

Fidelity Life Assurance Limited

Registered office: 8 Surrey Street, Norwich, Norfolk, NR1 3NG

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



Returns under the Accounts and Statements Rules

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

Name of insurer **Fidelity Life Assurance Limited**

Global Business

Financial year ended **31st December 2003**

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Statement of solvencyName of insurer **Fidelity Life Assurance Limited**

Global business

Financial year ended **31st December 2003**

R9	Company registration number	GL/UK/CM	Period ended			Units
			day	month	year	
	869405	GL	31	12	2003	£000
	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	3756	3526	10 . 11
Other than long term insurance business assets allocated towards long term insurance business required minimum margin	22	803	795	See instructions 1 and 3
Total mathematical reserves (after distribution of surplus)	23	3008	2795	See instruction 4
Other insurance and non-insurance liabilities	24	533	569	See instruction 5
Available assets for long term insurance business required minimum margin (21+22-23-24)	25	1018	957	

Implicit Items admitted under Rule 2.10(5) as modified

Future profits	31			
Zillmerising	32			
Hidden reserves	33			

Total of available assets and implicit items (25+31+32+33)	34	1018	957	
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Required minimum margin

Required minimum margin for long term insurance business	41	549	100	60 . 69
Explicit required minimum margin (1/6 x 41, or minimum guarantee fund if greater)	42	549	100	
Excess (deficiency) of available assets over explicit required minimum margin (25-42)	43	469	857	
Excess (deficiency) of available assets and implicit items over the required minimum margin (34-41)	44	469	857	

CONTINGENT LIABILITIES

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

Analysis of the effect of financial engineering on long-term available assetsName of insurer **Fidelity Life Assurance Limited**

Global business

Financial year ended **31st December 2003**

	R9A	Company registration number 869405	GL/UK/CM GL	Period ended			Units £000
				day	month	year	
				31	12	2003	
		As at the end of this financial year 1	As at the end of the previous year 2	Source			
Required minimum margin for long term insurance business	11	549	100	See instruction 2			
Excess (deficiency) of available assets and implicit items over the required minimum margin	12	469	857	See instruction 3			
Total available assets and implicit items (11+12)	13	1018	957				
Analysed as follows:							
Value of implicit items	14			See instruction 5			
Financial reinsurance- ceded	15			See instruction 6			
Financial reinsurance- accepted	16			See instruction 7			
Outstanding contingent loans	17			See instruction 8			
Any other charges on future profits	18			See instruction 9			
Sum of financial engineering adjustments (14+15-16+17+18)	19						
Other assets (13-19)	20	1018	957				
Total available assets and implicit items (19+20)	21	1018	957				

Statement of net assetsName of insurer **Fidelity Life Assurance Limited**

Global business

Financial year ended **31st December 2003**

	R10	Company registration number 869405	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	
				1		2	
				Source			
				<	>	?	
Long term insurance business - admissible assets	11	3756		3526		13 . 89 . 1	
Long term insurance business - liabilities and margins	12	3756		3526		14 . 59 . 1	

Other than Long term insurance business - admissible assets	21	1937		1749		13 . 89 . 1	
Other than Long term insurance business - liabilities	22	1134		954		15 . 69 . 1	
Net admissible assets (21-22)	23	803		795			
Other assets allowed to be taken into account in covering the required minimum margin	Unpaid amounts (including share premium) on partly paid shares	24					
	Supplementary contributions for a mutual carrying on general insurance business	25					
Liabilities allowed to be left out of account in covering the required minimum margin	Subordinated loan capital	26					
	Cumulative preference share capital	27					
Available assets (23 to 27)	29	803		795			

Represented by:

Paid up share capital (other than cumulative preference share capital)	51	1250		1250			
Amounts included in lines 24 to 27 above	52						
Amounts representing the balance of net assets	56	(447)		(455)			
Total (51 to 56) and equal to line 29 above	59	803		795			

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

Balance brought forward at the beginning of the financial year	61	(455)		(278)		10 . 56 . 2	
Retained profit/(loss) for the financial year	62	8		(105)		16 . 59 . 1	
Movement in asset valuation differences	63					See instruction 2	
Decrease/(increase) in the provision for adverse changes	64					See instruction 3	
Other movements (particulars to be specified by way of supplementary note)	65			(72)			
Balance carried forward at the end of the financial year (61 to 65)	69	(447)		(455)			

Analysis of admissible assetsName of insurer **Fidelity 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	869405	GL	31	12	2003	£000	1
					day	month	year		
Investments					As at the end of this financial year 1		As at the end of the previous year 2		
Land and buildings					11				
Investments in group undertakings and participating interests	UK insurance business dependants	Shares		21					
		Debt securities issued by, and loans to, dependants		22					
	Other insurance dependants	Shares		23					
		Debt securities issued by, and loans to, dependants		24					
	Non-insurance dependants	Shares		25					
		Debt securities issued by, and loans to, dependants		26					
	Other group undertakings and participating interests	Shares		27					
		Debt securities issued by, and loans to, group undertakings		28					
		Participating interests		29					
		Debt securities issued by, and loans to, undertakings in which the insurer has a participating interest		30					
Total sheet 1 (11 to 30)					39				

