



National Westminster Life Assurance Ltd

Registered office: Trinity Quay, Avon Street, Bristol, BS2 0YY

**Annual FSA Insurance Returns for the year ended
31 December 2010**



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 **NATIONAL WESTMINSTER LIFE ASSURANCE LTD**

Global Business

Financial year ended **31st December 2010**

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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 **NATIONAL WESTMINSTER LIFE ASSURANCE LTD**

Global Business

Financial year ended **31st December 2010**

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Statement of solvency - long-term insurance business

Form 2

Name of insurer **National Westminster Life Assurance Ltd**

Global business

Financial year ended **31st December 2010**

Solo solvency calculation

	Company registration number	GL/UK/CM	day	month	year	units	
	R2	2668470	GL	31	12	2010	£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	123105	86221
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	12	93618	102001
Capital resources available to cover long-term insurance business capital resources requirement (11+12)	13	216723	188222

Guarantee fund

Guarantee fund requirement	21	25536	28134
Excess (deficiency) of available capital resources to cover guarantee fund requirement	22	191187	160088

Minimum capital requirement (MCR)

Long-term insurance capital requirement	31	76607	84403
Resilience capital requirement	32		
Base capital resources requirement	33	3040	3128
Individual minimum capital requirement	34	76607	84403
Capital requirements of regulated related undertakings	35		
Minimum capital requirement (34+35)	36	76607	84403
Excess (deficiency) of available capital resources to cover 50% of MCR	37	178419	146020
Excess (deficiency) of available capital resources to cover 75% of MCR	38	159268	124920

Enhanced capital requirement

With-profits insurance capital component	39		
Enhanced capital requirement	40	76607	84403

Capital resources requirement (CRR)

Capital resources requirement (greater of 36 and 40)	41	76607	84403
Excess (deficiency) of available capital resources to cover long-term insurance business CRR (13-41)	42	140116	103819

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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Covering sheet to Form 2

Form 2

Name of insurer **National Westminster Life Assurance Ltd**

Global business

Financial year ended **31st December 2010**

..... **T E STRAUSS** **Chief Executive**

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

..... **D B BARRAL** **Director**

Components of capital resources**Form 3
(Sheet 1)**Name of insurer **National Westminster Life Assurance Ltd**

Global business

Financial year ended **31st December 2010**

	Company registration number	GL/ UK/ CM	day	month	year	units	
	R3	2668470	GL	31	12	2010	£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		140000	140000	140000		
Profit and loss account and other reserves	12		145966	145966	127917		
Share premium account	13						
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		285966	285966	267917		
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		285966	285966	267917		
Investments in own shares	32						
Intangible assets	33						
Amounts deducted from technical provisions for discounting	34						
Other negative valuation differences	35		7262	7262	9108		
Deductions in related undertakings	36						
Deductions from tier one (32 to 36)	37		7262	7262	9108		
Total tier one capital after deductions (31-37)	39		278704	278704	258809		

Components of capital resources**Form 3
(Sheet 2)**Name of insurer **National Westminster Life Assurance Ltd**

Global business

Financial year ended **31st December 2010**

	Company registration number	GL/ UK/ CM	day	month	year	units	
	R3	2668470	GL	31	12	2010	£000
	General insurance business	Long-term insurance business	Total as at the end of this financial year	Total as at the end of the previous year			
	1	2	3	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 resources**Form 3
(Sheet 3)**Name of insurer **National Westminster Life Assurance Ltd**

Global business

Financial year ended **31st December 2010**

	Company registration number	GL/ UK/ CM	day	month	year	units	
	R3	2668470	GL	31	12	2010	£000
	General insurance business	Long-term insurance business	Total as at the end of this financial year	Total as at the end of the previous year			
	1	2	3	4			

Total capital resources

Positive adjustments for regulated non-insurance related undertakings	71					
Total capital resources before deductions (39+69+71)	72		278704	278704	258809	
Inadmissible assets other than intangibles and own shares	73		61981	61981	70587	
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					
Deductions of ineligible surplus capital	77					
Total capital resources after deductions (72-73-74-75-76-77)	79		216723	216723	188222	

Available capital resources for GENPRU/INSRU tests

Available capital resources for guarantee fund requirement	81		216723	216723	188222	
Available capital resources for 50% MCR requirement	82		216723	216723	188222	
Available capital resources for 75% MCR requirement	83		216723	216723	188222	

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
Form 11

 Name of insurer **National Westminster Life Assurance Ltd**

Global business

 Financial year ended **31st December 2010**

Long-term insurance business

	Company registration number	GL/UK/CM	day	month	year	units	
	R11	2668470	GL	31	12	2010	£000
			This financial year		Previous year		
			1		2		
Gross premiums written	11			4518		4929	
Premiums taxes and levies (included in line 11)	12						
Premiums written net of taxes and levies (11-12)	13			4518		4929	
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			4518		4929	
Gross premiums earned	21			4518		4929	
Premium taxes and levies (included in line 21)	22						
Premiums earned net of taxes and levies (21-22)	23			4518		4929	
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			4518		4929	
Sub-total I (higher of sub-total A and sub-total H)	30			4518		4929	
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		813		887	
	Excess (if any) over 57.5M EURO x 0.02	33					
Sub-total J (32-33)	34			813		887	
Claims paid in period of 3 financial years	41			22088		18413	
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		7115		14068	
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		6101		6937	
Sub-total C (41+42+43-44-45)	46			23102		25544	
Amounts recoverable from reinsurers in respect of claims included in Sub-total C	47			15696		12645	
Sub-total D (46-47)	48			7406		12899	
Reinsurance ratio (Sub-total D / sub-total C or, if more, 0.50 or, if less, 1.00)	49			0.50		0.50	
Premiums amount (Sub-total J x reinsurance ratio)	50			407		448	
Provisions for claims outstanding (before discounting and net of reinsurance)	51			644		1657	
Provisions for claims outstanding (before discounting and gross of reinsurance) if both 51.1 and 51.2 are zero, otherwise zero	52						
Brought forward amount (see instruction 4)	53			655		1685	
Greater of lines 50 and 53	54			655		1685	

Calculation of general insurance capital requirement - claims amount and result

Form 12

Name of insurer **National Westminster Life Assurance Ltd**

Global business

Financial year ended **31st December 2010**

Long-term insurance business

		Company registration number	GL/ UK/ CM	day	month	year	units	
		R12	2668470	GL	31	12	2010	£000
				This financial year		Previous year		
				1		2		
Reference period (No. of months) See <i>INSPRU</i> 1.1.63R		11		36		36		
Claims paid in reference period		21		22088		18413		
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		7115		14068		
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		6101		6937		
Claims incurred in reference period (21+22+23-24-25)		26		23102		25544		
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		23102		25544		
Sub-total F - Conversion of sub-total E to annual figure (multiply by 12 and divide by number of months in the reference period)		31		7701		8515		
Division of sub-total F (gross adjusted claims amount)	X 0.26	32		2002		2214		
	Excess (if any) over 40.3M EURO x 0.03	33						
Sub-total G (32 - 33)		39		2002		2214		
Claims amount Sub-total G x reinsurance ratio (11.49)		41		1001		1118		
Higher of premiums amount and brought forward amount (11.54)		42		655		1685		
General insurance capital requirement (higher of lines 41 and 42)		43		1001		1685		

Analysis of admissible assets**Form 13
(Sheet 1)**Name of insurer **National Westminster Life Assurance Ltd**

Global business

Financial year ended **31st December 2010**Category of assets **Total other than Long-term insurance business assets**

	Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets
R13	2668470	GL	31	12	2010	£000	1
						As at end of this financial year	As at end of the previous year
						1	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	4365 2351
Variable interest securities	Approved	47	
	Other	48	34185 14872
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	35101
	More than one month withdrawal	55	32492 15986
Other financial investments	56		

Analysis of admissible assets**Form 13
(Sheet 2)**Name of insurer **National Westminster Life Assurance Ltd**

Global business

Financial year ended **31st December 2010**Category of assets **Total other than Long-term insurance business assets**

	Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets
	R13	2668470	31	12	2010	£000	1
						As at end of this financial year	As at end of the previous year
						1	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	1016
	due in more than 12 months	79	

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	22572	32681
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	266	81
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86		

Deductions from the aggregate value of assets	87		
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Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)	89	93880	102088
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Analysis of admissible assets**Form 13
(Sheet 3)**Name of insurer **National Westminster Life Assurance Ltd**

Global business

Financial year ended **31st December 2010**Category of assets **Total other than Long-term insurance business assets**

	Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets
R13	2668470	GL	31	12	2010	£000	1
						As at end of this financial year	As at 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 admissible assets in excess of market risk and counterparty limits (as per line 89 above)	91	93880	102088
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93		
Capital resources requirement deduction of regulated related undertakings	94		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	95		
Inadmissible assets of regulated related undertakings	96		
Book value of related ancillary services undertakings	97		
Other differences in the valuation of assets (other than for assets not valued above)	98		
Deferred acquisition costs excluded from line 89	99		
Reinsurers' share of technical provisions excluded from line 89	100		
Other asset adjustments (may be negative)	101	(240)	
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 101)	102	93640	102088
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		

Analysis of admissible assets**Form 13
(Sheet 1)**Name of insurer **National Westminster Life Assurance Ltd**

Global business

Financial year ended **31st December 2010**Category of assets **Total Long-term insurance business assets**

	Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets	
	R13	2668470	GL	31	12	2010	£000	10
						As at end of this financial year	As at end of the previous year	
						1	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	3030
Variable interest securities	Approved	47	
	Other	48	54645 106868
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	10600 19994
	More than one month withdrawal	55	111164 77374
Other financial investments	56		

Analysis of admissible assets**Form 13
(Sheet 2)**Name of insurer **National Westminster Life Assurance Ltd**

Global business

Financial year ended **31st December 2010**Category of assets **Total Long-term insurance business assets**

	Company registration number	GL/UK/CM	day	month	year	units	Category of assets	
	R13	2668470	GL	31	12	2010	£000	10
						As at end of this financial year	As at end of the previous year	
						1	2	
Deposits with ceding undertakings			57					
Assets held to match linked liabilities	Index linked		58		579978		770159	
	Property linked		59		1444898		1359033	

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	8567	9555
	Intermediaries	72		
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74		
	Ceded	75	8325	9505
Dependants	due in 12 months or less	76		
	due in more than 12 months	77		
Other	due in 12 months or less	78	11653	9879
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	21193	
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	734	631
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86		

Deductions from the aggregate value of assets	87		
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Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)	89	2254787	2362998
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Analysis of admissible assets**Form 13
(Sheet 3)**Name of insurer **National Westminster Life Assurance Ltd**

Global business

Financial year ended **31st December 2010**Category of assets **Total Long-term insurance business assets**

	Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets	
	R13	2668470	GL	31	12	2010	£000	10
						As at end of this financial year	As at 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 admissible assets in excess of market risk and counterparty limits (as per line 89 above)	91	2254787	2362998
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93		
Capital resources requirement deduction of regulated related undertakings	94		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	95		
Inadmissible assets of regulated related undertakings	96		
Book value of related ancillary services undertakings	97		
Other differences in the valuation of assets (other than for assets not valued above)	98		
Deferred acquisition costs excluded from line 89	99	61981	70587
Reinsurers' share of technical provisions excluded from line 89	100	176673	173809
Other asset adjustments (may be negative)	101	5893	(2238)
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 101)	102	2499334	2605156
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103	4028	314

Long-term insurance business liabilities and margins

Form 14

Name of insurer **National Westminster Life Assurance Ltd**

Global business

Financial year ended **31st December 2010**Fund **Total Long-term insurance business**Units **£000**

		As at the end of this financial year	As at the end of the previous year
		1	2
Mathematical reserves, after distribution of surplus	11	2078945	2189570
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12		
Balance of surplus / (valuation deficit)	13	123105	86221
Long term insurance business fund carried forward (11 to 13)	14	2202050	2275791
Claims outstanding	Gross	15	28677
	Reinsurers' share	16	9847
	Net (15-16)	17	18830
Provisions	Taxation	21	
	Other risks and charges	22	500
Deposits received from reinsurers	23	2694	2836
Creditors	Direct insurance business	31	2220
	Reinsurance accepted	32	
	Reinsurance ceded	33	3976
Debenture loans	Secured	34	
	Unsecured	35	
Amounts owed to credit institutions	36	5028	12025
Creditors	Taxation	37	1688
	Other	38	18084
Accruals and deferred income	39	1405	572
Provision for "reasonably foreseeable adverse variations"	41		
Total other insurance and non-insurance liabilities (17 to 41)	49	52737	87207
Excess of the value of net admissible assets	51		
Total liabilities and margins	59	2254787	2362998
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	12937	10888
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62	1444898	1359033
Total liabilities (11+12+49)	71	2131682	2276777
Increase to liabilities – DAC related	72	25330	30797
Reinsurers' share of technical provisions	73	176673	173809
Other adjustments to liabilities (may be negative)	74	(26699)	(42143)
Capital and reserves and fund for future appropriations	75	192348	165916
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	2499334	2605156

