

# Norwich Union Life (RBS) Limited

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

**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 **Norwich Union Life (RBS) Limited**

Global Business

Financial year ended **31st December 2003**

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

Global business

Financial year ended **31st December 2003**

R9	Company registration number 1117445	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	2842	10238	10 . 11
Other than long term insurance business assets allocated towards long term insurance business required minimum margin	22	32646	16893	See instructions 1 and 3
Total mathematical reserves (after distribution of surplus)	23			See instruction 4
Other insurance and non-insurance liabilities	24	2842	10238	See instruction 5
Available assets for long term insurance business required minimum margin (21+22-23-24)	25	32646	16893	

**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	32646	16893	
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**Required minimum margin**

Required minimum margin for long term insurance business	41	24882	14931	60 . 69
Explicit required minimum margin (1/6 x 41, or minimum guarantee fund if greater)	42	4147	2489	
Excess (deficiency) of available assets over explicit required minimum margin (25-42)	43	28499	14404	
Excess (deficiency) of available assets and implicit items over the required minimum margin (34-41)	44	7764	1962	

**CONTINGENT LIABILITIES**

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

**Analysis of the effect of financial engineering on long-term available assets**Name of insurer **Norwich Union Life (RBS) Ltd**

Global business

Financial year ended **31st December 2003**

	R9A	Company registration number 1117445	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	24882	14931	See instruction 2			
Excess (deficiency) of available assets and implicit items over the required minimum margin	12	7764	1962	See instruction 3			
Total available assets and implicit items (11+12)	13	32646	16893				
<b>Analysed as follows:</b>							
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	32646	16893				
Total available assets and implicit items (19+20)	21	32646	16893				

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

Global business

Financial year ended **31st December 2003**

	R10	Company registration number 1117445	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	< > ?
Long term insurance business - admissible assets	11			2842		10238	13 . 89 . 1
Long term insurance business - liabilities and margins	12			2842		10238	14 . 59 . 1

Other than Long term insurance business - admissible assets	21			35662		18928	13 . 89 . 1
Other than Long term insurance business - liabilities	22			3016		2035	15 . 69 . 1
Net admissible assets (21-22)	23			32646		16893	
Other assets allowed to be taken into account in covering the required minimum margin				Unpaid amounts (including share premium) on partly paid shares			
				24			
Liabilities allowed to be left out of account in covering the required minimum margin				Supplementary contributions for a mutual carrying on general insurance business			
				25			
Liabilities allowed to be left out of account in covering the required minimum margin				Subordinated loan capital			
				26			
Liabilities allowed to be left out of account in covering the required minimum margin				Cumulative preference share capital			
				27			
Available assets (23 to 27)	29			32646		16893	

**Represented by:**

Paid up share capital (other than cumulative preference share capital)	51			22405		16405	
Amounts included in lines 24 to 27 above	52						
Amounts representing the balance of net assets	56			10241		488	
Total (51 to 56) and equal to line 29 above	59			32646		16893	

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

Balance brought forward at the beginning of the financial year	61			488		281	10 . 56 . 2
Retained profit/(loss) for the financial year	62			2650		(491)	16 . 59 . 1
Movement in asset valuation differences	63			7103		(5702)	See instruction 2
Decrease/(increase) in the provision for adverse changes	64						See instruction 3
Other movements (particulars to be specified by way of supplementary note)	65					6400	
Balance carried forward at the end of the financial year (61 to 65)	69			10241		488	

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

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	1117445	GL	31	12	2003	£000	1
				day	month	year			
<b>Investments</b>				As at the end of this financial year			As at the end of the previous year		
				<b>1</b>			<b>2</b>		
Land and buildings				<b>11</b>					
Investments in group undertakings and participating interests	UK insurance business dependants	Shares	<b>21</b>						
		Debt securities issued by, and loans to, dependants	<b>22</b>						
	Other insurance dependants	Shares	<b>23</b>						
		Debt securities issued by, and loans to, dependants	<b>24</b>						
	Non-insurance dependants	Shares	<b>25</b>						
		Debt securities issued by, and loans to, dependants	<b>26</b>						
	Other group undertakings and participating interests	Shares	<b>27</b>						
		Debt securities issued by, and loans to, group undertakings	<b>28</b>						
		Participating interests	<b>29</b>						
		Debt securities issued by, and loans to, undertakings in which the insurer has a participating interest	<b>30</b>						
Total sheet 1 (11 to 30)				<b>39</b>					

