

The Yorkshire Insurance Company Limited

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

**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 **The Yorkshire Insurance Company Limited**

Global Business

Financial year ended **31st December 2004**

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Statement of solvency - long-term insurance businessName of insurer **The Yorkshire Insurance Company Limited**

Global business

Financial year ended **31st December 2004**

Solo solvency calculation

	Company registration number	GL/UK/CM	Period ended			Units	
			day	month	year		
	R2	98235	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	668	
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	12	1419	
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	2	
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	2	

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		
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Returns under the Accounts and Statements Rules

Covering page to form 2

Name of insurer **The Yorkshire Insurance Company Limited**

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 **The Yorkshire Insurance Company Limited**

Global business

Financial year ended **31st December 2004**

	Company registration number	GL/UK/CM	Period ended			Units	
			day	month	year		
	R3	98235	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		2087		2087	
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		2087		2087	

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		2087		2087	
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		2087		2087	

Components of capital resourcesName of insurer **The Yorkshire Insurance Company Limited**

Global business

Financial year ended **31st December 2004**

	Company registration number	GL/UK/CM	Period ended			Units	
			day	month	year		
	R3	98235	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 **The Yorkshire Insurance Company Limited**

Global business

Financial year ended **31st December 2004**

	Company registration number	GL/UK/CM	Period ended			Units	
			day	month	year		
	R3	98235	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		2087		2087	
Inadmissible assets other than intangibles and own shares	73					
Assets in excess of market risk and counterparty limits	74					
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 **The Yorkshire Insurance Company Limited**

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	98235	GL	31	12	2004	£000
		This financial year 1		Previous year 2		
Gross premiums receivable	11					1
Premium taxes and levies (included in line 11)	12					
Premiums receivable net of taxes and levies (11-12)	13					1
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					1
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					1
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				
	Excess (if any) over 50M EURO x 0.02	33				
Sub-total J (32-33)	34					
Claims paid in period of 3 financial years	41			10		13
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		6		8
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		1		4
Sub-total C (41+42+43-44-45)	46			15		17
Amounts recoverable from reinsurers in respect of claims included in Sub-total C	47					
Sub-total D (46-47)	48			15		17
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					
Provisions for claims outstanding (before discounting and net of reinsurance)	51			6		8
Brought forward amount (12.43.2 x 51.1 / 51.2 or, if less, 12.43.2)	52			2		2
Greater of lines 50 and 52	53			2		2

General insurance business : Calculation of general insurance capital requirement - claims amount and resultName of insurer **The Yorkshire Insurance Company Limited**

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	98235	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		10		13	
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		6		8	
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		1		4	
Claims incurred in reference period (21+22+23-24-25)		26		15		17	
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		15		17	
Sub-total F - Conversion of Sub-total E to annual figure (Multiply by 12 and divide by number of months in reference period)		31		5		6	
Division of sub-total F (gross adjusted claims amount)	X 0.26	32		1		2	
	Excess (if any) over 35M EURO x 0.03	33					
Sub-total G (32 - 33)		39		1		2	
Claims amount Sub-total G x reinsurance ratio (11.49)		41		1		2	
Higher of premiums amount and brought forward amount (11.53)		42		2		2	
General insurance capital requirement (higher of lines 41 and 42)		43		2		2	

Analysis of admissible assetsName of insurer **The Yorkshire Insurance Company Limited**

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	98235	GL	31	12	2004	£000	11
					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 **The Yorkshire Insurance Company Limited**

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	98235	GL	31	12	2004	£000	11
					day	month	year		
Investments (continued)					As at the end of this financial year		As at the end of the previous year		
Deposits with ceding undertakings					1		2		
Assets held to cover linked liabilities									
Other financial investments	Equity shares			41					
	Other shares and other variable yield securities			42					
	Holdings in collective investment schemes			43					
	Rights under derivative contracts			44					
	Debt securities and other fixed income securities	Fixed interest	Approved securities		45		527		537
			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			527		537	

Analysis of admissible assetsName of insurer **The Yorkshire Insurance Company Limited**