Liabilities (other than long-term insurance business)**Form 15**Name of insurer **National Westminster Life Assurance Ltd**

Global business

Financial year ended **31st December 2010**

	Company registration number	GL/ UK/ CM	day	month	year	units	
	R15	2668470	GL	31	12	2010	£000
						As at the end of this financial year	As at the end of the previous year
						1	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 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		240	81
	Foreseeable dividend	48			
	Other	49			
Accruals and deferred income		51		22	6
Total (19 to 51)		59		262	87
Provision for "reasonably foreseeable adverse variations"		61			
Cumulative preference share capital		62			
Subordinated loan capital		63			
Total (59 to 63)		69		262	87

Amounts included in line 69 attributable to liabilities to related insurers, other than those under contracts of insurance or reinsurance	71				
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Amounts deducted from technical provisions for discounting	82				
Other adjustments (may be negative)	83		(240)		
Capital and reserves	84		93618		102001
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (69-82+83+84)	85		93640		102088

Profit and loss account (non-technical account)

Form 16

Name of insurer **National Westminster Life Assurance Ltd**

Global business

Financial year ended **31st December 2010**

		Company registration number	GL/ UK/ CM	day	month	year	units	
		R16	2668470	GL	31	12	2010	£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					53000	
Investment income	Income	14			861		492	
	Value re-adjustments on investments	15			142		3151	
	Gains on the realisation of investments	16						
Investment charges	Investment management charges, including interest	17			41		1068	
	Value re-adjustments on investments	18						
	Loss on the realisation of investments	19			106		2286	
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						
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)		29			856		53289	
Tax on profit or loss on ordinary activities		31			240		1520	
Profit or loss on ordinary activities after tax (29-31)		39			616		51769	
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			616		51769	
Dividends (paid or foreseeable)		51			9000		13700	
Profit or loss retained for the financial year (49-51)		59			(8384)		38069	

Long-term insurance business: Revenue account**Form 40**

Name of insurer **National Westminster Life Assurance Ltd**

Name and number of fund/Summary **Total Long-term insurance business**

Financial year ended **31st December 2010**

Units **£000**

	Financial year	Previous year
	1	2

Income

Earned premiums	11	118358	165656
Investment income receivable before deduction of tax	12	54198	67744
Increase (decrease) in the value of non-linked assets brought into account	13	32747	46257
Increase (decrease) in the value of linked assets	14	134982	230525
Other income	15	5657	2997
Total income	19	345942	513179

Expenditure

Claims incurred	21	355630	399675
Expenses payable	22	48501	54157
Interest payable before deduction of tax	23	4411	14378
Taxation	24	11141	11165
Other expenditure	25		
Transfer to (from) non technical account	26		53000
Total expenditure	29	419683	532375

Business transfers-in	31		
Business transfers-out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(73741)	(19196)
Fund brought forward	49	2275791	2294987
Fund carried forward (39+49)	59	2202050	2275791

Long-term insurance business: Analysis of premiums**Form 41**Name of insurer **National Westminster Life Assurance Ltd**Total business / subfund **Total Long-term insurance business**Financial year ended **31st December 2010**Units **£000**

		UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
		1	2	3	4	5
Gross						
Regular premiums	11	126049	39244		165293	168010
Single premiums	12	(476)	1923		1447	45592
Reinsurance - external						
Regular premiums	13	48427	(45)		48382	47946
Single premiums	14					
Reinsurance - intra-group						
Regular premiums	15					
Single premiums	16					
Net of reinsurance						
Regular premiums	17	77622	39289		116911	120064
Single premiums	18	(476)	1923		1447	45592
Total						
Gross	19	125573	41167		166740	213602
Reinsurance	20	48427	(45)		48382	47946
Net	21	77146	41212		118358	165656

Long-term insurance business: Analysis of claims

Form 42

Name of insurer **National Westminster Life Assurance Ltd**Total business / subfund **Total Long-term insurance business**Financial year ended **31st December 2010**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	40678	2440		43118	44873
Disability periodic payments	12	25205			25205	14890
Surrender or partial surrender	13	55596	80847		136443	127554
Annuity payments	14		3195		3195	3444
Lump sums on maturity	15	191097			191097	246727
Total	16	312576	86482		399058	437488

Reinsurance - external

Death or disability lump sums	21	19664	277		19941	19438
Disability periodic payments	22	16857			16857	11842
Surrender or partial surrender	23	15	86		101	
Annuity payments	24		3195		3195	3444
Lump sums on maturity	25					
Total	26	36536	3558		40094	34724

Reinsurance - intra-group

Death or disability lump sums	31	998			998	991
Disability periodic payments	32					
Surrender or partial surrender	33	2336			2336	2098
Annuity payments	34					
Lump sums on maturity	35					
Total	36	3334			3334	3089

Net of reinsurance

Death or disability lump sums	41	20016	2163		22179	24444
Disability periodic payments	42	8348			8348	3048
Surrender or partial surrender	43	53245	80761		134006	125456
Annuity payments	44					
Lump sums on maturity	45	191097			191097	246727
Total	46	272706	82924		355630	399675

Long-term insurance business: Analysis of expenses

Form 43

Name of insurer **National Westminster Life Assurance Ltd**Total business / subfund **Total Long-term insurance business**Financial year ended **31st December 2010**Units **£000**

	UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
	1	2	3	4	5

Gross

Commission - acquisition	11	6986	6	6992	7853
Commission - other	12				
Management - acquisition	13	30689	28	30717	33374
Management - maintenance	14	7084	617	7701	9740
Management - other	15	3115	6	3121	3230
Total	16	47874	657	48531	54197

Reinsurance - external

Commission - acquisition	21	30		30	40
Commission - other	22				
Management - acquisition	23				
Management - maintenance	24				
Management - other	25				
Total	26	30		30	40

Reinsurance - intra-group

Commission - acquisition	31				
Commission - other	32				
Management - acquisition	33				
Management - maintenance	34				
Management - other	35				
Total	36				

Net of reinsurance

Commission - acquisition	41	6956	6	6962	7813
Commission - other	42				
Management - acquisition	43	30689	28	30717	33374
Management - maintenance	44	7084	617	7701	9740
Management - other	45	3115	6	3121	3230
Total	46	47844	657	48501	54157

Long-term insurance business: Linked funds balance sheet

Form 44

Name of insurer **National Westminster Life Assurance Ltd**

Total business

Financial year ended **31st December 2010**Units **£000**

	Financial year 1	Previous year 2
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Internal linked funds (excluding cross investment)

Directly held assets (excluding collective investment schemes)	11	1342395	1261255
Directly held assets in collective investment schemes of connected companies	12	107000	100358
Directly held assets in other collective investment schemes	13	8386	9550
Total assets (excluding cross investment) (11+12+13)	14	1457781	1371163
Provision for tax on unrealised capital gains	15	2266	1929
Secured and unsecured loans	16		
Other liabilities	17	10587	10173
Total net assets (14-15-16-17)	18	1444928	1359061

Directly held linked assets

Value of directly held linked assets	21		
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Total

Value of directly held linked assets and units held (18+21)	31	1444928	1359061
Surplus units	32		
Deficit units	33		
Net unit liability (31-32+33)	34	1444928	1359061

Long-term insurance business: revenue account for internal linked funds**Form 45**Name of insurer **National Westminster Life Assurance Ltd**

Total business

Financial year ended **31st December 2010**Units **£000**

	Financial year 1	Previous year 2
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Income

Value of total creation of units	11	28969	2818
Investment income attributable to the funds before deduction of tax	12	44497	45156
Increase (decrease) in the value of investments in the financial year	13	135101	232260
Other income	14	840	856
Total income	19	209407	281090

Expenditure

Value of total cancellation of units	21	109756	62884
Charges for management	22	10367	8958
Charges in respect of tax on investment income	23	311	2450
Taxation on realised capital gains	24	743	(5626)
Increase (decrease) in amount set aside for tax on capital gains not yet realised	25	746	4315
Other expenditure	26	1617	1632
Total expenditure	29	123540	74613
Increase (decrease) in funds in financial year (19-29)	39	85867	206477
Internal linked fund brought forward	49	1359061	1152584
Internal linked funds carried forward (39+49)	59	1444928	1359061

Long-term insurance business: Summary of new business**Form 46**Name of insurer **National Westminster Life Assurance Ltd**

Total business

Financial year ended **31st December 2010**Units **£000**

	UK Life 1	UK Pension 2	Overseas 3	Total Financial year 4	Total Previous year 5
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Number of new policyholders / scheme members for direct insurance business

Regular premium business	11	62300	52	62352	90961
Single premium business	12		5	5	2188
Total	13	62300	57	62357	93149

Amount of new regular premiums

Direct insurance business	21	22116	1177	23293	28323
External reinsurance	22				
Intra-group reinsurance	23				
Total	24	22116	1177	23293	28323

Amount of new single premiums

Direct insurance business	25	(476)	1923	1447	45592
External reinsurance	26				
Intra-group reinsurance	27				
Total	28	(476)	1923	1447	45592

Long-term insurance business: Analysis of new business**Form 47
(Sheet 1)**Name of insurer **National Westminster Life Assurance Ltd**

Total business

Financial year ended **31st December 2010**Units **£000**

UK Life / Direct insurance business

Product code number 1	Product description 2	Regular premium business		Single premium business	
		Number of policyholders / scheme members 3	Amount of premiums 4	Number of policyholders / scheme members 5	Amount of premiums 6
305	Single premium non-profit WL/EA OB				(310)
325	Level term assurance	35052	8946		
330	Decreasing term assurance	12642	3887		
345	Accelerated critical illness (reviewable premiums)	14594	9095		
355	Stand-alone critical illness (reviewable premiums)	4	1		
700	Life property linked single premium				84
710	Life property linked whole life regular premium		185		
900	Life index linked single premium				(250)
360	Income protection non-profit (guaranteed premiums)	8	2		

Long-term insurance business: Analysis of new business**Form 47
(Sheet 2)**Name of insurer **National Westminster Life Assurance Ltd**

Total business

Financial year ended **31st December 2010**Units **£000**

UK Pension / Direct insurance business

Product code number 1	Product description 2	Regular premium business		Single premium business	
		Number of policyholders / scheme members 3	Amount of premiums 4	Number of policyholders / scheme members 5	Amount of premiums 6
725	Individual pensions property linked	52	113	5	196
730	Individual pensions property linked - increments		1064		1727

Long-term insurance business: Assets not held to match linked liabilities**Form 48**

Name of insurer **National Westminster Life Assurance Ltd**

Financial year ended **31st December 2010**

Category of assets **Total Long-term insurance business assets**

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 requirements

Land and buildings	11					
Approved fixed interest securities	12					
Other fixed interest securities	13	3172	3172	180	1.19	
Variable interest securities	14	54969	54969	548	1.01	
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18	171770	171770	689	0.32	
Total	19	229911	229911	1417	0.50	

Assets backing with-profits liabilities and with-profits capital requirements

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

Form 50

Name of insurer **National Westminster Life Assurance Ltd**Total business / subfund **Total Long-term insurance business**Financial year ended **31st December 2010**Units **£000**

	UK Life 1	UK Pension 2	Overseas 3	Total Financial Year 4	Total Previous Year 5
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Gross

Form 51 - with-profits	11				
Form 51 - non-profit	12	88236	58532	146768	156438
Form 52	13	27	240	267	602
Form 53 - linked	14	419801	1065834	1485635	1399242
Form 53 - non-linked	15	29252	2087	31339	35560
Form 54 - linked	16	555241		555241	743723
Form 54 - non-linked	17	26614		26614	17981
Total	18	1119171	1126693	2245864	2353546

Reinsurance - external

Form 51 - with-profits	21				
Form 51 - non-profit	22	65204	55465	120669	117995
Form 52	23	27	187	214	447
Form 53 - linked	24	40737		40737	40208
Form 53 - non-linked	25	3203	166	3369	3500
Form 54 - linked	26	(2312)		(2312)	(1375)
Form 54 - non-linked	27	4242		4242	3201
Total	28	111101	55818	166919	163976

Reinsurance - intra-group

Form 51 - with-profits	31				
Form 51 - non-profit	32				
Form 52	33				
Form 53 - linked	34				
Form 53 - non-linked	35				
Form 54 - linked	36				
Form 54 - non-linked	37				
Total	38				

Net of reinsurance

Form 51 - with-profits	41				
Form 51 - non-profit	42	23032	3067	26099	38443
Form 52	43		53	53	155
Form 53 - linked	44	379064	1065834	1444898	1359034
Form 53 - non-linked	45	26049	1921	27970	32060
Form 54 - linked	46	557553		557553	745098
Form 54 - non-linked	47	22372		22372	14780
Total	48	1008070	1070875	2078945	2189570

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit contracts)**Form 51**
(Sheet 1)Name of insurer **National Westminster Life Assurance Ltd**Total business / subfund **Total Long-term insurance business**Financial year ended **31st December 2010**Units **£000****UK Life / Gross**

