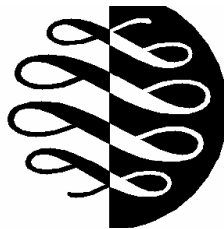


Norwich Union Life (RBS) Limited

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

**Annual FSA Insurance Returns for the year ended
31st December 2005**



Returns under the Accounts and Statements Rules

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

Global Business

Financial year ended **31st December 2005**

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Statement of solvency - long-term insurance businessName of insurer **Norwich Union Life (RBS) Ltd**

Global business

Financial year ended **31st December 2005**

Solo solvency calculation

R2	Company registration number 1117445	GL/UK/CM GL	Period ended			Units £000
			day	month	year	
			31	12	2005	
			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		
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	12	48644	42836
Capital resources available to cover long-term insurance business capital resources requirement (11+12)	13	48644	42836

Guarantee Fund

Guarantee Fund requirement	21	10450	10641
Excess (deficiency) of available capital resources to cover guarantee fund requirement	22	38194	32195

Minimum capital requirement (MCR)

Long-term insurance capital requirement	31	31350	31924
Resilience capital requirement	32		
Base capital resources requirement	33	2030	2087
Individual minimum capital requirement	34	31350	31924
Capital requirements of regulated related undertakings	35		
Minimum capital requirement (34 + 35)	36	31350	31924
Excess (deficiency) of available capital resources to cover 50% of MCR	37	32969	26874
Excess (deficiency) of available capital resources to cover 75% of MCR	38	25131	18893

Enhanced capital requirement

With-profits insurance capital component	39		
Enhanced capital requirement	40	31350	31924

Capital resources requirement (CRR)

Capital resources requirement (greater of 36 and 40)	41	31350	31924
Excess (deficiency) of available capital resources to cover long-term insurance business CRR (13-41)	42	17294	10912

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 **Norwich Union Life (RBS) Limited**

Global business

Financial year ended **31st December 2005**

..... **P J R SNOWBALL**
Chief Executive

..... **K W ABERCROMBY**
Director

..... **J R LISTER**
Director

30 March 2006

Components of capital resourcesName of insurer **Norwich Union Life (RBS) Ltd**

Global business

Financial year ended **31st December 2005**

	Company registration number	GL/UK/CM	Period ended			Units	
			day	month	year		
	R3	1117445	GL	31	12	2005	£000
	General insurance business 1	Long-term insurance business 2	Total as at the end of this financial year 3	Total as at the end of the previous year 4			

Core tier one capital

Permanent share capital	11		24760	24760	24760
Profit and loss account and other reserves	12		23639	23639	18331
Share premium account	13		245	245	245
Positive valuation differences	14				
Fund for future appropriations	15				
Core tier one capital in related undertakings	16				
Core tier one capital (sum of 11 to 16)	19		48644	48644	43336

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 capital

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		48644	48644	43336
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		48644	48644	43336

Components of capital resourcesName of insurer **Norwich Union Life (RBS) Ltd**

Global business

Financial year ended **31st December 2005**

	Company registration number	GL/UK/CM	Period ended			Units
			day	month	year	
R3	1117445	GL	31	12	2005	£000
	General insurance business 1	Long-term insurance business 2	Total as at the end of this financial year 3			Total 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 **Norwich Union Life (RBS) Ltd**

Global business

Financial year ended **31st December 2005**

	Company registration number	GL/UK/CM	Period ended			Units	
			day	month	year		
	R3	1117445	GL	31	12	2005	£000
	General insurance Business 1	Long-Term insurance Business 2	Total as at the end of this financial year 3		Total 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		48644	48644	43336
Inadmissible assets other than intangibles and own shares	73				
Assets in excess of market risk and counterparty limits	74				500
Deductions for related ancillary services undertakings	75				
Deductions for regulated non-insurance related undertakings	76				
Deductions of ineligible surplus capital	77				
Total capital resources after deductions (72-73-74-75-76-77)	79		48644	48644	42836

Available capital resources for PRU tests

Available capital resources for guarantee fund requirement	81		48644	48644	42836
Available capital resources for 50% MCR requirement	82		48644	48644	42836
Available capital resources for 75% MCR requirement	83		48644	48644	42836

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				

Analysis of admissible assets

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

Global business

Financial year ended **31st December 2005**

Category of assets **Total other than long term insurance business assets**

	Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			day	month	year			
	R13	1117445	GL	31	12	2005	£000	1
Investments					As at the end of this financial year 1	As at the end of the previous year 2		
Land and buildings				11				
Investments in group undertakings and participating interests								
UK insurance dependants	shares			21				
	debts and loans			22				
Other insurance dependants	shares			23				
	debts and loans			24				
Non-insurance dependants	shares			25				
	debts and loans			26				
Other group undertakings	shares			27				
	debts and loans			28				
Participating interests	shares			29				
	debts and loans			30				
Other financial investments								
Equity shares				41				
Other shares and other variable yield participations				42				
Holdings in collective investment schemes				43		35162		29031
Rights under derivative contracts				44				
Fixed interest securities	Approved			45		11365		10848
	Other			46				
Variable interest securities	Approved securities			47				
	Other			48				
Participation in investment pools				49				
Loans secured by mortgages				50				
Loans to public or local authorities and nationalised industries or undertakings				51				
Loans secured by policies of insurance issued by the company				52				
Other loans				53				
Bank and approved credit & financial institution deposits	One month or less withdrawal			54		5183		3888
	More than one month withdrawal			55				
Other financial investments				56				

