

CGU Insurance plc

Registered office: Pitheavlis, Perth, Scotland PH2 ONH

**Annual FSA Insurance Returns for the year ended
31st December 2004**



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 **CGU Insurance plc**

Global Business

Financial year ended **31st December 2004**

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Statement of solvency - long-term insurance businessName of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2004**

Solo solvency calculation

Company
registration
number

GL/UK/CM

Period ended

day month year

Units

| | | | | | | |
|-----------|-------------|-----------|-----------|-----------|-------------|-------------|
| R2 | 2116 | GL | 31 | 12 | 2004 | £000 |
|-----------|-------------|-----------|-----------|-----------|-------------|-------------|

| | | |
|--|--|--------------------------------------|
| | As at end of this financial year | As at end of the previous year |
| | 1 | 2 |

Capital resources

| | | | |
|---|-----------|------|--|
| Capital resources arising within the long-term insurance fund | 11 | 2075 | |
| Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund | 12 | 12 | |
| Capital resources available to cover long-term insurance business capital resources requirement (11+12) | 13 | 2087 | |

Guarantee Fund

| | | | |
|--|-----------|------|--|
| Guarantee Fund requirement | 21 | 2087 | |
| Excess (deficiency) of available capital resources to cover guarantee Fund requirement | 22 | | |

Minimum capital requirement (MCR)

| | | | |
|--|-----------|------|--|
| Long-term insurance capital requirement | 31 | 42 | |
| Resilience capital requirement | 32 | | |
| Base capital resources requirement | 33 | 2087 | |
| Minimum capital requirement | 34 | 2087 | |
| Excess (deficiency) of available capital resources to cover 50% of MCR | 35 | 1044 | |
| Excess (deficiency) of available capital resources to cover 75% of MCR | 36 | 522 | |

Enhanced capital requirement

| | | | |
|--|-----------|----|--|
| With-profits insurance capital component | 37 | | |
| Enhanced capital requirement | 38 | 42 | |

Capital resources requirement (CRR)

| | | | |
|--|-----------|------|--|
| Capital resources requirement (greater of 34 and 38) | 41 | 2087 | |
| Excess (deficiency) of available capital resources to cover long-term insurance business CRR (13-41) | 42 | | |

Contingent liabilities

| | | | |
|--|-----------|--|--|
| Quantifiable contingent liabilities in respect of long-term insurance business as shown in a supplementary note to Form 14 | 51 | | |
|--|-----------|--|--|

Returns under the Accounts and Statements Rules

Covering page to form 2

Name of insurer **CGU Insurance plc**
Global business
Financial year ended **31st December 2004**

..... **R J HARVEY**
Chief Executive

..... **P J R SNOWBALL**
Director

..... **P G SCOTT**
Director

22 March 2005

Components of capital resourcesName of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2004**

| | Company registration number | GL/UK/CM | Period ended | | | Units | |
|--|--|--|--|-----------|--|-------------|-------------|
| | | | day | month | year | | |
| | R3 | 2116 | GL | 31 | 12 | 2004 | £000 |
| | General insurance business 1 | Long-term insurance business 2 | Total as at the end of this financial year 3 | | As at the end of the previous year 4 | | |

Core tier one capital

| | | | | | | |
|--|-----------|--|------|--|------|--|
| Permanent share capital | 11 | | | | | |
| Profit and loss account and other reserves | 12 | | 4787 | | 4787 | |
| Share premium account | 13 | | | | | |
| Positive valuation differences | 14 | | | | | |
| Fund for future appropriations | 15 | | | | | |
| Core tier one in related undertakings | 16 | | | | | |
| Core tier one capital (sum of 11 to 16) | 19 | | 4787 | | 4787 | |

Tier one waivers

| | | | | | | |
|---|-----------|--|--|--|--|--|
| Unpaid share capital / unpaid initial funds and calls for supplementary contributions | 21 | | | | | |
| Implicit items | 22 | | | | | |
| Tier one waivers in related undertakings | 23 | | | | | |
| Total tier one waivers as restricted (21+22+23) | 24 | | | | | |

Other tier one

| | | | | | | |
|--|-----------|--|--|--|--|--|
| Perpetual non-cumulative preference shares as restricted | 25 | | | | | |
| Perpetual non-cumulative preference shares in related undertakings | 26 | | | | | |
| Innovative tier one capital as restricted | 27 | | | | | |
| Innovative tier one capital in related undertakings | 28 | | | | | |

| | | | | | | |
|--|-----------|--|------|--|------|--|
| Total tier one capital before deductions (19+24+25+26+27+28) | 31 | | 4787 | | 4787 | |
| Investments in own shares | 32 | | | | | |
| Intangible assets | 33 | | | | | |
| Amounts deducted from technical provisions for discounting | 34 | | | | | |
| Other negative valuation differences | 35 | | | | | |
| Deductions in related undertakings | 36 | | | | | |
| Deductions from tier one (32 to 36) | 37 | | | | | |
| Total tier one capital after deductions (31-37) | 39 | | 4787 | | 4787 | |

Components of capital resourcesName of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2004**

| | Company registration number | GL/UK/CM | Period ended | | | Units | |
|--|--|--|--|-----------|-----------|--|-------------|
| | | | day | month | year | | |
| | R3 | 2116 | GL | 31 | 12 | 2004 | £000 |
| | General insurance business 1 | Long-term insurance business 2 | Total as at the end of this financial year 3 | | | As at the end of the previous year 4 | |

Tier two capital

| | | | | | | |
|---|-----------|--|--|--|--|--|
| Implicit items, (tier two waivers and amounts excluded from line 22) | 41 | | | | | |
| Perpetual non-cumulative preference shares excluded from line 25 | 42 | | | | | |
| Innovative tier one capital excluded from line 27 | 43 | | | | | |
| Tier two waivers, innovative tier one capital and perpetual non-cumulative preference shares treated as tier two capital (41 to 43) | 44 | | | | | |
| Perpetual cumulative preference shares | 45 | | | | | |
| Perpetual subordinated debt and securities | 46 | | | | | |
| Upper tier two capital in related undertakings | 47 | | | | | |
| Upper tier two capital (44 to 47) | 49 | | | | | |

| | | | | | | |
|--|-----------|--|--|--|--|--|
| Fixed term preference shares | 51 | | | | | |
| Other tier two instruments | 52 | | | | | |
| Lower tier two capital in related undertakings | 53 | | | | | |
| Lower tier two capital (51+52+53) | 59 | | | | | |

| | | | | | | |
|--|-----------|--|--|--|--|--|
| Total tier two capital before restrictions (49+59) | 61 | | | | | |
| Excess tier two capital | 62 | | | | | |
| Further excess lower tier two capital | 63 | | | | | |
| Total tier two capital after restrictions, before deductions (61-62-63) | 69 | | | | | |

Components of capital resourcesName of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2004**

| | Company registration number | GL/UK/CM | Period ended | | | Units | |
|--|--|--|--|-----------|-----------|--|-------------|
| | | | day | month | year | | |
| | R3 | 2116 | GL | 31 | 12 | 2004 | £000 |
| | General insurance Business 1 | Long-Term insurance Business 2 | Total as at the end of this financial year 3 | | | As at the end of the previous year 4 | |

Total capital resources

| | | | | | | |
|---|-----------|--|------|--|------|--|
| Positive adjustments for regulated non-insurance related undertakings | 71 | | | | | |
| Total capital resources before deductions (39+69+71) | 72 | | 4787 | | 4787 | |
| Inadmissible assets other than intangibles and own shares | 73 | | | | | |
| Assets in excess of market risk and counterparty limits | 74 | | 2700 | | 2700 | |
| Deductions for related ancillary services undertakings | 75 | | | | | |
| Deductions for regulated non-insurance related undertakings | 76 | | | | | |
| Total deductions of ineligible surplus | 77 | | | | | |
| Total capital resources after deductions (72-73-74-76-77) | 79 | | 2087 | | 2087 | |

Available capital resources for PRU tests

| | | | | | | |
|--|-----------|--|------|--|------|--|
| Available capital resources for guarantee fund requirement | 81 | | 2087 | | 2087 | |
| Available capital resources for 50% MCR requirement | 82 | | 2087 | | 2087 | |
| Available capital resources for 75% MCR requirement | 83 | | 2087 | | 2087 | |

Financial engineering adjustments

| | | | | | | |
|---|-----------|--|--|--|--|--|
| Implicit items | 91 | | | | | |
| Financial reinsurance - ceded | 92 | | | | | |
| Financial reinsurance - accepted | 93 | | | | | |
| Outstanding contingent loans | 94 | | | | | |
| Any other charges on future profits | 95 | | | | | |
| Sum of financial engineering adjustments (91+92+93+94+95) | 96 | | | | | |

Calculation of general insurance capital requirement - premiums amount and brought forward amount