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
325	Level term assurance	166398	16560644	42894	n/a	n/a	n/a	9226
330	Decreasing term assurance	94076	6997184	25241	n/a	n/a	n/a	(12307)
340	Accelerated critical illness (guaranteed premiums)	21755	1265733	8968	n/a	n/a	n/a	3080
345	Accelerated critical illness (reviewable premiums)	53308	4374719	31525	n/a	n/a	n/a	(21979)
305	Single premium non-profit WL/EA OB	1426	47972		n/a	n/a	n/a	46823
350	Stand-alone critical illness (guaranteed premiums)	2438	170462	940	n/a	n/a	n/a	7115
355	Stand-alone critical illness (reviewable premiums)	378	29960	224	n/a	n/a	n/a	609
360	Income protection non-profit (guaranteed premiums)	821	5971	199	n/a	n/a	n/a	969
440	Additional reserves non-profit OB				n/a	n/a	n/a	54700

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit contracts)**Form 51**
(Sheet 2)Name of insurer **National Westminster Life Assurance Ltd**Total business / subfund **Total Long-term insurance business**Financial year ended **31st December 2010**Units **£000****UK Life / Reinsurance ceded external**

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
325	Level term assurance		14086000	17298	n/a	n/a	n/a	46289
330	Decreasing term assurance		5821123	10965	n/a	n/a	n/a	14100
340	Accelerated critical illness (guaranteed premiums)		977780	6619	n/a	n/a	n/a	2054
345	Accelerated critical illness (reviewable premiums)		3480607	11940	n/a	n/a	n/a	(2399)
350	Stand-alone critical illness (guaranteed premiums)		147404	846	n/a	n/a	n/a	5604
355	Stand-alone critical illness (reviewable premiums)		23007	87	n/a	n/a	n/a	602
360	Income protection non-profit (guaranteed premiums)		5971	199	n/a	n/a	n/a	969
440	Additional reserves non-profit OB				n/a	n/a	n/a	(2015)

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit contracts)**Form 51**
(Sheet 3)Name of insurer **National Westminster Life Assurance Ltd**Total business / subfund **Total Long-term insurance business**Financial year ended **31st December 2010**Units **£000****UK Pension / Gross**

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
325	Level term assurance	2090	383126	1209	n/a	n/a	n/a	129
330	Decreasing term assurance	1001	135938	494	n/a	n/a	n/a	(324)
400	Annuity non-profit (CPA)	6308	3614		n/a	n/a	n/a	53941
440	Additional reserves non-profit OB				n/a	n/a	n/a	4786

Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit contracts)**Form 51**
(Sheet 4)Name of insurer **National Westminster Life Assurance Ltd**Total business / subfund **Total Long-term insurance business**Financial year ended **31st December 2010**Units **£000****UK Pension / Reinsurance ceded external**

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
325	Level term assurance		310880	392	n/a	n/a	n/a	1287
330	Decreasing term assurance		108599	204	n/a	n/a	n/a	252
400	Annuity non-profit (CPA)		3614		n/a	n/a	n/a	53941
440	Additional reserves non-profit OB				n/a	n/a	n/a	(15)

Long-term insurance business: Valuation summary of accumulating with-profits contractsName of insurer **National Westminster Life Assurance Ltd**Total business / subfund **Total Long-term insurance business**Financial year ended **31st December 2010**Units **£000****UK Life / Gross**

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
515	Life UWP endowment regular premium – target cash	2	103	2	27	27		27

Long-term insurance business: Valuation summary of accumulating with-profits contractsName of insurer **National Westminster Life Assurance Ltd**Total business / subfund **Total Long-term insurance business**Financial year ended **31st December 2010**Units **£000****UK Life / Reinsurance ceded external**

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
515	Life UWP endowment regular premium – target cash		65	1	27	27		27

Long-term insurance business: Valuation summary of accumulating with-profits contracts**Form 52
(Sheet 3)**Name of insurer **National Westminster Life Assurance Ltd**Total business / subfund **Total Long-term insurance business**Financial year ended **31st December 2010**Units **£000****UK Pension / Gross**

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
525	Individual pensions UWP	6	187	5	187	187		187
610	Additional reserves UWP						53	53

Long-term insurance business: Valuation summary of accumulating with-profits contracts**Form 52
(Sheet 4)**Name of insurer **National Westminster Life Assurance Ltd**Total business / subfund **Total Long-term insurance business**Financial year ended **31st December 2010**Units **£000****UK Pension / Reinsurance ceded external**

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
525	Individual pensions UWP		187	5	187	187		187

Long-term insurance business: Valuation summary of property linked contracts**Form 53
(Sheet 1)**Name of insurer **National Westminster Life Assurance Ltd**Total business / subfund **Total Long-term insurance business**Financial year ended **31st December 2010**Units **£000****UK Life / Gross**

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
700	Life property linked single premium	11298	270290		267614	267614	36	267650
710	Life property linked whole life regular premium	11271	770124	6108	24486	24486	3673	28159
715	Life property linked endowment regular premium - savings	530	5836	231	5776	5776		5776
720	Life property linked endowment regular premium – target cash	8803	306637	7012	116361	116361	79	116440
780	Stand-alone critical illness rider	3696	261840	1615	5564	5564	1878	7442
790	Miscellaneous protection rider		1770	55			379	379
800	Additional reserves property linked						23207	23207

Long-term insurance business: Valuation summary of property linked contracts**Form 53
(Sheet 2)**Name of insurer **National Westminster Life Assurance Ltd**Total business / subfund **Total Long-term insurance business**Financial year ended **31st December 2010**Units **£000****UK Life / Reinsurance ceded external**

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
700	Life property linked single premium		41144		40737	40737		40737
710	Life property linked whole life regular premium		390810	1377			2770	2770
715	Life property linked endowment regular premium - savings		29					
720	Life property linked endowment regular premium – target cash		77214	308				
780	Stand-alone critical illness rider		121682	672			98	98
790	Miscellaneous protection rider		431	5			172	172
800	Additional reserves property linked						163	163

Long-term insurance business: Valuation summary of property linked contractsName of insurer **National Westminster Life Assurance Ltd**Total business / subfund **Total Long-term insurance business**Financial year ended **31st December 2010**Units **£000****UK Pension / Gross**

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
725	Individual pensions property linked	73667	1165331	39247	1065834	1065834	1205	1067040
790	Miscellaneous protection rider		7954	138			549	549
800	Additional reserves property linked						333	333

Long-term insurance business: Valuation summary of property linked contracts**Form 53
(Sheet 4)**Name of insurer **National Westminster Life Assurance Ltd**Total business / subfund **Total Long-term insurance business**Financial year ended **31st December 2010**Units **£000****UK Pension / Reinsurance ceded external**

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
725	Individual pensions property linked		28955	106			(1)	(1)
790	Miscellaneous protection rider		2103	31			167	167

Long-term insurance business: Valuation summary of index linked contractsName of insurer **National Westminster Life Assurance Ltd**Total business / subfund **Total Long-term insurance business**Financial year ended **31st December 2010**Units **£000****UK Life / Gross**

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
900	Life index linked single premium	29311	557058		557553	557553	2196	559749
901	Index linked income protection claims in payment	2939	41055	1172	(2312)	(2312)	4242	1930
915	Additional reserves index linked		4506				20176	20176

Long-term insurance business: Valuation summary of index linked contracts**Form 54
(Sheet 2)**Name of insurer **National Westminster Life Assurance Ltd**Total business / subfund **Total Long-term insurance business**Financial year ended **31st December 2010**Units **£000****UK Life / Reinsurance ceded external**

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
901	Index linked income protection claims in payment		41055	1172	(2312)	(2312)	4242	1930

Long-term insurance business: Unit prices for internal linked funds**Form 55**Name of insurer **National Westminster Life Assurance Ltd**

Total business

Financial year ended **31st December 2010**Units **£000**

Fund name 1	Type of fund 2	Net assets 3	Main series 4	Unit mgmt charge 5	Price at previous valuation date 6	Price at current valuation date 7	Change in price during year 8
NWL Growth Managed Fund - U021YA	04 - life - other managed fund	269260636	NWL Growth Managed Fund Accumulation S1 - F413YL	0.64	2.1429	2.4116	12.54
NWL Pension Growth Managed - V092YA	14 - individual pension - other managed fund	879768181	NWL Pension Growth Managed Accumulation A - F477YP	0.75	2.6388	2.9942	13.47
NWL Pension Opportunity - V094YA	14 - individual pension - other managed fund	119964940	NWL Pension Opportunity Accumulation A - F478YP	0.75	2.6933	3.0835	14.49

Long-term insurance business: index linked business

Form 56

Name of insurer **National Westminster Life Assurance Ltd**

Total business

Financial year ended **31st December 2010**Units **£000**

		Value of assets	Mean term
		1	2
Analysis of assets			
Approved variable interest securities	11		
Other variable interest securities	12	322892	2.59
Approved fixed interest securities	13		
Other fixed interest securities	14		
Cash and deposits	15	257086	
Equity index derivatives	16		
Inflation swaps	17		
Other assets	18		
Variation margin	19		
Total (11 to 19)	20	579978	
Credit rating of other fixed interest and other variable interest securities			
AAA/Aaa	31	96291	
AA/Aa	32	194189	
A/A	33	32412	
BBB/Baa	34		
BB/Ba	35		
B/B	36		
CCC/Caa	37		
Other (including unrated)	38		
Total other fixed interest and other variable interest securities	39	322892	

Long-term insurance business - analysis of valuation interest rate**Form 57
(Sheet 1)**Name of insurer **National Westminster Life Assurance Ltd**Total business / subfund **Total Long-term insurance business**Financial year ended **31st December 2010**Units **£000**

Product Group 1	Net mathematical reserves 2	Net valuation interest rate 3	Gross valuation interest rate 4	Risk adjusted yield on matching assets 5
UK L&GA NP Form 51 Assurances	(82024)	2.70	3.50	3.99
UK L&GA NP Form 51 Bonds	46823	1.22	1.56	1.60
UK L&GA NP Form 51 PHI Stand-alone Critical Illness	1518	3.50	3.50	3.99
UK L&GA NP Form 51 PHI Income Protection		3.10	3.10	3.99
UK L&GA NP Form 51 Additional Reserves (assurances)	29406	2.70	3.50	3.99
UK L&GA NP Form 51 Additional Reserves (other)	27309			
UK PENS NP Form 51 Annuities		3.80	3.80	3.99
UK PENS NP Form 51 Assurances	(1734)	3.50	3.50	3.99
UK PENS NP Form 51 Additional Reserves (annuities)	4801	3.80	3.80	3.99
UK PENS NP Form 52 Additional Reserves (other)	53			
UK L&GA NP Form 53 Mortality & Expense Reserves	3005	2.70	3.50	3.99
UK L&GA NP Form 53 Additional Reserves (assurances)	23042	2.70	3.50	3.99
UK L&GA NP Form 53 Additional Reserves (other)	2			
UK PENS NP Form 53 Mortality & Expense Reserves	1588	3.50	3.50	3.99
UK PENS NP Form 53 Additional Reserves (assurances)	333	3.50	3.50	3.99
UK L&GA NP Form 54 Mortality & Expense Reserves	2196	2.70	3.50	3.99
UK L&GA NP Form 54 PHI		3.15	3.15	3.99
UK L&GA NP Form 54 Additional Reserves (income protection)	512	3.15	3.15	3.99
UK L&GA NP Form 54 Additional Reserves (assurances)	14603	2.70	3.50	3.99
UK L&GA NP Form 54 Additional Reserves (other)	5061			
TOTAL	76494	n/a	n/a	n/a

Long-term insurance business: distribution of surplus**Form 58**

Name of insurer **National Westminster Life Assurance Ltd**

Total business / subfund **Total Long-term insurance business**

Financial year ended **31st December 2010**

Units **£000**

	Financial year 1	Previous year 2
--	----------------------------	---------------------------

Valuation result

Fund carried forward	11	2202050	2275791
Bonus payments in anticipation of a surplus	12		
Transfer to non-technical account	13		53000
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	2202050	2328791
Mathematical reserves	21	2078945	2189570
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	123105	139221

Composition of surplus

Balance brought forward	31	86221	99842
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	36884	39379
Total	39	123105	139221

Distribution of surplus

Bonus paid in anticipation of a surplus	41		
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		53000
Total distributed surplus (46+47)	48		53000
Surplus carried forward	49	123105	86221
Total (48+49)	59	123105	139221

Percentage of distributed surplus allocated to policyholders

Current year	61		
Current year - 1	62		
Current year - 2	63		
Current year - 3	64		

Long-term insurance capital requirement

Form 60

Name of insurer **National Westminster Life Assurance Ltd**

Global business

Financial year ended **31st December 2010**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

Life protection reinsurance	11	0.0%					
Classes I (other), II and IX	12	0.1%	133001	14150	0.50	67	94
Classes I (other), II and IX	13	0.15%	1028217	153271		771	847
Classes I (other), II and IX	14	0.3%	28600375	4870764		42901	42026
Classes III, VII and VIII	15	0.3%	979390	481975	0.50	1469	1688
Total	16		30740983	5520160		45208	44655

Insurance health risk and life protection reinsurance capital component

Class IV, supplementary classes 1 and 2 and life protection reinsurance	21					1001	1685
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Insurance expense risk capital component

Life protection and permanent health reinsurance	31	0%					
Classes I (other), II and IX	32	1%	78588	(36935)	0.85	668	666
Classes III, VII and VIII (investment risk)	33	1%	669353	667683	1.00	6677	8563
Classes III, VII and VIII (expenses fixed 5 yrs +)	34	1%					
Classes III, VII and VIII (other)	35	25%				404	527
Class IV (other)	36	1%	18065	8863	0.85	154	155
Class V	37	1%					
Class VI	38	1%					
Total	39					7903	9911

Insurance market risk capital component

Life protection and permanent health reinsurance	41	0%					
Classes I (other), II and IX	42	3%	78588	(36935)	0.85	2004	1997
Classes III, VII and VIII (investment risk)	43	3%	669353	667683	1.00	20030	25689
Classes III, VII and VIII (expenses fixed 5 yrs +)	44	0%					
Classes III, VII and VIII (other)	45	0%	1479858	1439334			
Class IV (other)	46	3%	18065	8863	0.85	461	466
Class V	47	0%					
Class VI	48	3%					
Total	49		2245864	2078945		22495	28152

Long term insurance capital requirement	51					76607	84403
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Returns under the Accounts and Statements Rules

Supplementary notes

Name of insurer **National Westminster Life Assurance Ltd**

Global business

Financial year ended **31st December 2010**

Appendix 9.1

0201 Modification to the return

This return has been prepared in accordance with the Accounts and Statements Rules as modified by the following written concession:

Rule INSPRU 2.1.22R is amended by the addition of the following subparagraph (7): “(7) For the purpose of this rule, a group of persons is not closely related by reason of the relationship described in INSPRU 2.1.40R(1) if control is exercised by, or on behalf of, HM Treasury.”