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

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			
	<b>R13</b>	<b>1117445</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2003</b>	<b>£000</b>	<b>1</b>
<b>Investments (continued)</b>				As at the end of this financial year		As at the end of the previous year		
<b>Deposits with ceding undertakings</b>				<b>1</b>		<b>2</b>		
<b>Assets held to cover linked liabilities</b>								
Other financial investments	Equity shares		<b>41</b>					
	Other shares and other variable yield securities		<b>42</b>					
	Holdings in collective investment schemes		<b>43</b>		23396		15345	
	Rights under derivative contracts		<b>44</b>					
	Debt securities and other fixed income securities	Fixed interest	Approved securities	<b>45</b>		7451		
			Other	<b>46</b>				
		Variable interest	Approved securities	<b>47</b>				
			Other	<b>48</b>				
	Participation in investment pools		<b>49</b>					
	Loans secured by mortgages		<b>50</b>					
	Other loans	Loans to public or local authorities and nationalised industries or undertakings		<b>51</b>				
		Loans secured by policies of insurance issued by the company		<b>52</b>				
		Other		<b>53</b>				
	Deposits with approved credit institutions and approved financial institutions	Withdrawal subject to a time restriction of one month or less		<b>54</b>		3300	2900	
		Withdrawal subject to a time restriction of more than one month		<b>55</b>				
	Other		<b>56</b>					
	Deposits with ceding undertakings		<b>57</b>					
Assets held to match linked liabilities	Index linked		<b>58</b>					
	Property linked		<b>59</b>					
Reinsurers' share of technical provisions	Provision for unearned premiums		<b>60</b>					
	Claims outstanding		<b>61</b>					
	Provision for unexpired risks		<b>62</b>					
	Other		<b>63</b>					
Total sheet 2 (41 to 63)			<b>69</b>		34147	18245		

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

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			
	<b>R13</b>	<b>1117445</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2003</b>	<b>£000</b>	<b>1</b>
<b>Debtors</b>								
<b>Other assets</b>								
						As at the end of this financial year		As at the end of the previous year
						<b>1</b>		<b>2</b>
Debtors arising out of direct insurance operations	Policyholders			<b>71</b>				
	Intermediaries			<b>72</b>				
Salvage and subrogation recoveries				<b>73</b>				
Debtors arising out of reinsurance operations	Due from ceding insurers and intermediaries under reinsurance business accepted			<b>74</b>				
	Due from reinsurers and intermediaries under reinsurance contracts ceded			<b>75</b>				
Other debtors	Due from dependants	Due in 12 months or less after the end of the financial year		<b>76</b>				
		Due more than 12 months after the end of the financial year		<b>77</b>				
	Other	Due in 12 months or less after the end of the financial year		<b>78</b>		1157		372
		Due more than 12 months after the end of the financial year		<b>79</b>				
Tangible assets			<b>80</b>					
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			<b>81</b>		115		162
	Cash in hand			<b>82</b>				
Other assets (particulars to be specified by way of supplementary note)				<b>83</b>				
Prepayments and accrued income	Accrued interest and rent			<b>84</b>		243		149
	Deferred acquisition costs			<b>85</b>				
	Other prepayments and accrued income			<b>86</b>				
Deductions (under rules 4.14(2)(b) and 4.14(3)) from the aggregate value of assets				<b>87</b>				
Total sheet 3 (71 to 86 less 87)				<b>88</b>		1515		683
Grand total of admissible assets (39+69+88)				<b>89</b>		35662		18928
<b>Reconciliation to asset values determined in accordance with the insurance accounts rules</b>								
Total admissible assets (as per line 89 above)				<b>91</b>		35662		18928
Total assets in excess of the admissibility limits of Appendix 4.2 (as valued in accordance with those Rules before applying admissibility limits)				<b>92</b>				7103
Solvency margin deduction for subsidiary undertakings which are insurance undertakings				<b>93</b>				
Other differences in the valuation of assets (other than for assets not valued above)				<b>94</b>				
Assets of a type not valued above, (as valued in accordance with the insurance accounts rules)				<b>95</b>				
Total assets determined in accordance with the insurance accounts rules (91 to 95)				<b>99</b>		35662		26031
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance				<b>100</b>				



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

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	1117445	GL	31	12	2003	£000	10
						day	month	year	
<b>Investments</b>						As at the end of this financial year <b>1</b>		As at the end of the previous year <b>2</b>	
Land and buildings						<b>11</b>			
Investments in group undertakings and participating interests	UK insurance business dependants	Shares			<b>21</b>				
		Debt securities issued by, and loans to, dependants			<b>22</b>				
	Other insurance dependants	Shares			<b>23</b>				
		Debt securities issued by, and loans to, dependants			<b>24</b>				
	Non-insurance dependants	Shares			<b>25</b>				
		Debt securities issued by, and loans to, dependants			<b>26</b>				
	Other group undertakings and participating interests	Shares			<b>27</b>				
		Debt securities issued by, and loans to, group undertakings			<b>28</b>				
		Participating interests			<b>29</b>				
		Debt securities issued by, and loans to, undertakings in which the insurer has a participating interest			<b>30</b>				
Total sheet 1 (11 to 30)						<b>39</b>			

