	0.494	8	7	4	4
Term Assurance: Critical Illness Contract	4.2%	K	7864	433183	2602			43204	25341	23517	19687
Term Assurance: With Critical Illness	3.3%	N	23027	1893418	6240			100588	70278	65797	34791
Decreasing Term Assurance: With Critical Illness	3.3%	B	10003	638468	1954			27395	24809	22542	4853
Occupational Extras					107			107			107
Group Disability			355949	245905				40917			40917
NU Your Pension Protector	-	-	10676	1741	853			853			853
Group Sickness Benefits	-	-	2	378 omb				499			499
Sickness Claims in Payment	4.0%	T						17535			17535
<b>Sub total: Non-Profit Policies</b>			<b>421102</b>	<b>3216383</b> <b>2149 omb</b>	<b>14234</b>	<b>1954</b>		<b>269481</b>	<b>146515</b>	<b>132208</b>	<b>137273</b>
<b>Sub total: Direct Written Insurance Business</b>			<b>421102</b>	<b>3216383</b> <b>2149 omb</b>	<b>14234</b>	<b>1954</b>		<b>269481</b>	<b>146515</b>	<b>132208</b>	<b>137273</b>

Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of  
businessCategory  
of surplus

R51	226742	GL	31	12	2003	£000	UK	PHI	13
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## Long term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit policies)

Name of insurer **CGNU Life Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2003**Type of business **Permanent Health Insurance Business**Category of surplus **Permanent Health**

Type of insurance or name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
1	2	3	4	5	6	7	8	9	10	11	12
<b>REASSURANCE ACCEPTED</b>											
<b>Non-Profit Policies</b>											
Sickness Benefits	3.75%	T	3		1		0.125	5	3	3	2
Miscellaneous Sickness Benefits	-	-	26		1		0.132	2	2	2	
<b>Sub total: Non-Profit Policies</b>			<b>29</b>		<b>2</b>			<b>7</b>	<b>5</b>	<b>5</b>	<b>2</b>
<b>Sub total: Reassurance Accepted</b>			<b>29</b>		<b>2</b>			<b>7</b>	<b>5</b>	<b>5</b>	<b>2</b>
<b>REASSURANCE CEDED</b>											
<b>Non-Profit Policies</b>											
Sickness Benefits	3.75%	T		223 omb	299	245	0.179	4551	2526	2072	2479
Income Replacement Plan	3.75%	T		563 omb	845	624	0.262	13534	12075	8912	4622
Term Assurance: Serious Illness Contract	3.3%	J		79			0.440	2	1		2
Term Assurance: Critical Illness Contract	4.2%	K		342550	2092			35548	20729	19321	16227
Term Assurance: With Critical Illness	3.3%	N		1893418	6240			100588	70278	65797	34791
Decreasing Term Assurance: With Critical Illness	3.3%	B		638468	1954			27395	24809	22542	4853
Occupational Extras					88			88			88
Group Disability	-	-		235088				38689			38689
NU Your Pension Protector	-	-		1741	853			853			853

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

Global business

United Kingdom business

Financial year ended **31st December 2003**Type of business **Permanent Health Insurance Business**Category of surplus **Permanent Health**

Type of insurance or name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
1	2	3	4	5	6	7	8	9	10	11	12
Sickness Claims in Payment	4.0%	T						4753			4753
<b>Sub total: Non-Profit Policies</b>				<b>3111344 786 omb</b>	<b>12371</b>	<b>869</b>		<b>226001</b>	<b>130418</b>	<b>118644</b>	<b>107357</b>
<b>Sub total: Reassurance Ceded</b>				<b>3111344 786 omb</b>	<b>12371</b>	<b>869</b>		<b>226001</b>	<b>130418</b>	<b>118644</b>	<b>107357</b>
<b>Net total: Permanent Health Insurance Business</b>			<b>421131</b>	<b>105039 1363 omb</b>	<b>1865</b>	<b>1085</b>		<b>43487</b>	<b>16102</b>	<b>13569</b>	<b>29918</b>
<b>Net total: United Kingdom Insurance Business</b>			<b>421131</b>	<b>105039 1363 omb</b>	<b>1865</b>	<b>1085</b>		<b>43487</b>	<b>16102</b>	<b>13569</b>	<b>29918</b>

Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of  
businessCategory  
of surplus

<b>R51</b>	<b>226742</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2003</b>	<b>£000</b>	<b>UK</b>	<b>PHI</b>	<b>13</b>
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## Long term insurance business : Valuation summary of accumulating with-profit policies

Name of insurer **CGNU Life Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2003**Type of business **Life Assurance & General Annuity Insurance**Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of  
businessCategory  
of surplus

Category of surplus

**Business  
With Profit**

R52	226742	GL	31	12	2003	£000	UK	L&GA	11
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Type of insurance or name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Liability in respect of current benefits including vested bonuses		Other liabilities		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
<b>DIRECT WRITTEN INSURANCE BUSINESS</b>														
Unitised With Profit	3.70%	C		9105051	9105051	9105051				7990425	7990425			7990425
Income Fund	3.70%	C		997735	997735	997735				835136	835136			835136
Swedish UWP	3.70%	C		95490	95490					82878	82878			82878
<b>Sub total: Direct Written Insurance Business</b>				<b>10198276</b>	<b>10198276</b>	<b>10102786</b>				<b>8908439</b>	<b>8908439</b>			<b>8908439</b>
<b>REASSURANCE ACCEPTED</b>														
Joint Venture Bond	3.70%	C	25176	277430	277430	277430				250947	250947			250947
Joint Venture Bond	3.70%	C	4588	78515	78515	78515				69884	69884			69884
Income fund														
<b>Sub total: Reassurance Accepted</b>			<b>29764</b>	<b>355945</b>	<b>355945</b>	<b>355945</b>				<b>320831</b>	<b>320831</b>			<b>320831</b>
<b>REASSURANCE CEDED</b>														
Unitised With Profit	3.70%	C		5353009	5353009	5353009				4616878	4616878			4616878
Income Fund	3.70%	C		715674	715674	715674				593587	593587			593587
<b>Sub total: Reassurance Ceded</b>				<b>6068683</b>	<b>6068683</b>	<b>6068683</b>				<b>5210465</b>	<b>5210465</b>			<b>5210465</b>
<b>Net total: Life Assurance &amp; General Annuity Insurance Business</b>			<b>29764</b>	<b>4485538</b>	<b>4485538</b>	<b>4390048</b>				<b>4018805</b>	<b>4018805</b>			<b>4018805</b>

## Long term insurance business : Valuation summary of accumulating with-profit policies

Name of insurer **CGNU Life Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2003**Type of business **Pension Insurance Business**Category of surplus **With Profit**Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of  
businessCategory  
of surplus

Category of surplus						With Profit		R52	226742	GL	31	12	2003	£000	UK	Pens	11
Type of insurance or name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Liability in respect of current benefits including vested bonuses		Other liabilities		Amount of mathematical reserves			
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death	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																	
Unitised With Profit - Individual	4.30%	C		1761400	1761400	1761400				1646149	1646149			1646149			
Unitised With Profit - Group	4.30%	C		594320	594320					553536	553536			553536			
Retirement Annuity	4.30%/4.30%	D	18961	206333	206333	60876 pa	4602				436770			436770			
Additional Reserve														3672			
Sub total: Direct Written Insurance Business			18961	2562053	2562053	1761400 60876 pa	4602			2199685	2636455			2640127			
REASSURANCE CEDED																	
Unitised With Profit - Individual	4.30%	C		750211	750211	750211				688645	688645			688645			
Unitised With Profit - Group	4.30%	C		272539	272539					249258	249258			249258			
Sub total: Reassurance Ceded				1022750	1022750	750211				937903	937903			937903			
Net total: Pension Insurance Business			18961	1539303	1539303	1011189 60876 pa	4602			1261782	1698552			1702224			
Net total: United Kingdom Insurance Business			48725	6024841	6024841	5401237 60876 pa	4602			5280587	5717357			5721029			

## Long term insurance business : Valuation summary of accumulating with-profit policies

Name of insurer **CGNU Life Assurance Limited**

Global business

Overseas business

Financial year ended **31st December 2003**Type of business **Life Assurance & General Annuity Insurance**Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of  
businessCategory  
of surplus

Category of surplus

**Business  
With Profit**

R52	226742	GL	31	12	2003	£000	OS	L&GA	11
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Type of insurance or name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Liability in respect of current benefits including vested bonuses		Other liabilities		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
<b>DIRECT WRITTEN INSURANCE BUSINESS</b>														
Valeur Plus	3.70%	C		178872	178872					155505	155505			155505
German UWP	3.70%	C		4007	4007					3513	3513			3513
Irish UWP	3.70%	C		191031	191031					166945	166945			166945
Unitised With Profit - Individual	4.30%	C		288890	288890	288890				276721	276721			276721
Unitised With Profit - Group	4.30%	C		16017	16017					14818	14818			14818
Retirement Annuity	4.30%/4.30%	D	143	4652	4652	1391 pa	220				9986			9986
<b>Sub total: Direct Written Insurance Business</b>			<b>143</b>	<b>683469</b>	<b>683469</b>	<b>288890 1391 pa</b>	<b>220</b>			<b>617502</b>	<b>627488</b>			<b>627488</b>
<b>REASSURANCE ACCEPTED</b>														
NU International Bond	-	-	781	39038	39038	39038				39038	39038			39038
<b>Sub total: Reassurance Accepted</b>			<b>781</b>	<b>39038</b>	<b>39038</b>	<b>39038</b>				<b>39038</b>	<b>39038</b>			<b>39038</b>
<b>REASSURANCE CEDED</b>														
Unitised With Profit - Individual	4.30%	C		93219	93219	93219				88148	88148			88148
Unitised With Profit - Group	4.30%	C		8014	8014					7217	7217			7217

## Long term insurance business : Valuation summary of accumulating with-profit policies

Name of insurer **CGNU Life Assurance Limited**

Global business

Overseas business

Financial year ended **31st December 2003**Type of business **Life Assurance & General Annuity Insurance**Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of  
businessCategory  
of surplus