This direction is given by the FSA under section 148 of the Financial Services and Markets Act 2000 (“the Act”). The direction takes effect from 16 June 2009 and ends on 31 March 2012.

0301 Reconciliation to net admissible assets to total capital resources after deductions

	2010
	£'000
Net admissible assets:	
Other than long term business assets (F13:89)	93,880
Long term business assets (F13:89)	2,254,787
Mathematical reserves (F14:11)	(2,078,945)
Other liabilities long term business (F14:49)	(52,737)
Total liabilities other than long term business (F15:69)	(262)
	<u>216,723</u>
Total capital resources after deductions (F3:79)	<u>216,723</u>

0310 Valuation differences

The negative valuation differences included within line 35 comprises the following:

	2010
	£'000
Extra FSA Reserves	(73,178)
Deferred tax on deferred acquisition costs, deferred income reserve and extra FSA reserves	25,330
Investment contract deferred income reserve	40,586
	<u>(7,262)</u>

0313 Reconciliation of profit and loss account and other reserves

	2010	2009
	£'000	£'000
Profit and loss account and other reserves at the end of the previous financial year (F3:12 Col 4)	127,917	100,721
Profit/(loss) retained for the financial year (F16:59)	(8,384)	38,069
Profit/(loss) arising in long-term insurance funds that has not been transferred to the shareholder fund	26,433	(10,873)
Profit and loss account and other reserves at the end of this financial year (F3:12 Col 3)	<u>145,966</u>	<u>127,917</u>

1104 Provision for claims outstanding

Discounting has been used at Form 11 line 51 for income replacement policy claims in payment, where the projected amounts constitute a form of annuity.

1301 Aggregate value of assets

1308

The aggregate values of types of assets specified in instruction 5 to Form 13 are:
Listed and unlisted investments on lines 41, 42, 46 and 48 are £nil (Long term business) and £nil (Other than long term business).

1304 Amounts set off

1310

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

1305 Counterparty limit - other than long term business

1319 Counterparty limit - long term business

For counterparties outside of Aviva plc, the maximum counterparty limit permitted by the company's investment guidelines is £80m for AAA/Aaa credit rated financial institutions. The limit decreases as an institution's rating decreases. The only breaches that occurred in the year were inadvertent, caused by credit rating downgrades.

For counterparties within Aviva plc, the maximum counterparty limit permitted by the company's investment guidelines is 8% of the long term business amount. There were no breaches during the year.

For counterparties outside the Royal Bank of Scotland Group, the maximum counterparty limit permitted by the company's investment guidelines is £50m for AAA/Aaa credit rated financial institutions. The limit decreases as an institution's rating decreases. The only breaches that occurred in the year were inadvertent, caused by credit rating downgrades.

For counterparties within the Royal Bank of Scotland Group, the maximum counterparty limit permitted by the company's investment guidelines is 8% of the long term business amount. There were no breaches during the year.

1306 Counterparty exposure at the year end

1312

Approved counterparty exposure exceeding 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 were as follows:

	2010
	£'000
Barclays Plc	75,466
Banco Santander Sa	53,345
HSBC Holdings Plc	40,129
Australia & New Zealand Banking Group Ltd	39,950
Rabobank Nederland	39,007
SAS Rue La Boetie	39,005

1318 Other Asset Adjustments

The other asset adjustments included in form 13 line 101 comprise the following:
Long term business

	2010
	£'000
Gross up of assets held to cover linked liabilities	5,893
Total other adjustments	<u>5,893</u>

Other than long term business

	£'000
Gross up of shareholder tax	(240)
Total other adjustments	<u>(240)</u>

1401 Provision for reasonably foreseeable adverse variations

1501

No provision has been made for reasonably foreseeable adverse variations. The only derivative contracts entered into are in respect of linked business.

1402 Contingent liabilities and charges

1502

There are no charges over any of the assets of the Company.

There is no potential liability to taxation on capital gains as at 31 December 2010.

There are no contingent liabilities for which specific provision has not been made within this return.

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

There are no other fundamental uncertainties at 31 December 2010.

1405 Other adjustments to liabilities

The other adjustments to liabilities detailed in form 14 line 74 comprise the following:

	2010
	£'000
Gross up assets held to cover linked liabilities	5,893
Extra FSA liabilities	(73,178)
Deferred income reserve	40,586
Total Other Adjustments	<u>(26,699)</u>

1507 Other adjustments to liabilities

The other adjustments to liabilities detailed in form 15 line 83 comprise the following:

	£'000
Gross up of shareholder tax	(240)
Total Other Adjustments	<u>(240)</u>

1601 Basis of conversion of foreign currency

4005

Assets and liabilities in foreign currencies are translated into sterling at the exchange rates ruling at the Balance Sheet date. Revenue transactions and those relating to the acquisition and realisation of investments have been translated at rates of exchange ruling at the time of the respective transactions.

1700 Analysis of derivative contracts

No form 17 has been prepared as, with the exception of assets backing either index linked or property linked liabilities, no derivatives contracts were held at the end of the current and previous year.

Returns under the Accounts and Statements Rules

Supplementary notes

Name of insurer **National Westminster Life Assurance Ltd**

Global business

Financial year ended **31st December 2010**

Appendix 9.3

4002 Other income

	2010
	£'000
Performance related fee	295
Commission income from sale of RBS Retail Structured deposit	4,975
Profit share commission	243
Commission from sale of annuities	134
Other commission income	10
Total Other Income	<u>5,657</u>

4008 Provision of management services

During the year, management services were provided on an arm's length basis to the company by other business units of The Royal Bank of Scotland Group plc.

In addition, management services were also provided, on an arms length basis, by Aviva UK Life Services Limited.

Investment management services have been provided to the company by Aviva Investors Global Services Limited.

4009 Material connected party transactions

On 14 December 2010 the Company approved (which took effect from 31 December 2010) the termination of the joint venture (JV) agreements with Royal Bank of Scotland Group plc and associated services, resources, administration and other ancillary documents. As a result of its acquisition by Aviva Life UK Limited ("Aviva Life UK"), formerly Aviva Life RBS JV UK Limited, the Company's parent, Aviva Life Investments UK Limited, formerly RBS Life Investments Limited, became a 100% owned subsidiary of Aviva plc.

During the year, the Company was a related party of The Royal Bank of Scotland Group plc ("RBSG"), its former ultimate holding company. In the course of its business as a provider of finance RBSG and its subsidiaries undertook transactions with the Company. The Royal Bank of Scotland plc also provided services in relation to the company's business, primarily the company's sales force and some of its head office personnel. The total costs charged to the Company during the period in relation to these services were £44.4 million.

There were no other related party transactions exceeding 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.

4401 Basis of valuation in internal linked funds

Investments are stated at current value, listed investments are stated at Bid market value.

4402 Aggregate value of rights under derivative contracts

The aggregate values of rights and liabilities under derivative contracts (gross of variation margin) as at 31 December 2010 are £920k and £117k respectively. There is no variation margin payable.

4502 Other income and expenditure

Other Income comprises the following balances:

	2010
	£'000
Management Fee Rebates	840
	<hr/>
	840

Other Expenditure comprises the following balances:

	2010
	£'000
Custody and Other Management Fees	1,142
Payment of Distributions to Policyholders	460
Interest Paid	15
	<hr/>
	1,617

4703 Approximations

No approximations were used in determining numbers of new policies.

4900 Fixed and variable interest securities

No form 49 has been prepared as non-linked fixed interest securities (which are not approved securities) for the long-term insurance fund do not exceed £100m.

5601 Rating agency

The rating agency used to provide the split by credit rating on Form 56 was Standard and Poors.

Valuation report prepared by the actuarial function holder – IPRU (INS) Appendix 9.4 (Rule 9.31)

Name of insurer **National Westminster Life Assurance Ltd**

Global business

Financial year ended **31st December 2010**

ABSTRACT OF VALUATION REPORT

1. **INTRODUCTION**

- (1) The date to which the investigation relates is 31 December 2010.
- (2) The previous investigation was completed under Rule 5.6 of IPRU (INS) and was dated 31 December 2009.
- (3) No interim valuation (for the purposes of rule 9.4) was carried out between the above two dates.

2. **PRODUCT RANGE**

The only significant change to the product range (i.e. excluding updating of policy fees) during 2010 was that the Guaranteed Investment Bond (GIB) was withdrawn from sale. All with profits sub funds are closed to new business except by increment.

3. **DISCRETIONARY CHARGES AND BENEFITS**

- (1) The company has the option to apply a market value adjustment (MVA) on the encashment of unitised with profits units held in Mortgage Endowment Plans, Personal Pension Plans, Top Up Pension Plans and Executive Pension Plans. MVAs were applied during 2010 according to the following table:

Market Value Adjustments	Years of entry		
	Regular premium life	Regular premium pensions	Special payments pensions
Date applicable from			
Pre 1 February 2010	1994-2009	1984 1988-2009	1989-1990 1996-2009
1 February 2010	1994-2009	1990-2009	1996-2009
1 August 2010	1996-2000 2004-2007	1991-2008	1996-2008
7 December 2010	none	1994-2007	1997-2002 2005-2008

The level of applicable MVA depends on the year of entry and the level of guaranteed regular bonus.

- (2) Accelerated Critical Illness policies were issued on reviewable terms from June 2003 with reviews taking place 5-yearly from the commencement of the plan. The first such review took place in 2008. During 2010 level and decreasing term assurance policies with accelerated critical illness cover were reviewed and premium changes were made in the range -2.5% to 3%.
- (3) Not applicable (NWL does not have any Deposit Administration business).
- (4) Service charges on all unit linked policies (deducted monthly via cancellation of units) were increased to reflect inflation. These increases were between 2.08% and 2.12% depending on the product.
- (5) There were no changes to benefit charges (mortality, morbidity, etc.) on unit linked business during the year.
- (6) There were no changes to unit management charges on unitised with-profits business during the year.
- (7) **Allocation and creation of units**

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

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

Valuation report prepared by the actuarial function holder – IPRU (INS) Appendix 9.4 (Rule 9.31)

Name of insurer **National Westminster Life Assurance Ltd**
Global business
Financial year ended **31st December 2010**

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

The value of each fund is derived from the values of the investments of that fund calculated as indicated below. In establishing these fund values appropriate allowance is made for:

- (a) taxes, duties and other charges related to the acquisition or disposal of assets of the fund;
- (b) uninvested cash;
- (c) accrued income;
- (d) sums recoverable in respect of taxation; and
- (e) all liabilities of the fund including money borrowed for the account of the fund, actual or prospective liability for taxes or levies not previously taken into account, and charges accrued but not deducted.

For Series 1 Life funds where the fund is expected to *expand* in the medium term:

- Offer Price: Bare price x (100/95) rounded to 0.1p
- Bid price: Offer price x (95/100) rounded to 0.1p

For Series 1 Life funds where the fund is expected to *contract* in the medium term:

- Bid Price: Bare price rounded to 0.1p
- Offer Price: Bid price X (100/95) rounded to 0.1p

For Series 2 life funds, the reinsurer provides prices under the terms of a reinsurance treaty, adjusted by transaction expenses

For Series 3 Life funds, Series 1 Pension Funds and Series 2 Pension funds where the fund is expected to *expand or contract* in the medium term:

- Offer Price: Bare price x (101/95) [bare price <= 100p] or
- Bare price x (100/95) + 1p [bare price > 100p] rounded to 0.1p
- Bid Price: Offer price x (95/100) rounded to 0.1p

Allowance is made within the calculation of the unit prices and for the fund management charges and, for the life funds only, for investment expenses and tax where appropriate.