Analysis of admissible assetsName of insurer **Fidelity 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	869405	GL	31	12	2003	£000	1
					day	month	year		
Investments (continued)					As at the end of this financial year		As at the end of the previous year		
Deposits with ceding undertakings					1		2		
Assets held to cover linked liabilities									
Other financial investments	Equity shares			41					
	Other shares and other variable yield securities			42					
	Holdings in collective investment schemes			43					671
	Rights under derivative contracts			44					
	Debt securities and other fixed income securities	Fixed interest	Approved securities		45			899	
			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			545	207
		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			1444		878	

Analysis of admissible assetsName of insurer **Fidelity 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	
			day	month	year			
	R13	869405	GL	31	12	2003	£000	1
Debtors								
Other assets								
						As at the end of this financial year		As at the end of the previous year
						1		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				5
		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		486		866
	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		7		
	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		493		871
Grand total of admissible assets (39+69+88)				89		1937		1749
Reconciliation to asset values determined in accordance with the insurance accounts rules								
Total admissible assets (as per line 89 above)				91		1937		1749
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		1937		1749
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 assetsName of insurer **Fidelity 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	869405	GL	31	12	2003	£000	10	
						day	month	year		
Investments						As at the end of this financial year		As at the end of the previous year		
						1		2		
Land and buildings						11				
Investments in group undertakings and participating interests	UK insurance business dependants	Shares	21							
		Debt securities issued by, and loans to, dependants	22							
	Other insurance dependants	Shares	23							
		Debt securities issued by, and loans to, dependants	24							
	Non-insurance dependants	Shares	25							
		Debt securities issued by, and loans to, dependants	26							
	Other group undertakings and participating interests	Shares	27							
		Debt securities issued by, and loans to, group undertakings	28							
		Participating interests	29							
		Debt securities issued by, and loans to, undertakings in which the insurer has a participating interest	30							
Total sheet 1 (11 to 30)						39				

Analysis of admissible assetsName of insurer **Fidelity 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	869405	GL	31	12	2003	£000	10
					day	month	year		
Investments (continued)					As at the end of this financial year		As at the end of the previous year		
Deposits with ceding undertakings					1		2		
Assets held to cover linked liabilities									
Other financial investments	Equity shares			41					
	Other shares and other variable yield securities			42					
	Holdings in collective investment schemes			43					99
	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			1057	893
		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			2692	2485	
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			3749	3477		

Analysis of admissible assetsName of insurer **Fidelity 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			
	R13	869405	GL	31	12	2003	£000	10
Debtors							As at the end of this financial year	As at the end of the previous year
Other assets							1	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		1		21
		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				
	Cash in hand			82				
Other assets (particulars to be specified by way of supplementary note)				83		3		26
Prepayments and accrued income	Accrued interest and rent			84		3		2
	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		7		49
Grand total of admissible assets (39+69+88)				89		3756		3526
Reconciliation to asset values determined in accordance with the insurance accounts rules								
Total admissible assets (as per line 89 above)				91		3756		3526
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		3756		3526
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance				100				

Long term insurance business liabilities and marginsName of insurer **Fidelity 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		869405	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	3008	2795			See Instruction 2	
Cash bonuses which had not been paid to policyholders prior to end of the financial year		12					See Instruction 3	
Balance of surplus/(valuation deficit)		13					See Instruction 4	
Long term insurance business fund carried forward (11 to 13)		14	3008	2795			See Instruction 5	
Claims outstanding which had fallen due for payment before the end of the financial year	Gross amount	15						
	Reinsurers' share	16						
	Net (15-16)	17						
Provisions for other risks and charges	Taxation	21						
	Other	22						
Deposits received from reinsurers		23						
Creditors and other liabilities	Arising out of insurance operations	Direct insurance business	31	30				
		Reinsurance accepted	32					
		Reinsurance ceded	33					
	Debenture loans	Secured	34					
		Unsecured	35					
	Amounts owed to credit institutions		36					
	Other creditors	Taxation	37	335	371			
		Other	38	198	168			
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	533	569				
Excess of the value of net admissible assets		51	215	162			See Instruction 6	
Total liabilities and margins		59	3756	3526				
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance		61	76	96				
Amounts included in line 59 attributable to liabilities in respect of property linked benefits		62	2622	2411				
Amount of any additional mathematical reserves included in line 51 which have been taken into account in the appointed actuary's certificate		63					See Instruction 7	