Name of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2004**

Long-term insurance business

| | Company registration number | GL/UK/CM | Period ended | | | Units |
|--|--|----------|-----------------------|-------|-----------------|-------|
| | | | day | month | year | |
| R11 | 2116 | GL | 31 | 12 | 2004 | £000 |
| | | | This financial year 1 | | Previous year 2 | |
| Gross premiums receivable | 11 | | 15 | | 34 | |
| Premium taxes and levies (included in line 11) | 12 | | | | | |
| Premiums receivable net of taxes and levies (11-12) | 13 | | 15 | | 34 | |
| Premiums for classes 11, 12 or 13 (included in line 13) | 14 | | | | | |
| Premiums for "actuarial health insurance" (included in line 13) | 15 | | | | | |
| Sub-total A (13 + 1/2 14 - 2/3 15) | 16 | | 15 | | 34 | |
| Gross premiums earned | 21 | | | | | |
| Premium taxes and levies (included in line 21) | 22 | | | | | |
| Premiums earned net of taxes and levies (21-22) | 23 | | | | | |
| Premiums for classes 11, 12 or 13 (included in line 23) | 24 | | | | | |
| Premiums for "actuarial health insurance" (included in line 23) | 25 | | | | | |
| Sub-total H (23 + 1/2 24 - 2/3 25) | 26 | | | | | |
| Sub-total I (higher of sub-total A and sub-total H) | 30 | | 15 | | 34 | |
| Adjusted Sub-total I if financial year is not a 12 month period to produce an annual figure | 31 | | | | | |
| Division of gross adjusted premiums amount: sub-total I (or adjusted sub- total I if appropriate) | x 0.18 | 32 | 3 | | 6 | |
| | Excess (if any) over 50M EURO x 0.02 | 33 | | | | |
| Sub-total J (32-33) | 34 | | 3 | | 6 | |
| Claims paid in period of 3 financial years | 41 | | 346 | | 495 | |
| Claims outstanding carried forward at the end of the 3 year period | For insurance business accounted for on an underwriting year basis | 42 | | | | |
| | For insurance business accounted for on an accident year basis | 43 | 27 | | 37 | |
| Claims outstanding brought forward at the beginning of the 3 year period | For insurance business accounted for on an underwriting year basis | 44 | | | | |
| | For insurance business accounted for on an accident year basis | 45 | 30 | | 51 | |
| Sub-total C (41+42+43-44-45) | 46 | | 343 | | 481 | |
| Amounts recoverable from reinsurers in respect of claims included in Sub-total C | 47 | | | | | |
| Sub-total D (46-47) | 48 | | 343 | | 481 | |
| Reinsurance ratio (Sub-total D / sub-total C or, if more, 50% or, if less, 100%) | 49 | | 100.00 | | 100.00 | |
| Premiums amount Sub-total J x reinsurance ratio | 50 | | 3 | | 6 | |
| Provisions for claims outstanding (before discounting and net of reinsurance) | 51 | | 27 | | 37 | |
| Brought forward amount (12.43.2 x 51.1 / 51.2 or, if less, 12.43.2) | 52 | | 37 | | 51 | |
| Greater of lines 50 and 52 | 53 | | 37 | | 51 | |

General insurance business : Calculation of general insurance capital requirement - claims amount and resultName of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2004**

Long-term insurance business

| | Company registration number | GL/UK/CM | Period ended | | | Units | |
|---|--|----------|--------------|--------------------------|------|--------------------|------|
| | | | day | month | year | | |
| | R12 | 2116 | GL | 31 | 12 | 2004 | £000 |
| | | | | This financial year 1 | | Previous year 2 | |
| Reference period (No. of months) See PRU7.2.63R | | 11 | | 36 | | 36 | |
| Claims paid in reference period | | 21 | | 346 | | 495 | |
| Claims outstanding carried forward at the end of the reference period | For insurance business accounted for on an underwriting year basis | 22 | | | | | |
| | For insurance business accounted for on an accident year basis | 23 | | 27 | | 37 | |
| Claims outstanding brought forward at the beginning of the reference period | For insurance business accounted for on an underwriting year basis | 24 | | | | | |
| | For insurance business accounted for on an accident year basis | 25 | | 30 | | 51 | |
| Claims incurred in reference period (21+22+23-24-25) | | 26 | | 343 | | 481 | |
| Claims incurred for classes 11, 12 or 13 (included in 26) | | 27 | | | | | |
| Claims incurred for "actuarial health insurance" (included in 26) | | 28 | | | | | |
| Sub-total E (26 + 1/2 27 - 2/3 28) | | 29 | | 343 | | 481 | |
| Sub-total F - Conversion of Sub-total E to annual figure (Multiply by 12 and divide by number of months in reference period) | | 31 | | 114 | | 160 | |
| Division of sub-total F (gross adjusted claims amount) | X 0.26 | 32 | | 30 | | 42 | |
| | Excess (if any) over 35M EURO x 0.03 | 33 | | | | | |
| Sub-total G (32 - 33) | | 39 | | 30 | | 42 | |
| Claims amount Sub-total G x reinsurance ratio (11.49) | | 41 | | 30 | | 42 | |
| Higher of premiums amount and brought forward amount (11.53) | | 42 | | 37 | | 51 | |
| General insurance capital requirement (higher of lines 41 and 42) | | 43 | | 37 | | 51 | |

Analysis of admissible assetsName of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2004**Category of assets **Total long term insurance business assets**

| | | Company registration number | GL/UK/CM | Period ended | | | Units | Category of assets | |
|---|--|---|----------|--------------|----|--------------------------------------|-------|------------------------------------|----|
| | | R13 | 2116 | GL | 31 | 12 | 2004 | £000 | 10 |
| | | | | | | 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 **CGU Insurance plc**

Global business

Financial year ended **31st December 2004**Category of assets **Total long term insurance business assets**

| | | Company registration number | GL/UK/CM | Period ended | | | Units | Category of assets | |
|--|--|--|---------------------|--------------|--------------------------------------|-------|------------------------------------|--------------------|----|
| | | R13 | 2116 | GL | day | month | year | £000 | 10 |
| | | | | | As at the end of this financial year | | As at the end of the previous year | | |
| | | | | | 1 | | 2 | | |
| Investments (continued) | | | | | | | | | |
| Deposits with ceding undertakings | | | | | | | | | |
| 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 | | | | | |
| | Rights under derivative contracts | | | 44 | | | | | |
| | Debt securities and other fixed income securities | Fixed interest | Approved securities | 45 | | 192 | | 194 | |
| | | | 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 | | 2000 | | 684 | |
| | | 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 | | 2192 | | 878 | | |

Analysis of admissible assetsName of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2004**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 | 2116 | GL | 31 | 12 | 2004 | £000 | 10 |
| 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 | | 2 | | |
| | 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 | | | | |
| | | 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 | | 11 | | 16 |
| | 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 | | 1 | | 1 |
| | Deferred acquisition costs | | | 85 | | | | |
| | Other prepayments and accrued income | | | 86 | | | | |
| Deductions from the aggregate value of assets | | | 87 | | | | | |
| Total sheet 3 (71 to 86 less 87) | | | | 88 | | 14 | | 17 |
| Grand total of admissible assets after deduction of market risk and counterparty limits (39+69+88) | | | | 89 | | 2206 | | 895 |
| Reconciliation to asset values determined in accordance with the insurance accounts rules | | | | | | | | |
| Total admissible assets after deduction of market risk and counterparty limits (as per line 89 above) | | | | 91 | | 2206 | | 895 |
| Assets in excess of market and counterparty limits | | | | 92 | | 2700 | | |
| Capital resources requirement deduction for subsidiary undertakings which are insurance undertakings | | | | 93 | | | | |
| Other differences in the valuation of assets (other than for assets not valued above) | | | | 94 | | | | |
| Other inadmissible assets | | | | 95 | | | | |
| Total assets determined in accordance with the <i>insurance accounts rules</i> (91 to 95) | | | | 99 | | 4906 | | 895 |
| 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 **CGU Insurance plc**

Global business

Financial year ended **31st December 2004**Category of assets **Permanent Health**

| | | Company registration number | GL/UK/CM | Period ended | | | Units | Category of assets | |
|---|--|---|-----------|--------------|--------------------------------------|-------|------------------------------------|--------------------|----|
| | | R13 | 2116 | GL | 31 | 12 | 2004 | £000 | 11 |
| | | | | | 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 **CGU Insurance plc**

Global business

Financial year ended **31st December 2004**Category of assets **Permanent Health**

| | Company registration number | GL/UK/CM | Period ended | | | Units | Category of assets | |
|--|--|--|---------------------|--------------------------------------|-----------|------------------------------------|--------------------|-----------|
| | | | day | month | year | | | |
| | R13 | 2116 | GL | 31 | 12 | 2004 | £000 | 11 |
| 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 | | | | | |
| | Rights under derivative contracts | | 44 | | | | | |
| | Debt securities and other fixed income securities | Fixed interest | Approved securities | 45 | | 151 | 153 | |
| | | | 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 | | 2000 | 684 | |
| | | 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 | | 2151 | 837 | | |

Analysis of admissible assetsName of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2004**Category of assets **Permanent Health**

| | Company registration number | GL/UK/CM | Period ended | | | Units | Category of assets | |
|---|---|--|--------------|-------|------|--------------------------------------|--------------------|------------------------------------|
| | | | day | month | year | | | |
| | R13 | 2116 | GL | 31 | 12 | 2004 | £000 | 11 |
| 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 | | 2 | | |
| | 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 | | | | |
| | | 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 | | 7 | | 11 |
| | 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 | | 1 | | 1 |
| | Deferred acquisition costs | | | 85 | | | | |
| | Other prepayments and accrued income | | | 86 | | | | |
| Deductions from the aggregate value of assets | | | 87 | | | | | |
| Total sheet 3 (71 to 86 less 87) | | | | 88 | | 10 | | 12 |
| Grand total of admissible assets after deduction of market risk and counterparty limits (39+69+88) | | | | 89 | | 2161 | | 849 |
| Reconciliation to asset values determined in accordance with the insurance accounts rules | | | | | | | | |
| Total admissible assets after deduction of market risk and counterparty limits (as per line 89 above) | | | | 91 | | 2161 | | 849 |
| Assets in excess of market and counterparty limits | | | | 92 | | 2700 | | |
| Capital resources requirement deduction for subsidiary undertakings which are insurance undertakings | | | | 93 | | | | |
| Other differences in the valuation of assets (other than for assets not valued above) | | | | 94 | | | | |
| Other inadmissible assets | | | | 95 | | | | |
| Total assets determined in accordance with the <i>insurance accounts rules</i> (91 to 95) | | | | 99 | | 4861 | | 849 |
| 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 **CGU Insurance plc**