- (8) When a capital gain is realised on the sale of an asset in a unit-linked fund, and this gain cannot be offset by past capital losses, then the capital gains tax due would be retained in the fund until the next periodic settlement of tax due.

This applies in respect of tax on notional realisations under the Finance Acts as well as tax on realised capital gains. The tax rates used in calculating these deductions are as specified in section 3 (9) below.

- (9) The internal linked funds are taxed on investment gains as if they were stand-alone funds within the Long Term Business Fund and are charged tax at the rate that would apply to the Long Term Business Fund. Allowance is made for indexation where applicable. Credit is given for the expected timing of policyholder tax payment in calculating unit prices. The intention is to adopt smoothed neutrality, looking at rates on a quarterly basis and adjusting the rates charged to repay any accumulated excesses or reimburse any accumulated deficit over an appropriate period.

Valuation report prepared by the actuarial function holder – IPRU (INS) Appendix 9.4 (Rule 9.31)

Name of insurer **National Westminster Life Assurance Ltd**

Global business

Financial year ended **31st December 2010**

For funds with an excess of realised/unrealised gains over losses the percentage used for realised gains was 20% during 2010. For unrealised gains the rate used was 19% during 2010.

Credit is also applied to unit prices for accumulated realised losses and unrealised losses. For funds with an excess of realised/unrealised losses over gains the percentage used for gains and losses varied by fund in the range 1% to 13% during the year to 31 December 2010.

(10) **Benefits from discounts, commission and other allowance**

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

4. **VALUATION BASIS (OTHER THAN FOR SPECIAL RESERVES)**

The table below sets out the product codes which are used in various parts of Section 4.

Product Code	Product Name
305	Single Premium Non-Profit WL/EA OB
325	Level Term Assurance
330	Decreasing Term Assurance
340	Accelerated Critical Illness (guaranteed premiums)
345	Accelerated Critical Illness (reviewable premiums)
400	Annuity Non-Profit (CPA)
515	Life UWP Endowment Regular Premium – Target Cash
525	Individual Pensions UWP
700	Life Property Linked Single Premium
710	Life Property Linked Whole Life Regular Premium
720	Life Property Linked Endowment Regular Premium – Target Cash
725	Individual Pensions Property Linked
790	Miscellaneous Protection Rider
900	Life Index Linked Single Premium

(1) The valuation methods used for the different product types were as follows:

Non-linked contracts (excluding annuities)

A gross premium valuation was used with an explicit allowance for future expenses.

Separate tables of mortality were used for males and females and the mortality was calculated separately for each life in respect of policies issued on two lives. For policies where the office premium was calculated using a rated age, the same rating was used in the valuation calculations

For policies which have accelerated critical illness benefit, the method used has been modified so that the experience assumed in each policy year is taken to be the greater of (i) the assumed mortality experience, and (ii) the assumed critical illness experience plus a proportion of the assumed mortality experience being an estimate of death claims from causes other than those which would be expected to give rise to a critical illness claim. The uncertainty of future critical illness experience rates is recognised in the valuation by the use of a parameter which causes the assumed critical illness experience rates to increase at a compound rate in each future year.

For certain small blocks of business, negative reserves arising on individual contracts are set to zero and there is no allowance for future policy lapses on these contracts.

For a large block of protection business, negative reserves have been allowed and prudent lapse assumptions have been included. The lapse rates assumed are higher than expected for contracts where the reserve is negative and lower than expected where the reserve is positive.

Valuation report prepared by the actuarial function holder – IPRU (INS) Appendix 9.4 (Rule 9.31)

Name of insurer **National Westminster Life Assurance Ltd**
Global business
Financial year ended **31st December 2010**

For certain small blocks of business the net reserve was taken as the gross reserve. For a large block of business where policies are written under level or risk premium reinsurance arrangements, the net reserve was calculated on the retained benefits and premium.

For policies under which waiver of premium benefit is an option and has been chosen, an additional reserve has been set up in respect of this benefit. This has been calculated as a multiple of the waiver premium. A separate reserve has been set up for waiver claims in payment.

For Decreasing Term Assurance the sum assured is assumed to decrease at the interest rate specified under the policy terms.

Guaranteed Capital Bond

The liability for policyholder benefits and tax was taken as the market value of the backing assets allowing for the timing difference on the loan relationship tax. An additional expense reserve was calculated as an amount per policy per annum increasing each year by an assumed rate of inflation. Additional reserves were set up to meet death benefits and allow for the risk of default on the asset proceeds.

Guaranteed Income Bond

A gross premium valuation method was used to set up a reserve to cover the projected income payments during the term of the policy, the maturity benefit and expected death benefits and projected tax payable. The valuation interest rate used was determined with reference to the return on the underlying asset tranches.

An explicit expense reserve and reserve to cover the risk of default on the asset proceeds have also been established.

The reserve per policy was determined to be at least as large as the surrender value per policy.

For Bonds which have continued beyond the option date, the reserve has been taken as the face value of the benefit available.

Pension Annuity

Future annuity benefits including, where appropriate, contingent spouse's benefits were valued using a valuation interest rate derived by reference to the yields on suitable gilts, reduced by the required valuation margin. An additional reserve was set up to provide for future maintenance expenses that were assumed to increase annually in line with an assumed rate of inflation.

The policies are fully reassured. The net reserve was taken as zero. Note that the net expense reserve is zero as there is no reinsurer administration charge and therefore no compensation on recapture.

Unit Linked & Unitised With-Profits Contracts (Life & Pensions)

For Non-Profit Unit Linked contracts, the unit reserve was taken as the sum of the values of the units for each policy calculated using the valuation unit price ruling at the valuation date.

For Unitised With-Profits contracts, the unit liabilities were taken as the greater of:

- a) the bid value of the units
- b) the prospective liability that would arise assuming the units increase in future at the guaranteed bonus rates and are then discounted at the respective valuation discount rates.

In addition, a non-unit reserve was calculated by projecting cashflows on a monthly basis for each month that the policy was expected to remain in force. Where the cashflow in any future month was found to be negative, the negative was offset where possible by positive cashflows in previous months. For any future month where this was not possible, then a positive sterling reserve has been set up at the valuation date.

In projecting cashflows, allowance was made for future expenses associated with each contract on a per

Valuation report prepared by the actuarial function holder – IPRU (INS) Appendix 9.4 (Rule 9.31)Name of insurer **National Westminster Life Assurance Ltd**

Global business

Financial year ended **31st December 2010**

policy basis, as well as for mortality and morbidity costs (where applicable) at the levels of cover appropriate at the valuation date. All per-policy expenses and service charges were assumed to increase annually in line with an assumed rate of inflation.

No allowance was made for any future increases in premiums or benefits. Likewise, for policies where withdrawals have been taken on an ad hoc basis, no allowance has been made for any future withdrawals.

For all unit-linked contracts the cashflows have also been projected on a net of reinsurance basis to determine the reserves in respect of the reassured benefits.

For policies under which waiver of premium benefit is an option and has been chosen, an additional reserve has been set up in respect of this benefit. This has been calculated as a multiple of the waiver premium. A separate reserve has been set up for waiver claims in payment.

For unit-linked whole of life contracts and mortgage endowment plans a prudent allowance has been made for lapses.

(2) Valuation interest rates

The interest rates used at the end of the financial year and at the end of the previous financial year are set out below:

Product codes	Product	31 Dec 2010	31 Dec 2009
305, 325 330, 340 345	Non-linked life	2.62%	2.92%
515, 700 710, 720 790	Life sterling reserves	2.62%	2.92%
400	Pension Annuity	3.80%	4.30%
525, 725	Pensions sterling reserves	3.39%	3.69%
900	Guaranteed Capital Bond (sterling reserves)	2.62%	2.92%
305	Guaranteed Income Bond (sterling reserves)	2.62%	2.92%

All valuation interest rates shown above are net of investment expenses. The investment expenses are 0.08% for life products and 0.11% for pension products.

At 31 December 2010 yields on short term assets held were not sufficient to support the interest rates shown above. In accordance with INSPRU 3.1.45 the valuation interest rate has been restricted in the first three years to reflect yields on the assets held. A special reserve has been set up (the "Additional Valuation Interest Rate Provision") to allow for this restriction. This is described in Section 8.

The interest rates used for the early years are shown below:

Product codes	Product	2011	2012	2013	2014+
305, 325, 330, 340, 345 345, 515, 700, 710, 720 790, 900	Life products	0.27%	0.99%	1.72%	2.62%
525, 725	Pensions sterling reserves	0.34%	1.28%	2.23%	3.39%

The impact of a higher discount rate on negative reserves is also allowed for in the Additional Valuation Interest Rate Provision. The rate used is shown below:

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Product codes	Product	31 Dec 2010	31 Dec 2009
305, 325 330, 340 345	Non-linked life	4.09%	4.56%

(3) Adjustment to yield for credit risk

For assets matching liabilities under index-linked bonds, no explicit reduction in the yield is made in respect of default risk. Margin loans are in place to provide additional security and an additional default risk reserve has been set up.

For other assets backing non-unit valuation liabilities, a margin exists between the assumed yield on the asset and the valuation interest rate used. This provides for a prudent adjustment to the yield on the assets for the risk of default.

The adjustment for prudence is 0.1% for short term deposits. The adjustment for floating rate notes was based on the credit rating of the underlying institution.

(4) Assurance mortality assumptions

The mortality bases used at the end of the financial year and at the end of the previous financial year are as follows:

Product codes	Product	31-Dec-10	31-Dec-09
	Non-linked life		
	Term assurances post June 2001		
325, 330 340, 345	Male non-smoker	76.38% TMC00 (5)	82.25% TMC00 (5)
	Male smoker	164.50% TMC00 (5)	188.00% TMC00 (5)
	Female non-smoker	82.25% TFC00 (5)	82.25% TFC00 (5)
	Female smoker	170.38% TFC00 (5)	188.00% TFC00 (5)
	Term assurances post June 2001 (limited underwriting)		
325, 330	Male non-smoker	94.00% TMC00 (5)	99.88% TMC00 (5)
	Male smoker	205.63% TMC00 (5)	217.38% TMC00 (5)
	Female non-smoker	99.88% TFC00 (5)	99.88% TFC00 (5)
	Female smoker	211.50% TFC00 (5)	217.38% TFC00 (5)
	Unit-linked life		
	Flexible Investment Bond post June 2001		
700	Male	76.38% AMC00 (2)	99.88% AMC00 (2)
	Female	111.63% AFC00 (2)	141.00% AFC00 (2)
	Flexible Protection Plan Mortgage Endowment Plan Flexible Investment Bond pre June 2001		
515, 710 720, 790	Male non-smoker	88.13% AMC00 (2)	88.13% AMC00 (2)
	Male smoker	182.13% AMC00 (2)	182.13% AMC00 (2)
	Female non-smoker	88.13% AFC00 (2)	88.13% AFC00 (2)
	Female smoker	188.00% AFC00 (2)	188.00% AFC00 (2)
	Unit-linked pensions		
525, 725	Male non-smoker	94.00% AMC00 (2)	111.63% AMC00 (2)
	Male smoker	176.25% AMC00 (2)	205.63% AMC00 (2)
	Female non-smoker	82.25% AFC00 (2)	99.88% AFC00 (2)
	Female smoker	188.00% AFC00 (2)	176.25% AFC00 (2)
	Bonds		
	Guaranteed Capital Bond Guaranteed Income Bond		
305, 900	Male	111.63% AMC00 (2)	205.63% AMC00 (2)
	Female	111.63% AFC00 (2)	205.63% AFC00 (2)

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The assumptions for future mortality experience contain substantial margins over and above current best estimates for such experience. This provides a margin to anticipate significant, adverse change in mortality experience as a result of changing disease incidence.

Annuitant mortality assumptions

For the immediate annuity product the RMC00/RFC00 ultimate tables are used. Females are subject to an age rating of +1 year. An average of the CMI medium and long cohort projected mortality improvements are applied subject to a minimum of 1.5% p.a. A summary of expectation of life at age 65 and 75 is shown below:

Product codes	Product	31-Dec-10	31-Dec-09
	Pension Annuity		
400	Expectation of Life at age 65		
	Male	23.38	24.87
	Female	26.03	27.64
	Expectation of Life at age 75		
	Male	14.60	15.84
	Female	16.49	17.95

(5) Morbidity assumptions

The morbidity bases used at the end of the financial year and at the end of the previous financial year are as follows:

Product codes	Product	31-Dec-10	31-Dec-09
	Non-linked life		
340, 345	Term assurances post June 2001		
	Accelerated CI		
	Male	104.13% GE Adj acc	98.00% GE Adj acc
	Female	122.50% GE Adj acc	116.38% GE Adj acc
	Unit-linked life		
790	Flexible Protection Plan		
	Accelerated CI		
	Male/Female	98.00% GE Adj acc	98.00% GE Adj acc

GE Adj acc is a series of tables split by sex and smoker status provided by GE Frankona. They cover accelerated CI benefits. The following rates taken from these tables are prior to the percentage factors given in the above table.