Category of surplus

**Business  
With Profit**

R52	226742	GL	31	12	2003	£000	OS	L&GA	11
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Type of insurance or name of contract  1	Valuation basis		No of contracts  4	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Proportion of office premiums reserved for expenses and profits  10	Liability in respect of current benefits including vested bonuses		Other liabilities		Amount of mathematical reserves  15
	Rate of interest  2	Mortality or morbidity table  3		Guaranteed on death  5	Current on death  6	Guaranteed on maturity  7	Office premiums  8	Net premiums  9		Current benefit value  11	Discounted value  12	Mortality and expenses  13	Options and guarantees other than investment performance guarantees  14	
Sub total: Reassurance Ceded				101233	101233	93219				95365	95365			95365
Net total: Life Assurance & General Annuity Insurance Business			924	621274	621274	234709 1391 pa	220			561175	571161			571161
Net total: Overseas Insurance Business			924	621274	621274	234709 1391 pa	220			561175	571161			571161

**Long term insurance business : Valuation summary of accumulating with-profit policies**Name of insurer **CGNU Life Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2003**Type of business **Pension Insurance Business**Category of surplus **Stakeholder**Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of  
businessCategory  
of surplus

Category of surplus						Stakeholder		R52	226742	GL	31	12	2003	£000	UK	Pens	12
Type of insurance or name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Liability in respect of current benefits including vested bonuses		Other liabilities		Amount of mathematical reserves			
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death	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 Unitised With Profit - Individual	4.30%	C		442490	442490	442490				432499	432499	2190		434689			
Sub total: Direct Written Insurance Business				442490	442490	442490				432499	432499	2190		434689			
REASSURANCE CEDED Unitised With Profit - Individual	4.30%	C		287844	287844	287844				279755	279755	2190		281945			
Sub total: Reassurance Ceded				287844	287844	287844				279755	279755	2190		281945			
Net total: Pension Insurance Business				154646	154646	154646				152744	152744			152744			
Net total: United Kingdom Insurance Business				154646	154646	154646				152744	152744			152744			

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

Name of insurer **CGNU Life Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2003**Type of business **Life Assurance & General Annuity Insurance**Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of  
businessCategory  
of surplus

Category of surplus

**Business  
With Profit**

<b>R53</b>	<b>226742</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2003</b>	<b>£000</b>	<b>UK</b>	<b>L&amp;GA</b>	<b>11</b>
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Name of contract  <b>1</b>	Valuation basis		No of contracts  <b>4</b>	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Category of unit link  <b>10</b>	Unit liability		Other liabilities		Amount of mathematical reserves  <b>15</b>
	Rate of interest  <b>2</b>	Mortality or morbidity table  <b>3</b>		Guaranteed on death  <b>5</b>	Current on death/current payable per annum  <b>6</b>	Guaranteed on maturity  <b>7</b>	Office premiums  <b>8</b>	Net premiums  <b>9</b>		Current benefit value  <b>11</b>	Discounted value  <b>12</b>	Mortality and expenses  <b>13</b>	Options and guarantees other than investment performance guarantees  <b>14</b>	
<b>DIRECT WRITTEN INSURANCE BUSINESS Non-Profit Policies</b>														
Equity Endowment Assurance	-	-	11	27	212	27	1		Authorised	212	212			213
Maturity Guarantee Reserve									Unit Trust					3
Investment Bond	3.6%	C	31727	38948	138301				Internal fund	110743	110743	1369		112112
Portfolio Bond	3.6%	C	210675	1118714	1408101				Internal fund	1134880	1134880	25701		1160581
Kaleidoscope 1992	3.6%	C	9880	919656	919689		5084		Internal fund	6531	6531	254		6785
Lifetrack 1991	3.6%	I	3840	313970	313970		2502		Internal fund	2197	2197	667		2864
Homemaker Plus	3.6%	C	15065	620190	620190		16317		Internal fund	11437	11437	487		11924
Swedish Personal Investment Plan, Single	3.6%	C	3170		4589				Internal fund	3592	3592	13		3605
Swedish Personal Investment Plan, Regular	3.6%	C	830		1787		850		Internal fund	1741	1741	14		1754
NU Bond	3.6%	C	198859	905983	1002699				Internal fund	882412	882412	(33378)		849034
NU Bond 2000	3.6%	C	25206	115607	129954				Internal fund	115642	115642	(5088)		110554
NU Flexibond	3.6%	C	12249	120255	128827				Internal fund	113309	113309	(1885)		111424
NU Homemaker Plus	3.6%	C	3545	193391	193391		5165		Internal fund	4667	4667	69		4736
NU Bond Step Down Option	3.6%	C	8254	304376	318497				Internal fund	313081	313081	(16671)		296410
NU Bond Level Option	3.6%	C	8561	176204	183697				Internal fund	180418	180418	(7810)		172608

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

Name of insurer **CGNU Life Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2003**Type of business **Life Assurance & General Annuity Insurance**Category of surplus **Business With Profit**Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of  
businessCategory  
of surplus

<b>R53</b>	<b>226742</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2003</b>	<b>£000</b>	<b>UK</b>	<b>L&amp;GA</b>	<b>11</b>
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Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Category of unit link	Unit 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
Miscellaneous:														
-Kaleidoscope	3.6%	C	2940	270451	270497		1541		Internal fund	4839	4839	79		4919
-Lifetrack	3.6%	I	275	15459	15459		123		Internal fund	331	331	22		352
-Stepping Stone	3.6%	C	1954	57823	57827		1248		Internal fund	11548	11548	184		11732
-Low Start Stepping Stone	3.6%	C	316	11606	11619		286		Internal fund	2355	2355	48		2402
-GA Maximim Investment Plan	3.6%	C	209	882	1101		151		Internal fund	919	919	2		921
-Rider Benefits	-	-	14126		23502 15146 pa		311					13		13
Death Benefit Guarantee Reserve														10700
Guarantee Fund Reserve														68800
<b>Sub total: Non-Profit Policies</b>			<b>551692</b>	<b>5183542</b>	<b>5743909 15146 pa</b>	<b>27</b>	<b>33579</b>			<b>2900854</b>	<b>2900854</b>	<b>(35910)</b>		<b>2944446</b>
<b>Sub total: Direct Written Insurance Business</b>			<b>551692</b>	<b>5183542</b>	<b>5743909 15146 pa</b>	<b>27</b>	<b>33579</b>			<b>2900854</b>	<b>2900854</b>	<b>(35910)</b>		<b>2944446</b>
<b>REASSURANCE ACCEPTED Non-Profit Policies</b>														
Risk Premium				108004	108253		320					13		13

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

Name of insurer **CGNU Life Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2003**Type of business **Life Assurance & General Annuity Insurance**Category of surplus **Business  
With Profit**Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of  
businessCategory  
of surplus

<b>R53</b>	<b>226742</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2003</b>	<b>£000</b>	<b>UK</b>	<b>L&amp;GA</b>	<b>11</b>
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Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Category of unit link	Unit liability		Other liabilities		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death/current payable per annum	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
<b>Sub total: Non-Profit Policies</b>				<b>108004</b>	<b>108253</b>		<b>320</b>					<b>13</b>		<b>13</b>
<b>Sub total: Reassurance Accepted</b>				<b>108004</b>	<b>108253</b>		<b>320</b>					<b>13</b>		<b>13</b>
<b>REASSURANCE CEDED Non-Profit Policies</b>														
Investment Bond	3.6%	C		17133	125222				Internal fund	110743	110743	5		110748
Portfolio Bond	3.6%	C		17303	1151302				Internal fund	1134880	1134880	(4311)		1130569
Kaleidoscope 1992	3.6%	C		919656	919689		2633		Internal fund	6531	6531	254		6785
Lifetrack 1991	3.6%	I		313970	313970		1401		Internal fund	2197	2197	667		2864
Homemaker Plus	3.6%	C		620190	620190		12806		Internal fund	11437	11437	468		11905
Swedish Personal Investment Plan, Single	3.6%	C			3592				Internal fund	3592	3592			3592
Swedish Personal Investment Plan, Regular	3.6%	C			1741		309		Internal fund	1741	1741	14		1754
NU Bond	3.6%	C		16393	896965				Internal fund	882412	882412	(33398)		849014
NU Bond 2000	3.6%	C		3151	119221				Internal fund	115642	115642	(5090)		110552
NU Flexibond	3.6%	C		186	113492				Internal fund	113309	113309	(1888)		111421
NU Homemaker Plus	3.6%	C		193391	193391		4303		Internal fund	4667	4667	69		4736
NU Bond Step Down Option	3.6%	C			314622				Internal fund	313081	313081	(16672)		296409



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

Name of insurer **CGNU Life Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2003**Type of business **Life Assurance & General Annuity Insurance Business With Profit**Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of  
businessCategory  
of surplus

<b>R53</b>	<b>226742</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2003</b>	<b>£000</b>	<b>UK</b>	<b>L&amp;GA</b>	<b>11</b>
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Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Category of unit link	Unit 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
NU Bond Level Option	3.6%	C			181168				Internal fund	180418	180418	(7810)		172608
Miscellaneous:														
-Kaleidoscope	3.6%	C		270451	270497		1416		Internal fund	4839	4839	79		4919
-Lifetrack	3.6%	I		15459	15459		113		Internal fund	331	331	22		352
-Stepping Stone	3.6%	C		57823	57827		1148		Internal fund	11548	11548	184		11732
-Low Start Stepping Stone	3.6%	C		11606	11619		263		Internal fund	2355	2355	48		2402
-GA Maximim Investment Plan	3.6%	C		882	1101		82		Internal fund	919	919	2		921
-Rider Benefits	-	-			23502 15146 pa		311					13		13
<b>Sub total: Non-Profit Policies</b>				<b>2457594</b>	<b>5334570 15146 pa</b>		<b>24785</b>			<b>2900642</b>	<b>2900642</b>	<b>(67344)</b>		<b>2833296</b>
<b>Sub total: Reassurance Ceded</b>				<b>2457594</b>	<b>5334570 15146 pa</b>		<b>24785</b>			<b>2900642</b>	<b>2900642</b>	<b>(67344)</b>		<b>2833296</b>
<b>Net total: Life Assurance &amp; General Annuity Insurance Business</b>			<b>551692</b>	<b>2833952</b>	<b>517592</b>	<b>27</b>	<b>9114</b>			<b>212</b>	<b>212</b>	<b>31447</b>		<b>111163</b>