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	98235	GL	31	12	2004	£000	11
Debtors				As at the end of this financial year		As at the end of the previous year		
Other assets				1		2		
Debtors arising out of direct insurance operations	Policyholders			71				
	Intermediaries			72				
Salvage and subrogation recoveries				73				
Debtors arising out of reinsurance operations	Due from ceding insurers and intermediaries under reinsurance business accepted			74				
	Due from reinsurers and intermediaries under reinsurance contracts ceded			75				
Other debtors	Due from dependants	Due in 12 months or less after the end of the financial year		76				
		Due more than 12 months after the end of the financial year		77				
	Other	Due in 12 months or less after the end of the financial year		78				
		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		152		
	Cash in hand			82			113	
Other assets (particulars to be specified by way of supplementary note)				83				
Prepayments and accrued income	Accrued interest and rent			84		2	2	
	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		154	115	
Grand total of admissible assets after deduction of market risk and counterparty limits (39+69+88)				89		681	652	
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		681	652	
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		681	652	
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 **The Yorkshire Insurance Company Limited**

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		98235	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	12	25			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	101	72			See Instruction 4	
Long term insurance business fund carried forward (11 to 13)		14	113	97			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			1	555			
Accruals and deferred income		39						
Provision for "reasonably foreseeable adverse variations"		41						
Total other insurance and non-insurance liabilities (17 to 41)		49	1	555				
Excess of the value of net admissible assets		51	567				See Instruction 6	
Total liabilities and margins		59	681	652				
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance		61		551				
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 **The Yorkshire Insurance Company Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2004**Name and number of fund/Summary **Permanent Health 1**

	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/Summary	No of part of Fund
			day	month	year				
R40	98235	GL	31	12	2004	£000	OB	1	0
Items to be shown net of reinsurance ceded						The financial year	Previous year		
						1	2		
Earned premiums					11				1
Investment income receivable before deduction of tax					12		40		37
Increase (decrease) in the value of non-linked assets brought into account					13		(10)		(20)
Increase (decrease) in the value of linked assets					14				
Other income					15				
Total income (11 to 15)					19		30		18
Claims incurred					21		1		1
Expenses payable					22		1		2
Interest payable before deduction of tax					23				
Taxation					24		12		7
Other expenditure					25				
Transfer to (from) non technical account					26				
Total expenditure (21 to 26)					29		14		10
Increase (decrease) in fund in financial year (19-29)					39		16		8
Fund brought forward					49		97		89
Fund carried forward (39+49)					59		113		97

Valuation Report for IPRU (INS) Appendix 9.4

Name of Company **The Yorkshire Insurance Company Limited – 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

(a) All contracts are fully described by the entry in column 1 of form 51 except 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) 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) 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 explicit allowances 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.

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.

Valuation Report for IPRU (INS) Appendix 9.4

Name of Company **The Yorkshire Insurance Company Limited – Ordinary Long Term Business**

Financial year ended **31st December 2004**

- (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 rise in fixed interest yields of 20% of the long-term gilt yield.
 - (7) Not applicable.
 - (8) (a) An additional reserve of 1 (£000) has been included in the mathematical reserves and no resilience capital requirement arises.
 - (b) The fall in the value of the long term liabilities was £800
 - (c) The fall in the value of assets was £300
 - (9) Not applicable.
- 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) Not applicable.
 - (c) Not applicable.
 - (d) Not applicable.
- 9 There are no linked contracts.
- 10 (1) Allowance has been made for inflation of expenses at 4.8%.
- (2) The allowance for expenses during 2005 is 1 (£000). The allowance is derived from the explicit expenses described in paragraph 8(a).
 - (3) No new business is being transacted.
 - (4) Not applicable.
- 11 The mathematical reserves were expressed in Sterling and are matched by Sterling assets.
- 12 (1) No premiums were payable during the report period for business ceded on a facultative basis to reinsurers who are not permitted to carry on business in the United Kingdom.
- (2) There are no reinsurance treaties.
 - (3) There are no financing arrangements.

Valuation Report for IPRU (INS) Appendix 9.4

Name of Company **The Yorkshire Insurance Company Limited – Ordinary Long Term Business**

Financial year ended **31st December 2004**

13-16 There are no with profit contracts.

17-20 Forms 46-49 and 51 are appended.

21 (1) Form 57 is not required.

21 (2) No adjustment to the yield on assets was necessary.