GE Adj acc	25	35	45	55
Male Non Smoker	0.000432	0.000839	0.002264	0.005461
Male Smoker	0.000688	0.001328	0.004402	0.011905
Female Non Smoker	0.000499	0.001155	0.002609	0.005129
Female Smoker	0.000794	0.002016	0.004624	0.010110

Greater uncertainty surrounds the impact of changing disease incidence and medical advancements on future critical illness claims experience. This uncertainty is recognised in the valuation by assuming that the experience for term assurances deteriorates compound in each future year by 2% for males and 2.75% for females. For unit-linked products, critical illness deterioration is ignored in the base reserve as it is assumed that any experience deterioration will be met by increasing charges to policyholders. A special reserve is, however, set up to cover the risk of not being able to pass on the increasing cost to policyholders as described in Section 8.

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Financial year ended **31st December 2010****(6) Expense assumptions**

The expense assumptions used in the valuation are as follows:

Product codes	Product	31 Dec 2010	31 Dec 2009
	Non-linked life		
325, 330 340, 345	Term assurances post June 2001	17.60	20.70
	Unit-linked life		
700	Flexible Investment Bond pre June 2001	19.78	23.23
700	Flexible Investment Bond post June 2001	17.60	20.70
710, 790	Flexible Protection Plan	26.11	30.71
515, 720	Mortgage Endowment Plan	26.11	30.71
	Unit-linked pensions		
525, 725	Executive Pension Plan (regular premium)	84.87	100.17
525, 725	Executive Pension Plan (single premium/paid up)	63.71	75.12
525, 725	Personal Pension Plan (regular premium)	28.41	33.47
525, 725	Personal Pension Plan (single premium/paid up)	21.28	25.10
525, 725	Top Up Pension Plan (regular premium)	28.41	33.47
525, 725	Top Up Pension Plan (single premium/paid up)	21.28	25.10
	Pension Annuity		
400	Pension Annuity*	22.53	21.66
	Bonds		
900	Guaranteed Capital Bond	19.78	23.23
305	Guaranteed Income Bond	19.55	23.00

* These figures are shown gross of reinsurance. The products are 100% reassured. The net expense reserve for 2010 and 2009 is zero as there is no reinsurer administration charge and therefore no compensation on a recapture.

The assumed rate of tax relief for life business is 22% (2009: 22%) for consistency with the assumption used for investment returns. The expenses shown above are before the assumed rate of tax relief has been applied. An additional reserve has been set up (see section 8 Tax Relief Reduction Provision) to allow for current tax position which prevents full relief of expenses at 22%.

(7) Unit growth assumptions

The expense inflation assumptions, unit growth rates and fund management charges used in the valuation are as follows:

Product codes	Assumption	31 Dec 2010	31 Dec 2009
All	Expense inflation	4.30%	4.40%
	Unit-linked life		
515, 700	Unit growth rate	3.57%	3.75%
710, 720 790	Fund management charge	0.75%-1.00% pa	0.75%-1.00% pa
	Unit-linked pensions		
525, 725	Unit growth rate	4.58%	4.81%
	Fund management charge	0.75%-1.00% pa	0.75%-1.00% pa

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The future assumed bonus rates for UWP contracts in the valuation are the guaranteed bonus rates.

Product codes	Product	31 Dec 2010	31 Dec 2009
	Linked life		
515	UWP life	2.25%	2.25%
	Linked pensions		
525	UWP pensions	4.00%	4.00%

(9) Persistency assumptions

The persistency assumptions used in the valuation are shown below. The value given is the average lapse/surrender rate for the policy years.

Product codes	Product	Average lapse/surrender rate for the policy years			
		1-5	6-10	11-15	16-20
	Non-linked life				
	Level term (post June 2001)				
325, 340 345	Lapse 1	21.59%	10.64%	10.64%	10.64%
	Lapse 2	10.87%	5.36%	5.36%	5.36%
	Decreasing term (post June 2001)				
330, 340 345	Lapse 1	18.51%	14.63%	14.63%	14.63%
	Lapse 2	9.32%	7.37%	7.37%	7.37%
	Unit-linked life				
515, 720	UL/UWP target cash endowment				
	Surrender	6.43%	5.36%	5.36%	5.36%

The 'Lapse 1' rates in the table are used for contracts where the reserve is negative, and the 'Lapse 2' rates are used for contracts where the reserve is positive.

For the unit-linked life products the low surrender rates are always the most prudent and are always used.

For unit-linked life and pensions business, the valuation will take the higher of the reserve assuming premiums continue and the reserve if the policy is made paid up.

For Unitised With-Profits contracts, the unit liabilities are taken as the greater of:

- the bid value of the units
- the prospective liability that would arise assuming the units increase in future at the guaranteed bonus rates (shown in the above table in 4(7)) and then discounted at the respective valuation discount rates.

(10) Other material basis assumptions

There are no other material basis assumptions.

(11) Derivatives

Derivative contracts are used to back Guaranteed Bond liabilities.

These derivatives move in and out of the money depending on the level of the stock market. The company retains no market risk from these derivatives because they are used to match the index-linked policyholder maturity guarantees as explained in section 5 (2).

Where derivative contracts are included amongst the property linked assets relating to property linked contracts they have been valued at their fair market value.

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(12) **Changes to INSPRU valuation rules effective from 31 December 2006**

There was no change to the valuation methodology at the valuation date arising from changes in INSPRU valuation rules effective 31 December 2006.

5. **OPTIONS AND GUARANTEES**

(1) Not applicable (NWL does not have any business with Guaranteed Annuity Rate options).

(2) There are no surrender value guarantees on any of the company's products.

There are no maturity value guarantees on any of the company's unit linked products (i.e. for benefits arising from internal linked fund investments).

The company guarantees not to apply a market value adjustment on death or maturity on unitised with-profits units held in Mortgage Endowment Plans, Personal Pension Plans, Top Up Pension Plans and Executive Pension Plans. In addition, there are guaranteed minimum bonus rates on some UWP contracts. To ensure this is adequately reserved for, the unit liabilities are taken as the greater of:

- a) the bid value of the units
- b) the prospective liability that would arise assuming the units increase in future at the guaranteed bonus rates (shown in the above table) and then discounted at the respective valuation discount rates.

No additional investment performance guarantee reserve was considered necessary in respect of index-linked bonds since the underlying investments deliver returns which are matched to the policyholder liabilities. Derivatives contracts are used to hedge the investment guarantees provided to holders of single premium bonds.

(3) Ancillary options exist under certain classes of contract to extend the term of cover and/or increase the sum assured without underwriting. However, these are not of sufficient significance on the valuation mortality basis stated to require specific additional provision.

(4) There are no other guarantees or options on NWL products for which a reserve is needed.

6. **EXPENSE RESERVES**

(1) The aggregate amount of expense loadings, grossed up for taxation where appropriate, arising during the twelve months after the valuation date from implicit and explicit reserves made in the valuation to meet expenses in fulfilling contracts in force at the valuation date is £10,850,610.

For traditional non-profit business, the amounts arise from expense margins assumed in the gross premium reserve. For unitised business, the reserves arise from charges made on the funds and other explicit allowances described in paragraph 4(6) above.

No expenses have been treated as non-attributable.

(2) There are implicit expense allowances for those products valued using a net premium valuation. The products valued this way are outlined in Section 4.

(3) Not applicable.

(4) In determining the requirement for a new business expense overrun reserve, a prudent assessment of the projected value of 2011 new business is calculated, and compared against the projected new business expense overrun. A reserve is held if the latter exceeds the former. No new business expense overrun reserve is required in respect of 2011 new business.

(5) A cost of closure reserve of £8,243,397 has been established by assuming that closure will result in the redundancy of all staff working in new business and sales. It is assumed that the process of redundancy will take three months during which salary, NI, pension contributions and other staff costs will continue to be paid. A redundancy pay-off based on six months salary is also included.

(6) Not applicable.

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7. MISMATCHING RESERVES

- (1) Excluding property linked benefits; all the company's liabilities shown in Form 14 are expressed in terms of sterling, and are matched by sterling denominated assets.
- (2) Not applicable – see (1).
- (3) Not applicable – see (1).
- (4) The following scenarios of future changes in the value of assets have been tested in order to take account of the nature (including currency) and terms of the assets held in determining the amount of the long-term liabilities in accordance with INSPRU 3.1.16R :
 - (i) Firstly, fixed interest yields were assumed to rise at all durations by 20% of the long term gilt yield at the valuation date, in conjunction with a reduction of 10% in the value of equities and a fall in property of 20% less the real estate market adjustment ratio.
 - (ii) Secondly, fixed interest yields were assumed to fall at all durations by 20% of the long term gilt yield at the valuation date, in conjunction with a reduction of 10% in the value of equities and a fall in property of 20% less the real estate market adjustment ratio.Scenario (i) above gives rise to the most onerous requirement.
- (5) No additional capital requirement was determined for assets invested outside the UK.
- (6)
 - (a) An additional resilience capital requirement of £0 was calculated in accordance with INSPRU 3.1.10R.
 - (b) The decrease in the aggregate amount of the long term liabilities resulting from the application of such changed conditions in the most onerous scenario is £137,069,351 (of which £121,007,567 is in respect of a fall in unit linked liabilities).
 - (c) The assets allocated to match such liabilities in the scenario have decreased in value from the amount of those assets shown in Form 13 by an aggregate amount of £136,863,637 (of which £123,718,242 is in respect of a fall in unit linked assets).
- (7) No other reserves have been set up in relation to asset-liability mismatching.

8. OTHER SPECIAL RESERVES

Negative Offset Reserve

Under PS06/14 negative reserves can only be taken into account to the extent that they can be offset against suitable positive reserves. Suitable positive reserves include all non linked reserves with a duration similar to that of the in force business. A comparison is carried out of the negative and available positive reserves calculated on the base assumptions. If the negative reserves are in excess of the positive reserves available for offset then a negative offset reserve must be held. The reserve is equal to the excess negative reserves.

A reserve has been set up to cover this liability of £25,420,199.

Conventional CI Deterioration Reserve

From 2003, NWL has written non-linked reviewable critical illness cover where the premium rates are reviewed on each 5th anniversary of the policy according to criteria set out in the policy. A reserve of £22,074,031 has been set up against the risk that increases in the policyholder premiums may be limited in certain circumstances.

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The additional reserve has been calculated by assuming the re-insurance premiums will increase by the assumed female critical illness deterioration rate in the valuation tables (the model does not distinguish between first and second lives for this deterioration so the more onerous deterioration rate is assumed). Mathematical reserves are then calculated with this new assumption in place and the additional reserve is the difference between this new calculated reserve and the base reserve.

Note that critical illness deterioration on the retained risk is allowed for in the base reserve. This is because an expected level of deterioration has been allowed for within the premium rates charged and so would not be expected to be passed on to policyholders.

Unit-linked Loss Reserve

The NWL unit pricing policy is to give policyholders credit for potential tax relief on any realised or unrealised capital losses arising on the assets of the linked funds. This credit is given using a discounted tax rate derived from a best estimate calculation of the value of future potential tax relief arising on the current realised or unrealised capital losses of the linked funds. For solvency purposes calculation of the value of future potential tax relief should be carried out on a prudent basis. An extra reserve has been established to represent the additional value of these credits on the more prudent valuation basis.

The reserve is calculated by projecting forward the market value and the book value of the unit funds, on an individual fund basis, on a suitably prudent basis (including assumptions for asset turnover) to model the emergence of future taxable gains and thus the utilisation of the current realised and unrealised losses to obtain tax relief. The extra reserve for solvency is the present value of the projected future tax relief obtained in respect of the current realised and unrealised losses less the credits carried in unit pricing, less the value of unrealised gains.

The reserve moves over the course of the year as investment performance affects the value of realised and unrealised losses and the value of the credit held in unit pricing. The reserve is also impacted by changes to the tax credit rates during the course of the year.

Changes to the tax credit rates impact the unit-linked loss reserves but the total of the unit-linked loss reserve, the tax credit carried in unit pricing and the value of the unrealised gains does not change with movements in the tax credit rates.

A reserve of £16,232,644 has been set up against this contingency.

Reinsurance Credit Risk Reserve

NWL has significant credit exposure to reinsurance life companies and a special reserve has been established to cover this risk. The calculation is based on ICA methodology where the risk is calibrated at the 98.0% confidence level. There is an implicit Loss Given Default (LGD) assumption of 40%. The following factors based on credit rating are applied to the exposure to each reinsurance counterparty. The factors for writers of direct life assurance are adjusted by increasing the assumed LGD because the company would rank lower than policyholders on wind up of the reinsurer.