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

Name of insurer **CGNU Life Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2003**Type of business **Pension Insurance Business**Category of surplus **With Profit**Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of  
businessCategory  
of surplus

R53	226742	GL	31	12	2003	£000	UK	Pens	11
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Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Category of unit link	Unit liability		Other liabilities		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death/current payable per annum	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
<b>DIRECT WRITTEN INSURANCE BUSINESS Non-Profit Policies</b>														
Personal Pension Scheme	4.5%	C	105324	97970	593400		70984		Internal fund	505327	505327	31412		536739
Free Standing AVC Plan	4.5%	C	2490	677	12093		2141		Internal fund	11579	11579	740		12319
Self Invested Pension Plan	4.5%	C	2383		113378				Internal fund	113378	113378	1893		115271
Flexible Retirement Plan	4.5%	C	1739		27836				Internal fund	27836	27836	502		28339
Pension Transfer Plan	4.5%	C	1327		18560				Internal fund	18560	18560	(269)		18291
GA Group Money Purchase Scheme	4.5%	C	763		439		318		Internal fund	439	439	63		501
Executive Pension Plan	4.5%	C	5825	33452	127792		14179		Internal fund	100601	100601	1886		102487
Group Pension Investment Bond	4.5%		2799						Internal fund	31211	31211	586		31797
CGU Your Pension - Ind	4.5%	C	5209		26757		3005		Internal fund	26757	26757	939		27696
CGU Your Pension - Grp	4.5%	C	2581		13176		4714		Internal fund	13176	13176	517		13693
NU Your Pension - Ind	4.5%	C	28211		265771		20814		Internal fund	265771	265771	724		266496
NU Your Pension - Grp	4.5%	C	18769		86391		33325		Internal fund	86391	86391	484		86875
NU Your Pension Select - Ind	4.5%	C	1401		8766		1280		Internal fund	8766	8766	48		8814
NU Your Pension Select - Grp	4.5%	C	721		2290		962		Internal fund	2290	2290	33		2323
NU Optimiser Personal Pension	4.5%	C	4136	7691	62991		3886		Internal fund	56086	56086	173		56258

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

Name of insurer **CGNU Life Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2003**Type of business **Pension Insurance Business**Category of surplus **With Profit**Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of  
businessCategory  
of surplus

R53	226742	GL	31	12	2003	£000	UK	Pens	11
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Name of contract  <b>1</b>	Valuation basis		No of contracts  <b>4</b>	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Category of unit link  <b>10</b>	Unit liability		Other liabilities		Amount of mathematical reserves  <b>15</b>
	Rate of interest  <b>2</b>	Mortality or morbidity table  <b>3</b>		Guaranteed on death  <b>5</b>	Current on death/current payable per annum  <b>6</b>	Guaranteed on maturity  <b>7</b>	Office premiums  <b>8</b>	Net premiums  <b>9</b>		Current benefit value  <b>11</b>	Discounted value  <b>12</b>	Mortality and expenses  <b>13</b>	Options and guarantees other than investment performance guarantees  <b>14</b>	
NU Executive and Directors Personal Pension	4.5%	C	4581	15470	85533		24410		Internal fund	71912	71912	(364)		71547
NU Free Standing AVC Plan	4.5%	C	783		8279		2110		Internal fund	8279	8279	(47)		8232
NU Personal Transfer Plan	4.5%	C	2124		48275				Internal fund	48275	48275	(1448)		46827
NU Self Invested Personal Pension	4.5%	C	5974		619036				Internal fund	619036	619036	(24856)		594180
NU Group Pension Investment Bond	4.5%		1496						Internal fund	55942	55942	(2466)		53476
NU Designer Personal Pension	4.5%	M	56883		260733		91339		Internal fund	260733	260733	2361		263094
NU Group AVC and Variable Money Purchase Plan	4.5%	M	4034		1153				Internal fund	1153	1153	900		2053
NU Group AVC and Variable Money Purchase Plan (Mono Charge)	4.5%	M	13833		57669				Internal fund	57669	57669	3527		61196
NU Group AVC and Variable Money Purchase Plan Millenium Series	4.5%	M	47418		216395				Internal fund	216395	216395	33424		249819
NU Your Pension Select - Ind (post 6/4/01)	4.5%	C	30570		421314		38411		Internal fund	421314	421314	1023		422338
NU Your Pension Select - Grp (post 6/4/01)	4.5%	C	22874		95619		41967		Internal fund	95619	95619	848		96467
NU Your Pension Select External Funds - Ind (post 6/4/01)	4.5%	C	1765		34986		3253		Internal fund	34986	34986	56		35042

Category of surplus	With Profit
1. Surplus on sale of finished goods	
2. Surplus on sale of work-in-progress	
3. Surplus on sale of raw materials	
4. Surplus on sale of scrap	
5. Surplus on sale of by-products	
6. Surplus on sale of finished goods	
7. Surplus on sale of work-in-progress	
8. Surplus on sale of raw materials	
9. Surplus on sale of scrap	
10. Surplus on sale of by-products	

[illegible]

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

Name of insurer **CGNU Life Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2003**Type of business **Pension Insurance Business**Category of surplus **With Profit**Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of  
businessCategory  
of surplus

<b>R53</b>	<b>226742</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2003</b>	<b>£000</b>	<b>UK</b>	<b>Pens</b>	<b>11</b>
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Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Category of unit link	Unit liability		Other liabilities		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death/current payable per annum	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
<b>Non-Profit Policies</b>														
Risk Premium				910	910		4							
<b>Sub total: Non-Profit Policies</b>				<b>910</b>	<b>910</b>		<b>4</b>							
<b>Sub total: Reassurance Accepted</b>				<b>910</b>	<b>910</b>		<b>4</b>							
<b>REASSURANCE CEDED</b>														
<b>Non-Profit Policies</b>														
Personal Pension Scheme	4.5%	C		97970	593400		50480		Internal fund	505327	505327	22333		527660
Free Standing AVC Plan	4.5%	C		677	12093		1502		Internal fund	11579	11579	(65)		11514
Self Invested Pension Plan	4.5%	C			113378				Internal fund	113378	113378	(538)		112840
Flexible Retirement Plan	4.5%	C			27836				Internal fund	27836	27836	(14)		27823
Pension Transfer Plan	4.5%	C			18560				Internal fund	18560	18560	(491)		18069
GA Group Money Purchase Scheme	4.5%	C			439		3		Internal fund	439	439	(1)		438
Executive Pension Plan	4.5%	C		33452	127792		10899		Internal fund	100601	100601	1117		101717
Group Pension Investment Bond	4.5%								Internal fund	31211	31211	(104)		31107
CGU Your Pension - Ind	4.5%	C			26757		2593		Internal fund	26757	26757	48		26805

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

Name of insurer **CGNU Life Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2003**Type of business **Pension Insurance Business**Category of surplus **With Profit**Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of  
businessCategory  
of surplus

R53	226742	GL	31	12	2003	£000	UK	Pens	11
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Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Category of unit link	Unit 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
CGU Your Pension - Grp	4.5%	C			13176		4162		Internal fund	13176	13176	63		13239
NU Your Pension - Ind	4.5%	C			265771		20021		Internal fund	265771	265771	724		266496
NU Your Pension - Grp	4.5%	C			86391		31508		Internal fund	86391	86391	484		86875
NU Your Pension Select - Ind	4.5%	C			8766		1218		Internal fund	8766	8766	48		8814
NU Your Pension Select - Grp	4.5%	C			2290		915		Internal fund	2290	2290	33		2323
NU Optimiser Personal Pension	4.5%	C		7691	62991		3768		Internal fund	56086	56086	173		56258
NU Executive and Directors Personal Pension	4.5%	C		15470	85533		23451		Internal fund	71912	71912	(364)		71547
NU Free Standing AVC Plan	4.5%	C			8279		2047		Internal fund	8279	8279	(47)		8232
NU Personal Transfer Plan	4.5%	C			48275				Internal fund	48275	48275	(1448)		46827
NU Self Invested Personal Pension	4.5%	C			619036				Internal fund	619036	619036	(24856)		594180
NU Group Pension Investment Bond	4.5%								Internal fund	55942	55942	(2466)		53476
NU Designer Personal Pension	4.5%	M			260733		86171		Internal fund	260733	260733	2361		263094
NU Group AVC and Variable Money Purchase Plan	4.5%	M			1153				Internal fund	1153	1153	900		2053
NU Group AVC and Variable Money Purchase Plan (Mono Charge)	4.5%	M			57669				Internal fund	57669	57669	3527		61196

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

Name of insurer **CGNU Life Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2003**Type of business **Pension Insurance Business**Category of surplus **With Profit**Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of  
businessCategory  
of surplus

R53	226742	GL	31	12	2003	£000	UK	Pens	11
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Name of contract  1	Valuation basis		No of contracts  4	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Category of unit link  10	Unit liability		Other liabilities		Amount of mathematical reserves  15
	Rate of interest  2	Mortality or morbidity table  3		Guaranteed on death  5	Current on death/current payable per annum  6	Guaranteed on maturity  7	Office premiums  8	Net premiums  9		Current benefit value  11	Discounted value  12	Mortality and expenses  13	Options and guarantees other than investment performance guarantees  14	
NU Group AVC and Variable Money Purchase Plan Millenium Series	4.5%	M			216395				Internal fund	216395	216395	33424		249819
NU Your Pension Select - Ind (post 6/4/01)	4.5%	C			421314		38411		Internal fund	421314	421314	1023		422338
NU Your Pension Select - Grp (post 6/4/01)	4.5%	C			95619		38988		Internal fund	95619	95619	848		96467
NU Your Pension Select External Funds - Ind (post 6/4/01)	4.5%	C			34986		3253		Internal fund	34986	34986	56		35042
NU Your Pension Select External Funds- Grp (post 6/4/01)	4.5%	C			3138		1069		Internal fund	3138	3138	14		3152
Stakeholder NU Your Pension - Ind	4.5%	C			985232		112672		Internal fund	985232	985232	4444		989676
Stakeholder NU Your Pension - Grp	4.5%	C			141897		70593		Internal fund	141897	141897	1910		143807
Stakeholder NU Your Pension External Funds - Ind	4.5%	C			4921		422		Internal fund	4921	4921	9		4930
Stakeholder NU Your Pension External Funds - Grp	4.5%	C			369		138		Internal fund	369	369	2		372
Stakeholder NU Designer Personal Pension	4.5%	M			75303		25184		Internal fund	75303	75303	1994		77298
Miscellaneous Rider Benefits	-	-			56697 pa		2292					95		95
<b>Sub total: Non-Profit Policies</b>				<b>155260</b>	<b>4419492 56697 pa</b>		<b>531760</b>			<b>4370341</b>	<b>4370341</b>	<b>45236</b>		<b>4415579</b>