Analysis of admissible assets

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

Global business

Financial year ended **31st December 2005**

Category of assets **Total other than long term insurance business assets**

	Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			day	month	year			
	R13	1117445	GL	31	12	2005	£000	1
							As at the end of this financial year 1	As at the end of the previous year 2
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				
Debtors and salvage								
Direct insurance business		Policyholders		71				
		Intermediaries		72				
Salvage and subrogation recoveries				73				
Reinsurance		Accepted		74				
		Ceded		75				
Dependants		Due in 12 months or less		76				
		Due in more than 12 months		77				
Other		Due in 12 months or less		78		377		868
		Due in more than 12 months		79				
Other assets								
Tangible assets				80				
Deposits not subject to time restriction on withdrawal with approved institutions				81		61		271
Cash in hand				82				
Other assets (particulars to be specified by way of supplementary note)				83				
Accrued interest and rent				84		105		428
Deferred acquisition costs (general business only)				85				
Other prepayments and accrued income				86		384		
Deductions from the aggregate value of assets				87				
Grand total of admissible assets after deduction of market risk and counterparty limits (11 to 86 less 87)				89		52637		45334

Analysis of admissible assets

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

Global business

Financial year ended **31st December 2005**

Category of assets **Total other than long term insurance business assets**

R13	Company registration number	GL/UK/CM	Period ended			Units	Category of assets
			day	month	year		
	1117445	GL	31	12	2005	£000	1

	As at the end of this financial year 1	As at the end of the previous year 2
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Reconciliation to asset values determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting

Total admissible assets after deduction of market risk and counterparty limits (as per line 89 above)	91	52637	45334
Assets in excess of market and counterparty limits	92		500
Capital resources requirement deduction of regulated related undertakings	93		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	94		
Inadmissible assets of regulated related insurance undertakings	95		
Book value of related ancillary services undertakings	96		
Other differences in the valuation of assets (other than for assets not valued above)	97		
Deferred acquisition costs excluded from line 89	98		
Reinsurers' share of technical provisions excluded from line 89	99		
Other asset adjustments (may be negative)	100		
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 100)	101	52637	45834

Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	102		
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Analysis of admissible assets

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

Global business

Financial year ended **31st December 2005**

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	1117445	GL	31	12	2005	£000	10
Investments					As at the end of this financial year 1		As at the end of the previous year 2	
Land and buildings				11				
Investments in group undertakings and participating interests								
UK insurance dependants	shares			21				
	debts and loans			22				
Other insurance dependants	shares			23				
	debts and loans			24				
Non-insurance dependants	shares			25				
	debts and loans			26				
Other group undertakings	shares			27				
	debts and loans			28				
Participating interests	shares			29				
	debts and loans			30				
Other financial investments								
Equity shares				41				
Other shares and other variable yield participations				42				
Holdings in collective investment schemes				43				
Rights under derivative contracts				44				
Fixed interest securities	Approved			45				
	Other			46				
Variable interest securities	Approved securities			47				
	Other			48				
Participation in investment pools				49				
Loans secured by mortgages				50				
Loans to public or local authorities and nationalised industries or undertakings				51				
Loans secured by policies of insurance issued by the company				52				
Other loans				53				
Bank and approved credit & financial institution deposits	One month or less withdrawal			54		1017		1512
	More than one month withdrawal			55				
Other financial investments				56				

Analysis of admissible assets

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

Global business

Financial year ended **31st December 2005**

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	1117445	GL	31	12	2005	£000	10
							As at the end of this financial year 1	As at the end of the previous year 2
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				
Debtors and salvage								
Direct insurance business		Policyholders		71				5358
		Intermediaries		72				
Salvage and subrogation recoveries				73				
Reinsurance		Accepted		74				
		Ceded		75		664		1014
Dependants		Due in 12 months or less		76				
		Due in more than 12 months		77				
Other		Due in 12 months or less		78		1991		176
		Due in more than 12 months		79				
Other assets								
Tangible assets				80				
Deposits not subject to time restriction on withdrawal with approved institutions				81		540		
Cash in hand				82				
Other assets (particulars to be specified by way of supplementary note)				83				
Accrued interest and rent				84				
Deferred acquisition costs (general business only)				85				
Other prepayments and accrued income				86				
Deductions from the aggregate value of assets				87				
Grand total of admissible assets after deduction of market risk and counterparty limits (11 to 86 less 87)				89		4212		8060

Analysis of admissible assets

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

Global business

Financial year ended **31st December 2005**

Category of assets **Total long term insurance business assets**

R13	Company registration number	GL/UK/CM	Period ended			Units	Category of assets
			day	month	year		
	1117445	GL	31	12	2005	£000	10

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

Reconciliation to asset values determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting

Total admissible assets after deduction of market risk and counterparty limits (as per line 89 above)	91	4212	8060
Assets in excess of market and counterparty limits	92		
Capital resources requirement deduction of regulated related undertakings	93		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	94		
Inadmissible assets of regulated related insurance undertakings	95		
Book value of related ancillary services undertakings	96		
Other differences in the valuation of assets (other than for assets not valued above)	97		
Deferred acquisition costs excluded from line 89	98		
Reinsurers' share of technical provisions excluded from line 89	99	920020	
Other asset adjustments (may be negative)	100		
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 100)	101	924232	

Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	102		
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Long term insurance business liabilities and marginsName of insurer **Norwich Union Life (RBS) Ltd**

Global business

Financial year ended **31st December 2005**Fund **Ordinary Long Term Fund**Units **£000**

		As at the end of this financial year 1	As at the end of the previous year 2
Mathematical reserves, after distribution of surplus		11	
Cash bonuses which had not been paid to policyholders prior to end of the financial year		12	
Balance of surplus/(valuation deficit)		13	
Long term insurance business fund carried forward (11 to 13)		14	
Claims outstanding	Gross amount	15	268
	Reinsurers' share	16	268
	Net (15-16)	17	
Provisions	Taxation	21	
	Other	22	
Deposits received from reinsurers		23	
Creditors	Direct insurance business	31	4172
	Reinsurance accepted	32	
	Reinsurance ceded	33	382
Debenture loans	Secured	34	
	Unsecured	35	
Amounts owed to credit institutions		36	4599
Creditors	Taxation	37	
	Other	38	40
Accruals and deferred income		39	
Provision for "reasonably foreseeable adverse variations"		41	
Total other insurance and non-insurance liabilities (17 to 41)		49	4212
Excess of the value of net admissible assets		51	
Total liabilities and margins		59	8060