AAA = 4.0%
AA = 8.6%
A = 9.9%
BBB = 15.5%
BB = 27.2%
B = 27.2%
Clerical Medical 24.8% (LGD = 100%)
Swiss Life 38.8% (LGD = 100%)

A reserve of £15,427,842 has been set up against this contingency.

Tax Relief Reduction Provision

The life business is valued assuming an "I-E" tax basis. Various factors are combining to move the company onto a Life Assurance Trading Profit basis unless mitigating actions are taken. A tax provision

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of £11,886,543 has been set to cover the additional liability generated by recalculating the liabilities on the base assumptions adjusted to assume no future tax relief. This provision allows for the risk that NWL does not return to an “I-E” position.

Post Maturity IBNR Reserve

This reserve covers CI claims which might be incurred during the policy term but reported after the maturity date of the policy. A run-off pattern has been derived using historical data. This is used to estimate the current IBNR reserve. The current IBNR reserve is projected forward for the average term to maturity of the business allowing for deterioration in the CI experience over that period and then discounted to the present day at the valuation interest rate.

A reserve of £11,000,560 has been established against this contingency.

Additional Valuation Interest Rate Provision

The valuation interest rate used to cover the next three years must be supported by the risk adjusted yields on the assets backing the liabilities. This is not so for the current assets. This provision includes the additional liabilities generated by recalculating the liabilities using adjusted reduced valuation interest rates for the next three years. Where a reserve is negative it is prudent to use a higher valuation interest rate. This provision includes the additional liabilities generated by recalculating the liabilities using a higher valuation interest rate for those periods when the reserve is negative. This additional liability is valued at £6,107,476.

Margin Loan Risk Reserve

This reserve covers the risk from a migration in credit ratings for the stocks in the margin fund. A reserve of £4,505,783 has been established. It is calculated by assuming a drop of one credit rating for all securities at the valuation date. The loss caused by increase in credit spreads is taken as the reserve.

Capital Gains Tax Reserve

A reserve of £2,251,473 has been set up to cover tax payable on unrealised capital gains within the unit-funds (as opposed to the unit-linked loss reserve described above, which relates to giving credit to policyholders for losses). The reserve is set equal to the charge made to policyholders for future CGT on unrealised gains within unit-pricing.

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(1) The company has no policies that are ceded on a facultative basis to a reinsurer who is not authorised to carry on insurance business in the United Kingdom.

(2)	Treaty A	<p>(a) Swiss Re Life and Health Limited</p> <p>(b) The treaty covers term assurances only on a risk premium basis. For business written before March 1995, the treaty provides cover on a 50% quota share basis for sums assured up to a maximum retention of £100,000 and 100% for total sums assured in excess of £200,000.</p> <p>For business written from March 1995 to March 1999, the treaty provides cover on a first surplus basis for 100% of sums assured in excess of a retention of £50,000. For policies with attaching serious illness benefit, the treaty provides cover on a 50% quota share basis for sums assured up to a maximum retention of £50,000 and 100% for total sums assured in excess of £100,000.</p> <p>For business written from March 1999 to September 1999, the treaty provides cover on a first surplus basis for 100% of sums assured in excess of a retention of £75,000. For policies with attaching serious illness benefit, the treaty provides cover on a 25% quota share basis for sums assured up to a maximum retention of £75,000 and 100% for total sums assured in excess of £100,000.</p> <p>For business written from September 1999 to June 2001, the treaty provides cover on a 20% quota share basis for sums assured up to a maximum retention of £75,000 and 100% for total sums assured in excess of £375,000. The reinsurance premiums are level guaranteed premiums, with no premiums payable in respect of the first 12 months of a policy.</p> <p>(c) The total amount of reinsurance premium payable by the company under the treaty during the period since the last valuation was £4,948,198.</p> <p>(d) There were no deposit back arrangements.</p> <p>(e) The treaty is closed to new business.</p> <p>(f) There is no undischarged obligation of the insurer.</p> <p>(g) As at the valuation date, the amount of mathematical reserves ceded under the treaty was £3,275,446.</p> <p>(h) Levels of retention are covered in (b) above. However no new business is being reinsured to this treaty.</p> <p>(i) The reinsurer is authorised to carry on insurance business in the United Kingdom.</p> <p>(j) The company and the reinsurer are not connected.</p> <p>(k) There is credit risk in respect of the treaty for which an explicit reserve is held.</p> <p>(l) There is no liability to refund commission paid by the reinsurer in the case of early lapses.</p>
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Treaty B	(a)	Swiss Re Life and Health Limited
	(b)	<p>The treaty covers unit-linked assurances only on a risk premium basis. For business written before March 1995, the treaty provides cover on a 50% quota share basis for sums assured up to a maximum retention of £100,000 and 100% for total sums assured in excess of £200,000. The treaty also provides cover on the same basis for critical illness cover. The treaty also provides cover on an 80% quota share basis for waiver of premium benefits up to a maximum retention of £4,000 p.a. and 100% for total waiver benefits in excess of £20,000 p.a.</p> <p>For business written from March 1995 to March 1999, the treaty provides mortality cover on a first surplus basis for 100% of sums assured in excess of a retention of £50,000. The treaty also provides combined critical illness and mortality cover under a quota share arrangement. The company retains 75% of the risk for sums assured up to a maximum retention of £50,000; for total sums assured in excess of £66,667, 100% of the benefit is reassured. The treaty also provides cover on a first surplus basis for 100% of total waiver benefits in excess of £3,000 p.a.</p> <p>For business written from March 1999, the treaty provides mortality cover on a first surplus basis for 100% of sums assured in excess of a retention of £75,000. The treaty also provides combined critical illness and mortality cover under a quota share arrangement. The company retains 75% of the risk for sums assured up to a maximum retention of £75,000; for total sums assured in excess of £100,000, 100% of the benefit is reassured. The treaty also provides cover on a first surplus basis for 100% of total waiver benefits in excess of £5,000 p.a.</p> <p>From March 2004, the reinsurance premium rates were increased for critical illness benefits.</p>
	(c)	The total amount of reinsurance premium payable by the company under the treaty during the period since the last valuation was £1,848,438.
	(d)	There were no deposit back arrangements.
	(e)	The treaty is closed to new business.
	(f)	There is no undischarged obligation of the insurer.
	(g)	As at the valuation date, the amount of mathematical reserves ceded under the treaty was £3,264,607.
	(h)	Levels of retention are covered in (b) above.
	(i)	The reinsurer is authorised to carry on insurance business in the United Kingdom.
	(j)	The company and the reinsurer are not connected.
	(k)	There is credit risk in respect of the treaty for which an explicit reserve is held.
	(l)	There is no liability to refund commission paid by the reinsurer in the case of early lapses.

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Treaty C	(a)	NatWest Reinsurance
	(b)	The treaty covers all units in the life unit-linked Series 2 funds for Flexible Investment Bonds. Under the terms of the treaty the company passes the amount of each premium which is to be allocated in respect of the Series 2 funds to the reinsurer and the reinsurer accepts 100% of the unit and non-unit liabilities in respect of those premiums.
	(c)	No reinsurance premiums were payable by the company under the treaty since the last valuation.
	(d)	There were no deposit back arrangements.
	(e)	The treaty is closed to new business.
	(f)	There is no undischarged obligation of the insurer.
	(g)	As at the valuation date, the amount of mathematical reserves ceded under the treaty was £40,737,006.
	(h)	Levels of retention are covered in (b) above. However no new business is being reinsured to this treaty.
	(i)	The reinsurer is not authorised to carry on insurance business in the United Kingdom.
	(j)	The company and the reinsurer are part of the same group of companies.
	(k)	There is credit risk in respect of the treaty for which an explicit reserve is held.
(l)	There is no liability to refund commission paid by the reinsurer in the case of early lapses.	

Valuation report prepared by the actuarial function holder – IPRU (INS) Appendix 9.4 (Rule 9.31)

Name of insurer **National Westminster Life Assurance Ltd**

Global business

Financial year ended **31st December 2010**

Treaty D	(a)	Hannover Life Reassurance (UK) Limited
	(b)	The treaty covers Pension Annuities issued by the company. The company pays a reinsurance single premium in respect of each annuity to the reinsurer who accepts 100% of the liability. Additionally, the reinsurer is responsible for the administration of all annuity payments.
	(c)	No reinsurance premiums were payable by the company under the treaty since the last valuation.
	(d)	There were no deposit back arrangements.
	(e)	The treaty is closed to new business.
	(f)	There is no undischarged obligation of the insurer.
	(g)	As at the valuation date, the amount of mathematical reserves ceded under the treaty was £53,940,504.
	(h)	Levels of retention are covered in (b) above. However no new business is being reinsured to this treaty.
	(i)	The reinsurer is authorised to carry on insurance business in the United Kingdom.
	(j)	The company and the reinsurer are not connected.
	(k)	There is credit risk in respect of the treaty for which an explicit reserve is held.
	(l)	There is no liability to refund commission paid by the reinsurer in the case of early lapses.

Valuation report prepared by the actuarial function holder – IPRU (INS) Appendix 9.4 (Rule 9.31)Name of insurer **National Westminster Life Assurance Ltd**

Global business

Financial year ended **31st December 2010**

Treaty E	(a)	GE Frankona Reassurance
	(b)	<p>For business written before 9th December 2002, the treaty covers term assurances and Family Income Plans on a level premium quota share basis, subject to a maximum retention of £75,000. The reinsurer, Munich Re and Hannover Life Reassurance (UK) Limited are involved in sharing the risks and the proportion of the risk ceded, in total, across all three Reassurers is 90%. The proportion of the risk ceded to the Reassurer varies between 0% and 90% dependent on the gender, smoker status and type of benefits. For total sums assured in excess of £750,000, 100% of the risk will be ceded among the reinsurer, Munich Re and Hannover Life Reassurance (UK) Limited.</p> <p>The reinsurance premiums are level guaranteed premiums, with no premium payable in respect of the LAUTRO Initial period of a policy. The LAUTRO Initial period is defined as the maximum of 48 months or, the product of the policy term in years and the value of 4.3.</p> <p>For business written between 9th December 2002 and 1st June 2003, the treaty covers accelerated term assurances only. The reinsurance premium rates were revised, and the proportion of the risk ceded to the reinsurer was changed to 75%.</p>
	(c)	The total amount of reinsurance premium payable by the company under the treaty during the period since the last valuation was £4,366,422.
	(d)	There were no deposit back arrangements.
	(e)	The treaty is closed to new business.
	(f)	There is no undischarged obligation of the insurer.
	(g)	As at the valuation date, the amount of mathematical reserves ceded under the treaty was £140,242.
	(h)	Levels of retention are covered in (b) above. However no new business is being reinsured to this treaty.
	(i)	The reinsurer is authorised to carry on insurance business in the United Kingdom.
	(j)	The company and the reinsurer are not connected.
	(k)	There is credit risk in respect of the treaty for which an explicit reserve is held.
	(l)	There is no liability to refund commission paid by the reinsurer in the case of early lapses.

Valuation report prepared by the actuarial function holder – IPRU (INS) Appendix 9.4 (Rule 9.31)Name of insurer **National Westminster Life Assurance Ltd**

Global business

Financial year ended **31st December 2010**

Treaty F	(a)	Munich Re
	(b)	<p>The treaty covers term assurances on a level premium quota share basis, subject to a maximum retention of £75,000.</p> <p>For business written before 9th December 2002, the reinsurer, GE Frankona and Hannover Life Reassurance (UK) Limited are involved in sharing the risks and the proportion of the risk ceded, in total, across all three reinsurers is 90%. The proportion of the risk ceded to the reinsurer varies between 0% and 90%, dependent on the gender, smoker status and type of benefits. For total sums assured in excess of £750,000, 100% of the risk will be ceded among the reinsurer, GE Frankona Reassurance and Hannover Life Reassurance (UK) Limited.</p> <p>For this business, the reinsurance premiums are level guaranteed premiums, with no premium payable in respect of the LAUTRO Initial period of a policy. The LAUTRO Initial period is defined as the maximum of 48 months or, the product of the policy term in years and the value of 4.3.</p> <p>For business written between 9th December 2002 and 1st September 2003, the reinsurer and Hannover Life Reassurance (UK) Limited are involved in sharing the risks and the proportion of the risk ceded, in total, across both reinsurers is 90%. The reinsurance premium rates and the proportion of the risk ceded to the reinsurer were revised.</p> <p>For this business, the reinsurance premiums are level guaranteed premiums, with no premium payable in respect of the LAUTRO Initial period of a policy. The LAUTRO Initial period is defined as the maximum of 48 months or, the product of the policy term in years and the value of 4.3.</p> <p>For level term assurance business written between 2nd September 2003 and 5th April 2005, the reinsurer and Hannover Life Reassurance (UK) Limited are involved in sharing the risks and the proportion of the risk ceded, in total, across both reinsurers is 90%. The reinsurance premium rates were revised.</p> <p>For this business, the reinsurance premiums are level guaranteed premiums, with 30% of premium payable in respect of the LAUTRO Initial period of a policy. The LAUTRO Initial period is defined as the maximum of 48 months or, the product of the policy term in years and the value of 4.3.</p>
	(c)	The total amount of reinsurance premium payable by the company under the treaty during the period since the last valuation was £4,091,313.
	(d)	There were no deposit back arrangements.
	(e)	The treaty is closed to new business.
	(f)	There is no undischarged obligation of the insurer.
	(g)	As at the valuation date, the amount of mathematical reserves ceded under the treaty was £2,878,329.
	(h)	Levels of retention are covered in (b) above. However no new business is being reinsured to this treaty.
	(i)	The reinsurer is authorised to carry on insurance business in the United Kingdom.
	(j)	The company and the reinsurer are not connected.
	(k)	There is credit risk in respect of the treaty for which an explicit reserve is held.
	(l)	There is no liability to refund commission paid by the reinsurer in the case of early lapses.