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

Global business

Financial year ended **31st December 2003**

		Company registration number	GL/UK/CM	Period ended			Units	
		R15	869405	GL	31	12	2003	£000
				As at the end of this financial year 1			As at the end of the previous year 2	
				day	month	year		
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			8		10
		Recommended dividend	48					
		Other	49			1126		944
Accruals and deferred income			51					
Total (19 to 51)			59		1134		954	
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		1134		954	
Amounts included in line 69 attributable to liabilities to related insurers, other than those under contracts of insurance or reinsurance			71		1126		935	

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

Global business

Financial year ended **31st December 2003**

		Company registration number	GL/UK/CM	Period ended			Units	
		R16	869405	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				40 . 26		
Investment income	Income	14	48		37			
	Value re-adjustments on investments	15						
	Gains on the realisation of investments	16	35					
Investment charges	Investment management charges, including interest	17	14		15			
	Value re-adjustments on investments	18	61		199			
	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	8		(177)			
Tax on profit or loss on ordinary activities		31			(72)			
Profit or loss on ordinary activities after tax (29-31)		39	8		(105)			
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	8		(105)			
Dividends (paid and proposed)		51						
Profit or loss retained for the financial year (49-51)		59	8		(105)			

Long term insurance business : Revenue accountName of insurer **Fidelity Life Assurance Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2003**Name and number of fund/Summary **Ordinary Long Term 1**

	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/Summary	No of part of Fund
			day	month	year				
R40	869405	GL	31	12	2003	£000	OB	1	0
Items to be shown net of reinsurance ceded						The financial year	Previous year		
						1	2		
Earned premiums					11	9	9		
Investment income receivable before deduction of tax					12	140	188		
Increase (decrease) in the value of non-linked assets brought into account					13	(101)	(138)		
Increase (decrease) in the value of linked assets					14	313	(565)		
Other income					15		20		
Total income (11 to 15)					19	361	(486)		
Claims incurred					21	103	104		
Expenses payable					22	23	24		
Interest payable before deduction of tax					23		1		
Taxation					24	22	(32)		
Other expenditure					25				
Transfer to (from) non technical account					26				
Total expenditure (21 to 26)					29	148	97		
Increase (decrease) in fund in financial year (19-29)					39	213	(583)		
Fund brought forward					49	2795	3378		
Fund carried forward (39+49)					59	3008	2795		

Long term insurance business : Analysis of premiums and expensesName of insurer **Fidelity Life Assurance Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2003**Name and number of fund/Summary **Ordinary Long Term 1**

		Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/Summary	No of part of Fund	
		R41	869405	GL	31	12	2003	£000	OB	1	0
					Gross		Payable to or recoverable from reinsurers	Net of reinsurance (1-2)			
					1		2	3			
Earned premiums in the financial year	Life assurance and general annuity contracts	Single premium	11								
		Regular premium	12		9				9		
	Pension business contracts	Single premium	13								
		Regular premium	14								
	Permanent health contracts	Single premium	15								
		Regular premium	16								
	Other contracts	Single premium	17								
		Regular premium	18								
	Total premiums	Single premium	19								
		Regular premium	29		9					9	
Total premiums at lines 19 and 29 attributable to	UK contracts	31		9					9		
	Overseas contracts	32									
Expenses payable in the financial year	Commission payable in connection with acquisition of business		41								
	Other commission payable		42								
	Management expenses in connection with acquisition of business		43								
	Management expenses in connection with maintenance of business		44		23					23	
	Other management expenses		45								
	Total expenses (41 to 45)		49		23					23	
	Total expenses at line 49 attributable to	UK contracts	51		23					23	
		Overseas contracts	52								

Long term insurance business : Analysis of claimsName of insurer **Fidelity Life Assurance Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2003**Name and number of fund/Summary **Ordinary Long Term 1**

		Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/Summary	No of part of Fund	
		R42	869405	GL	31	12	2003	£000	OB	1	0
Claims incurred in the financial year					Gross		Recoverable from reinsurers	Net of reinsurance (1-2)			
					1		2	3			
Life assurance and annuity contracts	On death	11	43		43						
	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	60		60						
	Total life assurance and annuity claims (11 to 15)	19	103		103						
Pension business contracts	On death	21									
	By way of lump sums on vesting	22									
	By way of vested annuity payments	23									
	On surrender or partial surrender	24									
	Total pension business claims (21 to 24)	29									
Permanent health contracts	By way of lump sums	31									
	By way of periodical payments	32									
	Total permanent health claims (31+32)	39									
Other contracts	By way of lump sums	41									
	By way of periodical payments	42									
	Total claims (41+42)	49									
Total claims (19+29+39+49)		59	103		103						
Total claims at line 59 attributable to	UK contracts	61	103		103						
	Overseas contracts	62									

Long term insurance business : Aggregate revenue account for internal linked fundsName of insurer **Fidelity Life Assurance Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2003**Name and number of fund/Summary **Ordinary Long Term 1**