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		

Total liabilities (11+12+49)	71	4212	8060
Increase to liabilities - DAC related	72		
Reinsurers' share of technical provisions	73	920020	936245
Other adjustments to liabilities (may be negative)	74		
Capital and reserves and fund for future appropriations	75		
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (71 to 75)	76	924232	944305

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

Global business

Financial year ended **31st December 2005**

	Company registration number	GL/UK/CM	Period ended			Units	
			day	month	year		
	R15	1117445	GL	31	12	2005	£000
						As at the end of this financial year 1	As at the end of the previous year 2

Technical provisions (gross amount)

Provision for unearned premiums		11		
Claims outstanding		12		
Provision for unexpired risks		13		
Equalisation provisions	Credit business	14		
	Other than credit business	15		
Other gross technical provisions		16		
Total gross technical provisions (11 to 16)		19		

Provisions and creditors

Provisions	Taxation	21		
	Other risks and charges	22		
Deposits received from reinsurers		31		
Creditors	Direct insurance business	41		
	Reinsurance accepted	42		
	Reinsurance ceded	43		
Debenture loans	Secured	44		
	Unsecured	45		
Amounts owed to credit institutions		46		
Creditors	Taxation	47	1802	1735
	Recommended dividend	48		
	Other	49	2191	763
Accruals and deferred income		51		
Total (19 to 51)		59	3993	2498
Provision for "reasonably foreseeable adverse variations"		61		
Cumulative preference share capital		62		
Subordinated loan capital		63		
Total (59 to 63)		69	3993	2498

Amounts included in line 69 attributable to liabilities to related insurers, other than those under contracts of insurance or reinsurance	71	929	
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Reinsurers' share of DAC	81		
Amounts deducted from technical provisions for discounting	82		
Other adjustments (may be negative)	83		
Capital and reserves	84	48644	43336
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (69+81-82+83+84)	85	52637	45834

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

Global business

Financial year ended **31st December 2005**

R16	1117445	GL	Period ended			Units
			GL/UK/CM	day	month	
			31	12	2005	£000

			This financial year	Previous year
			1	2
Transfer (to)/from the general insurance business technical account	From Form 20	11		
	Equalisation provisions	12		
Transfer from the long term insurance business revenue account		13		
Investment income	Income	14	1832	2424
	Value re-adjustments on investments	15	3304	2165
	Gains on the realisation of investments	16	413	
Investment charges	Investment management charges, including interest	17	4	48
	Value re-adjustments on investments	18		
	Loss on the realisation of investments	19		116
Allocated investment return transferred to the general insurance business technical account		20		
Other income and charges (particulars to be specified by way of supplementary note)		21	1854	197
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)		29	7399	4622
Tax on profit or loss on ordinary activities		31	2091	1132
Profit or loss on ordinary activities after tax (29-31)		39	5308	3490
Extraordinary profit or loss (particulars to be specified by way of supplementary note)		41		
Tax on extraordinary profit or loss		42		
Other taxes not shown under the preceding items		43		
Profit or loss for the financial year (39+41-(42+43))		49	5308	3490
Dividends (paid and proposed)		51		
Profit or loss retained for the financial year (49-51)		59	5308	3490

Long term insurance business : Analysis of premiumsName of insurer **Norwich Union Life (RBS) Ltd**Total business/subfund **Ordinary Long Term Fund**Financial year ended **31st December 2005**Units **£000**

		UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
		1	2	3	4	5
Gross						
Regular premiums	11					
Single premiums	12	20301			20301	189559
Reinsurance - external						
Regular premiums	13					
Single premiums	14					
Reinsurance - intra-group						
Regular premiums	15					
Single premiums	16	20301			20301	189559
Net of reinsurance						
Regular premiums	17					
Single premiums	18					
Total						
Gross	19	20301			20301	189559
Reinsurance	20	20301			20301	189559
Net	21					

Long term insurance business : Analysis of claimsName of insurer **Norwich Union Life (RBS) Ltd**Total business/subfund **Ordinary Long Term Fund**Financial year ended **31st December 2005**Units **£000**

		UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
		1	2	3	4	5
Gross						
Death or disability lump sums	11	14892			14892	12811
Disability periodic payments	12					
Surrender or partial surrender	13	50472			50472	33182
Annuity payments	14					
Lump sums on maturity	15					
Total	16	65364			65364	45993
Reinsurance - external						
Death or disability lump sums	21					
Disability periodic payments	22					
Surrender or partial surrender	23					
Annuity payments	24					
Lump sums on maturity	25					
Total	26					
Reinsurance - intra-group						
Death or disability lump sums	31	14892			14892	12811
Disability periodic payments	32					
Surrender or partial surrender	33	50472			50472	33182
Annuity payments	34					
Lump sums on maturity	35					
Total	36	65364			65364	45993
Net of reinsurance						
Death or disability lump sums	41					
Disability periodic payments	42					
Surrender or partial surrender	43					
Annuity payments	44					
Lump sums on maturity	45					
Total	46					

Long term insurance business : Analysis of expensesName of insurer **Norwich Union Life (RBS) Ltd**Total business/subfund **Ordinary Long Term Fund**Financial year ended **31st December 2005**Units **£000**

		UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
		1	2	3	4	5
Gross						
Commission - acquisition	11	1178			1178	13064
Commission - other	12					
Management - acquisition	13	77			77	1034
Management - maintenance	14	4503			4503	4015
Management - other	15					
Total	16	5758			5758	18113
Reinsurance - external						
Commission - acquisition	21					
Commission - other	22					
Management - acquisition	23					
Management - maintenance	24					
Management - other	25					
Total	26					
Reinsurance - intra-group						
Commission - acquisition	31	1178			1178	13064
Commission - other	32					
Management - acquisition	33	77			77	1034
Management - maintenance	34	4503			4503	4015
Management - other	35					
Total	36	5758			5758	18113
Net of reinsurance						
Commission - acquisition	41					
Commission - other	42					
Management - acquisition	43					
Management - maintenance	44					
Management - other	45					
Total	46					

Long term insurance business : Summary of new businessName of insurer **Norwich Union Life (RBS) Ltd**

Total business

Financial year ended **31st December 2005**Units **£000**

		UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
		1	2	3	4	5
Number of new policyholders/scheme members for direct insurance business						
Regular premium business	11					
Single premium business	12	748			748	8197
Total	13	748			748	8197
Amount of new regular premiums						
Direct insurance business	21					
External reinsurance	22					
Intra-group reinsurance	23					
Total	24					
Amount of new single premiums						
Direct insurance business	25	20301			20301	189559
External reinsurance	26					
Intra-group reinsurance	27					
Total	28	20301			20301	189559

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

Total business

Financial year ended **31st December 2005**Units **£000**

UK Life / Direct insurance business

Product code number	Product description	Regular premium business		Single premium business	
		Number of policyholders / scheme members	Amount of premiums	Number of policyholders / scheme members	Amount of premiums
1	2	3	4	5	6
500	Life UWP single premium			748	20301

Long term insurance business : Non-linked assetsName of insurer **Norwich Union Life (RBS) Ltd**Category of assets **Total long term insurance business assets**Financial year ended **31st December 2005**Units **£000**

		Unadjusted assets	Economic Exposure	Expected income from assets in column 2	Yield before adjustment	Return on assets in financial year
		1	2	3	4	5
Assets backing non-profit liabilities and non-profit capital requirement						
Land and buildings	11					
Approved fixed interest securities	12					
Other fixed interest securities	13					
Variable interest securities	14					
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18	4212	4212	132	3.13	
Total	19	4212	4212	132	3.13	
Assets backing with-profits liabilities and with-profits capital requirement						
Land and buildings	21					
Approved fixed interest securities	22					
Other fixed interest securities	23					
Variable interest securities	24					
UK listed equity shares	25					
Non-UK listed equity shares	26					
Unlisted equity shares	27					
Other assets	28					
Total	29					
Overall return on with-profits assets						
Post investment costs but pre-tax	31					
Return allocated to non taxable 'asset shares'	32					
Return allocated to taxable 'asset shares'	33					

Long term insurance business : Summary of mathematical reserves

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

Total business/subfund **Ordinary Long Term Fund**

Financial year ended **31st December 2005**

Units **£000**

		UK Life	UK Pension	Overseas	Total Financial Year	Total Previous Year
		1	2	3	4	5
Gross						
Form 51 - with-profits	11					
Form 51 - non-profit	12					
Form 52	13	892022			892022	911958
Form 53 - linked	14					
Form 53 - non-linked	15					
Form 54 - linked	16					
Form 54 - non-linked	17					
Total	18	892022			892022	911958
Reinsurance - external						
Form 51 - with-profits	21					
Form 51 - non-profit	22					
Form 52	23					
Form 53 - linked	24					
Form 53 - non-linked	25					
Form 54 - linked	26					
Form 54 - non-linked	27					
Total	28					
Reinsurance - intra-group						
Form 51 - with-profits	31					
Form 51 - non-profit	32					
Form 52	33	892022			892022	911958
Form 53 - linked	34					
Form 53 - non-linked	35					
Form 54 - linked	36					
Form 54 - non-linked	37					
Total	38	892022			892022	911958
Net of reinsurance						
Form 51 - with-profits	41					
Form 51 - non-profit	42					
Form 52	43					
Form 53 - linked	44					
Form 53 - non-linked	45					
Form 54 - linked	46					
Form 54 - non-linked	47					
Total	48					

Long-term insurance business: With-profits payouts on surrenderName of insurer **Norwich Union Life (RBS) Ltd**Original insurer **Norwich Union Life (RBS) Ltd**

Date of surrender value

Category of with-profits policy	Duration at surrender (years)	Surrender value	Terminal bonus	MVA	CWP/UWP	MVA permitted?	Death benefit
1	2	3	4	5	6	7	8
Endowment assurance	5	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	10	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	15	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	20	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	2	11219	1069	0	UWP	Y	11863
With-profits bond	3	12305	1456	0	UWP	Y	12766
With-profits bond	5	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	10	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	2	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	3	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	10	n/a	n/a	n/a	n/a	n/a	n/a

Long term insurance capital requirementName of insurer **Norwich Union Life (RBS) Ltd**

Global business

Financial year ended **31st December 2005**Units **£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%			0.50		
Classes I, II and IX	12	0.15%					
Classes I, II and IX	13	0.3%	52299			78	117
Classes III, VII and VIII	14	0.3%					
Total	15		52299			78	117
Insurance health risk capital component							
Class IV and supplementary classes 1 and 2	21						
Insurance expense risk capital component							
Classes I, II and IX	31	1%	919752		0.85	7818	7952
Classes III, VII and VIII (investment risk)	32	1%					
Classes III, VII and VIII (expenses fixed 5 yrs +)	33	1%					
Classes III, VII and VIII (other)	34	25%					
Class IV	35	1%					
Class V	36	1%					
Class VI	37	1%					
Total	38					7818	7952
Insurance market risk capital component							
Classes I, II and IX	41	3%	919752		0.85	23454	23855
Classes III, VII and VIII (investment risk)	42	3%					
Classes III, VII and VIII (expenses fixed 5 yrs +)	43	0%					
Classes III, VII and VIII (other)	44	0%					
Class IV	45	3%					
Class V	46	0%					
Class VI	47	3%					
Total	48		919752			23454	23855
Long term insurance capital requirement	51					31350	31924