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

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	1117445	GL	31	12	2003	£000	10
					day	month	year		
<b>Investments (continued)</b>					As at the end of this financial year		As at the end of the previous year		
<b>Deposits with ceding undertakings</b>					1		2		
<b>Assets held to cover linked liabilities</b>									
Other financial investments	Equity shares			41					
	Other shares and other variable yield securities			42					
	Holdings in collective investment schemes			43					469
	Rights under derivative contracts			44					
	Debt securities and other fixed income securities	Fixed interest	Approved securities		45				6578
			Other		46				
		Variable interest	Approved securities		47				
			Other		48				
	Participation in investment pools			49					
	Loans secured by mortgages			50					
	Other loans	Loans to public or local authorities and nationalised industries or undertakings			51				
		Loans secured by policies of insurance issued by the company			52				
		Other			53				
	Deposits with approved credit institutions and approved financial institutions	Withdrawal subject to a time restriction of one month or less			54			2061	
		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			2061		7047	

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

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			
	<b>R13</b>	<b>1117445</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2003</b>	<b>£000</b>	<b>10</b>
<b>Debtors</b>								
<b>Other assets</b>								
						As at the end of this financial year		As at the end of the previous year
						<b>1</b>		<b>2</b>
Debtors arising out of direct insurance operations	Policyholders			<b>71</b>				
	Intermediaries			<b>72</b>				
Salvage and subrogation recoveries				<b>73</b>				
Debtors arising out of reinsurance operations	Due from ceding insurers and intermediaries under reinsurance business accepted			<b>74</b>				
	Due from reinsurers and intermediaries under reinsurance contracts ceded			<b>75</b>		31		
Other debtors	Due from dependants	Due in 12 months or less after the end of the financial year		<b>76</b>				
		Due more than 12 months after the end of the financial year		<b>77</b>				
	Other	Due in 12 months or less after the end of the financial year		<b>78</b>		750		149
		Due more than 12 months after the end of the financial year		<b>79</b>				
Tangible assets				<b>80</b>				
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			<b>81</b>				2986
	Cash in hand			<b>82</b>				
Other assets (particulars to be specified by way of supplementary note)				<b>83</b>				
Prepayments and accrued income	Accrued interest and rent			<b>84</b>				56
	Deferred acquisition costs			<b>85</b>				
	Other prepayments and accrued income			<b>86</b>				
Deductions (under rules 4.14(2)(b) and 4.14(3)) from the aggregate value of assets				<b>87</b>				
Total sheet 3 (71 to 86 less 87)				<b>88</b>		781		3191
Grand total of admissible assets (39+69+88)				<b>89</b>		2842		10238
<b>Reconciliation to asset values determined in accordance with the insurance accounts rules</b>								
Total admissible assets (as per line 89 above)				<b>91</b>		2842		10238
Total assets in excess of the admissibility limits of Appendix 4.2 (as valued in accordance with those Rules before applying admissibility limits)				<b>92</b>				
Solvency margin deduction for subsidiary undertakings which are insurance undertakings				<b>93</b>				
Other differences in the valuation of assets (other than for assets not valued above)				<b>94</b>				
Assets of a type not valued above, (as valued in accordance with the insurance accounts rules)				<b>95</b>				
Total assets determined in accordance with the insurance accounts rules (91 to 95)				<b>99</b>		2842		10238
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance				<b>100</b>		31		149

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

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		1117445	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					See Instruction 2	
Cash bonuses which had not been paid to policyholders prior to end of the financial year		12					See Instruction 3	
Balance of surplus/(valuation deficit)		13					See Instruction 4	
Long term insurance business fund carried forward (11 to 13)		14					See Instruction 5	
Claims outstanding which had fallen due for payment before the end of the financial year	Gross amount	15	1373					
	Reinsurers' share	16	1373					
	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	1895		8742		
		Reinsurance accepted	32					
		Reinsurance ceded	33			1496		
	Debenture loans	Secured	34					
		Unsecured	35					
	Amounts owed to credit institutions		36	478				
	Other creditors	Taxation	37					
		Other	38	469				
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	2842		10238			
Excess of the value of net admissible assets		51				See Instruction 6		
Total liabilities and margins		59	2842		10238			
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance		61	470					
Amounts included in line 59 attributable to liabilities in respect of property linked benefits		62						
Amount of any additional mathematical reserves included in line 51 which have been taken into account in the appointed actuary's certificate		63				See Instruction 7		