Global business

Financial year ended **31st December 2004**Category of assets **Capital Redemption**

| | | Company registration number | GL/UK/CM | Period ended | | | Units | Category of assets | |
|---|--|---|----------|--------------|--|-------|--|--------------------|----|
| | | R13 | 2116 | GL | 31 | 12 | 2004 | £000 | 12 |
| | | | | | 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 **CGU Insurance plc**

Global business

Financial year ended **31st December 2004**Category of assets **Capital Redemption**

| | | Company registration number | GL/UK/CM | Period ended | | | Units | Category of assets | |
|--|--|--|---------------------|--------------|--------------------------------------|-------|------------------------------------|--------------------|----|
| | | R13 | 2116 | GL | day | month | year | £000 | 12 |
| 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 | | | | | |
| | Rights under derivative contracts | | | 44 | | | | | |
| | Debt securities and other fixed income securities | Fixed interest | Approved securities | 45 | 41 | 41 | | | |
| | | | Other | 46 | | | | | |
| | | Variable interest | Approved securities | 47 | | | | | |
| | | | Other | 48 | | | | | |
| | Participation in investment pools | | | 49 | | | | | |
| | Loans secured by mortgages | | | 50 | | | | | |
| | Other loans | Loans to public or local authorities and nationalised industries or undertakings | | 51 | | | | | |
| | | Loans secured by policies of insurance issued by the company | | 52 | | | | | |
| | | Other | | 53 | | | | | |
| | Deposits with approved credit institutions and approved financial institutions | Withdrawal subject to a time restriction of one month or less | | 54 | | | | | |
| | | Withdrawal subject to a time restriction of more than one month | | 55 | | | | | |
| | Other | | | 56 | | | | | |
| Deposits with ceding undertakings | | | 57 | | | | | | |
| Assets held to match linked liabilities | Index linked | | 58 | | | | | | |
| | Property linked | | 59 | | | | | | |
| Reinsurers' share of technical provisions | Provision for unearned premiums | | 60 | | | | | | |
| | Claims outstanding | | 61 | | | | | | |
| | Provision for unexpired risks | | 62 | | | | | | |
| | Other | | 63 | | | | | | |
| Total sheet 2 (41 to 63) | | | 69 | 41 | 41 | | | | |

Analysis of admissible assetsName of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2004**Category of assets **Capital Redemption**

| | | Company registration number | GL/UK/CM | Period ended | | | Units | Category of assets | |
|---|---|--|----------|--------------|--------------------------------------|-------|------------------------------------|--------------------|----|
| | | R13 | 2116 | GL | day | month | year | £000 | 12 |
| | | | | | As at the end of this financial year | | As at the end of the previous year | | |
| | | | | | 1 | | 2 | | |
| Debtors | | | | | | | | | |
| Other assets | | | | | | | | | |
| Debtors arising out of direct insurance operations | Policyholders | | | 71 | | | | | |
| | Intermediaries | | | 72 | | | | | |
| Salvage and subrogation recoveries | | | | 73 | | | | | |
| Debtors arising out of reinsurance operations | Due from ceding insurers and intermediaries under reinsurance business accepted | | | 74 | | | | | |
| | Due from reinsurers and intermediaries under reinsurance contracts ceded | | | 75 | | | | | |
| Other debtors | Due from dependants | Due in 12 months or less after the end of the financial year | | 76 | | | | | |
| | | Due more than 12 months after the end of the financial year | | 77 | | | | | |
| | Other | Due in 12 months or less after the end of the financial year | | 78 | | | | | |
| | | 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 | 4 | | 5 | | |
| | Cash in hand | | | 82 | | | | | |
| Other assets (particulars to be specified by way of supplementary note) | | | | 83 | | | | | |
| Prepayments and accrued income | Accrued interest and rent | | | 84 | | | | | |
| | Deferred acquisition costs | | | 85 | | | | | |
| | Other prepayments and accrued income | | | 86 | | | | | |
| Deductions from the aggregate value of assets | | | | 87 | | | | | |
| Total sheet 3 (71 to 86 less 87) | | | | 88 | 4 | | 5 | | |
| Grand total of admissible assets after deduction of market risk and counterparty limits (39+69+88) | | | | 89 | 45 | | 46 | | |
| Reconciliation to asset values determined in accordance with the insurance accounts rules | | | | | | | | | |
| Total admissible assets after deduction of market risk and counterparty limits (as per line 89 above) | | | | 91 | 45 | | 46 | | |
| Assets in excess of market and counterparty limits | | | | 92 | | | | | |
| Capital resources requirement deduction for subsidiary undertakings which are insurance undertakings | | | | 93 | | | | | |
| Other differences in the valuation of assets (other than for assets not valued above) | | | | 94 | | | | | |
| Other inadmissible assets | | | | 95 | | | | | |
| Total assets determined in accordance with the <i>insurance accounts rules</i> (91 to 95) | | | | 99 | 45 | | 46 | | |
| 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 **CGU Insurance plc**

Global business

Financial year ended **31st December 2004**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 | 2116 | GL | 31 | 12 | 2004 | £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 | 131 | 230 | | | 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 | 839 | 642 | | | See Instruction 4 | |
| Long term insurance business fund carried forward (11 to 13) | | 14 | 970 | 872 | | | 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 | | | | | |
| | | Reinsurance accepted | 32 | | | | | |
| | | Reinsurance ceded | 33 | | | | | |
| | Debenture loans | Secured | 34 | | | | | |
| | | Unsecured | 35 | | | | | |
| | Amounts owed to credit institutions | | 36 | | | | | |
| | Other creditors | Taxation | 37 | | | | | |
| | | Other | 38 | | | 10 | | |
| Accruals and deferred income | | 39 | | | 13 | | | |
| Provision for "reasonably foreseeable adverse variations" | | 41 | | | | | | |
| Total other insurance and non-insurance liabilities (17 to 41) | | 49 | | | 23 | | | |
| Excess of the value of net admissible assets | | 51 | 1236 | | | | See Instruction 6 | |
| Total liabilities and margins | | 59 | 2206 | 895 | | | | |
| Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance | | 61 | | | | | | |
| Amounts included in line 59 attributable to liabilities in respect of property linked benefits | | 62 | | | | | | |
| Amount of any additional mathematical reserves included in line 51 which have been taken into account in the appointed actuary's certificate | | 63 | | | | | See Instruction 7 | |

Long term insurance business liabilities and marginsName of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2004**Category of assets **Permanent Health**

| | Company registration number | GL/UK/CM | Period ended | | | Units | Category of assets | |
|--|-------------------------------------|---------------------------|--|-----------|-----------|--------------------------------------|--------------------|-------------------|
| | | | day | month | year | | | |
| | R14 | 2116 | GL | 31 | 12 | 2004 | £000 | 11 |
| | | | As at the end of this financial year 1 | | | As at the end of the previous year 2 | | Source |
| Mathematical reserves, after distribution of surplus | | 11 | 98 | | | 195 | | 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 | 834 | | | 641 | | See Instruction 4 |
| Long term insurance business fund carried forward (11 to 13) | | 14 | 932 | | | 836 | | 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 | | | | | |
| | | Reinsurance accepted | 32 | | | | | |
| | | Reinsurance ceded | 33 | | | | | |
| | Debenture loans | Secured | 34 | | | | | |
| | | Unsecured | 35 | | | | | |
| | Amounts owed to credit institutions | | 36 | | | | | |
| | Other creditors | Taxation | 37 | | | | | |
| | | Other | 38 | | | | | |
| Accruals and deferred income | | 39 | | | | 13 | | |
| Provision for "reasonably foreseeable adverse variations" | | 41 | | | | | | |
| Total other insurance and non-insurance liabilities (17 to 41) | | 49 | | | | 13 | | |
| Excess of the value of net admissible assets | | 51 | 1229 | | | | | See Instruction 6 |
| Total liabilities and margins | | 59 | 2161 | | | 849 | | |
| Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance | | 61 | | | | | | |
| Amounts included in line 59 attributable to liabilities in respect of property linked benefits | | 62 | | | | | | |
| Amount of any additional mathematical reserves included in line 51 which have been taken into account in the appointed actuary's certificate | | 63 | | | | | | See Instruction 7 |

Long term insurance business liabilities and marginsName of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2004**Category of assets **Capital Redemption**

| | Company registration number | GL/UK/CM | Period ended | | | Units | Category of assets | |
|--|-------------------------------------|---------------------------|--|-----------|-----------|--------------------------------------|--------------------|-------------------|
| | | | day | month | year | | | |
| | R14 | 2116 | GL | 31 | 12 | 2004 | £000 | 12 |
| | | | As at the end of this financial year 1 | | | As at the end of the previous year 2 | | Source |
| Mathematical reserves, after distribution of surplus | | 11 | 33 | | | 35 | | 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 | 5 | | | 1 | | See Instruction 4 |
| Long term insurance business fund carried forward (11 to 13) | | 14 | 38 | | | 36 | | 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 | | | | | |
| | | Reinsurance accepted | 32 | | | | | |
| | | Reinsurance ceded | 33 | | | | | |
| | Debenture loans | Secured | 34 | | | | | |
| | | Unsecured | 35 | | | | | |
| | Amounts owed to credit institutions | | 36 | | | | | |
| | Other creditors | Taxation | 37 | | | | | |
| | | Other | 38 | | | | 10 | |
| Accruals and deferred income | | 39 | | | | | | |
| Provision for "reasonably foreseeable adverse variations" | | 41 | | | | | | |
| Total other insurance and non-insurance liabilities (17 to 41) | | 49 | | | | 10 | | |
| Excess of the value of net admissible assets | | 51 | 7 | | | | | See Instruction 6 |
| Total liabilities and margins | | 59 | 45 | | | 46 | | |
| Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance | | 61 | | | | | | |
| Amounts included in line 59 attributable to liabilities in respect of property linked benefits | | 62 | | | | | | |
| Amount of any additional mathematical reserves included in line 51 which have been taken into account in the appointed actuary's certificate | | 63 | | | | | | See Instruction 7 |