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

Name of insurer **CGNU Life Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2003**Type of business **Pension Insurance Business**Category of surplus **With Profit**Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of  
businessCategory  
of surplus

<b>R53</b>	<b>226742</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2003</b>	<b>£000</b>	<b>UK</b>	<b>Pens</b>	<b>11</b>
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Name of contract  <b>1</b>	Valuation basis		No of contracts  <b>4</b>	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Category of unit link  <b>10</b>	Unit liability		Other liabilities		Amount of mathematical reserves  <b>15</b>
	Rate of interest  <b>2</b>	Mortality or morbidity table  <b>3</b>		Guaranteed on death  <b>5</b>	Current on death/current payable per annum  <b>6</b>	Guaranteed on maturity  <b>7</b>	Office premiums  <b>8</b>	Net premiums  <b>9</b>		Current benefit value  <b>11</b>	Discounted value  <b>12</b>	Mortality and expenses  <b>13</b>	Options and guarantees other than investment performance guarantees  <b>14</b>	
Sub total: Reassurance Ceded				155260	4419492 56697 pa		531760			4370341	4370341	45236		4415579
Net total: Pension Insurance Business			619860	910	910		63030					15921		15921
Net total: United Kingdom Insurance Business			1171552	2834862	518502	27	72144			212	212	47368		127084



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

Name of insurer **CGNU Life Assurance Limited**

Global business

Overseas business

Financial year ended **31st December 2003**Type of business **Life Assurance & General Annuity Insurance  
Business  
With Profit**Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of  
businessCategory  
of surplus

Business With Profit						R53	226742	GL	31	12	2003	£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		Category of unit link	Unit 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															
Personal Pension Scheme	4.5%	C	3293		14915		4280		Internal fund	14915	14915	1001		15915	
Self Invested Pension Plan	4.5%	C	93		93				Internal fund	93	93	3		96	
Executive Pension Plan	4.5%	C	134	478	1227		352		Internal fund	792	792	49		841	
International Investment Plan	4.5%	C	3653		8616		1778		Internal fund	6794	6794	8		6802	
Group Pension Investment Bond	4.5%		54						Internal fund	256	256	2		258	
Multi Portfolio	-	-	4792		25708		973		Internal fund	24784	24784			24784	
Multi Portfolio Retraite	-	-	351		285		276		Internal fund	277	277			277	
German GALA	4.5%	L	716	11954	12074		938		Internal fund	700	700	32		732	
German DIVA	4.5%	L	114	2194	2194		95		Internal fund	62	62	14		76	
Irish Portfolio Bond	3.6%	C	5492	37390	38699				Internal fund	38699	38699	584		39283	
Irish Ulster Bank Bond	3.6%	C	1552	37633	37633				Internal fund	33468	33468	1066		34534	
Irish Portfolio Pension	4.5%	C	939	2176	4738		1385		Internal fund	4738	4738	302		5041	
Irish Executive Portfolio Pension	4.5%	C	312	1697	2602		1173		Internal fund	2602	2602	358		2960	
NU Optimiser Personal Pension	4.5%	C	3284		17354		5722		Internal fund	17354	17354	(21)		17333	
NU Executives & Directors Personal Pension	4.5%	C	854	806	4673		2588		Internal fund	3946	3946	8		3954	

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

Name of insurer **CGNU Life Assurance Limited**

Global business

Overseas business

Financial year ended **31st December 2003**Type of business **Life Assurance & General Annuity Insurance  
Business  
With Profit**Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of  
businessCategory  
of surplus

Business With Profit				Category of surplus										
				R53	226742	GL	31	12	2003	£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		Category of unit link	Unit 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
NU Self Invested Personal Pension	4.5%	C	83		1184				Internal fund	1184	1184	(41)		1144
NU Group Pension Investment Bond	4.5%		27						Internal fund	5353	5353	(212)		5142
NU International Investment Plan	4.5%	C	642		1590		137		Internal fund	829	829	(2)		827
Irish Pension Buy-Out Plan	4.5%	C	43		227				Internal fund	227	227	(6)		222
Miscellaneous Rider Benefits	-	-	1405		2938 pa		55					2		2
Guarantee Fund Reserve														12363
Sub total: Non-Profit Policies			27833	94328	173812 2938 pa		19752			157073	157073	3147		172586
Sub total: Direct Written Insurance Business			27833	94328	173812 2938 pa		19752			157073	157073	3147		172586
REASSURANCE CEDED Non-Profit Policies														
Personal Pension Scheme	4.5%	C			14915		2197		Internal fund	14915	14915	(126)		14788
Self Invested Pension Plan	4.5%	C			93				Internal fund	93	93	(1)		92
Executive Pension Plan	4.5%	C		478	1227		293		Internal fund	792	792	34		826

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

Name of insurer **CGNU Life Assurance Limited**

Global business

Overseas business

Financial year ended **31st December 2003**Type of business **Life Assurance & General Annuity Insurance  
Business  
With Profit**Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of  
businessCategory  
of surplus

Business With Profit						Category of surplus									
						R53	226742	GL	31	12	2003	£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		Category of unit link	Unit 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	
International Investment Plan	4.5%	C			6795		254		Internal fund	6794	6794	1		6795	
Group Pension Investment Bond	4.5%								Internal fund	256	256			256	
Multi Portfolio	-	-			23689		223		Internal fund	23689	23689			23689	
Multi Portfolio Retraite	-	-			265		95		Internal fund	265	265			265	
German GALA	4.5%	L		11954	12074		189		Internal fund	700	700	7		707	
German DIVA	4.5%	L		2194	2194		7		Internal fund	62	62	1		63	
Irish Portfolio Bond	3.6%	C			38699				Internal fund	38699	38699	(231)		38468	
Irish Ulster Bank Bond	3.6%	C			33468				Internal fund	33468	33468			33468	
Irish Portfolio Pension	4.5%	C		2176	4738		673		Internal fund	4738	4738	271		5010	
Irish Executive Portfolio Pension	4.5%	C		1697	2602		688		Internal fund	2602	2602	355		2957	
NU Optimiser Personal Pension	4.5%	C			17354		5068		Internal fund	17354	17354	(21)		17333	
NU Executive and Directors Personal Pension	4.5%	C		806	4673		2239		Internal fund	3946	3946	8		3954	
NU Self Invested Personal Pension	4.5%	C			1184				Internal fund	1184	1184	(41)		1144	
NU Group Pension Investment Bond	4.5%								Internal fund	5353	5353	(212)		5142	
NU International Investment Plan	4.5%	C			829		106		Internal fund	829	829	(2)		827	
Irish Pension Buy-Out Plan	4.5%	C			227				Internal fund	227	227	(11)		216	

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

Name of insurer **CGNU Life Assurance Limited**

Global business

Overseas business

Financial year ended **31st December 2003**Type of business **Life Assurance & General Annuity Insurance  
Business  
With Profit**Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of  
businessCategory  
of surplus

Category of surplus			Business With Profit			R53	226742	GL	31	12	2003	£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		Category of unit link	Unit 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	
Miscellaneous Rider Benefits	-	-			2938 pa		55					2		2	
Sub total: Non-Profit Policies				19305	165026 2938 pa		12087			155966	155966	34		156002	
Sub total: Reassurance Ceded				19305	165026 2938 pa		12087			155966	155966	34		156002	
Net total: Life Assurance & General Annuity Insurance Business			27833	75023	8786		7665			1107	1107	3113		16584	
Net total: Overseas Insurance Business			27833	75023	8786		7665			1107	1107	3113		16584	

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

Name of insurer **CGNU Life Assurance Limited**

Global business

Overseas business

Financial year ended **31st December 2003**Type of business **Life Assurance & General Annuity Insurance**Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of  
businessCategory  
of surplus

Category of surplus

**Business  
With Profit****R54****226742****GL****31****12****2003****£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
<b>DIRECT WRITTEN INSURANCE BUSINESS</b> Non-Profit Policies														
Portfolio Bond 1	-	-	4		62				CAC 40		62			62
<b>Sub total: Non-Profit Policies</b>			<b>4</b>		<b>62</b>						<b>62</b>			<b>62</b>
<b>Sub total: Direct Written Insurance Business</b>			<b>4</b>		<b>62</b>						<b>62</b>			<b>62</b>
<b>Net total: Life Assurance &amp; General Annuity Insurance Business</b>			<b>4</b>		<b>62</b>						<b>62</b>			<b>62</b>
<b>Net total: Overseas Insurance Business</b>			<b>4</b>		<b>62</b>						<b>62</b>			<b>62</b>

**Long term insurance business : Analysis of units in internal linked funds and direct holdings of assets matching liabilities in respect of property linked benefits**Name of insurer **CGNU Life Assurance Limited****(Sheet 1)**

Global business

United Kingdom business

Financial year ended **31st December 2003**Category of surplus **With Profit**

Internal linked fund

Category of surplus			With Profit			Company registration number		GL/UK/CM		Period ended			Units		UK/OS		Category of surplus		IL/DH	

**Long term insurance business : Analysis of units in internal linked funds and direct holdings of assets matching liabilities in respect of property linked benefits**Name of insurer **CGNU Life Assurance Limited****(Sheet 2)**