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

Global business

Financial year ended **31st December 2003**

		Company registration number	GL/UK/CM	Period ended			Units	
		R15	1117445	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			1479		1248
		Recommended dividend	48					
		Other	49			1537		787
Accruals and deferred income			51					
Total (19 to 51)			59		3016		2035	
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		3016		2035	
Amounts included in line 69 attributable to liabilities to related insurers, other than those under contracts of insurance or reinsurance			71		787		787	

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

Global business

Financial year ended **31st December 2003**

		Company registration number	GL/UK/CM	Period ended			Units	
		R16	1117445	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	1145		901			
	Value re-adjustments on investments	15	1719					
	Gains on the realisation of investments	16						
Investment charges	Investment management charges, including interest	17	10		69			
	Value re-adjustments on investments	18			946			
	Loss on the realisation of investments	19	5					
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	803					
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)		29	3652		(114)			
Tax on profit or loss on ordinary activities		31	1002		377			
Profit or loss on ordinary activities after tax (29-31)		39	2650		(491)			
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	2650		(491)			
Dividends (paid and proposed)		51						
Profit or loss retained for the financial year (49-51)		59	2650		(491)			

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

Global business

Ordinary insurance business

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

	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/Summary	No of part of Fund	
			day	month	year					
	<b>R41</b>	<b>1117445</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2003</b>	<b>£000</b>	<b>OB</b>	<b>1</b>	<b>0</b>
						Gross <b>1</b>	Payable to or recoverable from reinsurers <b>2</b>	Net of reinsurance (1-2) <b>3</b>		
Earned premiums in the financial year	Life assurance and general annuity contracts	Single premium	<b>11</b>		283667	283667				
		Regular premium	<b>12</b>							
	Pension business contracts	Single premium	<b>13</b>							
		Regular premium	<b>14</b>							
	Permanent health contracts	Single premium	<b>15</b>							
		Regular premium	<b>16</b>							
	Other contracts	Single premium	<b>17</b>							
		Regular premium	<b>18</b>							
	Total premiums	Single premium	<b>19</b>		283667	283667				
		Regular premium	<b>29</b>							
Total premiums at lines 19 and 29 attributable to	UK contracts	<b>31</b>		283667	283667					
	Overseas contracts	<b>32</b>								
Expenses payable in the financial year	Commission payable in connection with acquisition of business		<b>41</b>		19012	19012				
	Other commission payable		<b>42</b>							
	Management expenses in connection with acquisition of business		<b>43</b>		1742	1742				
	Management expenses in connection with maintenance of business		<b>44</b>		487	487				
	Other management expenses		<b>45</b>							
	Total expenses (41 to 45)		<b>49</b>		21241	21241				
	Total expenses at line 49 attributable to	UK contracts	<b>51</b>		21241	21241				
		Overseas contracts	<b>52</b>							

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

Global business

Ordinary insurance business

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

		Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/Summary	No of part of Fund	
		R42	1117445	GL	31	12	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	7490	7490							
	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	16683	16683							
	Total life assurance and annuity claims (11 to 15)	19	24173	24173							
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	24173	24173							
Total claims at line 59 attributable to	UK contracts	61	24173	24173							
	Overseas contracts	62									



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

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

Financial year ended **31 December 2003**

- 1 The date to which the investigation relates is 31 December 2003.
- 2 The previous investigation under Rule 9.4 of the IPRU(INS) related to 31 December 2002.
- 3 This valuation is in conformity with IPRU (INS) rule 5.6.

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

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

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

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

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

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

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

There are no restrictions on increases in charges.

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

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

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

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

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

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

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

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

Financial year ended **31 December 2003**

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

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

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

Regular withdrawal option enables regular payments to be taken from the Bond. Regular withdrawal options are not available where there are investments in the Unitised With Profit Income Fund.

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

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

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

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

5 (1) There are no linked contracts offered by the Company.

(2) Not applicable.

(3) Not applicable.

(4) Not applicable.

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

(6) Not applicable.

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

### **With Profit Bond**

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

(a) Not applicable.

(b) 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.

(c) Not applicable.

(d) There are no negative reserves.

(e) A reserve has been made for future bonuses in respect of the Unitised With Profit business as described below.

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

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

Financial year ended **31 December 2003**

(f) Not applicable.

(g) Not applicable.