	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/Summary	No of part of Fund	
			day	month	year					
	R44	869405	GL	31	12	2003	£000	OB	1	0
Value of total creation of units						11				9
Investment income attributable to the funds before deduction of tax						12				92
Increase (decrease) in the value of investments in the financial year						13				291
Other income						14				
Total income (11 to 14)						19				392
Value of total cancellation of units						21				121
Charges for management						22				11
Charges in respect of tax on investment income						23				11
Taxation on realised capital gains						24				45
Increase (decrease) in amount set aside for tax on capital gains not yet realised						25				16
Other expenditure						26				
Total expenditure (21 to 26)						29				204
Increase (decrease) in funds in financial year (19-29)						39				188
Internal linked funds brought forward						49				2437
Internal linked funds carried forward (39+49)						59				2625

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

Name of insurer **Fidelity Life Assurance Limited**

Global business

Financial year ended **31st December 2003**

- 1 The investigation relates to 31 December 2003.
- 2 The last investigation related to 31 December 2002.
- 3 The valuation has been made in conformity with rule 5.6 of the Interim Prudential Sourcebook (Insurers).
- 4 (1) There are no remaining non-linked contracts.

5 (1)

(a) Flexible Investment Bond, American Growth Bond, Trust of Trusts Bond

- (b) These are similar without profits whole life insurance contracts.
- (c) The contracts were purchased by single premium.
- (d) The benefit on death is the bid value of units multiplied by a factor depending upon age at the date of death. The factors are:

Age at Death	Factor
40 and under	1.6
41 - 50	1.3
51 - 60	1.1
61 - 65	1.05
66 - 70	1.03
71 and above	1.01

- (e) There are no guaranteed investment returns.
- (f) The margins available for expenses and policy benefits are:
 - (i) A bid/offer spread of 5% plus rounding, modified by the investment allocation proportion.
 - (ii) An annual management charge of 0.5% of the value of the fund.
- (g) The charges are fixed.
- (h) The bonds may be surrendered for the bid value of units.
- (i) Benefits are wholly determined by investment in one of the Company's internal linked funds.
- (j) None.
- (k) These contracts are closed to new business.
- (l) Not applicable.

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

Name of insurer **Fidelity Life Assurance Limited**

Global business

Financial year ended **31st December 2003**

- (a) Flexible Investment Plan, Secured Investment Plan, Top Ten Plan, Trust Managers Plan, Trust of Trusts Plan**
- (b)** These are similar without profits whole life insurance contracts.
- (c)** Premiums are payable monthly or yearly; several contracts have been made paid up.
- (d)** The benefit on death is the greater of a guaranteed sum assured or the bid value of units.
- (e)** There are no guaranteed investment returns.
- (f)** The margins available for expenses and policy benefits are:
 - (i)** A low investment allocation for a designated period.
 - (ii)** A bid/offer spread of 5% plus rounding.
 - (iii)** An annual management charge of 0.5% of the value of the fund.
 - (iv)** A service charge of £3 pa if premiums are payable monthly.
- (g)** The charges are fixed.
- (h)** The plans may be surrendered for the bid value of units.
- (i)** Benefits are wholly determined by investment in one of the Company's internal linked funds.
- (j)** Certain policies have continuing guarantees. Those identified with suffix (a) in Form 53 guarantee a return of premiums on surrender. The value shown in column 7 is the guaranteed amount on the 2003 policy anniversary. Those identified with suffix (b) in Form 53 guarantee a return of premiums for the month following each quinquennial policy anniversary. The value of column 7 is the equivalent guarantee applying at the 2003 policy anniversary.
- (k)** These contracts are closed to new business.
- (l)** Not applicable.

5 (4) Allocation and creation of units

The Company operates one pool of assets for each internal linked fund.

Asset units are created and cancelled at either the asset offer price or the asset bid price depending upon the prevailing basis of the fund and using the most recently available price. The pricing basis is set depending upon the short and medium term expectation of whether the associated internal linked fund will be in a net inflow or outflow position.

Where an instruction, payment or all our requirements are received for a transaction before 8:00am on a business day, then units are allocated at the unit price based upon market movements up to 11:00pm on the previous business day. Where the instruction, payment or all our requirements are received after 8:00am then units are allocated at the next available unit price. The Company reserves the right to defer any transaction to a subsequent valuation point.

(5) Provision for tax on realised and unrealised capital gains

The provision for tax is calculated on a daily basis from the movements in realised and unrealised gains or losses, using tax rates reflecting the expected tax payable or recoverable. The tax rate used will normally be the current standard rate of income tax. If the fund is in a loss position some credit for losses may be given. For unrealised gains on some funds this rate is discounted to allow for the anticipated turnover. Deemed disposal rules are allowed for in the calculation of provisions for unit trusts and other collective investments.

The suitability of the provision level and rate of tax applied are reviewed from time to time, as information on actual gains or losses becomes available. Assets are transferred between the internal linked funds and the Company to meet an appropriate share of the tax charge.