Global business

United Kingdom business

Financial year ended **31st December 2003**Category of surplus **With Profit**

Directly held assets

Category of surplus			With Profit									
Directly held assets			Company registration number	GL/UK/CM	Period ended			Units	UK/OS	Category of surplus	IL/DH	
					day	month	year					
			R55	226742	GL	31	12	2003	£000	UK	11	DHA
Name of fund link or directly held asset	Name of unit type	Valuation price per unit or asset	Total actual number of units in force or directly held assets	Value of total actual units in force or directly held assets	Value of actual units held by other internal linked funds	Value of directly held assets and actual units in force excluding those held by other internal linked funds (5-6)	Value of units or directly held assets deemed allocated to contracts		Value of surplus units or directly held assets (7-8+9)			
							Gross	Reinsurance ceded				
1	2	3	4	5	6	7	8	9	10			
UK Income & Growth	OEIC	3.06690	69281	212		212	212					

## Long term insurance business : Analysis of units in internal linked funds and direct holdings of assets matching liabilities in respect of property linked benefits

(Sheet 3)

Name of insurer **CGNU Life Assurance Limited**

Global business

Overseas business

Financial year ended **31st December 2003**Category of surplus **With Profit**

Internal linked fund

Category of surplus			With Profit		Company registration number		GL/UK/CM		Period ended			Units		UK/OS		Category of surplus		IL/DH	
									day month year										
					R55		226742		GL		31 12 2003			£000		OS		11 ILH	
Name of fund link or directly held asset			Name of unit type		Valuation price per unit or asset		Total actual number of units in force or directly held assets		Value of total actual units in force or directly held assets		Value of actual units held by other internal linked funds		Value of directly held assets and actual units in force excluding those held by other internal linked funds (5-6)		Value of units or directly held assets deemed allocated to contracts		Value of surplus units or directly held assets (7-8+9)		
1			2		3		4		5		6		7		8		9 10		
Wholly Reinsured															155966		155966		
Sub total: Wholly Reinsured															155966		155966		
French Vega Securite			Accumulation		2419.82102		671		1624				1624		1107		517		
Sub total: French Vega Securite									1624				1624		1107		517		
Total: With Profit									1624				1624		157073		155966 517		



**Long term insurance business : Analysis of assets and liabilities matching investment liabilities in respect of index linked benefits**Name of insurer **CGNU Life Assurance Limited**

Global business

Overseas business

Financial year ended **31st December 2003**Category of surplus **With Profit**

		Company registration number	GL/UK/CM	Period ended			Units	UK/OS	Category of Surplus	
		R56	226742	GL	31	12	2003	£000	OS	11
Type of assets and liabilities			Name of index link			Value of assets or liabilities		Gross derivative value		
			1			2		3		
Structured Derivative Contract			CAC 40			62		62		
Sub total assets						62				
Sub total liabilities										
Sub total net assets						62				

**Long term insurance business : Matching rectangle**Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2003**

Sterling liabilities

Valuation rate(s) of interest **3.7%**Type of business **Life Assurance and Annuity Insurance Business**

With profits

Category of assets **Life and Annuity**

		Company registration number	GL/UK/CM	Period ended			Units	Stg/ NonStg	Valuation rate of interest	L&GA/Pens/ PHI/Other	WP/NP	Category of assets	
		R57	226742	GL	31	12	2003	£000	Stg	3.7	L&GA	WP	11
Type of asset notionally allocated			The valuation				The resilience scenario						
			Value of asset notionally allocated	Risk adjusted yield %	Value of assets notionally allocated					Risk adjusted yield %			
					On original allocation	Increase or decrease	Total under resilience scenario						
			1	2	3	4	5	6					
Land and buildings		11	856619	6.72	685295	(207138)	478157	8.48					
Fixed interest securities	Approved securities	12	1606843	4.63	1446154	(375900)	1070254	5.74					
	Other	13	911096	5.11	838002	78239	916241	6.35					
Variable interest and Variable yield securities (excluding items shown at line 16)	Approved securities	14											
	Other	15	13796	4.09	11590	(11590)							
Equity shares and holdings in collective investment schemes		16	2293418	4.79	1878356	523130	2401486	5.88					
Loans secured by mortgages		17											
All other assets	Producing income	18	272556	5.04	249681	96894	346575	6.12					
	Not producing income	19	169350		169350	65720	235070						
Total (11 to 19)		29	6123678	4.94	5278428	169355	5447783	5.92					
Gross valuation interest rate %		31		4.25				4.54					
Net valuation interest rate % (where appropriate)		32		3.70				4.03					
Mathematical reserve or other liability, net of reinsurance		33	6123678				5447783						

**Long term insurance business : Matching rectangle**Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2003**

Sterling liabilities

Valuation rate(s) of interest **4.3%**Type of business **Life Assurance and Annuity Insurance Business**

With profits

Category of assets **Life and Annuity**

		Company registration number	GL/UK/CM	Period ended			Units	Stg/ NonStg	Valuation rate of interest	L&GA/Pens/ PHI/Other	WP/NP	Category of assets	
		R57	226742	GL	31	12	2003	£000	Stg	4.3	L&GA	WP	11
Type of asset notionally allocated			The valuation				The resilience scenario						
			Value of asset notionally allocated	Risk adjusted yield %	Value of assets notionally allocated					Risk adjusted yield %			
					On original allocation	Increase or decrease	Total under resilience scenario						
			1	2	3	4	5	6					
Land and buildings		11	33726	6.72	26981	(26981)							
Fixed interest securities	Approved securities	12	63263	4.63	56937	123148	180085	5.48					
	Other	13	35871	5.11	32993	1971	34964	4.45					
Variable interest and Variable yield securities (excluding items shown at line 16)	Approved securities	14											
	Other	15	543	4.09	456	1824	2280	5.06					
Equity shares and holdings in collective investment schemes		16	90295	4.79	73953	(68578)	5375	5.42					
Loans secured by mortgages		17											
All other assets	Producing income	18	10731	5.04	9830	(9830)							
	Not producing income	19	6668		6668	(6668)							
Total (11 to 19)		29	241097	4.94	207818	14886	222704	5.31					
Gross valuation interest rate %		31		4.30				4.48					
Net valuation interest rate % (where appropriate)		32											
Mathematical reserve or other liability, net of reinsurance		33	241097				222704						

**Long term insurance business : Matching rectangle**Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2003**

Sterling liabilities

Valuation rate(s) of interest **4.3%**Type of business **Pension Insurance Business**

With profits

Category of assets **Life and Annuity**

		Company registration number	GL/UK/CM	Period ended			Units	Stg/ NonStg	Valuation rate of interest	L&GA/Pens/ PHI/Other	WP/NP	Category of assets	
		R57	226742	GL	31	12	2003	£000	Stg	4.3	Pens	WP	11
Type of asset notionally allocated			The valuation				The resilience scenario						
			Value of asset notionally allocated	Risk adjusted yield %	Value of assets notionally allocated					Risk adjusted yield %			
					On original allocation	Increase or decrease	Total under resilience scenario						
			1	2	3	4	5	6					
Land and buildings			11	298705	6.72	238964	165569	404533	8.11				
Fixed interest securities	Approved securities		12	560309	4.63	504277	586171	1090448	5.48				
	Other		13	317701	5.11	292213	(80496)	211717	4.45				
Variable interest and Variable yield securities (excluding items shown at line 16)	Approved securities		14										
	Other		15	4811	4.09	4041	9766	13807	5.06				
Equity shares and holdings in collective investment schemes			16	799720	4.79	654987	(516069)	138918	5.87				
Loans secured by mortgages			17										
All other assets	Producing income		18	95041	5.04	87064	(87064)						
	Not producing income		19	59053		59053	(59053)						
Total (11 to 19)			29	2135340	4.94	1840599	18824	1859423	5.96				
Gross valuation interest rate %			31		4.30								
Net valuation interest rate % (where appropriate)			32										
Mathematical reserve or other liability, net of reinsurance			33	2135340				1859423					

### Sterling liabilities

Valuation rate(s) of interest **5.2%**Type of business **Pension Insurance Business**

Non profit

Category of assets	Life and Annuity
--------------------	------------------

			Company registration number	GL/UK/CM	Period ended			Units	Stg/ NonStg	Valuation rate of interest	L&GA/Pens/ PHI/Other	WP/NP	Category of assets	
			R57	226742	GL	31	12	2003	£000	Stg	5.2	Pens	NP	11
Type of asset notionally allocated				The valuation				The resilience scenario						
				Value of asset notionally allocated	Risk adjusted yield %	Value of assets notionally allocated			Risk adjusted yield %					
						On original allocation	Increase or decrease	Total under resilience scenario						
				1	2	3	4	5	6					
Land and buildings			11											
Fixed interest securities	Approved securities		12											
	Other		13	417016	5.11	383561	140	383701	6.35					
Variable interest and Variable yield securities (excluding items shown at line 16)	Approved securities		14											
	Other		15											
Equity shares and holdings in collective investment schemes			16											
Loans secured by mortgages			17											
All other assets	Producing income		18											
	Not producing income		19											
Total (11 to 19)			29	417016	5.11	383561	140	383701	6.35					
Gross valuation interest rate %			31		5.20				6.19					
Net valuation interest rate % (where appropriate)			32											
Mathematical reserve or other liability, net of reinsurance			33	417016					383701					

**Long term insurance business : Matching rectangle**Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2003**

Sterling/Non sterling liabilities

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

Type of business

With profits/Non profit

Category of assets

**Life and Annuity**

		Company registration number	GL/UK/CM	Period ended			Units	Stg/ NonStg	Valuation rate of interest	L&GA/Pens/ PHI/Other	WP/NP	Category of assets
		R57	226742	GL	31	12	2003	£000		98		11
Type of asset notionally allocated			The valuation				The resilience scenario					
			Value of asset notionally allocated	Risk adjusted yield %	Value of assets notionally allocated			Risk adjusted yield %				
					On original allocation	Increase or decrease	Total under resilience scenario					
			1	2	3	4	5	6				
Land and buildings		11				68549	68549	9.52				
Fixed interest securities	Approved securities	12	370467	4.63	333420	(333420)						
	Other	13	17386	5.11	15992	146	16138	6.35				
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	113626	4.79	93062	61518	154580	6.67				
Loans secured by mortgages		17										
All other assets	Producing income	18										
	Not producing income	19										
Total (11 to 19)		29	501479	4.68	442474	(203207)	239267	7.46				
Gross valuation interest rate %		31										
Net valuation interest rate % (where appropriate)		32										
Mathematical reserve or other liability, net of reinsurance		33	387854				239267					