(h) The With Profit Bond policies are wholly reassured. Principles adopted by the reassurers in the valuation of With Profit Bond contracts were:

The business is valued initially by determining the lower of the current non-guaranteed surrender value and the bid value of units. This result is then compared with a prospective valuation and the higher result taken.

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 in line with policyholders' expectations, to nil. The initial level of regular bonus is taken to be the interim rate applying on the valuation date.

An 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.

6 (2) Not applicable as the With Profit Bond policies are wholly reassured.

7 (1) The rates of interest and mortality tables are shown on Forms 52.

(2) Not Applicable.

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

(4) Not applicable.

(5) The margins in the published mortality bases are considered sufficient to provide for adverse deviations in experience.

No additional reserves are therefore held.

(6) Not applicable as the With Profit Bond policies are wholly reassured.

(7) Not applicable as the With Profit Bond policies are wholly reassured.

(8) Not applicable as the With Profit Bond policies are wholly reassured.

(9) Not applicable.

8 (a) See Forms 52.

(b) Not applicable as the With Profit Bond policies are wholly reassured.

(c) A prospective method of valuation has been used for all types of contract.

(d) Not applicable

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

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

Financial year ended **31 December 2003**

- 9 (a)** There are no linked contracts offered by the Company.
- (b)** Not applicable.
- 10 (1)** An explicit allowance was made by the reinsurers for expense inflation at 3.5% per annum.
- (2)** The aggregate allowance for expenses during 2004 arising from With Profit Bond contracts was nil.
- (3)** Not applicable as the With Profit Bond policies are wholly reassured.
- (4)** Not applicable as the With Profit Bond policies are wholly reassured.
- 11** All the assets and liabilities of the Company are denominated in sterling.
- 12 (1)** The company has no policies that are ceded on a facultative basis to a reinsurer who is not authorised to carry on insurance business in the United Kingdom.
- (2)** There was one reinsurance treaty where the Company was the ceding insurer and under which business was in force at the valuation date: -
- (i) **(a)** CGNU Life Assurance Limited, Commercial Union Life Assurance Company Limited and Norwich Union Life & Pensions Limited.
- (b)** The reinsurers are authorised to carry on insurance business in the United Kingdom.
- (c)** The Company is connected with the reinsurers.
- (d)** The treaty provides cover for Unitised With Profit Bond on a quota share original terms basis. The proportion of the risk are 45% (Commercial Union Life Assurance Company Limited), 10% (Norwich Union Life & Pensions) and 45% (CGNU Life). The total proportion of the risk ceded is 100% and the bonus philosophy follows that of the reinsurers. The expenses (both initial and renewal) and commission are refunded by the reinsurers in full.
- (e)** The premium payable by the Company during 2003 was £283,667,000.
- (f)** Not applicable.
- (g)** Not applicable.
- (h)** The treaty is open to new business.
- (3)** There are no financing arrangements.
- (4)** Not applicable.
- 13** The liabilities and benefits under the Unitised With Profit contract are wholly reassured and there is no other With Profit product available. Hence there is no entitlement to participate in profits of any part of the long term business fund.
- 14** Not applicable as the With Profit Bond policies are wholly reassured. The principles are defined by the reinsurers and practices of reinsurers.
- 15** Regular bonuses on unitised with profit benefits are allocated by way of compound increases to the unit price or, in the case of the Income Fund, by way of a monthly allocation of bonus units.

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

<b>Unitised With Profit Bond</b>	<b>Rates of Bonus percent per annum in 2003</b>
	1/1/2003 – 31/12/2003
With Profit Life Fund	3.25%
With Profit Income Fund	3.50%

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

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>Unitised With Profit Bond</b>	<b>Rates of Interim Bonus percent per annum in 2004</b>
	1/1/2004 until further notice
With Profit Life Fund	3.25%
With Profit Income Fund	3.50%

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

Specimen rates of final bonus applicable on 1 January 2004 expressed as amounts per cent of benefit are shown below. The rates are applied to the bid value of units for the Unitised With Profit contracts.

<b>Calendar Year</b>	<b>Life Unitised With Profit Benefits</b>
2003	3%
2002	0%
2001 and earlier	Not applicable