22 Form 58 is appended.

23 Form 60 is appended.

Long term insurance business : Summary of changes in ordinary long term businessName of insurer **The Yorkshire Insurance Company Limited**

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	98235		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					50	1				
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					2					
Conversions to paid-up policies for reduced benefits	26										
Net transfers, expiries and other alterations 'off'	27					7					
Total 'off' (21 to 27)	29					9					
In force at end of year (11+19-29)	39					41	1				

Long term insurance business : Expected income from admissible assets not held to match liabilities in respect of linked benefitsName of insurer **The Yorkshire Insurance Company Limited**

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	98235	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	529	36	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	152					
Total (11 to 19)	29		681	36	3.46			

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 **The Yorkshire Insurance Company Limited**

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	98235	GL	31	12	2004	£000	11
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Redemption period in years			Value of admissible assets as shown on Form 13 1	Gross redemption yield % 2	Value of admissible higher yielding assets 3		Value of admissible assets as shown on Form 13 4	Gross redemption yield % 5	Value of admissible higher yielding assets 6
One year or less	11	Fixed interest approved securities				Variable interest and variable yield approved securities excluding equities			
More than one year but not more than five years	12		529	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		529	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 **The Yorkshire Insurance Company Limited**

Global business

United Kingdom business

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

Type of insurance or name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
	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											
Sickness Benefits	3.75%	See abstract 7	32	32 pa	1			4	2		4
Miscellaneous Benefits	-		9	14				1			1
Sickness Claims in Payment	4.00%	See abstract 7						6			6
Additional Reserve	-	-						1			1
Sub total: Non-Profit Policies			41	14 32 pa	1			12	2		12
Sub total: Direct Written Insurance Business			41	14 32 pa	1			12	2		12
Net total: Permanent Health Insurance Business			41	14 32 pa	1			12	2		12
Net total: United Kingdom Insurance Business			41	14 32 pa	1			12	2		12

Company registration number

GL/UK/CM

Period ended
day month year

Units

UK/OS

Type of business

Category of surplus

R51

98235

GL

31

12

2004

£000

UK

PHI

11

Long term insurance business : Valuation result and distribution of surplus

Name of insurer **The Yorkshire Insurance Company Limited**

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****98235****GL****31****12****2004****£000****11**

Valuation result	Fund carried forward		11	113
	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	113
	Mathematical reserves for accumulating with profit policies		17	
	Mathematical reserves for other non linked contracts		18	12
	Mathematical reserves for property linked contracts		19	
	Mathematical reserves for index linked contracts		20	
	Total (17 to 20)		21	12
	Surplus including contingency and other reserves held towards the solvency margin (deficiency) (16-21)		29	101
Composition of surplus	Balance of surplus brought forward unappropriated from last valuation		31	72
	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	29
Total (31+34+35)		39	101	
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	101
Total (48+49)		59	101	
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 **The Yorkshire Insurance Company Limited**

Global business

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

GL/UK/CM

Period ended
day month year

Units

	R60	98235	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					2	
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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%	12	12	1.00		
Class V	36	1%					
Class VI	37	1%			0.00		
Total	38						

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%	12	12	1.00		
Class V	46	0%					
Class VI	47	3%			0.00		
Total	48		12	12			

Long term insurance capital requirement	51					2	3
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Supplementary notes

Name of insurer **The Yorkshire Insurance Company Limited**

Global business

Financial year ended **31st December 2004**

4601 Total number of group contracts in force

There are no group contracts in force.

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.

5102 Double counting of contracts

The number of contracts shown in column 4 exceeds the actual number by 9.

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 insurer **The Yorkshire Insurance Company Limited**
 Global business
 Financial year ended **31st December 2004**

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

	£'000
Total admissible assets line 89 form 13	681
Sum of lines 11,12 and 49 of from 14	<u>(13)</u>
Net admissible assets	668
Other than long term insurance business assets of CGU Insurance plc allocated towards the long term insurance Business minimum capital requirement	1419
Total	2087

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
Chase Manhattan Bank	152

1401 Provision for adverse variations

No provision for reasonably 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.

Returns under the Accounts and Statements Rules

Supplementary notes

Name of insurer **The Yorkshire Insurance Company Limited**

Global business

Financial year ended **31st December 2004**

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.

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 **The Yorkshire Insurance Company Limited**

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 **The Yorkshire Insurance Company Limited**

Global business

Financial year ended **31st December 2004**

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

100% of the issued share capital of CGU Insurance plc 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 **The Yorkshire Insurance Company Limited**

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 **The Yorkshire Insurance Company Limited**

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 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 **The Yorkshire Insurance Company Limited**

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