Supplementary notesName of insurer **Norwich Union Life (RBS) Limited**

Global business

Financial year ended **31st December 2005****Code****0301 Reconciliation of net admissible assets to total CR**

	£'000
i) Net admissible assets	
Form 13 Line 89 (Long term business)	4,212
Form 13 Line 89 (Other than long term business)	52,637
Form 14 Lines 11, 12 and 49	(4,212)
Form 15 Line 69	(3,993)
	<hr/> 48,644
ii) Components of Capital resources that are treated as a liability	-
iii) Components of capital resources not included in ii) that arise as a result of a waiver and are not represented by admissible assets included in Form 13	-
iv) Any other items	-
Total i) to iv) above	48,644
Form 3, line 79	48,644

1100 Form omitted**1200 Form omitted****1301/1308 Aggregate value of unlisted investments etc.**

The other than long-term business fund held £35m of units and the long term business fund held £Nil in authorised collective investment schemes. There were no holdings in unlisted securities or listed companies, which are not readily realisable, or reversionary interests or remainders in property.

1304/1310 Statement of amounts set off

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

1305/1311 Counterparty limits during the year

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

Deposits

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

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

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

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

Equities

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

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

Supplementary notes

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

Global business

Financial year ended **31st December 2005**

Code

Fixed

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

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

Derivatives

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

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

1306/1312 Counterparty exposure at the year end

There is no counterparty exposure in excess of admissibility limits as at 31/12/2005.

1401/1501 Provision for reasonably foreseeable 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.

1402/1502 Contingent liabilities, etc.

There are no charges over any assets of the Company.

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

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

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

1601 Basis of conversion of foreign currency

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

1603 Other income and charges

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

1700 Form omitted

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

4000 Form omitted

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

4008 Provision of management services

Returns under the Accounts and Statement Rules

Supplementary notes

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

Global business

Financial year ended **31st December 2005**

Code

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

Supplementary notes

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

Global business

Financial year ended **31st December 2005**

Code

4009 Related party transactions

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

- | | | |
|----|--|--|
| 1) | Connected party | Commercial Union Life Assurance Company Limited (CULAC) |
| | Nature of relationship | Fellow group undertaking |
| | Nature of transactions during the period | Reinsurance ceded |
| | Value of transactions during the period | Premiums £9.1m |
| | | Claims £29.4m |
| 2) | Connected party | CGNU Life Assurance Limited |
| | Nature of relationship | Fellow group undertaking |
| | Nature of transactions during the period | Reinsurance ceded |
| | Value of transactions during the period | Premiums £11.2m |
| | | Claims £36.0m |
| 3) | Connected party | Norwich Union Life Services Limited |
| | Nature of relationship | Fellow group undertaking |
| | Nature of transactions during the period | Supplies and charges for the provision of operational assets and staff to Norwich Union Life (RBS) Limited |
| | Value of transactions during the period | Less than 5% of LTBA |

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Norwich Union Life (RBS) Limited**
Global business
Financial year ended **31 December 2005**

1 Introduction

- (1) The **valuation date** is 31 December 2005.
- (2) The previous valuation was completed with an effective date of 31 December 2004.
- (3) An interim valuation was carried out with an effective date of 30 June 2005 for the purposes of Rule 9.3A.

2 Product Range

There have not been any significant changes to products during the financial year.

3 Discretionary charges and benefits

- (1) No MVRs were **applied** during 2005.
- (2) There have been no changes to premiums on reviewable protection policies.
- (3) The fund does not have any non-profit deposit administration benefits.
- (4) Linked policies are not written
- (5) Linked policies are not written.
- (6) There have been no changes to notional charges to accumulating with-profits policies. Linked policies are not written.
- (7) Linked policies are not written.
- (8) Linked policies are not written.
- (9) Linked policies are not written.
- (10) Linked policies are not written.

4 Valuation basis (other than for special reserves)

- (1) Valuation methodology

£10m is more than 1% of gross mathematical reserves = £9.2m. Therefore £9.2m has been used as the materiality limit for this section.

Unitised With Profit business is valued initially by determining the lower of:

- a) the current non-guaranteed surrender value and
- b) the amount of this benefit after removal of final bonus / MVR.

This result is then compared with a prospective valuation and the higher result taken.

The prospective valuation projects future benefits assuming future premiums cease and future bonuses are zero, except for policies with a guaranteed minimum bonus rate, where this guaranteed bonus is allowed for. An allowance is made for future non-guaranteed surrenders.

The valuation makes allowance for future dates at which a policyholder can surrender part or all of their policy and receive a guaranteed minimum value (including a money-back guarantee at a future policy anniversary). Further details are given in section 5(2).

Provision is made for future expenses on the basis of the charges made to the Company under the Management Services Agreement with Norwich Union Life Services assuming future inflation at 3.8% per annum.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **Norwich Union Life (RBS) Limited**
 Global business
 Financial year ended **31 December 2005**

(2) Valuation interest rates:

A table of all valuation interest rates used is given below.

Product Group	Interest rate 31 December 2005	Interest rate 31 December 2004
Life Assurances		
All Unitised With Profit business	3.55%	3.7%

(3) Adjustment to yield for credit risk:Equity / Property assets:

In both cases the assets have been ordered by yield and divided into different categories. The yield in each category is capped. This means that very low-yielding assets retain this low rate but high-yielding assets are capped. This reduces the average yield on equity / property assets.