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

**17** Form 46 is appended.

**18** Form 47 is appended.

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

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

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

**(2)** Not applicable.

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

**21 (1)** Not applicable.

**(2)** Not applicable.

**(3)** Not applicable.

**22** Form 58 is appended.

**23** Form 60 is appended.

**M N Urmston**  
**Appointed Actuary**

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

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				
	<b>R46</b>	<b>1117445</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2003</b>	<b>£000</b>	<b>UK</b>	<b>NL</b>
	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	
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	
In force at beginning of year	<b>11</b>	19260							
New business and increases	<b>12</b>	11049							
Net transfers and other alterations 'on'	<b>13</b>								
Total 'on' (12+13)	<b>19</b>	11049							
Deaths	<b>21</b>	176							
Other insured events	<b>22</b>								
Maturities	<b>23</b>								
Surrenders	<b>24</b>	369							
Forfeitures	<b>25</b>								
Conversions to paid-up policies for reduced benefits	<b>26</b>								
Net transfers, expiries and other alterations 'off'	<b>27</b>								
Total 'off' (21 to 27)	<b>29</b>	545							
In force at end of year (11+19-29)	<b>39</b>	29764							

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

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

Global business

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

GL/UK/CM

Period ended

day month year

Units

R47	1117445	GL	31	12	2003	£000
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Type of insurance  1	Single premium contracts			Regular premium contracts		
	No of contracts  2	Premiums  3	Sums assured, annuities per annum or other measures of benefit  4	No of contracts  5	Annual premiums  6	Sums assured, annuities per annum or other measures of benefit  7
<b>UK DIRECT WRITTEN INSURANCE BUSINESS</b>						
Life Assurance & General Annuity Insurance Business Accumulating With-Profits Policies Unitised With Profit Bond	11049	283667	283667			
<b>Sub total: Accumulating With-Profits Policies</b>	<b>11049</b>	<b>283667</b>	<b>283667</b>			
<b>Total: Life Assurance &amp; General Annuity Insurance Business</b>	<b>11049</b>	<b>283667</b>	<b>283667</b>			
<b>Total: UK Direct Written Insurance Business</b>	<b>11049</b>	<b>283667</b>	<b>283667</b>			

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

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			
	<b>R48</b>	<b>1117445</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2003</b>	<b>£000</b>	<b>10</b>
Type of asset			Value of admissible assets as shown on Form 13 <b>1</b>	Expected income from admissible assets <b>2</b>	Yield % <b>3</b>			
Land and buildings	<b>11</b>							
Fixed interest securities	Approved securities	<b>12</b>						
	Other	<b>13</b>						
Variable interest and variable yield securities (excluding items shown at line 16)	Approved securities	<b>14</b>						
	Other	<b>15</b>						
Equity shares and holdings in collective investment schemes	<b>16</b>							
Loans secured by mortgages	<b>17</b>							
All other assets	Producing income	<b>18</b>	2061	73	3.55			
	Not producing income	<b>19</b>	781					
Total (11 to 19)	<b>29</b>		2842	73	2.57			





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

Global business

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

GL/UK/CM

Period ended

Units

Category  
of surplus

Category of surplus

**Ordinary Long Term  
Fund****R58****1117445****GL****31****12****2003****£000****11**

Valuation result	Fund carried forward		11	
	Bonus payments made to policyholders in anticipation of a surplus		12	
	Transfers out of fund/ parts of fund	Transfer to non-technical account	13	
		Transfer to other funds/parts of funds	14	
	Net transfer out of funds/parts of funds (13+14)		15	
	Total (11+12+15)		16	
	Mathematical reserves for accumulating with profit policies		17	
	Mathematical reserves for other non linked contracts		18	
	Mathematical reserves for property linked contracts		19	
	Mathematical reserves for index linked contracts		20	
	Total (17 to 20)		21	
	Surplus including contingency and other reserves held towards the solvency margin (deficiency) (16-21)		29	
Composition of surplus	Balance of surplus brought forward unappropriated from last valuation		31	
	Transfers into fund/part of fund	Transfer from non-technical account	32	
		Transfer from other funds/parts of fund	33	
	Net transfer into fund/part of fund (32+33)		34	
	Surplus arising since the last valuation		35	
Total (31+34+35)		39		
Distribution of surplus	Bonus payments made to policyholders in anticipation of a surplus		41	
	Allocated to policyholders by way of	Cash bonuses	42	
		Reversionary bonuses	43	
		Other bonuses	44	
		Premium reductions	45	
	Total allocated to policyholders (41 to 45)		46	
	Net transfer out of fund/part of fund		47	
	Total distributed surplus (46+47)		48	
	Balance of surplus (including contingency and other reserves held towards the solvency margin) carried forward unappropriated		49	
Total (48+49)		59		
Percentage of distributed surplus allocated to policyholders of fund/part of fund			61	
Corresponding percentage at three immediately previous valuations	Latest	(year of valuation <b>2002</b> )	62	
	Earlier	(year of valuation <b>2001</b> )	63	
	Earliest	(year of valuation <b>2000</b> )	64	