**Long term insurance business : Matching rectangle**Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2003**

Sterling/Non sterling liabilities

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

Type of business

With profits/Non profit

Category of assets

**Life and Annuity**

		Company registration number	GL/UK/CM	Period ended			Units	Stg/ NonStg	Valuation rate of interest	L&GA/Pens/ PHI/Other	WP/NP	Category of assets
		R57	226742	GL	31	12	2003	£000		99		11
Type of asset notionally allocated			The valuation				The resilience scenario					
			Value of asset notionally allocated	Risk adjusted yield %	Value of assets notionally allocated			Risk adjusted yield %				
					On original allocation	Increase or decrease	Total under resilience scenario					
			1	2	3	4	5	6				
Land and buildings		11	1189050	6.72	951240		951240	8.40				
Fixed interest securities	Approved securities	12	2600883	4.63	2340787		2340787	5.60				
	Other	13	1699071	5.11	1562760		1562760	6.05				
Variable interest and Variable yield securities (excluding items shown at line 16)	Approved securities	14										
	Other	15	19150	4.09	16088		16088	5.06				
Equity shares and holdings in collective investment schemes		16	3297060	4.79	2700360		2700360	5.92				
Loans secured by mortgages		17										
All other assets	Producing income	18	378328	5.04	346575		346575	6.12				
	Not producing income	19	235071		235071		235071					
Total (11 to 19)		29	9418613	4.94	8152881		8152881	5.98				
Gross valuation interest rate %		31										
Net valuation interest rate % (where appropriate)		32										
Mathematical reserve or other liability, net of reinsurance		33	9304987				8152881					

**Long term insurance business : Matching rectangle**Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2003**

Sterling liabilities

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

Non profit

Category of assets **Permanent Health**

		Company registration number	GL/UK/CM	Period ended			Units	Stg/ NonStg	Valuation rate of interest	L&GA/Pens/ PHI/Other	WP/NP	Category of assets	
		R57	226742	GL	31	12	2003	£000	Stg	3.75	PHI	NP	12
Type of asset notionally allocated			The valuation				The resilience scenario						
			Value of asset notionally allocated	Risk adjusted yield %	Value of assets notionally allocated					Risk adjusted yield %			
					On original allocation	Increase or decrease	Total under resilience scenario						
			1	2	3	4	5	6					
Land and buildings		11											
Fixed interest securities	Approved securities	12	20986	4.69	19106	(719)	18387	5.66					
	Other	13											
Variable interest and Variable yield securities (excluding items shown at line 16)	Approved securities	14											
	Other	15											
Equity shares and holdings in collective investment schemes		16											
Loans secured by mortgages		17											
All other assets	Producing income	18	3224	3.59	3224	(370)	2854	4.56					
	Not producing income	19											
Total (11 to 19)		29	24210	4.54	22330	(1089)	21241	5.51					
Gross valuation interest rate %		31		3.75				5.37					
Net valuation interest rate % (where appropriate)		32											
Mathematical reserve or other liability, net of reinsurance		33	24210				21241						



**Long term insurance business : Matching rectangle**Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2003**

Sterling liabilities

Valuation rate(s) of interest **4.2%**Type of business **Permanent Health Insurance Business**

Non profit

Category of assets **Permanent Health**

		Company registration number	GL/UK/CM	Period ended			Units	Stg/ NonStg	Valuation rate of interest	L&GA/Pens/ PHI/Other	WP/NP	Category of assets	
		R57	226742	GL	31	12	2003	£000	Stg	4.2	PHI	NP	12
Type of asset notionally allocated			The valuation				The resilience scenario						
			Value of asset notionally allocated	Risk adjusted yield %	Value of assets notionally allocated					Risk adjusted yield %			
					On original allocation	Increase or decrease	Total under resilience scenario						
			1	2	3	4	5	6					
Land and buildings		11											
Fixed interest securities	Approved securities	12	4951	4.69	4507	719	5226	5.66					
	Other	13											
Variable interest and Variable yield securities (excluding items shown at line 16)	Approved securities	14											
	Other	15											
Equity shares and holdings in collective investment schemes		16											
Loans secured by mortgages		17											
All other assets	Producing income	18	760	3.59	760	(760)							
	Not producing income	19											
Total (11 to 19)		29	5711	4.54	5267	(41)	5226	5.66					
Gross valuation interest rate %		31		4.20				5.52					
Net valuation interest rate % (where appropriate)		32											
Mathematical reserve or other liability, net of reinsurance		33	5711				5226						

**Long term insurance business : Matching rectangle**Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2003**

Sterling/Non sterling liabilities

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

Type of business

With profits/Non profit

Category of assets

**Permanent Health**

		Company registration number	GL/UK/CM	Period ended			Units	Stg/ NonStg	Valuation rate of interest	L&GA/Pens/ PHI/Other	WP/NP	Category of assets
		R57	226742	GL	31	12	2003	£000		98		12
Type of asset notionally allocated			The valuation				The resilience scenario					
			Value of asset notionally allocated	Risk adjusted yield %	Value of assets notionally allocated			Risk adjusted yield %				
					On original allocation	Increase or decrease	Total under resilience scenario					
			1	2	3	4	5	6				
Land and buildings		11										
Fixed interest securities	Approved securities	12										
	Other	13										
Variable interest and Variable yield securities (excluding items shown at line 16)	Approved securities	14										
	Other	15										
Equity shares and holdings in collective investment schemes		16										
Loans secured by mortgages		17										
All other assets	Producing income	18	(1130)	3.59	(1130)	1130						
	Not producing income	19										
Total (11 to 19)		29	(1130)	3.59	(1130)	1130						
Gross valuation interest rate %		31										
Net valuation interest rate % (where appropriate)		32										
Mathematical reserve or other liability, net of reinsurance		33										

**Long term insurance business : Matching rectangle**Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2003**

Sterling/Non sterling liabilities

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

Type of business

With profits/Non profit

Category of assets

**Permanent Health**

		Company registration number	GL/UK/CM	Period ended			Units	Stg/ NonStg	Valuation rate of interest	L&GA/Pens/ PHI/Other	WP/NP	Category of assets
		R57	226742	GL	31	12	2003	£000		99		12
Type of asset notionally allocated			The valuation				The resilience scenario					
			Value of asset notionally allocated	Risk adjusted yield %	Value of assets notionally allocated			Risk adjusted yield %				
					On original allocation	Increase or decrease	Total under resilience scenario					
			1	2	3	4	5	6				
Land and buildings		11										
Fixed interest securities	Approved securities	12	25937	4.69	23613		23613	6.21				
	Other	13										
Variable interest and Variable yield securities (excluding items shown at line 16)	Approved securities	14										
	Other	15										
Equity shares and holdings in collective investment schemes		16										
Loans secured by mortgages		17										
All other assets	Producing income	18	2854	3.59	2854		2854	4.56				
	Not producing income	19										
Total (11 to 19)		29	28791	4.58	26467		26467	6.03				
Gross valuation interest rate %		31										
Net valuation interest rate % (where appropriate)		32										
Mathematical reserve or other liability, net of reinsurance		33	29921				26467					

**Long term insurance business : Valuation result and distribution of surplus**Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2003**Company  
registration  
number

GL/UK/CM

Period ended

Units

Category  
of surplusCategory of surplus **With Profit**

Category of surplus		With Profit		number	day	month	year			
				R58	226742	GL	31	12	2003	£000
Valuation result	Fund carried forward					11	9149456			
	Bonus payments made to policyholders in anticipation of a surplus					12	7096			
	Transfers out of fund/ parts of fund	Transfer to non-technical account				13	27448			
		Transfer to other funds/parts of funds				14				
	Net transfer out of funds/parts of funds (13+14)					15	27448			
	Total (11+12+15)					16	9184000			
	Mathematical reserves for accumulating with profit policies					17	6292190			
	Mathematical reserves for other non linked contracts					18	2470860			
	Mathematical reserves for property linked contracts					19	143668			
	Mathematical reserves for index linked contracts					20	62			
	Total (17 to 20)					21	8906780			
	Surplus including contingency and other reserves held towards the solvency margin (deficiency) (16-21)					29	277220			
Composition of surplus	Balance of surplus brought forward unappropriated from last valuation					31	20			
	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	277200			
	Total (31+34+35)					39	277220			
Distribution of surplus	Bonus payments made to policyholders in anticipation of a surplus					41	7096			
	Allocated to policyholders by way of	Cash bonuses				42				
		Reversionary bonuses				43	242656			
		Other bonuses				44				
		Premium reductions				45				
	Total allocated to policyholders (41 to 45)					46	249752			
	Net transfer out of fund/part of fund					47	27448			
	Total distributed surplus (46+47)					48	277200			
	Balance of surplus (including contingency and other reserves held towards the solvency margin) carried forward unappropriated					49	20			
	Total (48+49)					59	277220			
Percentage of distributed surplus allocated to policyholders of fund/part of fund						61	90.10			
Corresponding percentage at three immediately previous valuations	Latest	(year of valuation <b>2002</b> )				62	90.07			
	Earlier	(year of valuation <b>2001</b> )				63	90.01			
	Earliest	(year of valuation <b>2000</b> )				64	90.00			

**Long term insurance business : Valuation result and distribution of surplus**Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2003**Company  
registration  
number

GL/UK/CM

Period ended

Units

Category  
of surplus

Category of surplus

**Stakeholder**

Category of surplus		Stakeholder		number	day	month	year			
				R58	226742	GL	31	12	2003	£000
Valuation result	Fund carried forward					11	156931			
	Bonus payments made to policyholders in anticipation of a surplus					12	(99)			
	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	156832			
	Mathematical reserves for accumulating with profit policies					17	152744			
	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	152744			
	Surplus including contingency and other reserves held towards the solvency margin (deficiency) (16-21)					29	4088			
Composition of surplus	Balance of surplus brought forward unappropriated from last valuation					31	85			
	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	4003			
	Total (31+34+35)					39	4088			
Distribution of surplus	Bonus payments made to policyholders in anticipation of a surplus					41	(99)			
	Allocated to policyholders by way of	Cash bonuses				42				
		Reversionary bonuses				43	4187			
		Other bonuses				44				
		Premium reductions				45				
	Total allocated to policyholders (41 to 45)					46	4088			
	Net transfer out of fund/part of fund					47				
	Total distributed surplus (46+47)					48	4088			
	Balance of surplus (including contingency and other reserves held towards the solvency margin) carried forward unappropriated					49				
	Total (48+49)					59	4088			
Percentage of distributed surplus allocated to policyholders of fund/part of fund						61	100.00			
Corresponding percentage at three immediately previous valuations	Latest	(year of valuation <b>2002</b> )				62	100.00			
	Earlier	(year of valuation <b>2001</b> )				63	100.00			
	Earliest	(year of valuation <b>2000</b> )				64				