Long term insurance business : Revenue accountName of insurer **CGU Insurance plc**

Global business

Ordinary insurance business

Financial year ended **31st December 2004**Name and number of fund/Summary **Summary**

| | Company registration number | GL/UK/CM | Period ended | | | Units | OB/IB | No of fund/Summary | No of part of Fund |
|--|-----------------------------|-----------|--------------|-----------|-------------|--------------------|---------------|--------------------|--------------------|
| | | | day | month | year | | | | |
| R40 | 2116 | GL | 31 | 12 | 2004 | £000 | OB | 99 | 0 |
| Items to be shown net of reinsurance ceded | | | | | | The financial year | Previous year | | |
| | | | | | | 1 | 2 | | |
| Earned premiums | | | | | 11 | 15 | 34 | | |
| Investment income receivable before deduction of tax | | | | | 12 | 230 | 138 | | |
| Increase (decrease) in the value of non-linked assets brought into account | | | | | 13 | (1) | (5) | | |
| Increase (decrease) in the value of linked assets | | | | | 14 | | | | |
| Other income | | | | | 15 | | | | |
| Total income (11 to 15) | | | | | 19 | 244 | 167 | | |
| Claims incurred | | | | | 21 | 56 | 87 | | |
| Expenses payable | | | | | 22 | 7 | 6 | | |
| Interest payable before deduction of tax | | | | | 23 | | | | |
| Taxation | | | | | 24 | 83 | 62 | | |
| Other expenditure | | | | | 25 | | | | |
| Transfer to (from) non technical account | | | | | 26 | | | | |
| Total expenditure (21 to 26) | | | | | 29 | 146 | 155 | | |
| Increase (decrease) in fund in financial year (19-29) | | | | | 39 | 98 | 12 | | |
| Fund brought forward | | | | | 49 | 872 | 860 | | |
| Fund carried forward (39+49) | | | | | 59 | 970 | 872 | | |

Long term insurance business : Revenue accountName of insurer **CGU Insurance plc**

Global business

Ordinary insurance business

Financial year ended **31st December 2004**Name and number of fund/Summary **Permanent Health 2**

| | Company registration number | GL/UK/CM | Period ended | | | Units | OB/IB | No of fund/Summary | No of part of Fund |
|--|-----------------------------|-----------|--------------|-----------|-------------|--------------------|---------------|--------------------|--------------------|
| | | | day | month | year | | | | |
| R40 | 2116 | GL | 31 | 12 | 2004 | £000 | OB | 2 | 0 |
| Items to be shown net of reinsurance ceded | | | | | | The financial year | Previous year | | |
| | | | | | | 1 | 2 | | |
| Earned premiums | | | | | 11 | 15 | 34 | | |
| Investment income receivable before deduction of tax | | | | | 12 | 227 | 135 | | |
| Increase (decrease) in the value of non-linked assets brought into account | | | | | 13 | (1) | (5) | | |
| Increase (decrease) in the value of linked assets | | | | | 14 | | | | |
| Other income | | | | | 15 | | | | |
| Total income (11 to 15) | | | | | 19 | 241 | 164 | | |
| Claims incurred | | | | | 21 | 56 | 87 | | |
| Expenses payable | | | | | 22 | 7 | 6 | | |
| Interest payable before deduction of tax | | | | | 23 | | | | |
| Taxation | | | | | 24 | 82 | 62 | | |
| Other expenditure | | | | | 25 | | | | |
| Transfer to (from) non technical account | | | | | 26 | | | | |
| Total expenditure (21 to 26) | | | | | 29 | 145 | 155 | | |
| Increase (decrease) in fund in financial year (19-29) | | | | | 39 | 96 | 9 | | |
| Fund brought forward | | | | | 49 | 836 | 827 | | |
| Fund carried forward (39+49) | | | | | 59 | 932 | 836 | | |

Long term insurance business : Revenue accountName of insurer **CGU Insurance plc**

Global business

Ordinary insurance business

Financial year ended **31st December 2004**Name and number of fund/Summary **Capital Redemption 3**

| | Company registration number | GL/UK/CM | Period ended | | | Units | OB/IB | No of fund/Summary | No of part of Fund |
|--|-----------------------------|-----------|--------------|-----------|-------------|--------------------|---------------|--------------------|--------------------|
| | | | day | month | year | | | | |
| R40 | 2116 | GL | 31 | 12 | 2004 | £000 | OB | 3 | 0 |
| Items to be shown net of reinsurance ceded | | | | | | The financial year | Previous year | | |
| | | | | | | | 1 | 2 | |
| Earned premiums | | | | | 11 | | | | |
| Investment income receivable before deduction of tax | | | | | 12 | | 3 | | 3 |
| Increase (decrease) in the value of non-linked assets brought into account | | | | | 13 | | | | |
| Increase (decrease) in the value of linked assets | | | | | 14 | | | | |
| Other income | | | | | 15 | | | | |
| Total income (11 to 15) | | | | | 19 | | 3 | | 3 |
| Claims incurred | | | | | 21 | | | | |
| Expenses payable | | | | | 22 | | | | |
| Interest payable before deduction of tax | | | | | 23 | | | | |
| Taxation | | | | | 24 | | 1 | | |
| Other expenditure | | | | | 25 | | | | |
| Transfer to (from) non technical account | | | | | 26 | | | | |
| Total expenditure (21 to 26) | | | | | 29 | | 1 | | |
| Increase (decrease) in fund in financial year (19-29) | | | | | 39 | | 2 | | 3 |
| Fund brought forward | | | | | 49 | | 36 | | 33 |
| Fund carried forward (39+49) | | | | | 59 | | 38 | | 36 |

Long term insurance business : Analysis of premiums and expenses

 Name of insurer **CGU Insurance plc**

Global business

Ordinary insurance business

 Financial year ended **31st December 2004**

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

| | | Company registration number | GL/UK/CM | Period ended | | | Units | OB/IB | No of fund/Summary | No of part of Fund | |
|---|--|-----------------------------|----------|--------------|-------|----|---|--------------------------|--------------------|--------------------|---|
| | | R41 | 2116 | GL | 31 | 12 | 2004 | £000 | OB | 99 | 0 |
| | | | | | Gross | | Payable to or recoverable from reinsurers | Net of reinsurance (1-2) | | | |
| | | | | | 1 | | 2 | 3 | | | |
| Earned premiums in the financial year | Life assurance and general annuity contracts | Single premium | 11 | | | | | | | | |
| | | Regular premium | 12 | | | | | | | | |
| | Pension business contracts | Single premium | 13 | | | | | | | | |
| | | Regular premium | 14 | | | | | | | | |
| | Permanent health contracts | Single premium | 15 | | | | | | | | |
| | | Regular premium | 16 | | | 15 | | | 15 | | |
| | Other contracts | Single premium | 17 | | | | | | | | |
| | | Regular premium | 18 | | | | | | | | |
| | Total premiums | Single premium | 19 | | | | | | | | |
| | | Regular premium | 29 | | | 15 | | | 15 | | |
| Total premiums at lines 19 and 29 attributable to | UK contracts | 31 | | | 15 | | | 15 | | | |
| | 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 | | | 7 | | 7 | | | |
| | Other management expenses | | 45 | | | | | | | | |
| | Total expenses (41 to 45) | | 49 | | | 7 | | 7 | | | |
| | Total expenses at line 49 attributable to | UK contracts | 51 | | | 7 | | 7 | | | |
| Overseas contracts | | 52 | | | | | | | | | |

Long term insurance business : Analysis of premiums and expensesName of insurer **CGU Insurance plc**

Global business

Ordinary insurance business

Financial year ended **31st December 2004**Name and number of fund/Summary **Permanent Health 2**

| | | Company registration number | GL/UK/CM | Period ended | | | Units | OB/IB | No of fund/Summary | No of part of Fund | |
|---|--|-----------------------------|----------|--------------|----|----|---|--------------------------|--------------------|--------------------|---|
| | | R41 | 2116 | GL | 31 | 12 | 2004 | £000 | OB | 2 | 0 |
| | | | | Gross | | | Payable to or recoverable from reinsurers | Net of reinsurance (1-2) | | | |
| | | | | 1 | | | 2 | 3 | | | |
| Earned premiums in the financial year | Life assurance and general annuity contracts | Single premium | 11 | | | | | | | | |
| | | Regular premium | 12 | | | | | | | | |
| | Pension business contracts | Single premium | 13 | | | | | | | | |
| | | Regular premium | 14 | | | | | | | | |
| | Permanent health contracts | Single premium | 15 | | | | | | | | |
| | | Regular premium | 16 | | | 15 | | | | 15 | |
| | Other contracts | Single premium | 17 | | | | | | | | |
| | | Regular premium | 18 | | | | | | | | |
| | Total premiums | Single premium | 19 | | | | | | | | |
| | | Regular premium | 29 | | | 15 | | | | 15 | |
| Total premiums at lines 19 and 29 attributable to | UK contracts | 31 | | | 15 | | | | 15 | | |
| | 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 | | | 7 | | | 7 | | |
| | Other management expenses | | 45 | | | | | | | | |
| | Total expenses (41 to 45) | | 49 | | | 7 | | | 7 | | |
| | Total expenses at line 49 attributable to | UK contracts | 51 | | | 7 | | | 7 | | |
| Overseas contracts | | 52 | | | | | | | | | |