Valuation report prepared by the appointed actuary – IPRU (INS) Appendix 9.4Name of insurer **Fidelity Life Assurance Limited**

Global business

Financial year ended **31st December 2003**

The following percentages were provided for during the year :-

	Overall Gains	Overall Losses
Realised:		
Loan Relationships	22%	22%
Other	22%	22%
Unrealised:		
UK Equities	20%	20%
Loan Relationships	20%	20%

(6) Benefits from discounts, commission or other allowance

The Company derives no financial benefit in respect of collective investment fund units held by the internal linked funds. The Company's policy on receiving discount, commission or other allowance when purchasing, selling or holding units in collective investment funds is to pass the full benefit onto the fund.

- 6 (1)** The unit liability has been taken as the bid value of units, together with non-unit reserves for mortality and future expenses, not supported by margins within the business.
- (a)** The Company holds no derivatives.
- (f)** 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)** Although the guaranteed surrender values are well covered, an explicit reserve of 10% of the current guarantees is held.
- 7 (1)** The mortality table used is A67/70 ultimate.
- (5)** The mortality basis is prudent and more than adequate to cover the AIDS mortality risks.
- 8** Not applicable.
- 9 (a)** All units are accumulating, and hence none has been discounted.
- The mortality risk on Flexible Investment Bond, American Growth Bond and Trust of Trusts Bond has been valued by discounting the excess of death benefit above bid value of units (based on fund values at 31 December 2003) for each future year, using a discount rate of 3.50%.
- The mortality risk on Flexible Investment Plan, Secured Investment Plan, Top Ten Plan, Trust Managers Plan and Trust of Trusts Plan has been valued as the cost of providing one year's life cover.
- (b)** Future overhead expenses of £42,000 pa (gross) have been valued over the next 10 years and an expense reserve set up.
- 10 (1)** Future inflation of 4% pa has been assumed.
- (2)** The amounts available for expenses during 2004, based on the fund values at 31 December 2003, are:

	£'000's
Annual management charge	13

Returns under the Accounts and Statements Rules

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

Name of insurer **Fidelity Life Assurance Limited**

Global business

Financial year ended **31st December 2003**

Release of expense reserves (grossed up for tax)	<u>42</u>
	<u>55</u>

(3) The Company is not authorised to write new business.

11 Not applicable.

12 The Company has no reinsurance arrangements in force.

13,14 The Company has no with profits business.

15,16 The Company has no with profits business.

17 Form 46 follows.

18 Form 47 is not relevant.

19 Forms 48 and 49 follow.

20 Forms 53 and 55 follow.

21 Form 57 is not relevant.

22 Form 58 follows.

23 Form 60 follows.

John Lister
Appointed Actuary

Long term insurance business : Summary of changes in ordinary long term businessName of insurer **Fidelity 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	
		R46	869405		GL	day	month				year
						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	176	8								
New business and increases	12										
Net transfers and other alterations 'on'	13										
Total 'on' (12+13)	19										
Deaths	21	3	1								
Other insured events	22										
Maturities	23										
Surrenders	24	2									
Forfeitures	25										
Conversions to paid-up policies for reduced benefits	26										
Net transfers, expiries and other alterations 'off'	27										
Total 'off' (21 to 27)	29	5	1								
In force at end of year (11+19-29)	39	171	7								

Long term insurance business : Expected income from admissible assets not held to match liabilities in respect of linked benefitsName of insurer **Fidelity Life Assurance Limited**

Global business

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

Type of asset	Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			day	month	year			
	R48	869405	GL	31	12	2003	£000	10
			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						
	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	1057		39		3.70	
	Not producing income	19	7					
Total (11 to 19)	29		1064		39		3.68	

Long term insurance business : Valuation summary of property linked contractsName of insurer **Fidelity Life Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2003**Type of business **Life Assurance & General Annuity Insurance Business**Category of surplus **Ordinary Long Term**

Company registration number

GL/UK/CM

Period ended
day month year

Units

UK/OS

Type of business

Category of surplus

R53	869405	GL	31	12	2003	£000	UK	L&GA	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	
DIRECT WRITTEN INSURANCE BUSINESS Non-Profit Policies														
Whole life assurance - without guarantees :														
Flexible Investment Bond			31		561				FI	551	551	5		556
American Growth Bond			14		105				AG	103	103	1		104
Trust of Trusts Bond			2		52				T of T	52	52			52
Flexible Investment Plan			34		158				FI	158	158			158
Secured Investment Plan			8		50				FI	50	50			50
Top Ten Plan			1	5	95				FI	95	95			95
Trust Managers Plan			3		21				T of T	21	21			21
Trust of Trusts Plan			5	13	78				T of T	76	76			76
Whole life assurance - with guarantees :														
Flexible Investment Plan (a)			27	90	623	74	2		FI	623	623			623
Secured Investment Plan (a)			3	5	89	10			FI	89	89			89
Trust Managers Plan (b)			43	194	804	162	5		T of T	804	804			804
Additional reserves :														
Reserve for future overhead expenses not otherwise provided	3.50											350		350