**Long term insurance business : Valuation result and distribution of surplus**Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2003**Company  
registration  
number

GL/UK/CM

Period ended

Units

Category  
of surplus

Category of surplus

**Permanent Health****R58****226742****GL****31****12****2003****£000****13**

Valuation result	Fund carried forward		11	32230
	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	32230
	Mathematical reserves for accumulating with profit policies		17	
	Mathematical reserves for other non linked contracts		18	29918
	Mathematical reserves for property linked contracts		19	
	Mathematical reserves for index linked contracts		20	
	Total (17 to 20)		21	29918
	Surplus including contingency and other reserves held towards the solvency margin (deficiency) (16-21)		29	2312
Composition of surplus	Balance of surplus brought forward unappropriated from last valuation		31	2012
	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	300
	Total (31+34+35)		39	2312
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	2312
	Total (48+49)		59	2312
Percentage of distributed surplus allocated to policyholders of fund/part of fund			61	
Corresponding percentage at three immediately previous valuations	Latest	(year of valuation <b>2002</b> )	62	
	Earlier	(year of valuation <b>2001</b> )	63	
	Earliest	(year of valuation <b>2000</b> )	64	

R60	226742	GL	31	12	2003	£000
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[illegible]

**Supplementary accident and sickness insurance : Calculation of required margin of solvency**Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2003**

		Company registration number	GL/UK/CM	Period ended			Units
				day	month	year	
		R61	226742	GL	31	12	2003
					£000		
					This financial year		Previous year
					1		2
Gross premiums written		11	6			2	
Premium taxes and levies (included in line 11)		12					
<b>Sub-total A (11-12)</b>		19	6			2	
Adjusted Sub-total A if financial year is not a 12 month period to produce an annual figure		21					
Division of Sub-total A (or adjusted Sub-total A if appropriate)	18% of amounts up to sterling equivalent of 10M EURO	22	1				
	16% of excess (if any) over 10M EURO	23					
<b>Sub-total B (22+23)</b>		29	1				
Claims paid		31				1	
Claims outstanding carried forward at end of this financial year		32					
Claims outstanding brought forward at beginning of this financial year		33					
<b>Sub-total C (31+32-33)</b>		39				1	
Amounts recoverable from reinsurers in respect of claims included in sub-total C		41					
<b>Sub-total D (39-41)</b>		49				1	
Required margin of solvency for supplementary accident and sickness insurance: Sub-total B x Sub-total D (or, if 0.5 is greater, x 0.5) Sub-total C		59	1				



## Supplementary notes

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31st December 2003**

### Code

#### 0001 With Profits Realistic Balance Sheet

	<u>£m</u>
Total statutory assets of the with-profit fund	10,761
Plus valuation adjustments to statutory and additional assets arising on realistic balance sheet	<u>514</u>
Total realistic basis assets	<u>11,274</u>
Policyholder realistic basis liabilities	9,565
Plus other liabilities	<u>408</u>
Total liabilities	<u>9,972</u>
Realistic basis assets in excess of liability	1,302
Less with-profit capital requirement on realistic basis	<u>428</u>
Realistic basis assets in excess of liability and capital requirement	<u>874</u>
Capital coverage within the with profit fund (assets in excess of (liability/capital requirement)	3.05

### Notes

#### General

The figures given above and the notes below have been prepared following guidance from the ABI.

The information is the total figure for the with profits fund of the Company

#### Statutory assets of the With Profits Funds

This shows the value of the long-term admissible assets of the with-profit fund available to support with profit business. It excludes assets equal to the value of the statutory liability and required minimum margin of non-profit business written in the fund.

#### Additional assets arising on a realistic basis

This number comprises:

- Assets that are inadmissible on a statutory basis only by reason of the size of the holding
- The value of future statutory surplus arising from non-profit business written in the fund

The value of future statutory surplus arising from non profit business has been calculated on the Company's Embedded Value basis. The future statutory surplus from this business includes the release of required minimum margin.

#### Policyholder realistic liabilities

Policyholder realistic liability is calculated consistent with the Company's Draft Principles and Practices of Financial Management (PPFM)

The liabilities comprise :

- Total value of asset shares as at the balance sheet date
- Value of additional liabilities arising from guarantees, options, smoothing and promises made
- Value of prospective shareholder transfers and tax thereon where not charged to asset shares

For the majority of business, the cost of guarantees, options and promises is calculated from a market consistent stochastic model.

The value of guaranteed annuity options is assessed from consideration of the market value of a replicating portfolio of swaptions.

**Supplementary notes**

Name of insurer

**CGNU Life Assurance Limited**

Financial year ended

**31st December 2003****Code**

The key assumptions for the stochastic model are:

- Risk free rate 5.0 %
- UK equity volatility 18.5 %
- Property volatility 15.0 %

**Other Liabilities**

Other liabilities of the fund such as creditors and tax.

With Profit Capital Requirements on a Realistic Basis

The capital requirement is an amount that would support the fund in the event of a combination of adverse events. The events in question are:

- 18% fall in the value of the fund's equity holdings
- 20% fall in the value of the fund's property holdings
- 0.5% increase in credit spreads
- 20% fall in the yields on all fixed interest holdings.

In addition allowance is made for how the Company would respond to such circumstances, for example through changes to annual and final bonus rates consistent with the draft PPFM.

This combination of events has been approved by the FSA for the purpose of the end-2003 realistic results. A different combination of events may ultimately be required.

**4601 Total number of group contracts in force**

The number of group contracts in force at the end of the report period is:

Contract type	Contracts with membership numbers		Contracts with no membership details
	Number of contracts	Number of members	Number of contracts
UK linked	9,908	76,454	4,295
UK non-linked	4,721	2,116,819	-
Overseas linked	247	1,300	81
Overseas non-linked	62	415	-

**4701** Although regular premiums are shown on Form 47 for NU Group AVC and NU Variable Money Purchase Plan they do not appear in Form 53 because these are variable premium policies.

**4801 Accrued interest**

The amounts of accrued interest included in the value of admissible assets is as follows:

£000's		
<b>Life and Annuity</b>		
Fixed Interest Securities	Approved securities	36,117
	Other	31,892
All Other Assets	Not producing income	385
<b>Permanent Health</b>		
Fixed Interest Securities	Approved securities	301
	Other	-
All Other Assets	Not producing income	-

**4802 Treatment of expected income where interest in default**

The expected income from any asset shown in Form 48, where the payment of interest is in default is treated as zero. The aggregate amount excluded from line 13 is 61 (£000).

**Supplementary notes**Name of insurer **CGNU Life Assurance Limited**Financial year ended **31st December 2003****Code****5101 Double counting of contracts**

The number of contracts shown exceeds the actual number of contracts as follows:

Type of contract	Excess number
UK Life and Annuity	2,023,882
Overseas Life and Annuity	1,871
PHI	497,862

**5102 Rule Waiver**

The Financial Services Authority, on application of the firm, made a direction in December 2003 under section 148 of the Act. The effect of the direction is to modify IPRU(INS) rules 5.9 and 5.10 to allow the firm, in its calculation of the mathematical reserves for its with-profits liabilities, to value future premiums at not more than gross premiums.

**5103 Rule Waiver**

The Financial Services Authority, on application of the firm, made a direction in December 2003 under section 148 of the Act. The effect of the direction is to modify IPRU(INS) rules 5.11(5A), 5.11(9), 5.16 and 5.17, with respect to with-profits policies, for the calculation of the yield for variable interest investments that are equity shares and for any investment to be made more than 3 years after the valuation date, to allow the firm to value liabilities for with-profits contracts taking into account prudent assumptions for voluntary discontinuance of those contracts and to allow the resilience reserve to be held in the shareholder fund.

**5301 Double counting of contracts**

The total number of UK Life and Annuity contracts shown exceeds the actual number by 110,232.

The total number of overseas Life and Annuity contracts shown exceeds the actual number by 2,458.

**5302** For linked contracts which are also accumulating with-profit policies, with profit benefits and liabilities have been included on Form 52. The number of contracts, premiums and other liabilities have been included on this form.

**5701 Contracts covered in balance form**

The contracts covered on the sheet coded Balance are life fund non-profit business, general annuities, group sickness benefits by recurring single premium, liabilities denominated in a foreign currency, individual and group non-profit deferred annuities, individual and group non-profit pension assurances and sterling reserves.

**6001** The mathematical reserves after deduction for reinsurance as shown in Form 60, exceed the actual reserves as shown in Form 58 by 1,267,570 (£000). The excess represents the unit liabilities in respect of the UK Life, Irish Life, and Pensions Guaranteed Funds and the Irish Ulster Bank Protected Bond Fund, which are reinsured to Norwich Union Linked Life Assurance. Although the unit liabilities are reinsured, the guarantee on the fifth anniversary of investment is retained by the Company. The presentation adopted in Form 60 ensures that the Company provides the required margin of solvency - first result in relation to these liabilities.

**Supplementary notes**

Name of insurer

**CGNU Life Assurance Limited**

Financial year ended

**31st December 2003****Code****0901 Internal Reinsurance treaties**

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.

**0901 Deferred Taxation**

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.

**1001 Reconciliation to shareholder accounts**

	<b>2003</b>	<b>2002</b>
	<b>£000</b>	<b>£000</b>
Form 13.99	<b>62,459</b>	35,545
Form 15.59	<b>(4,188)</b>	(5,278)
Long Term Fund in excess of FFA	<b>3,087</b>	2,672
Capital and reserves as per shareholder accounts	<b>61,358</b>	32,939

**1002 Line 65 - Other movements**

Not applicable

**1003 Subordinated loan capital - section 148 waivers**

Not applicable

**1301 Aggregate value of unlisted investments, etc. - other than long term insurance business**

Not applicable

**1302 Aggregate value of hybrid securities****1309 Aggregate value of hybrid securities**

The company held hybrid securities of £269m in the Life and Annuity Fund.