Long term insurance business : Analysis of claimsName of insurer **CGU Insurance plc**

Global business

Ordinary insurance business

Financial year ended **31st December 2004**Name and number of fund/Summary **Summary**

| | | Company registration number | GL/UK/CM | Period ended | | | Units | OB/IB | No of fund/Summary | No of part of Fund | |
|--|--|-----------------------------|-------------|--------------|-----------|-----------|-----------------------------|--------------------------|--------------------|--------------------|----------|
| | | | | day | month | year | | | | | |
| | | R42 | 2116 | GL | 31 | 12 | 2004 | £000 | OB | 99 | 0 |
| Claims incurred in the financial year | | | | | Gross | | Recoverable from reinsurers | Net of reinsurance (1-2) | | | |
| | | | | | 1 | | 2 | 3 | | | |
| Life assurance and annuity contracts | On death | | | | 11 | | | | | | |
| | By way of lump sums on maturity | | | | 12 | | | | | | |
| | By way of annuity payments | | | | 13 | | | | | | |
| | By way of payments arising from other insured events | | | | 14 | | | | | | |
| | On surrender or partial surrender | | | | 15 | | | | | | |
| | Total life assurance and annuity claims (11 to 15) | | | | 19 | | | | | | |
| Pension business contracts | On death | | | | 21 | | | | | | |
| | By way of lump sums on vesting | | | | 22 | | | | | | |
| | By way of vested annuity payments | | | | 23 | | | | | | |
| | On surrender or partial surrender | | | | 24 | | | | | | |
| | Total pension business claims (21 to 24) | | | | 29 | | | | | | |
| Permanent health contracts | By way of lump sums | | | | 31 | | | | | | |
| | By way of periodical payments | | | | 32 | | 56 | 56 | | | |
| | Total permanent health claims (31+32) | | | | 39 | | 56 | 56 | | | |
| 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 | | 56 | 56 | | | |
| Total claims at line 59 attributable to | UK contracts | | | | 61 | | 56 | 56 | | | |
| | Overseas contracts | | | | 62 | | | | | | |

Valuation Report for IPRU (INS) Appendix 9.4

Name of Company **CGU Insurance p.l.c. – Ordinary Long Term Business**

Financial year ended **31st December 2004**

- 1 The date to which the investigation relates is 31st December 2004.
- 2 The date to which the previous investigation related was 31st December 2003.
- 3 This valuation is in conformity with PRU 7.3.10R.

4 (1) **NON LINKED CONTRACTS**

All contracts are fully described by the entry in column 1 of form 51 except Group Disability contracts which provide long term disability cover written by single premiums or monthly recurring single premiums under bank loan schemes and miscellaneous benefits which are accident benefits.

Certain sickness benefit contracts have a waiver of premium. The sickness benefits in certain cases increase in yearly steps by 2.5% per annum compound during each period of disability.

5 (1) **LINKED CONTRACTS**

There are no linked contracts.

- 6 (1) The mathematical reserve was, subject to the exceptions specified below, valued on a gross premium basis.

(a) No derivative contracts have been used.

(b) All contracts were non profit with no discretionary charges.

(c) **Capital Redemption Business**

For contracts issued on or after 1st January 1938, the net premium was the lower of the true net premium and the office premium. The modifications to the true net premiums were to avoid taking credit for more than premiums receivable. There was no Zillmer adjustment.

Personal Accident Insurance Business

For Group Disability contracts by single premium the reserve is calculated as the unearned proportion on the 24ths basis of the single premiums paid. There was no Zillmer adjustment.

(d) No negative reserves arose.

(e) The contracts do not participate in profits.

(f) No reserve was made for potential taxation on unrealised capital gains.

(g) There are no linked contracts or contracts falling within sub paragraphs (a) and (b) of paragraph 4(1) above.

(h) There are no guarantees or options. Principles adopted in the valuation of particular contracts were:

- (i) Sickness Benefit contracts with waiver of premium were valued by treating the premium waiver as an extra benefit.
- (ii) For contracts under which the benefit increases the reserves make an explicit allowance for these increases.
- (iii) The reserve for accident benefits on sickness or accident benefit contracts was calculated as the present value of the prospective benefits on prudent assumptions.
- (v) An additional reserve of 10% of the value of the benefits was made in the case of sickness benefit contracts incorporating a partial disablement benefit.
- (vi) The reserve for group disability contracts by recurring single premiums was taken as the latest month's single premium.

Valuation Report for IPRU (INS) Appendix 9.4

Name of Company **CGU Insurance p.l.c. – Ordinary Long Term Business**

Financial year ended **31st December 2004**

7 (1) See Form 51.

Mortality

- (i) Active Lives 50% of AM80/AF80 ultimate
 (ii) Disabled Lives Mortality is included within the claim termination assumptions outlined below.

Morbidity

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

PHI claim termination rates have been based on CMIR12, adjusted by factors deferred period and duration, with further margins for prudence.

(2) Not applicable.

(3) Not applicable.

(4) Not applicable.

(5) There is no explicit additional adjustment to mortality or morbidity in respect of AIDS.

(6) The most onerous scenario under PRU 4.2.16R for the purposes of calculating the resilience capital requirement was a **fall in fixed interest yields of 20% of the long-term gilt yield.**

(7) Not applicable.

(8) (a) An additional reserve of 8 (£000) has been included in the mathematical reserves and no resilience capital requirement arises.

(b) The rise in the value of the long term liabilities was 3 (£000)

(c) The rise in the value of assets was 3 (£000)

(9) Liabilities expressed in foreign currencies accounted for less than 1% of the mathematical reserves. Sterling assets were hypothecated to cover such liabilities.

8 (a) Per policy renewal expenses for individual Sickness Benefit contracts were £22.90 with an allowance for future inflation as detailed in paragraph 10 (1). A separate additional allowance for claims expenses was made based on 9.5% of future claim payments.

(b) The interest rate used to discount benefits in the case of Capital Redemption business was 1.0% less than the rate shown in Form 51, to provide a contribution towards future expenses.

An Additional Reserve was made to provide for future expenses not otherwise covered by the valuation basis.

(c) Group Disability Contracts by Single Premium

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

The following table sets out, for specimen ages, the mid year net premium reserves per £100 initial loan calculated in accordance with PRU 7.3 for such a contract by single premium. The valuation basis is the same as that underlying the other sickness benefits, but calculated at 3.5% p.a.

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

Valuation Report for IPRU (INS) Appendix 9.4

Name of Company **CGU Insurance p.l.c. – Ordinary Long Term Business**

Financial year ended **31st December 2004**

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

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

Group Disability Contracts by Monthly Recurring Single Premium

The reserve is calculated as one month's premium. In view of the small amount of this business in relation to the whole and the conservative calculation of the reserve held it is not considered necessary to apply complex tests of adequacy.

- 9** There are no linked contracts.
- 10 (1)** Allowance has been made for inflation of expenses at 4.8%. The overall provision for expenses has been re-expressed as an allowance for expenses during 2004, increasing in line with inflation over the remaining term of the contracts in force at the valuation date.
- (2)** The allowance for expenses during 2005 is 7 (£000). The allowance is derived from the explicit allowances described in paragraph 8(a), from the 1% p.a. interest rate margin described in paragraph 8(b) and an explicit expense reserve of 1 (£000) in respect of Capital Redemption Business.
- (3)** There will be no new business transacted in the twelve months following the valuation date.
- (4)** The long term business funds are closed to new business.
- 11** The mathematical reserves were expressed in Sterling and are matched by Sterling assets.
- 12 (1)** There was no reinsurance ceded on a facultative basis to reinsurers who are not authorised to carry on insurance business in the United Kingdom.
- (2)** There are no reinsurance treaties.
- (3)** There are no financing arrangements.
- 13-16** There are no with profit contracts.
- 17-20** Forms 46-49 and 51 are appended.
- 21 (1)** Form 57 is not required.
- (2)** The gross yield on deposits has been reduced by 0.1% p.a. to allow for the risk of default. The gross yield on approved fixed interest securities has been reduced by 0.02% to allow for the risk of default.
- 22** Form 58 is appended.
- 23** Form 60 is appended.