## Long term insurance business : Required minimum margin

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

Global business

Company  
registration  
number

GL/UK/CM

Period ended

day month year

Units

Financial year ended **31st December 2003**

<b>R60</b>	<b>1117445</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2003</b>	<b>£000</b>
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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	The previous year 14	
Mathematical reserves before deduction of reinsurance	Reserves before distribution of surplus	<b>11</b>	712958													712958	427854
	Reserves for bonus allocated to policyholders	<b>12</b>	15431													15431	7980
	Reserves after distribution of surplus	<b>13</b>	728389													728389	435834
Mathematical reserves after deduction of reinsurance	Reserves before distribution of surplus	<b>14</b>															
	Reserves for bonus allocated to policyholders	<b>15</b>															
	Reserves after distribution of surplus	<b>16</b>															
Ratio of 16 to 13 or 0.85 if greater (see Instruction 2)		<b>17</b>	0.85														
Required margin of solvency - first result = (line 13) * (line 17) * relevant factor		<b>19</b>	24765													24765	14818
Non negative capital at risk before reinsurance (see Instruction 3)	Temporary assurances with required margin of solvency of 0.1%	<b>21</b>															
	Temporary assurances with required margin of solvency of 0.15%	<b>22</b>															
	All other assurances with required margin of solvency of 0.3%	<b>23</b>	78032													78032	75475
	Total (21 to 23)	<b>29</b>	78032													78032	75475
Non negative capital at risk after reinsurance (all contracts) (see Instruction 3)		<b>31</b>															
Ratio of line 31 to line 29, or 0.50 if greater		<b>32</b>	0.50														
Required margin of solvency - second result (see Instruction 4)		<b>39</b>	117													117	113
Sum of first and second results (19+39)		<b>49</b>	24882													24882	14931
Required margin of solvency for supplementary Accident & Sickness Insurance & Class V business		<b>51</b>															
Total required margin of solvency for long term insurance business (49+51)		<b>59</b>														24882	14931
Minimum guarantee fund		<b>61</b>														549	506
Required minimum margin (greater of lines 59 and 61)		<b>69</b>														24882	14931

## Supplementary notes

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

Financial year ended **31st December 2003**

Code

### 0902 Direction under section 148

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.

### 1001 Reconciliation to shareholder accounts

	<b>2003</b>	<b>2002</b>
	<b>£'000</b>	<b>£'000</b>
Form 13.99 (other than long term business)	35,662	26,031
Form 15.59	(3,016)	(2,035)
Capital and reserves as per shareholder accounts	32,646	23,996

### 1002 Line 65 - Other movements

	<b>2003</b>	<b>2002</b>
	<b>£'000</b>	<b>£'000</b>
Capital contributions from immediate parent undertaking	-	6,400
	-	6,400

### 1003 Subordinated loan capital - Section 68 order

Not applicable.

### 1301 Aggregate value of unlisted investments etc.

The other than long-term business fund held £23.4m of units and the long term business fund held £Nil in authorised collective investment schemes. There were no holdings in unlisted securities or listed companies, which are not readily realisable, or reversionary interests or remainders in property.

### 1302 Aggregate value of hybrid securities

Not applicable.

### 1303 Amounts of any salvage or subrogation recoveries

Not applicable.

### 1304 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

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

#### Deposits

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

Each Long Term Business Fund cannot hold more than 2% of funds under management (or £100m if less) with 'Tier 1' counterparties, 1.5% of funds under management (or £75m if less) with 'Tier 2' counterparties and 0.5% of funds under management (or £25m if less) with 'Tier 3' counterparties. Tier 1 represents AAA rated institutions, Tier 2 represents institutions rated AA- or better whilst Tier 3 represents institutions rated A- or better.

The other than long term business fund is subject to the absolute counterparty restrictions below.

The absolute limit for a particular counterparty holding at the end of the financial year was £400m for Tier 1, £300m for Tier 2 and £100m for Tier 3.

## Supplementary notes

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

Financial year ended **31st December 2003**

Code

### Equities

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

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

### Fixed

Exposure to non-government bonds is limited to holdings, which are deemed to be of a suitable investment grade determined by senior investment management. The maximum of a fixed interest issue held by a particular fund is limited to 10%. The maximum holding of the Company is limited to 25% of the issue.

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

### Derivatives

Exposure to OTC derivatives is only undertaken with the approval of senior management.

Exposure to one type of contract is limited to 5% and overall exposure is limited to 10% of the relevant fund.

### 1306 Counterparty exposure at the year end

No counterparty exposure (those in excess of 5% of the long-term insurance business amount) existed at the year end.

### 1307 Fully secured rights

Not applicable.

### 1315 Other assets

Not applicable.