**1303 Amounts of any salvage or subrogation recovery**

Not applicable

**1304 Statement of amounts set off****1310 Statement of amounts set off**

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

**1305 Counterparty limits during the year****1311 Counterparty limits during the year**

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 £50m 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 £100m for Tier 1, £75m for Tier 2 and £50m for Tier 3.

**Equities**

The maximum of a company's equity held by all funds is limited to 10%. Unquoted holdings are limited to 2% of the UK equity portfolio.

**Supplementary notes**

Name of insurer

**CGNU Life Assurance Limited**

Financial year ended

**31st December 2003****Code****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 holding across all funds of a single issue is limited to 25% of the issue.

Private placements are limited to 3% of the non-government bond portfolio.

**Derivatives**

Exposure to OTC derivatives is only undertaken with the approval of senior management.

Equity Index Futures	10% of fund
UK Bond Futures	10% of fund
UK Swaps & Swaptions	10% of fund
Overseas Bond Futures	5% of fund
Overseas Swaps & Swaptions	20% of overseas fixed interest
FX forwards	Unlimited
-purchase/sale of investments	20% of fund
-asset allocation	100% of overseas assets
-other	
FX options	10% of overseas assets
Warrants	3% of equity portfolio
Equity underwriting	Lower of £150m or cash cover

**1306 Counterparty exposure at the year end****1312 Counterparty exposure at the year end**

Exposure to any one counterparty at the end of the financial year did not exceed 5% of the long-term insurance business amount.

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

Not applicable

**1308 Aggregate value of unlisted investments, etc. - long term insurance business**

The long-term fund held £355m in unlisted securities and £11m of units in unregulated collective investment schemes. There were no holdings in listed companies, which are not readily realisable, or reversionary interests or remainders in property.

**1314 Tangible lease assets**

There are no tangible leased assets included in line 80.

**1316 Tangible lease assets**

There are no tangible leased assets included in line 80.

**1315 Other assets**

Not applicable

**1401 Provision for adverse changes****1501 Provision for adverse changes**

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

**1402 Contingent liabilities, etc.**

There are no charges over any assets of the Company.

Included in deferred tax liabilities at line 21 of form 14 is an amount of £68m in respect of a full provision for potential capital gains tax on unrealised gains.

There are no 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.

## Supplementary notes

Name of insurer

CGNU Life Assurance Limited

Financial year ended

31st December 2003

### Code

#### 1404 Additional mathematical reserves

An additional mathematical reserve has been included to ensure that the total excess assets shown on Form 9 are no greater than the level that would be calculated if with-profit business was provided for on a realistic basis.

#### 1502 Contingent liabilities, etc.

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 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

#### 4005 Basis of conversion of foreign currency

Assets and liabilities in currencies other than sterling have been translated into sterling at rates of exchange ruling at 31 December 2003. Revenue items in currencies other than sterling have been translated into sterling at an average rate of exchange for the year.

#### 1700 Form omitted

This form has been omitted for the Permanent Health Fund as there are no derivatives on this fund.

#### 1701 Variation margin

The aggregate amount of and excess variation margin which has been received by the Company is £nil. The variation margin is allocated to form 13 as follows:

	£'000
Form 13 line 44	(151)

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

#### 1702 Quasi-derivatives

Not applicable

#### 4002 Other income and expenditure

Other income shown in 2002 in Form 40 Line 15, and other expenditure shown in Form 40 Line 25, are in respect of the transfer of surplus from the Life and Annuity fund to the Permanent Health fund.

#### 4006 Apportionment of items between different long term business funds

##### Investment Income

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

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

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

##### Expenses

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

##### Taxation

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

#### 4008 Provision of management services

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

**Supplementary notes**

Name of insurer

**CGNU Life Assurance Limited**

Financial year ended

**31st December 2003****Code****4009 Related party transactions**

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

1)	Connected Party	Norwich Union Linked Life Assurance Limited
	Nature of relationship	Fellow group undertaking
	Nature of transactions during the period	Reinsurance ceded
	Value of transactions during the period	Premiums £404m
		Claims £449m
		Commission £1m
		Expenses £7m
		Reinsurance accepted
	Value of transactions during the period	Premiums £16m
		Claims £3m
	Amounts unpaid at the end of the period	£1m owed to Norwich Union Linked Life Assurance Limited
	Amounts written off in the period	£nil
2)	Connected Party	Norwich Union Life & Pensions Limited
	Nature of relationship	Fellow group undertaking
	Nature of transactions during the period	Reinsurance ceded
	Value of transactions during the period	Premiums £2,060m
		Claims £161m
		Commission £96m
		Expenses £115m
	Amounts unpaid at the end of the period	£23m owed by Norwich Union Life & Pensions Limited
	Amounts written off in the period	£nil
3)	Connected Party	Commercial Union Life Assurance Company Limited
	Nature of relationship	Fellow group undertaking
	Nature of transactions during the period	Reinsurance ceded
	Value of transactions during the period	Premiums £334m
		Claims £299m
		Commission £16m
		Expenses £18m
	Amounts unpaid at the end of the period	£5m owed to Commercial Union Life Assurance Company Limited
	Amounts written off in the period	£nil

**4300 Form omitted**

The entries in respect of the Permanent Health fund are nil, accordingly no Form 43 is required for this fund.

**4301 Basis of valuation in internal linked funds**

Investments are stated at current value, listed investments are stated at mid market value.

**4302 Aggregate value of rights under derivative contracts**

Not applicable

**4303 Accounting for variation margin**

Not applicable

**4400 Form omitted**

The entries on Form 44 in respect of the Permanent Health fund are nil, accordingly no form is required for this fund.

**4500 Form omitted**

The entries on Form 45 in respect of the Permanent Health fund are nil, accordingly no form is required for this fund.

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

Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2003**

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 'gear up' a fund.
- 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 – delegated authorities exist for each member of staff using derivatives. 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 company was party to Stock Underwriting over the financial period, which falls into the description above. This is the only example of such contracts that were transacted during the financial period. However, none of the amounts recorded in Form 13 would have been materially changed if the insurer became obligated to purchase these assets.

The amounts recorded in Form 13 would have been decreased by £1.2m if contracts held had been exercised at the end of the financial year.

During the financial year, the above changes would not have been significantly larger from those at the year end.

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 £19.6m. 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.

During the financial period, the company's use of derivatives included the granting of rights under derivative contracts for a fixed consideration. This was in the activity of Stock Underwriting. The fee income over the financial period was £0.1m.



Returns under the Accounts and Statements Rules

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

Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2003**

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

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

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

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

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

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

All shares are voting shares.

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

Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2003**

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 2,637 ordinary shares at 31 December 2003 in Aviva plc, and an interest in 11,522 ordinary shares at 31 December 2002.
  - (2) 91,891 ordinary shares are held in the Aviva Long Term Incentive Plan, these shares will vest upon the satisfaction of certain performance criteria. In addition 69,572 ordinary shares are held in the Aviva Deferred Bonus Plan.
  - (3) Options were held at 31 December 2003 to subscribe for 103,182 ordinary shares in Aviva plc under UK Employees Savings Related and Executive Share Option Schemes.

	No. of shares
Options held at 31 December 2002	116,639
Options granted during the year	2,732
Options exercised or lapsed during the year	(16,189)

- (b) Four with profits low cost endowment policies with CGNU Life Assurance Limited, with aggregate sums assured of £53,173 and annual premiums of £1,586. 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 £2,304 were paid in the year to 31 December 2003.
- (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 2003 was £288,049. 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  
 TPFI Limited  
 TPFL 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 **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2003**

We certify:

- 1 (a) in relation to the part of the return comprising Forms 9, 9A, 10, 13 to 17 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 CGNU Life Assurance 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 for long term insurance business required by rule 2.1 has been maintained throughout the financial year.
- 3 (a) that the requirements of rules 3.1 to 3.4 have been fully complied with and in particular that, subject to the provisions of rules 3.2(2) to (4) and rule 3.3, assets attributable to long term insurance business, the income arising therefrom, the proceeds of any realisation of such assets and any other income or proceeds allocated to the long term insurance business funds have not been applied otherwise than for the purpose of the long term insurance business;
- (b) that any amount payable from or receivable by the long term insurance business funds in respect of services rendered by or to any other business carried on by the Company or by a person who, for the purposes of rule 3.4, is connected with it or is a subordinate company of it has been determined and where appropriate apportioned on terms which are believed to be no less than fair to those funds, and any exchange of assets representing such funds for other assets of the Company has been made at fair market value;
- (c) that all guarantees given by the Company of the performance by a related company which would fall to be met by any long term insurance business fund have been disclosed in the return, and that the funds on which each such guarantee would fall has been identified therein;
- (d) that the investment policy and practice of the Company in respect of the internal linked funds maintained was, during the financial year, consistent with any representations made to policyholders or potential policyholders of the Company;
- (e) that the returns in respect of long term insurance business are not distorted by agreements with any other company carrying on insurance business with which the Company has financial, commercial or administrative links, or by any arrangements which could affect the apportionment of expenses and income; and
- (f) that the Company has fully complied with the requirements of rule 3.5.

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

Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2003**

**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’.

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

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

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

22 March 2004

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

Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2003**

I certify:

- (a)
- (i) that in my opinion proper records have been kept by CGNU Life Assurance 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, together with an amount of £441,620,000 (being part of the excess of the value of the admissible assets representing the long term business funds over the amount of those funds shown in Form 14), constitute proper provision as at 31st December 2003 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 01.09.03), GN2, GN7, GN8, 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 £696,280,000.

M N Urmston

Appointed Actuary

22 March 2004

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

Name of insurer **CGNU Life Assurance Limited**

Global Business

Financial year ended **31st December 2003**

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 45 (including the supplementary notes) ("the Forms");
- the statement required by rule 9.29 on pages 196 ("the statement"); and
- the certificate signed in accordance with rule 9.34(a) on pages 199 ("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 22 March 2004. 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 201 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.