Long term insurance business : Summary of changes in ordinary long term businessName of insurer **CGU Insurance plc**

Global business

United Kingdom business

Non-linked

Financial year ended **31st December 2004**

| | | Company registration number | | GL/UK/CM | Period ended | | | Units | UK/OS | NL/LN | |
|--|-----------|------------------------------------|-----------------|-------------------|-----------------|------------------|-----------------|-----------------|-----------------|-------|------|
| | | R46 | 2116 | | GL | day | month | | | | year |
| | | | | | | 31 | 12 | | | | 2004 |
| | | £000 | UK | NL | | | | | | | |
| | | Life assurance and general annuity | | Pensions business | | Permanent health | | Other business | | | |
| | | No of contracts | Annual premiums | No of contracts | Annual premiums | No of contracts | Annual premiums | No of contracts | Annual premiums | | |
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | | |
| In force at beginning of year | 11 | | | | | 291 | 5 | 4 | | | |
| New business and increases | 12 | | | | | | | | | | |
| Net transfers and other alterations 'on' | 13 | | | | | | | | | | |
| Total 'on' (12+13) | 19 | | | | | | | | | | |
| Deaths | 21 | | | | | | | | | | |
| Other insured events | 22 | | | | | | | | | | |
| Maturities | 23 | | | | | | | | | | |
| Surrenders | 24 | | | | | | | | | | |
| Forfeitures | 25 | | | | | 9 | | | | | |
| Conversions to paid-up policies for reduced benefits | 26 | | | | | | | | | | |
| Net transfers, expiries and other alterations 'off' | 27 | | | | | 29 | 1 | | | | |
| Total 'off' (21 to 27) | 29 | | | | | 38 | 1 | | | | |
| In force at end of year (11+19-29) | 39 | | | | | 253 | 4 | 4 | | | |

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

Name of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2004**

| | | | | | | |
|-----------------------------|-------------|--------------|-----------|-----------|-------------|-------------|
| Company registration number | GL/UK/CM | Period ended | | | Units | |
| | | day | month | year | | |
| R47 | 2116 | GL | 31 | 12 | 2004 | £000 |

| Type of insurance 1 | Single premium contracts | | | Regular premium contracts | | |
|--|---------------------------------|--------------------------|--|---------------------------------|---------------------------------|--|
| | No of contracts 2 | Premiums 3 | Sums assured, annuities per annum or other measures of benefit 4 | No of contracts 5 | Annual premiums 6 | Sums assured, annuities per annum or other measures of benefit 7 |
| UK DIRECT WRITTEN INSURANCE BUSINESS | | | | | | |
| Permanent Health Insurance Business | | | | | | |
| Non-Linked Non-Profit Policies | | | | | | |
| There was no new business taken out 2004 | | | | | | |
| Sub total: Non-Linked Non-Profit Policies | | | | | | |
| Total: Permanent Health Insurance Business | | | | | | |
| Total: UK Direct Written Insurance Business | | | | | | |

Long term insurance business : Expected income from admissible assets not held to match liabilities in respect of linked benefitsName of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2004**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 | 2116 | GL | 31 | 12 | 2004 | £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 | 193 | | 13 | | 4.46 | |
| | 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 | 2000 | | 90 | | 4.50 | |
| | Not producing income | 19 | 13 | | | | | |
| Total (11 to 19) | 29 | | 2206 | | 103 | | 4.47 | |

Long term insurance business : Expected income from admissible assets not held to match liabilities in respect of linked benefitsName of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2004**Category of assets **Permanent Health**

| | Company registration number | GL/UK/CM | Period ended | | | Units | Category of assets | |
|--|-----------------------------|-------------|--|-----------|--|-------------|---------------------|-----------|
| | | | day | month | year | | | |
| | R48 | 2116 | GL | 31 | 12 | 2004 | £000 | 11 |
| Type of asset | | | Value of admissible assets as shown on Form 13 1 | | Expected income from admissible assets 2 | | Yield % 3 | |
| Land and buildings | 11 | | | | | | | |
| Fixed interest securities | Approved securities | 12 | 152 | | 10 | | 4.46 | |
| | 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 | 2000 | | 90 | | 4.50 | |
| | Not producing income | 19 | 9 | | | | | |
| Total (11 to 19) | 29 | | 2161 | | 100 | | 4.48 | |

Long term insurance business : Expected income from admissible assets not held to match liabilities in respect of linked benefitsName of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2004**Category of assets **Capital Redemption**

| Type of asset | Company registration number | GL/UK/CM | Period ended | | | Units | Category of assets | |
|--|-----------------------------|-------------|--|-----------|--|-------------|---------------------|-----------|
| | | | day | month | year | | | |
| | R48 | 2116 | GL | 31 | 12 | 2004 | £000 | 12 |
| | | | 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 | | 41 | | 3 | | 4.46 |
| | 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 | | | | | | |
| | Not producing income | 19 | | 4 | | | | |
| Total (11 to 19) | 29 | | | 45 | | 3 | | 4.06 |

Long term insurance business : Analysis of admissible fixed interest and variable interest and variable yield securities not held to match liabilities in respect of linked benefitsName of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2004**Category of assets **Total long term insurance business assets**Company
registration
number

GL/UK/CM

Period ended

day month year

Units

Category
of assets

| R49 | 2116 | GL | 31 | 12 | 2004 | £000 | 10 |
|-----|------|----|----|----|------|------|----|
|-----|------|----|----|----|------|------|----|

| Redemption period in years | | | Value of admissible assets as shown on Form 13 1 | Gross redemption yield % 2 | Value of admissible higher yielding assets 3 | | Value of admissible assets as shown on Form 13 4 | Gross redemption yield % 5 | Value of admissible higher yielding assets 6 |
|--|-----------|---|--|---|---|--|--|---|---|
| One year or less | 11 | Fixed interest approved securities | | | | Variable interest and variable yield approved securities excluding equities | | | |
| More than one year but not more than five years | 12 | | 193 | 4.46 | | | | | |
| More than five years but not more than ten years | 13 | | | | | | | | |
| More than ten years but not more than fifteen years | 14 | | | | | | | | |
| More than fifteen years but not more than twenty years | 15 | | | | | | | | |
| More than twenty years but not more than twenty five years | 16 | | | | | | | | |
| More than twenty five years | 17 | | | | | | | | |
| Irredeemable | 18 | | | | | | | | |
| Total (11 to 18) | 19 | | 193 | 4.46 | | | | | |
| One year or less | 21 | Other fixed interest securities | | | | Other variable interest and variable yield securities excluding equities | | | |
| More than one year but not more than five years | 22 | | | | | | | | |
| More than five years but not more than ten years | 23 | | | | | | | | |
| More than ten years but not more than fifteen years | 24 | | | | | | | | |
| More than fifteen years but not more than twenty years | 25 | | | | | | | | |
| More than twenty years but not more than twenty five years | 26 | | | | | | | | |
| More than twenty five years | 27 | | | | | | | | |
| Irredeemable | 28 | | | | | | | | |
| Total (21 to 28) | 29 | | | | | | | | |

Long term insurance business : Analysis of admissible fixed interest and variable interest and variable yield securities not held to match liabilities in respect of linked benefitsName of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2004**Category of assets **Permanent Health**Company
registration
number

GL/UK/CM

Period ended

day month year

Units

Category
of assets

| | | | | | | | |
|------------|-------------|-----------|-----------|-----------|-------------|-------------|-----------|
| R49 | 2116 | GL | 31 | 12 | 2004 | £000 | 11 |
|------------|-------------|-----------|-----------|-----------|-------------|-------------|-----------|

| Redemption period in years | | | Value of admissible assets as shown on Form 13 1 | Gross redemption yield % 2 | Value of admissible higher yielding assets 3 | | Value of admissible assets as shown on Form 13 4 | Gross redemption yield % 5 | Value of admissible higher yielding assets 6 |
|--|-----------|---|--|---|---|--|--|---|---|
| One year or less | 11 | Fixed interest approved securities | | | | Variable interest and variable yield approved securities excluding equities | | | |
| More than one year but not more than five years | 12 | | 152 | 4.46 | | | | | |
| More than five years but not more than ten years | 13 | | | | | | | | |
| More than ten years but not more than fifteen years | 14 | | | | | | | | |
| More than fifteen years but not more than twenty years | 15 | | | | | | | | |
| More than twenty years but not more than twenty five years | 16 | | | | | | | | |
| More than twenty five years | 17 | | | | | | | | |
| Irredeemable | 18 | | | | | | | | |
| Total (11 to 18) | 19 | | 152 | 4.46 | | | | | |
| One year or less | 21 | Other fixed interest securities | | | | Other variable interest and variable yield securities excluding equities | | | |
| More than one year but not more than five years | 22 | | | | | | | | |
| More than five years but not more than ten years | 23 | | | | | | | | |
| More than ten years but not more than fifteen years | 24 | | | | | | | | |
| More than fifteen years but not more than twenty years | 25 | | | | | | | | |
| More than twenty years but not more than twenty five years | 26 | | | | | | | | |
| More than twenty five years | 27 | | | | | | | | |
| Irredeemable | 28 | | | | | | | | |
| Total (21 to 28) | 29 | | | | | | | | |

Long term insurance business : Analysis of admissible fixed interest and variable interest and variable yield securities not held to match liabilities in respect of linked benefitsName of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2004**Category of assets **Capital Redemption**Company
registration
number

GL/UK/CM

Period ended

day month year

Units

Category
of assets

| | | | | | | | |
|------------|-------------|-----------|-----------|-----------|-------------|-------------|-----------|
| R49 | 2116 | GL | 31 | 12 | 2004 | £000 | 12 |
|------------|-------------|-----------|-----------|-----------|-------------|-------------|-----------|

| Redemption period in years | | | Value of admissible assets as shown on Form 13 1 | Gross redemption yield % 2 | Value of admissible higher yielding assets 3 | | Value of admissible assets as shown on Form 13 4 | Gross redemption yield % 5 | Value of admissible higher yielding assets 6 |
|--|-----------|---|--|---|---|--|--|---|---|
| One year or less | 11 | Fixed interest approved securities | | | | Variable interest and variable yield approved securities excluding equities | | | |
| More than one year but not more than five years | 12 | | 41 | 4.46 | | | | | |
| More than five years but not more than ten years | 13 | | | | | | | | |
| More than ten years but not more than fifteen years | 14 | | | | | | | | |
| More than fifteen years but not more than twenty years | 15 | | | | | | | | |
| More than twenty years but not more than twenty five years | 16 | | | | | | | | |
| More than twenty five years | 17 | | | | | | | | |
| Irredeemable | 18 | | | | | | | | |
| Total (11 to 18) | 19 | | 41 | 4.46 | | | | | |
| One year or less | 21 | Other fixed interest securities | | | | Other variable interest and variable yield securities excluding equities | | | |
| More than one year but not more than five years | 22 | | | | | | | | |
| More than five years but not more than ten years | 23 | | | | | | | | |
| More than ten years but not more than fifteen years | 24 | | | | | | | | |
| More than fifteen years but not more than twenty years | 25 | | | | | | | | |
| More than twenty years but not more than twenty five years | 26 | | | | | | | | |
| More than twenty five years | 27 | | | | | | | | |
| Irredeemable | 28 | | | | | | | | |
| Total (21 to 28) | 29 | | | | | | | | |