In the case of equity, the cap is the Long Term Gilt Yield + 2%. The cap reduces the average yield on equities by approximately 0.28%. In the case of property, the cap is also the Long Term Gilt Yield + 2%. The cap reduces the average yield on property by approximately 0.09%.

The cap on property has been reduced from LTGY+3%. This is because the yields on CGNU Property are currently low (average 4.7%) compared to gilt yields, with 82% of the business having a yield below 6% and 96% having a yield below 7% (LTGY + 3%). This implies that much of the credit risk has already been taken into account in the calculation of the base running yields. An additional allowance was still deemed necessary so the cap was reduced.

Fixed interest securities

The allowance for credit risk will vary depending on the credit rating of the bond. The table below shows the allowances used.

Corporate Bond Deductions								
Rating	AAA	AA	A	BBB	BB	B	C	Alternative Investments
Deduction	0.09%	0.28%	0.32%	0.67%	1.68%	3.10%	4.95%	0.69%

For the purposes of the valuation a single deduction was calculated and applied to all bonds. This was an average of the allowances for securities with different credit ratings, weighted by the bonds' market values at 30 November 2005.

The deduction used was 0.48%. It applies to all fixed interest securities except Approved fixed interest (gilts and other bonds issued by approved UK and international public sector bodies).

For Mortgages, a deduction of 0.50% was used, while for Deposits, the equivalent deduction was 0.10%.

(4) Mortality assumptions

The table below shows the mortality basis for business written by the fund.

Product	Mortality basis 31 December 2005	Mortality basis 31 December 2004
Unitised With Profits	120% AM92 / AF92	AM92/AF92

- There are no products where the assurance mortality basis is expressed as 'modified table'.

Allowance for future changes in mortality where not implicit in the basis:

There are no explicit reserves for alterations to mortality. All future changes are made to the tables used to calculate base mathematical reserves.

(5) No morbidity assumptions were needed.

Valuation report – IPRU (INS) Appendix 9.4Name of insurer **Norwich Union Life (RBS) Limited**

Global business

Financial year ended **31 December 2005**(6) Expense assumptions:

Expense assumptions are taken as 110% of the amounts detailed in the Management Services Agreement (MSA). This loading is used to set a long-term assumption for additional costs arising within the business (e.g. project costs, regulatory fees, audit fees) and to give a margin for adverse deviation.

The table below shows the MSA expenses as at 31 December 2004 and 31 December 2005. The figures shown will be charged to policies in 2005/2006 respectively and form the base position for the valuation expense assumptions.

1. NUL(RBS)		
Renewal Admin (£ per policy)	31 December 2005 basis	31 December 2004 basis
Bond	17.75	17.37

Assumed future expense inflation:

3.8% per annum (NAE – 1%, as set by the MSA agreement)

(7) Bonus Assumptions:

Unitised With Profits business:

The Company reinsures 100% of its business to realistic basis life firms so no allowance has been made for future discretionary annual bonus. Since no business has a guaranteed annual bonus rate, assumptions for future annual bonus are zero. No allowance has been made for discretionary final bonus.

(8) Other basis items:Persistency

For Unitised business, we have allowed for surrender rates consistent with the table below. This will serve to increase the reserve in certain circumstances, for example on small policies where the principal driver of the reserve is the expense loading.

For policies with a money back option available, we have assumed an exit rate of 100% at the next guarantee date.

The persistency rates used are as follows. These represent the assumptions for exits where an MVR would be applied. They apply to amounts remaining after policyholders with guaranteed benefits have taken their money (either in regular withdrawals or through a full surrender guarantee).

Product description	Lapse rates
Life UWP single premium (Joint Venture Bond)	3% in year 1; 4% in year 2; 5% in year 3; 6.5% in year 4; 8% in year 5; 40% in year 6; 10% in year 7 and thereafter

Taxation

Valuation interest rates on Life business include an allowance for taxation. This allowance has been arrived at using the following assumption:

- A tax rate of 20% has been assumed in respect of income on Fixed Interest and Property assets (for Life business). No allowance has been made for taxation on equity income.

Tax relief on expenses on products in the BLAGAB fund has been assumed using a rate of 20.00%.

Valuation report – IPRU (INS) Appendix 9.4

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

Global business

Financial year ended **31 December 2005**

5 Options and Guarantees

(1) There are no Guaranteed Annuity Rate Options.

(2) Guaranteed surrender and unit-linked maturity values:

All policies have a guaranteed surrender value.

There are two types of guaranteed surrender value:

- i) The option to surrender the policy on a certain set of dates with the total benefit being underpinned by the total premium paid into the policy (a money-back guarantee)
 - ii) The option to take a certain level of regular withdrawals without an MVR being applied.
- a) Methodology:

In both of the cases above the overall reserve for a policy has been calculated as:

Max([Accumulated Benefit + adjustment], [Prospective reserve for future benefit]).

- The [Accumulated Benefit + adjustment] item is calculated in accordance with PRU 7.3.71R(1).
- The [Prospective reserve for future benefit] is calculated as the present value of the benefit paid to the policyholder after allowing for lapses. The basis of the calculation will include assumptions for surrender before the guarantee date(s), an assumption about the percentage of remaining policyholders who choose to surrender on their guarantee date(s) and an assumption for the level of MVR-free regular withdrawals taken by policyholders.

Persistency assumptions are given in item 4(8), along with assumptions about guarantee take-up. The interest rates used in the calculation are given in 4(2).

The guarantee is explicitly valued as part of the main calculation – there is no explicit reserve for it. The reserve calculated below is equal to the difference between:

- i) The full reserve for Unitised With Profits policies with the prospective component calculated assuming that the remaining policyholders receive their guarantee on future guarantee dates;
- ii) The full reserve for Unitised With Profits policies with the prospective component calculated assuming that remaining policyholders receive the lesser of their guarantee and the surrender value they would otherwise have received on future guarantee dates.