Long term insurance business : Valuation summary of property linked contractsName of insurer **Fidelity Life Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2003**Type of business **Life Assurance & General Annuity Insurance Business**Category of surplus **Ordinary Long Term**Company
registration
number

GL/UK/CM

Period ended
day month year

Units

UK/OS

Type of
businessCategory
of surplus

R53	869405	GL	31	12	2003	£000	UK	L&GA	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	
Maturity and surrender value guarantees												25	25	
Mortality reserve												5	5	
Sub total: Non-Profit Policies			171	307	2636	246	7			2622	2622	361	25	3008
Sub total: Direct Written Insurance Business			171	307	2636	246	7			2622	2622	361	25	3008
Net total: Life Assurance & General Annuity Insurance Business			171	307	2636	246	7			2622	2622	361	25	3008
Net total: United Kingdom Insurance Business			171	307	2636	246	7			2622	2622	361	25	3008

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 **Fidelity Life Assurance Limited**

(Sheet 1)

Global business

United Kingdom business

Financial year ended **31st December 2003**Category of surplus **Ordinary Long Term**

Internal linked fund

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)	Company registration number			Units	UK/OS	Category of surplus	IL/DH			
							R55	869405	GL					Period ended		
							31	12	2003					day	month	year
							£000	UK	11	ILH						
							Gross	Reinsurance ceded								
							8	9				10				
Life Fidelity Flexible Investment	Ordinary	6.791046	230717	1567	1566	1						1				
Sub total: Life Fidelity Flexible Investment				1567	1566	1						1				
Life Fidelity American Growth	Ordinary	6.423993	16191	104	103	1						1				
Sub total: Life Fidelity American Growth				104	103	1						1				
Life Fidelity Trust of Trusts	Ordinary	8.605022	110860	954	953	1						1				
Sub total: Life Fidelity Trust of Trusts				954	953	1						1				
Flexible investment	Accumulation	6.861081	228189	1566		1566	1566									
Sub total: Flexible investment				1566		1566	1566	1566								
American growth	Accumulation	6.376292	16224	103		103	103									
Sub total: American growth				103		103	103	103								
Trust of trusts	Accumulation	8.660399	110043	953		953	953									
Sub total: Trust of trusts				953		953	953	953								
Total: Ordinary Long Term				5247	2622	2625	2622					3				

Long term insurance business : Valuation result and distribution of surplusName of insurer **Fidelity 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 **Ordinary Long Term**

R58	869405	GL	31	12	2003	£000	11
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			Period ended			Units	Category of surplus
			day	month	year		
Valuation result	Fund carried forward		11				3008
	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				3008
	Mathematical reserves for accumulating with profit policies		17				
	Mathematical reserves for other non linked contracts		18				
	Mathematical reserves for property linked contracts		19				3008
	Mathematical reserves for index linked contracts		20				
	Total (17 to 20)		21				3008
	Surplus including contingency and other reserves held towards the solvency margin (deficiency) (16-21)		29				
Composition of surplus	Balance of surplus brought forward unappropriated from last valuation		31				
	Transfers into fund/part of fund	Transfer from non-technical account	32				
		Transfer from other funds/parts of fund	33				
	Net transfer into fund/part of fund (32+33)		34				
	Surplus arising since the last valuation		35				
Total (31+34+35)		39					
Distribution of surplus	Bonus payments made to policyholders in anticipation of a surplus		41				
	Allocated to policyholders by way of	Cash bonuses	42				
		Reversionary bonuses	43				
		Other bonuses	44				
		Premium reductions	45				
	Total allocated to policyholders (41 to 45)		46				
	Net transfer out of fund/part of fund		47				
	Total distributed surplus (46+47)		48				
	Balance of surplus (including contingency and other reserves held towards the solvency margin) carried forward unappropriated		49				
Total (48+49)		59					
Percentage of distributed surplus allocated to policyholders of fund/part of fund			61				
Corresponding percentage at three immediately previous valuations	Latest	(year of valuation 2002)	62				
	Earlier	(year of valuation 2001)	63				
	Earliest	(year of valuation 2000)	64				

Long term insurance business : Required minimum marginName of insurer **Fidelity Life Assurance Limited**