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

Name of insurer **CGU Insurance plc**

Global business

United Kingdom business

Financial year ended **31st December 2004**Type of business **Permanent Health Insurance Business**Category of surplus **Permanent Health**Company
registration
number

GL/UK/CM

Period ended
day month year

Units

UK/OS

Type of
businessCategory
of surplus

| | | | | | | | | | |
|------------|-------------|-----------|-----------|-----------|-------------|-------------|-----------|------------|-----------|
| R51 | 2116 | GL | 31 | 12 | 2004 | £000 | UK | PHI | 11 |
|------------|-------------|-----------|-----------|-----------|-------------|-------------|-----------|------------|-----------|

| Type of insurance or name of contract 1 | Valuation basis | | No of contracts 4 | Amount of sums assured or annuities per annum, including vested reversionary bonuses 5 | Amount of annual premiums | | Proportion of office premiums reserved for expenses and profits 8 | Value of sums assured or annuities per annum, including vested reversionary bonuses 9 | Value of annual premiums | | Amount of mathematical reserves 12 |
|---|----------------------------------|--|---------------------------------|--|---------------------------------|------------------------------|---|---|----------------------------------|-------------------------------|--|
| | Rate of interest 2 | Mortality or morbidity table 3 | | | Office premiums 6 | Net premiums 7 | | | Office premiums 10 | Net premiums 11 | |
| DIRECT WRITTEN INSURANCE BUSINESS | | | | | | | | | | | |
| Non-Profit Policies | | | | | | | | | | | |
| Sickness Benefits | 3.75% | See Abstract 7 | 203 | 204 pa | 4 | | | 50 | 17 | | 50 |
| Group Disability | | | 1 | 5594 | 15 | | | 18 | | | 18 |
| Miscellaneous Benefits | | | 50 | 80 | | | | 3 | | | 3 |
| Sickness Claims in Payment | 4.00% | See Abstract 7 | | | | | | 27 | | | 27 |
| Sub total: Non-Profit Policies | | | 254 | 5674 204 pa | 19 | | | 98 | 17 | | 98 |
| Sub total: Direct Written Insurance Business | | | 254 | 5674 204 pa | 19 | | | 98 | 17 | | 98 |
| Net total: Permanent Health Insurance Business | | | 254 | 5674 204 pa | 19 | | | 98 | 17 | | 98 |
| Net total: United Kingdom Insurance Business | | | 254 | 5674 204 pa | 19 | | | 98 | 17 | | 98 |

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

Name of insurer **CGU Insurance plc**

Global business

United Kingdom business

Financial year ended **31st December 2004**Type of business **Other Insurance Business**Category of surplus **Capital Redemption**

| Type of insurance or name of contract | Valuation basis | | No of contracts | Amount of sums assured or annuities per annum, including vested reversionary bonuses | Amount of annual premiums | | Proportion of office premiums reserved for expenses and profits | Value of sums assured or annuities per annum, including vested reversionary bonuses | Value of annual premiums | | Amount of mathematical reserves |
|---|------------------|------------------------------|-----------------|--|---------------------------|--------------|---|---|--------------------------|--------------|---------------------------------|
| | Rate of interest | Mortality or morbidity table | | | Office premiums | Net premiums | | | Office premiums | Net premiums | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| DIRECT WRITTEN INSURANCE BUSINESS | | | | | | | | | | | |
| Non-Profit Policies | | | | | | | | | | | |
| Capital Redemption | 3.00% | | 4 | 95 | | | | 34 | 10 | 10 | 24 |
| Additional Reserve | | | | | | | | 9 | | | 9 |
| Sub total: Non-Profit Policies | | | 4 | 95 | | | | 43 | 10 | 10 | 33 |
| Sub total: Direct Written Insurance Business | | | 4 | 95 | | | | 43 | 10 | 10 | 33 |
| Net total: Other Insurance Business | | | 4 | 95 | | | | 43 | 10 | 10 | 33 |
| Net total: United Kingdom Insurance Business | | | 4 | 95 | | | | 43 | 10 | 10 | 33 |

Long term insurance business : Valuation result and distribution of surplus

Name of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2004**Company
registration
number

GL/UK/CM

Period ended

day month year

Units

Category
of surplus

Category of surplus

Permanent Health**R58****2116****GL****31****12****2004****£000****11**

| | | | | |
|---|---|---|-----|-----|
| Valuation result | Fund carried forward | | 11 | 932 |
| | 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 | 932 |
| | Mathematical reserves for accumulating with profit policies | | 17 | |
| | Mathematical reserves for other non linked contracts | | 18 | 98 |
| | Mathematical reserves for property linked contracts | | 19 | |
| | Mathematical reserves for index linked contracts | | 20 | |
| | Total (17 to 20) | | 21 | 98 |
| | Surplus including contingency and other reserves held towards the solvency margin (deficiency) (16-21) | | 29 | 834 |
| Composition of surplus | Balance of surplus brought forward unappropriated from last valuation | | 31 | 641 |
| | 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 | 193 |
| Total (31+34+35) | | 39 | 834 | |
| 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 | 834 |
| Total (48+49) | | 59 | 834 | |
| Percentage of distributed surplus allocated to policyholders of fund/part of fund | | | 61 | |
| Corresponding percentage at three immediately previous valuations | Latest | (year of valuation 2003) | 62 | |
| | Earlier | (year of valuation 2002) | 63 | |
| | Earliest | (year of valuation 2001) | 64 | |

Long term insurance business : Valuation result and distribution of surplus

Name of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2004**Company
registration
number

GL/UK/CM

Period ended

day month year

Units

Category
of surplusCategory of surplus **Capital Redemption**

| | | | | | | | |
|------------|-------------|-----------|-----------|-----------|-------------|-------------|-----------|
| R58 | 2116 | GL | 31 | 12 | 2004 | £000 | 12 |
|------------|-------------|-----------|-----------|-----------|-------------|-------------|-----------|

| | | | | | |
|---|---|---|----|----|--|
| Valuation result | Fund carried forward | | 11 | 38 | |
| | 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 | 38 | |
| | Mathematical reserves for accumulating with profit policies | | 17 | | |
| | Mathematical reserves for other non linked contracts | | 18 | 33 | |
| | Mathematical reserves for property linked contracts | | 19 | | |
| | Mathematical reserves for index linked contracts | | 20 | | |
| | Total (17 to 20) | | 21 | 33 | |
| | Surplus including contingency and other reserves held towards the solvency margin (deficiency) (16-21) | | 29 | 5 | |
| Composition of surplus | Balance of surplus brought forward unappropriated from last valuation | | 31 | 1 | |
| | 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 | 4 | |
| Total (31+34+35) | | 39 | 5 | | |
| 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 | 5 | |
| Total (48+49) | | 59 | 5 | | |
| Percentage of distributed surplus allocated to policyholders of fund/part of fund | | | 61 | | |
| Corresponding percentage at three immediately previous valuations | Latest | (year of valuation 2003) | 62 | | |
| | Earlier | (year of valuation 2002) | 63 | | |
| | Earliest | (year of valuation 2001) | 64 | | |

Long term insurance capital requirementName of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2004**Company
registration
number

GL/UK/CM

Period ended
day month year

Units

| | R60 | 2116 | GL | 31 | 12 | 2004 | £000 |
|--|--------------|----------------------------------|--------------------------------|--------------------|----------------------|---------------------|------|
| | LTICR factor | Gross reserves / capital at risk | Net reserves / capital at risk | Reinsurance factor | LTICR Financial year | LTICR Previous year | |
| | 1 | 2 | 3 | 4 | 5 | 6 | |

Insurance death risk capital component

| | | | | | | | |
|---------------------------|----|-------|--|--|------|--|--|
| Classes I, II and IX | 11 | 0.1% | | | | | |
| Classes I, II and IX | 12 | 0.15% | | | 0.00 | | |
| Classes I, II and IX | 13 | 0.3% | | | | | |
| Classes III, VII and VIII | 14 | 0.3% | | | 0.00 | | |
| Total | 15 | | | | | | |

Insurance health risk capital component

| | | | | | | | |
|--|----|--|--|--|--|----|--|
| Class IV and supplementary classes 1 and 2 | 21 | | | | | 37 | |
|--|----|--|--|--|--|----|--|

Insurance expense risk capital component

| | | | | | | | |
|--|----|-----|----|----|------|---|--|
| Classes I, II and IX | 31 | 1% | | | 0.00 | | |
| Classes III, VII and VIII (investment risk) | 32 | 1% | | | 0.00 | | |
| Classes III, VII and VIII (expenses fixed 5 yrs +) | 33 | 1% | | | 0.00 | | |
| Classes III, VII and VIII (other) | 34 | 25% | | | | | |
| Class IV | 35 | 1% | 98 | 98 | 1.00 | 1 | |
| Class V | 36 | 1% | | | | | |
| Class VI | 37 | 1% | 33 | 33 | 1.00 | | |
| Total | 38 | | | | | 1 | |

Insurance market risk capital component

| | | | | | | | |
|--|----|----|-----|-----|------|---|--|
| Classes I, II and IX | 41 | 3% | | | 0.00 | | |
| Classes III, VII and VIII (investment risk) | 42 | 3% | | | 0.00 | | |
| Classes III, VII and VIII (expenses fixed 5 yrs +) | 43 | 0% | | | | | |
| Classes III, VII and VIII (other) | 44 | 0% | | | | | |
| Class IV | 45 | 3% | 98 | 98 | 1.00 | 3 | |
| Class V | 46 | 0% | | | | | |
| Class VI | 47 | 3% | 33 | 33 | 1.00 | 1 | |
| Total | 48 | | 131 | 131 | | 4 | |

| | | | | | | | |
|--|----|--|--|--|--|----|----|
| Long term insurance capital requirement | 51 | | | | | 42 | 60 |
|--|----|--|--|--|--|----|----|

Supplementary notes

Name of Company **CGU Insurance plc**
Financial year ended **31st December 2004**
Code

4601 Total number of group contracts in force

There is 1 group contract in force with an estimated 16,827 members.