In practice, the cost of the guarantees is currently zero. This is because the impact of the current levels of MVR/surrender penalties is smaller than the impact of discounting.

The tables show the unit value in force as the guaranteed amount. This is a proxy for the amount payable under the regular withdrawal guarantee, as a policyholder could ultimately redeem all of their units through regular withdrawals.

Where a spread of duration is shown, duration refers to the next date at which the policyholder could fully surrender with a guarantee (either no-MVR or money-back).

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer

Norwich Union Life (RBS) Limited

Global business

Financial year ended

31 December 2005

b)

(i) Product name	(ii) basic reserve (£)	(iii) spread of outstanding term	(iv) guarantee reserve (£)	(v) guaranteed amount (£)	vi) MVR-free conditions			(vii) in force regular premiums	(viii) increments allowed to policy?
					1) no-MVR guarantee on full surrender	2) money-back guarantee (full surrender)	3) regular withdrawal guarantee		
Joint Venture Bond / Joint Venture Bond Income Fund; all contracts issued 28/1/02 to 25/1/04 inclusive (implicit charged)	733,747,334	63% with duration 7 years; 36% with duration 8 years; 1 % with duration 9 years	0	762,499,061	None	The amount paid on the 10th anniversary will be at least the amount used to buy the units cashed, less the amount of any regular withdrawals or charges for life cover.	No MVR on regular withdrawals up to 7.5% of initial investment in With Profits Fund. MVR applies to units cancelled from With Profit Income Fund if amount withdrawn is greater than the units allocated by way of bonus.	0	No
Joint Venture Bond / Joint Venture Bond Income Fund; all contracts issued 26/1/04 to 5/2/05 inclusive (explicit charge)	186,004,505	75% with duration 4 years; 25% with duration 5 years	0	200,202,268	None	The amount paid on the 5th or 10th anniversary will be at least the amount used to buy the units cashed, less the amount of any regular withdrawals or charges for life cover.	No MVR on regular withdrawals up to 5% of initial investment in With Profits Fund. MVR applies to units cancelled from With Profit Income Fund if amount withdrawn is greater than the units allocated by way of bonus.	0	No

The Company stopped selling new policies at 05 February 2005; new policies are now written in CGNU Life Assurance Limited.

There is no Unit Linked business.

6 Expense reserves

- (1) The aggregate allowance for expenses during 2006 arising from direct-written contracts was nil as all reserves are reinsured out.
- (2) Not applicable as With Profit Bond policies are wholly reassured.
- (3) Not applicable as With Profit Bond policies are wholly reassured.
- (4) Not applicable as With Profit Bond policies are wholly reassured.
- (5) Not applicable as With Profit Bond policies are wholly reassured.

7 Mismatching Reserves

- (1) The liabilities of the Company are denominated in sterling and entirely reinsured out. Currency matching is complete; for evidence please see the Appendix 9.4 report of CGNU Life Assurance Limited and Commercial Union Life Assurance Company Limited.
- (2) The Company does not have a Resilience Capital Requirement. In both central and stress scenarios all liabilities are reinsured out.
- (3) Refer to the CGNU Life Assurance Limited and Commercial Union Life Assurance Company Limited FSA Returns. Liquidity risk arises in these companies.

8 Other Special Reserves

None are held.

Valuation report – IPRU (INS) Appendix 9.4Name of insurer **Norwich Union Life (RBS) Limited**

Global business

Financial year ended **31 December 2005****9 Reinsurance**

- (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) The section below responds for those treaties that satisfy 9.2(a),(b) or (c).
- d) CGNU Life Assurance Limited and Commercial Union Life Assurance Company Limited.
- e) The treaty provides cover for Unitised With Profit Bond on a quota share original terms basis. The proportions of the risk are 45% (Commercial Union Life Assurance Company Limited) and 55% (CGNU Life Assurance Limited). The total proportion of the risk ceded is 100%. The expenses (both initial and renewal) and commission are refunded by the reinsurers in full.
- f) The premium payable by the Company during 2005 was £20,301,000.
- g) There are no deposit-back arrangements.
- h) The treaty is closed to new business.
- i) There are no significant undischarged obligations to the reinsurers as at 31 December 2005.
- j) The mathematical reserves ceded under the treaties total £919,752,000.
- k) The Company does not retain any liability for new policies being reinsured.
- l) The reinsurer is authorised to carry on insurance business in the United Kingdom.
- m) The Company is connected with the reinsurer.
- n) The treaty is not subject to any material contingencies.
- o) No provision was made for refund of reinsurance commission in the event of lapse or surrender of the contracts.
- p) The treaty is not a financing arrangement.

10 Reversionary (annual, regular) bonus.

(1)

Product	Amount of mathematical reserve (£m)	Regular bonus (2004)	Regular bonus (2005)	Guaranteed bonus (2005)
<u>Unitised Life</u>				
Life excluding Distribution Bonds (Implicit charge)	585.2	3.25%	3.25%	0.00%
Life excluding Distribution Bonds (Explicit charge)	182.2	4.25%	4.25%	0.00%
Distribution Bonds (Implicit charge)	148.5	3.25%	2.75%	0.00%
Distribution Bonds (Explicit charge)	3.8	4.00%	4.00%	0.00%

- (2) The figures for bonus awarded on Unitised With-Profits business show the percentage increase in unit price during the year.
- (3) None of the business receives bonus on a super-compound basis.
- (4) We have not used averaging in the table above.

Returns under the Accounts and Statements Rules

Statement on derivatives required by IPRU (INS) 9.29

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

Global business

Financial year ended **31st December 2005**

It is not company policy to invest in financial derivatives or quasi-derivatives and no such investments have been made during the year ended 31 December 2005. There are no other matters to disclose in relation to Rule 9.29 of the Interim Prudential Sourcebook for Insurers.