### 1401 Provision for adverse changes

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

### 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.

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

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

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

### 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 other contingent liabilities not included on the form.

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

### 1601 Basis of conversion of foreign currency

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

## Supplementary notes

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

Financial year ended **31st December 2003**

Code

### 1603 Other income and charges

The entire balance represents fund based commission due from related counterparties.

### 1700 Form omitted

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

### 4000 Form omitted

The entries on Form 40 are nil. Accordingly this form is not required.

### 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.

### 4009 Related party transactions

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

1)	Connected party	Commercial Union Life Assurance Company Limited (CULAC)
	Nature of relationship	Fellow group undertaking
	Nature of transactions during the period	Reinsurance ceded
	Value of transactions during the period	Premiums £127.7m
		Claims £10.9m
		Commission £8.6m
		Expenses £1m
	Amounts unpaid at the end of the period	£0.5m due from CULAC
	Amounts written off in the period	£Nil
2)	Connected party	Norwich Union Life & Pensions Limited (NUL&P)
	Nature of relationship	Fellow group undertaking
	Nature of transactions during the period	Reinsurance ceded
	Value of transactions during the period	Premiums: £28.3m
		Claims £2.4m
		Commission £1.8m
		Expenses £0.2m
	Amounts unpaid at the end of the period	£0.2m due from NUL&P
	Amounts written off in the period	£Nil
3)	Connected party	CGNU Life Assurance Limited
	Nature of relationship	Fellow group undertaking
	Nature of transactions during the period	Reinsurance ceded
	Value of transactions during the period	Premiums £127.7m
		Claims £10.9m
		Commission £8.6m
		Expenses £1m
	Amounts unpaid at the end of the period	£0.7m due to CGNU Life Assurance
	Amounts written off in the period	£Nil
4)	Connected party	Norwich Union Life Services Limited
	Nature of relationship	Fellow group undertaking
	Nature of transactions during the period	Supplies and charges for the provision of operational assets and staff to Norwich Union Life (RBS) Limited
	Value of transactions during the period	£2.2m
	Amounts unpaid at the end of the period	£0.5m due to Norwich Union Life Services Limited
	Amounts written off in the period	£Nil

### 4301 Basis of valuation in internal linked funds

Not applicable.

**Supplementary notes**

Name of insurer **Norwich Union Life (RBS) Limited**  
Financial year ended **31st December 2003**  
Code

**4302 Aggregate value of rights under derivative contracts**

Not applicable.

**4303 Accounting for variation margin**

Not applicable.

**4402 Other income and expenditure**

Not applicable.

**4801 Accrued interest included on Form 48**

Not applicable.

Returns under the Accounts and Statements Rules

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

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

Global business

Financial year ended **31st December 2003**

It is not company policy to invest in financial derivatives or quasi-derivatives and no such investments have been made during the year ended 31 December 2003. There are no other matters to disclose in relation to Rule 9.29 of the Interim Prudential Sourcebook for Insurers.



Returns under the Accounts and Statements Rules

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

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

Global business

Financial year ended **31st December 2003**

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

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

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

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

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

100% of the issued ordinary share capital of General Accident plc is held by the Ultimate Parent Undertaking, Aviva plc.

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 **Norwich Union Life (RBS) 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.

Returns under the Accounts and Statements Rules

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

Name of insurer **Norwich Union Life (RBS) 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 Norwich Union Life (RBS) Limited (the Company); and
  - (iii) appropriate systems and controls have been established and maintained by the Company over its transactions and records;
- (b)** that reasonable enquiries have been made by the Company for the purpose of identifying material connected-party transactions;
- (c)** that in respect of the Company's business which is not excluded by rule 7.6, the assets held throughout the financial year enabled the Company to comply with rules 7.1 to 7.5 (matching and localisation);
- (d)** in relation to the statement required by rule 9.36:
  - (i) that for the purpose of preparing the statement, proper accounts and records have been maintained; and
  - (ii) that the information given has been ascertained in conformity with that rule.
- 2** that the margin of solvency 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 **Norwich Union Life (RBS) 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

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

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

Global business

Financial year ended **31st December 2003**

I certify:

- (a)
- (i) that in my opinion proper records have been kept by Norwich Union Life (RBS) Limited (the Company) adequate for the purpose of the valuation of the liabilities of its long term insurance business;
  - (ii) that the mathematical reserves as shown on Form 14, constitute proper provision as at 31<sup>st</sup> 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 £24,882,000.

M N Urmston

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 **Norwich Union Life (RBS) 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 30 ("the statement"); and
- the certificate signed in accordance with rule 9.34(a) on page 33 ("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 26 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 35 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