Global business

Financial year ended **31st December 2003**Company
registration
number

GL/UK/CM

Period ended

day month year

Units

R60	869405	GL	31	12	2003	£000
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Class		Classes I, II & IX	Class III business with relevant factor of				Class IV and VI	Classes VII and VIII business with relevant factor of					Unallocated additional mathematical reserves with relevant factor of		Total for all classes	
			4% 1	4% 2	1% 3	Nil 4		Total 5	4% 6	4% 7	1% 8	Nil 9	Total 10	4% 11	1% 12	The financial year 13
Relevant factor (Instruction 1)																
Mathematical reserves before deduction of reinsurance	Reserves before distribution of surplus	11	1749	1259		3008								3008	2795	
	Reserves for bonus allocated to policyholders	12														
	Reserves after distribution of surplus	13	1749	1259		3008								3008	2795	
Mathematical reserves after deduction of reinsurance	Reserves before distribution of surplus	14	1749	1259		3008								3008	2795	
	Reserves for bonus allocated to policyholders	15														
	Reserves after distribution of surplus	16	1749	1259		3008								3008	2795	
Ratio of 16 to 13 or 0.85 if greater (see Instruction 2)	17					1.00										
Required margin of solvency - first result = (line 13) * (line 17) * relevant factor	19					83								83	76	
Non negative capital at risk before reinsurance (see Instruction 3)	Temporary assurances with required margin of solvency of 0.1%	21														
	Temporary assurances with required margin of solvency of 0.15%	22														
	All other assurances with required margin of solvency of 0.3%	23				8								8	13	
	Total (21 to 23)	29				8								8	13	
Non negative capital at risk after reinsurance (all contracts) (see Instruction 3)	31					8								8	13	
Ratio of line 31 to line 29, or 0.50 if greater	32					1.00										
Required margin of solvency - second result (see Instruction 4)	39															
Sum of first and second results (19+39)	49					83								83	76	
Required margin of solvency for supplementary Accident & Sickness Insurance & Class V business	51															
Total required margin of solvency for long term insurance business (49+51)	59													83	76	
Minimum guarantee fund	61													549	100	
Required minimum margin (greater of lines 59 and 61)	69													549	100	

Supplementary notes

Name of insurer **Fidelity Life Assurance Limited**
Financial year ended **31st December 2003**
Code

4801 Accrued interest

The full amount of accrued interest of £2,742 from Form 13 line 84 has been included on Form 48, line 19.

5301 Unit linked definitions

Definitions in column 10 are as follows:-

Ref	Description
AG	American Growth Fund
FI	Flexible Investment Fund
T of T	Trust of Trust

5501 Valuation price per unit

The valuation prices in column 3 are stated in pounds.

Supplementary notes

Name of insurer **Fidelity Life Assurance Limited**

Financial year ended **31st December 2003**

Code

1001 Reconciliation of net assets

	2003	2002
	£'000	£'000
Other than long term insurance business assets (Form 13 L99)	1,937	1,749
Other than long term insurance business liabilities (Form 15 L59)	(1,134)	(954)
	<hr/> 803	<hr/> 795
Excess surplus assets not declared to shareholders	215	162
	<hr/> 1,018	<hr/> 957

1002 Other Movements

The comparative figure for other movements at Line 65 relate to a prior year adjustment in respect of deferred tax. A provision of tax on unrealised appreciation of shareholders assets is now specifically provided for.

1304 Amounts set off

1310 Amounts set off

Amounts set off have been applied in line with generally accepted accounting principles, where applicable.

1305 Counterparty limits

1311 Counterparty limits

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

Deposits

The maximum permitted exposure to counterparties is set out in the lending limit list approved by the Group Risk Committee. The maximum exposure to individual counterparties is limited as follows:

- Tier 1: A maximum of £1m
- Tier 2: A maximum of £750,000
- Tier 3: A maximum of £500,000

Tier 1 represents AAA rated institutions, Tier 2 represents institutions rated AA- or better whilst Tier 3 represents institutions rated A- or better.

There have been no breaches to the above limits during the year.

1312 Counterparty exposure

Counterparty exposures with deposit takers which exceeded 5% of the Long Term Insurance Business Amount as at 31 December 2003 are as follows:

	£'000
Nat West	404
Bank of New York	78
Alliance & Leicester plc	203
Bank of Scotland plc	200
Bradford & Bingley plc	200
Coventry Building Society	200
Nationwide Building Society	102
Northern Rock plc	200
HSBC/Midland Bank	200
Lloyds Bank	300

1317 Other assets

Assets backing property-linked benefits at line 59 exclude the value of surplus units held. Surplus units as outlined in column 10 of Form 55 have been reported under "other assets" at line 83.

1318 Deposits with credit institutions

Supplementary notes

Name of insurer **Fidelity Life Assurance Limited**

Financial year ended **31st December 2003**

Code

Under Appendix 4.2 IPRU (INS) advantage has been taken of the option allowing an admissibility limit for debts due from approved credit institutions of £2m, rather than 20% of the long term insurance business amount. Fidelity Life Assurance Limited has deposits with the credit institutions disclosed in Note 1312.

1401 Adverse changes

1501

There is no provision for adverse changes on the basis that policyholders' funds are wholly unit linked and there is no uncovered exposure to derivatives or stock lending.