Returns under the Accounts and Statements Rules

Statement on controllers required by IPRU (INS) 9.30

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

Global business

Financial year ended **31st December 2005**

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

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

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

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

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

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

There have been no changes to the above position during the year.

All shares are voting shares.

Statement of information on appointed with-profits actuary required by IPRU (INS) 9.36

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

Global business

Financial year ended **31st December 2005**

In accordance with rule 9.36 of the Interim Prudential Sourcebook for Insurers, J R Lister, who resigned as the with-profits actuary of the Company on 22 July 2005, and A R Walton, who was appointed as the with-profits actuary of the Company on 22 July 2005, were requested to furnish and have provided the following information:

(1) J R Lister

- (a)**
- (1) An interest in 6,191 ordinary shares at 31 December 2005 in Aviva plc (2004: 10,310).
 - (2) 48,980 ordinary shares were held in the Aviva Long Term Incentive Plan at 31 December 2005 (2004: 39,324) and 34,472 ordinary shares were held in the Aviva Deferred Bonus Plan at 31 December 2005 (2004: 23,962).
 - (3) Options were held at 31 December 2005 to subscribe for 21,936 ordinary shares in Aviva plc under the Executive Share Option Scheme. No options were granted during the year. No options were exercised or lapsed during the year.
- (b)** The actuary holds two low cost endowment policies with CGNU Life Assurance Limited, with aggregate sums assured of £56,000 and monthly premiums of £259. The actuary also holds a number of investment products managed by Norwich Union Investment Funds Limited. In addition, the actuary held general insurance policies with subsidiaries of Aviva plc for which total premiums of £2,000 were paid in the year.
- (c)** The aggregate amount of remuneration, bonuses and the value of other benefits (excluding pension rights) under the actuary's contract of employment with Aviva Employment Services Limited for the year was £227,623. Under the contract he was:

With-profits actuary and a director of:-
Commercial Union Life Assurance Company Limited
CGNU Life Assurance Limited
Norwich Union Life (RBS) Limited
Norwich Union Life & Pensions Limited

And a director of:-
Norwich Union Annuity Limited
Norwich Union Life Services Limited
The General Practice Finance Corporation Limited
Norwich Union Commercial Finance Limited
Norwich Union Commercial Mortgages Limited
Norwich Union Mortgage Finance Limited
Norwich Union Mortgages (Life) Limited
Norwich Union Mortgage Holdings Limited
Norwich Union Linked Life Assurance Limited
Fidelity Life Assurance Limited

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

(2) A R Walton

- (a)**
- (1) The actuary held no interests in ordinary shares in Aviva plc at 31 December 2005.
 - (2) The actuary held no interests in ordinary shares in the Aviva Long Term Incentive Plan at 31 December 2005 and no interests in ordinary shares in the Aviva Deferred Bonus Plan at 31 December 2005.
 - (3) The actuary held no options to subscribe for ordinary shares in Aviva plc under the Executive Share Option Scheme at 31 December 2005:
- (b)** The actuary held general insurance policies with subsidiaries of Aviva plc for which total premiums of £745.00 were paid in the period to 31 December 2005.

Statement of information on appointed with-profits actuary required by IPRU (INS) 9.36

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

Global business

Financial year ended **31st December 2005**

- (c) The aggregate amount of remuneration, bonuses and the value of other benefits (excluding pension rights) under the actuary's contract of employment with Aviva Employment Services Limited for the period 22 July 2005 to 31 December 2005 was £124,608. Under the contract he was:

With-profits actuary of:-

Commercial Union Life Assurance Company Limited

CGNU Life Assurance Limited

Norwich Union Life (RBS) Limited

Norwich Union Life & Pensions Limited

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

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

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

Global business

Financial year ended **31st December 2005**

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;
- (c) the with-profits fund has been managed in accordance with the Principles and Practices of Financial Management, as established, maintained and recorded under COB 6.10; and
- (d) the directors have, in preparing the return, taken and paid due regard to:
 - (i) advice in preparing the return from every actuary appointed by the insurer to perform the actuarial function in accordance with SUP 4.3.13R; and
 - ii) if applicable, advice from every actuary appointed by the insurer to perform the with-profits actuary function in accordance with SUP 4.3.16R.

..... **P J R SNOWBALL**
Chief Executive

..... **K W ABERCROMBY**
Director

..... **J R LISTER**
Director

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 **Norwich Union Life (RBS) Limited**

Global Business

Financial year ended **31st December 2005**

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, 13 to 16, 41 to 43, 48, and 60 (including the supplementary notes) ("the Forms");
- the statement required by rule 9.29 ("the statement"); and
- the report required by rule 9.31(a) ("the valuation report").

We are not required to examine and do not express an opinion on the following:

- a) Forms 46, 47, 50, 52 and 59B (including the supplementary notes);
- b) the statements required by rules 9.30 and 9.36; and
- c) the certificate signed in accordance with rule 9.34.

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 opinions we have formed.

Respective responsibilities of the company and its auditors

The insurer is responsible for the preparation of an annual return (including the Forms, the statement and the valuation report) 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 specified by 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(a) 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 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 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 2006. It also included an assessment of the significant estimates and judgements made by the insurer in the preparation of the Forms, the statement and 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 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 audited 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 **Norwich Union Life (RBS) Limited**

Global Business

Financial year ended **31st December 2005**

Opinion

In our opinion:

- (a) the Forms, the statement and the valuation report fairly state the information provided on the basis required by the Rules as modified 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(a) appropriately reflect the requirements of PRU 7.3.

Ernst & Young LLP
Registered Auditor
London
30 March 2006