46A0 Form omitted

The entries on all Forms 46A are nil, accordingly these Forms are not required.

47A0 Form omitted

The entries on all Forms 47A are nil, accordingly these Forms are not required.

5101 Aggregate Liabilities and Adjustments

Additional reserve is a reserve to cover future expenses in excess of the expense allowance in the valuation.

5102 Double counting Of contracts

The number of contracts shown in column 4 exceeds the actual number by 50.

5200 Form omitted

The entries on all Forms 52 are nil, accordingly these Forms are not required.

5300 Form omitted

The entries on all Forms 53 are nil, accordingly these Forms are not required.

5400 Form omitted

The entries on all Forms 54 are nil, accordingly these Forms are not required.

5500 Form omitted

The entries on all Forms 55 are nil, accordingly these Forms are not required.

5600 Form omitted

The entries on all Forms 56 are nil, accordingly these Forms are not required.

5700 Form omitted

Mathematical reserves do not exceed £100 million, accordingly this form is not required.

Supplementary notes

Name of Company **CGU Insurance plc**
Financial year ended **31st December 2004**
Code

0301 Reconciliation of net admissible assets to total Capital resources after deductions

| | £'000 |
|--|--------------|
| Total admissible assets line 89 form 13 | 2,206 |
| Sum of lines 11,12 and 49 of from 14 | <u>(131)</u> |
| Net admissible assets | 2,075 |
| Other than long term insurance business assets of CGU Insurance plc allocated towards the long term insurance Business minimum capital requirement | 12 |
| Total | 2,087 |

1304 Statement of amounts set off**1310**

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

1305 Counterparty limits during the year**1311**

The counterparty limits in relation to the Company's investments are monitored regularly and are based on 2.5% of the long term insurance business amount.

1306 Counterparty exposure at the year end**1312**

At the end of the financial year, the following counterparty exposures were in excess of 5% of the sum of the insurer's base capital resources requirement and its long-term insurance liabilities, excluding property linked liabilities and net of reinsurance ceded:

| | £'000 |
|---------------------|-------|
| ABN Amro (deposits) | 4,700 |

1401 Provision for adverse variations

No provision for reasonable foreseeable adverse variations 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 are no contingent liabilities, guarantees, indemnities, or other contractual commitments or other fundamental uncertainties to report.

No provision has been made for any potential liabilities to taxation on capital gains, which might arise if the company disposed of its assets. Any such potential liability has been taken into account by the appointed actuary in the valuation of the liabilities of the long term insurance business.

1501 Form omitted**1502**

There is no form 15 as the shareholder business is included in the general business FSA return.

1600 Forms omitted**1700**

The entries on all Forms 16 and 17 are nil, accordingly these forms are not required.

Supplementary notes

Name of Company **CGU Insurance plc**
Financial year ended **31st December 2004**
Code

4006 Apportionment of items between different long term insurance business funds

Investment income

Invested assets are individually designated to a particular fund. Consequently all investment income is allocated by reference to the designation of the asset.

Increase or decrease in the value of assets brought into account

The value of assets brought into account is determined by reference to the liabilities of the relevant fund. The assets available are individually designated to the relevant fund.

Expenses

All expenses are examined to identify those directly attributable to a particular fund. Those not directly attributable are apportioned pro rata to the work carried out for the fund.

Taxation

The taxation of each fund is computed in accordance with the taxation regulations applicable to that class of business.

4008 Provision of management services

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

4100 Form omitted

The entries in respect of the Capital Redemption fund are nil, accordingly no form 41 is required for this fund

4200 Form omitted

The entries in respect of the Capital Redemption fund are nil, accordingly no form 42 is required for this fund

4300 Forms omitted

4400

4500

The entries on all Forms 43, 44 and 45 are nil, accordingly these forms are not required.

Returns under the Accounts and Statements Rules

Statement on derivatives required by IPRU (INS) 9.29

Name of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2004**

Derivative contracts may be held for hedging purposes where this is considered advisable locally subject to authority from Group Centre. None were held within the long-term insurance business fund in 2004.

Returns under the Accounts and Statements Rules

Statement on controllers required by IPRU (INS) 9.30

Name of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2004**

100% of the issued shares of the Company is held by CGU International Insurance plc.

100% of the issued share capital of CGU International Insurance plc 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.

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

Name of insurer **CGU Insurance plc**
Global business
Financial year ended **31st December 2004**

We certify that:

- 1 (a) the return has been properly prepared in accordance with the requirements in IPRU(INS) and PRU; and
- (b) the directors are satisfied that:
 - (i) throughout the financial year in question, the insurer has complied in all material respects with the requirements in SYSC and PRIN as well as the provisions of IPRU(INS) and PRU; and
 - (ii) it is reasonable to believe that the insurer has continued so to comply subsequently, and will continue so to comply in future.

- 2 (a) in the directors' opinion, premiums for contracts entered into during the financial year and the resulting income earned are sufficient, under reasonable actuarial methods and assumptions, and taking into account the other financial resources of the insurer that are available for the purpose, to enable the insurer to meet its obligations in respect of those contracts and, in particular, to establish adequate mathematical reserves;
- (b) the sum of the mathematical reserves and the deposits received from reinsurers as shown in Form 14, constitute proper provision at the end of the financial year in question for the long-term insurance business liabilities (including all liabilities arising from deposit back arrangements, but excluding other 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 actuarial investigation as at that date into the financial condition of the long-term insurance business; and
- (c) the directors have, in preparing the return, taken and paid due regard to advice in preparing the return from every actuary appointed by the insurer to perform the actuarial function in accordance with SUP 4.3.13R.

..... **RJ HARVEY**
Chief Executive

..... **PJR SNOWBALL**
Director

..... **PG SCOTT**
Director

22 March 2005

Returns under the Accounts and Statements Rules

Independent auditors' report to the directors pursuant to rule 9.35 of the Accounts and Statements Rules

Name of insurer **CGU Insurance plc**

Global Business

Financial year ended **31st December 2004**

We have examined the following documents prepared by the insurer pursuant to the Accounts and Statements Rules set out in Chapter 9 to the Interim Prudential Sourcebook for Insurers and the Integrated Prudential Sourcebook ("the Rules") made by the Financial Services Authority under section 138 of the Financial Services and Markets Act 2000 (the "Act").

- Forms 2, 3, 11 to 14, 40 to 42, 48, 49, 58 and 60 (including the supplementary notes) ("the Forms");
- the statement required by rule 9.29 ("the statement"); and
- the methods and assumptions determined by the insurer and used to perform the actuarial investigation as set out in the valuation report required by rule 9.31(a) ("the methods and assumptions included in the valuation report").

We are not required to examine and do not express an opinion on the following ("the unaudited items"):

- a) Forms 46, 47 and 51 (including the supplementary notes);
- b) The statement required by rule 9.30;
- c) the certificate signed in accordance with rule 9.34; and
- d) the valuation report required by rule 9.31(a) except as set out above.

This report is made solely to the insurer'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 insurer'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 insurer for our examination, for this report, or for the opinion we have formed.

Respective responsibilities of the company and its auditors

The insurer is responsible for the preparation of an annual return (including the unaudited items) under the provisions of the Rules. Under rule 9.11 the Forms, the statement and the valuation report 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. The methods and assumptions determined by the insurer and used to perform the actuarial investigation as set out in the valuation report prepared in accordance with rule 9.31 are required to reflect appropriately the requirements of PRU 7.3.

It is our responsibility to form an independent opinion as to whether the Forms, the statement and the methods and assumptions included in the valuation report meet these requirements, and to report our opinion to you. We also report to you if, in our opinion, the insurer has not kept proper accounting records or if we have not received all the information we require for our examination.

Basis of opinion

We conducted our work in accordance with Practice Note 20 "The audit of insurers in the United Kingdom" and Bulletin 2004/5 "Supplementary guidance for auditors 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, the statement and the methods and assumptions included in the valuation report. The evidence included that previously obtained by us relating to the audit of the financial statements of the insurer for the financial year on which we reported on 30 March 2005. It also included an assessment of the significant estimates and judgements made by the insurer in the preparation of the Forms, the statement and in determining the methods and assumptions included in the valuation report.

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, the statement and the methods and assumptions included in the valuation report are free from material misstatement, whether caused by fraud or other irregularity or error, and comply with rule 9.11.

In accordance with rule 9.35(1A), to the extent that any document, Form, statement, analysis or report to be examined under rule 9.35(1) contains amounts or information abstracted from the actuarial investigation performed pursuant to rule 9.4, we have obtained and paid due regard to advice from a suitably qualified actuary who is independent of the insurer.

Returns under the Accounts and Statements Rules

Independent auditors' report to the directors pursuant to rule 9.35 of the Accounts and Statements Rules

Name of insurer **CGU Insurance plc**

Global Business

Financial year ended **31st December 2004**

Opinion

In our opinion:

- (a) the Forms and the 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) the methods and assumptions determined by the insurer and used to perform the actuarial investigation as set out in the valuation report prepared in accordance with rule 9.31 appropriately reflect the requirements of PRU 7.3.

Ernst & Young LLP
Registered Auditor
London
30 March 2005