1402 Contingent liabilities

1502

The liability to Capital Gains Tax as at 31 December 2003 is nil.

There are no contingent liabilities applicable to the Company.

There are no charges over any assets of the Company.

There are no guarantees, indemnities or any other contractual commitments.

There are no other fundamental uncertainties

1601 Rates of exchange

4005

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

1700 Analysis of derivative contracts

No Form 17 has been prepared on the basis that the company has no derivative contracts.

4002 Other Income

Other income at line 15 refers to a rebate of investment management charges.

4008 Provision of management services

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

Investment management services have been provided throughout the financial year by Morley Fund Management Limited.

4009 Related party transactions

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

Name of connected party: Norwich Union Life Services Limited

Nature of relationship: Fellow group undertaking

Transactions during the period: £21,750.

Amounts unpaid or outstanding at the end of the period: £76,158

Amounts written off in the period: Nil

Nature of transactions: Charges for management services provided.

4301 Valuation of assets backing linked funds

Supplementary notes

Name of insurer **Fidelity Life Assurance Limited**

Financial year ended **31st December 2003**

Code

Unit trust holdings have been valued at middle market value. OEIC fund holdings have been valued at market value.

4501 Valuation price per unit

The valuation prices in column 6 are stated in pounds.

Returns under the Accounts and Statements Rules

Statement on derivatives required by IPRU (INS) 9.29

Name of insurer **Fidelity Life Assurance Limited**

Global business

Financial year ended **31st December 2003**

It is not the policy of the Company to use derivatives in the management of its funds. No derivatives were used during the financial year.

Returns under the Accounts and Statements Rules

Statement on controllers required by IPRU (INS) 9.30

Name of insurer **Fidelity 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 **Fidelity Life Assurance Limited**

Global business

Financial year ended **31st December 2003**

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

- (a)
- (1) An interest in 6,461 ordinary shares at 31 December 2003 in Aviva plc, and an interest in 5,110 ordinary shares at 31 December 2002.
 - (2) 25,409 ordinary shares are held in the Aviva Long Term Incentive Plan and 20,166 ordinary shares are held in the CGNU Deferred Bonus Plan.
 - (3) Options were held at 31 December 2003 to subscribe for 30,524 ordinary shares in Aviva plc under UK Employees Savings Related and Executive Share Option Schemes:

	No. of shares
Options held at 31 December 2002	37,253
Options granted during the year	-
Options exercised or lapsed during the year	(6,729)

- (b) Two low cost endowment policies with CGNU Life Assurance Limited, with aggregate sums assured of £46,000 and monthly premiums of £259. The actuary also holds a number of investment products managed by Norwich Union Investment Funds Limited. In addition the actuary held general insurance policies with subsidiaries of Aviva plc for which total premiums of £2,000 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 £193,875. Under the contract he was Appointed Actuary and Director of:

Fidelity Life Assurance Limited

appointed actuary of:-

The Yorkshire Insurance Company Limited
CGU Insurance plc
TPFL Limited

And a director of:-

The General Practice Finance Corporation Limited
The General Practice Finance Corporation Property Management Limited
Norwich Union Commercial Finance Limited
Norwich Union Commercial Mortgages Limited
Norwich Union Mortgage Finance Limited
Norwich Union Mortgages (Life) Limited
Norwich Union Mortgage Holdings Limited

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

Returns under the Accounts and Statements Rules

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

Name of insurer **Fidelity 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 16 and 40 to 45, (including the supplementary notes) and the statements required by rules 9.29 and 9.30 that:
 - (i) the return has been prepared in accordance with the Accounts and Statements Rules;
 - (ii) proper accounting records have been maintained and adequate information has been obtained by Fidelity 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.

Returns under the Accounts and Statements Rules

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

Name of insurer **Fidelity 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’.

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

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

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

22 March 2004

Returns under the Accounts and Statements Rules

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

Name of insurer **Fidelity 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 Fidelity Life Assurance Limited (the Company) adequate for the purpose of the valuation of the liabilities of its long term business;
 - (ii) that the sum of the mathematical reserves 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 the 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 £549,000.

J Lister

Appointed Actuary

22 March 2004

Returns under the Accounts and Statements Rules

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

Name of insurer **Fidelity 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 16 and 40 to 45 (including the supplementary notes) ("the Forms");
- the statement required by rule 9.29 on page 34 ("the statement"); and
- the certificate signed in accordance with rule 9.34(a) on page 37 ("the certificate").

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

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

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

Respective responsibilities of the company and its auditors

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

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

Bases of opinions

We conducted our work in accordance with Practice Note 20 "The audit of insurers in the United Kingdom" issued by the Auditing Practices Board. Our work included examination, on a test basis, of evidence relevant to the amounts and disclosures in the Forms and statement. 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 39 with respect to the mathematical reserves and the required minimum margin.

Opinions

In our opinion:

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

Ernst & Young LLP
Registered Auditor
London
25 March 2004