Valuation report prepared by the actuarial function holder – IPRU (INS) Appendix 9.4 (Rule 9.31)Name of insurer **National Westminster Life Assurance Ltd**

Global business

Financial year ended **31st December 2010**

Treaty G	(a)	Hannover Life Reassurance (UK) Limited
	(b)	<p>The treaty covers term assurances on a level premium quota share basis subject to a maximum retention of £75,000.</p> <p>For business written before 9th December 2002, the reinsurer, GE Frankona Reassurance and Munich Re are involved in sharing the risks and the proportion of the risk ceded, in total, across all three reinsurers is 90%. The proportion of the risk ceded to the reinsurer varies between 0% and 90%, dependent on the gender, smoker status and type of benefits. For total sums assured in excess of £750,000, 100% of the risk will be ceded among the reinsurer, GE Frankona Reassurance and Munich Re.</p> <p>For business written between 9th December 2002 and 2nd September 2003, the reinsurer and Munich Re are involved in sharing the risks and the proportion of the risk ceded, in total, across both reinsurers is 90%. The reinsurance premium rates and the proportion of the risk ceded to the reinsurer were revised.</p> <p>For level term assurance business written between 2nd September 2003 and 5th April 2005, the reinsurer and Munich Re are involved in sharing the risks and the proportion of the risk ceded, in total, across both reinsurers is 90%. The reinsurance premium rates and the proportion of the risk ceded to the reinsurer were revised.</p> <p>For decreasing term assurance business written between 2nd September 2003 and 3rd May 2004, the reinsurer, RGA UK and RGA Americas are involved in sharing the risks and the proportion of the risk ceded, in total, across the three reinsurers is 90%. The reinsurance premium rates and the proportion of the risk ceded to the reinsurer were revised.</p> <p>For all business written prior to 3rd May 2004, and level term assurance business written between 4th April 2004 and 5th April 2005, the reinsurance premiums are level guaranteed premiums, with no premium payable in respect of the LAUTRO Initial period of a policy. The LAUTRO Initial period is defined as the maximum of 48 months or, the product of the policy term in years and the value of 4.3.</p> <p>For decreasing term assurance business written between 4th May 2004 and 5th April 2005, the reinsurer, Hannover Re Ireland and Swiss Re are involved in sharing the risks for sums assured below £75,000. The proportion of the risk ceded, in total, across the three reinsurers is 80, and the proportion ceded to the reinsurer is 2%. The reinsurance premium rates and the proportion of the risk ceded to the reinsurer were revised.</p> <p>For decreasing term assurance business written between 4th May 2004 and 5th April 2005, the reinsurance premiums are level guaranteed premiums, with 50% of the premium payable in respect of the LAUTRO Initial period of a policy. The LAUTRO Initial period is defined as the maximum of 48 months or, the product of the policy term in years and the value of 4.3.</p>
	(c)	The total amount of reinsurance premium payable by the company under the treaty during the period since the last valuation was £3,413,154.
	(d)	There were no deposit back arrangements.
	(e)	The treaty is closed to new business.
	(f)	There is no undischarged obligation of the insurer.
	(g)	As at the valuation date, the amount of mathematical reserves ceded under the treaty was £1,390,573.
	(h)	Levels of retention are covered in (b) above. However no new business is being reinsured to this treaty.

Valuation report prepared by the actuarial function holder – IPRU (INS) Appendix 9.4 (Rule 9.31)Name of insurer **National Westminster Life Assurance Ltd**

Global business

Financial year ended **31st December 2010**

(i)	The reinsurer is authorised to carry on insurance business in the United Kingdom.
(j)	The company and the reinsurer are not connected.
(k)	There is credit risk in respect of the treaty for which an explicit reserve is held.
(l)	There is no liability to refund commission paid by the reinsurer in the case of early lapses.

Treaty H	(a)	RGA Americas
	(b)	<p>The treaty covers term assurances (no critical illness rider) that are subject to reduced underwriting questions on a level premium, quota share basis.</p> <p>For business written before 9th December 2002, the reinsurer, Hannover Re and GE Frankona are involved in sharing the risks and the proportion of the risk ceded, in total, across all three reinsurers is 90%. The proportion of the risk ceded to the reinsurer varies between 0% and 90%, dependent on the gender, smoker status, type of benefits and level of sum assured.</p> <p>For business written between 9th December 2002 and 6th April 2003, the reinsurer and Hannover Re are involved in sharing the risks and the proportion of the risk ceded, in total, across the two reinsurers is 90%. The proportion of the risk ceded to the reinsurer varies between 0% and 90%, dependent on the gender, smoker status, type of benefits and level of sum assured.</p> <p>The reinsurance premiums are level guaranteed premiums, with no premium payable in respect of the LAUTRO Initial period of a policy. The LAUTRO Initial period is defined as the maximum of 48 months or, the product of the policy term in years and the value of 4.3.</p> <p>For business written between 7th April 2003 and 3rd May 2004, the reinsurer, Hannover Re (UK) and Hannover Re (Ireland) are involved in sharing the risks and the proportion of the risk ceded, in total, across the three reinsurers is 90%. The proportion of the risk ceded to the reinsurer varies between 0% and 90%, dependent on the gender, smoker status, type of benefits and level of sum assured.</p> <p>The reinsurance premiums are level guaranteed premiums, with 50% premium payable in respect of the LAUTRO Initial period of a policy. The LAUTRO Initial period is defined as the maximum of 48 months or, the product of the policy term in years and the value of 4.3.</p> <p>For business written between 4th May 2004 and 5th April 2005, the reinsurer, RGA (UK), Hannover Re (UK) and Hannover Re (Ireland) are involved in sharing the risks and the proportion of the risk ceded, in total, across the four reinsurers is 90%. The proportion of the risk ceded to the reinsurer varies between 65% and 90% dependent on the level of sum assured and whether the sum assured reduces. The reinsurance premium rates have been revised.</p> <p>For this business, the reinsurance premiums are level guaranteed premiums, with 50% of the premium payable in respect of the LAUTRO Initial period of a policy. The LAUTRO Initial period is defined as the maximum of 48 months or, the product of the policy term in years and the value of 4.3.</p>
	(c)	The total amount of reinsurance premium payable by the company under the treaty during the period since the last valuation was £1,975,274.
	(d)	There were no deposit back arrangements.
	(e)	The treaty is closed to new business.

Valuation report prepared by the actuarial function holder – IPRU (INS) Appendix 9.4 (Rule 9.31)Name of insurer **National Westminster Life Assurance Ltd**

Global business

Financial year ended **31st December 2010**

(f)	There is no undischarged obligation of the insurer.
(g)	As at the valuation date, the amount of mathematical reserves ceded under the treaty was £5,320,346.
(h)	Levels of retention are covered in (b) above. However no new business is being reinsured to this treaty.
(i)	The reinsurer is not authorised to carry on insurance business in the United Kingdom.
(j)	The company and the reinsurer are not connected.
(k)	There is credit risk in respect of the treaty for which an explicit reserve is held.
(l)	There is no liability to refund commission paid by the reinsurer in the case of early lapses.

Treaty I	(a)	RGA Americas
	(b)	The treaty covers reviewable accelerated level term assurances on a risk premium, quota share basis, for sums assured below £175,000. For level business written between 2nd June 2003 and 3rd May 2004, the reinsurer and RGA (UK) are involved in sharing the risks. The proportion of the risk ceded, in total, across the two reinsurers is 90%, and the proportion ceded to the reinsurer is 81%. For total sums assured in excess of £750,000, 100% of the risk will be ceded among the reinsurer, GE Frankona Reassurance and RGA (UK). For level and decreasing business written between 4th May 2004 and 24th September 2006, the proportion of the risk ceded to the reinsurer is still 81% but the reinsurance premium rates have been revised.
	(c)	The total amount of reinsurance premium payable by the company under the treaty during the period since the last valuation was £2,299,041.
	(d)	There were no deposit back arrangements.
	(e)	The treaty is closed to new business.
	(f)	There is no undischarged obligation of the insurer.
	(g)	As at the valuation date, the amount of mathematical reserves ceded under the treaty was £1,263,804.
	(h)	Levels of retention are covered in (b) above. However no new business is being reinsured to this treaty.
	(i)	The reinsurer is not authorised to carry on insurance business in the United Kingdom.
	(j)	The company and the reinsurer are not connected.
	(k)	There is credit risk in respect of the treaty for which an explicit reserve is held.
	(l)	There is no liability to refund commission paid by the reinsurer in the case of early lapses.

Valuation report prepared by the actuarial function holder – IPRU (INS) Appendix 9.4 (Rule 9.31)Name of insurer **National Westminster Life Assurance Ltd**

Global business

Financial year ended **31st December 2010**

Treaty J	(a)	XL Re
	(b)	<p>The treaty covers level and decreasing term assurances that are subject to varying levels of underwriting questions, on a risk premium quota share basis subject to a RBS maximum retention of £75,000</p> <p>For level term assurance business written since 1st May 2007, the reinsurer, Gen Re and Kolnische Ruckversicherungs-Gesellschafts AG (KR AG) are involved in sharing the risks. The proportion of the risk ceded, in total, across the three reinsurers is 80% of all risks, and the proportion ceded to the reinsurer is 30%.</p> <p>For decreasing term assurance written since 1st May 2007 the proportion of the risk ceded to the reinsurer is 80%</p>
	(c)	The total amount of reinsurance premium payable by the company under the treaty during the period since the last valuation was £2,062,921.
	(d)	There were no deposit back arrangements.
	(e)	The treaty is closed to new business.
	(f)	There is no undischarged obligation of the insurer.
	(g)	As at the valuation date, the amount of mathematical reserves ceded under the treaty was £6,504,587.
	(h)	Levels of retention are covered in (b) above. However no new business is being reinsured to this treaty.
	(i)	The reinsurer is authorised to carry on insurance business in the United Kingdom.
	(j)	The company and the reinsurer are not connected.
	(k)	There is credit risk in respect of the treaty for which an explicit reserve is held.
	(l)	There is no liability to refund commission paid by the reinsurer in the case of early lapses.

Treaty K	(a)	Swiss Re Life and Health Limited
	(b)	<p>The treaty covers reviewable accelerated level term assurances with sums assured below £100,000 and reviewable accelerated decreasing term assurance for all sums assured on a risk premium quota share basis, subject to a maximum retention of £75,000. This covers all such term assurances that are subject to varying levels of underwriting questions.</p> <p>For term assurance written since 1st May 2007 the proportion of the risk ceded to the reinsurer is 75%.</p>
	(c)	The total amount of reinsurance premium payable by the company under the treaty during the period since the last valuation was £1,862,890.
	(d)	There were no deposit back arrangements.
	(e)	The treaty is closed to new business.
	(f)	There is no undischarged obligation of the insurer.
	(g)	As at the valuation date, the amount of mathematical reserves ceded under the treaty was -£718,969.

Valuation report prepared by the actuarial function holder – IPRU (INS) Appendix 9.4 (Rule 9.31)Name of insurer **National Westminster Life Assurance Ltd**

Global business

Financial year ended **31st December 2010**

(h)	Levels of retention are covered in (b) above. However no new business is being reinsured to this treaty.
(i)	The reinsurer is authorised to carry on insurance business in the United Kingdom.
(j)	The company and the reinsurer are not connected.
(k)	There is credit risk in respect of the treaty for which an explicit reserve is held.
(l)	There is no liability to refund commission paid by the reinsurer in the case of early lapses.

Treaty L	(a)	Swiss Re Life and Health Limited
	(b)	The treaty covers level term assurances and reviewable accelerated level and decreasing term assurances with sums assured less than £100,000 on a risk premium quota share basis, subject to a RBS maximum retention of £75,000. This covers all such term assurances that are subject to varying levels of underwriting questions. For term assurances written since 1st September 2008 the proportion ceded to the reinsurer is 90%. For accelerated term assurances written since 1st September 2008 the proportion ceded to the reinsurer is 75%
	(c)	The total amount of reinsurance premium payable by the company under the treaty during the period since the last valuation was £2,205,380.
	(d)	There were no deposit back arrangements.
	(e)	The treaty is closed to new business.
	(f)	There is no undischarged obligation of the insurer.
	(g)	As at the valuation date, the amount of mathematical reserves ceded under the treaty was £1,509,012.
	(h)	Levels of retention are covered in (b) above. However no new business is being reinsured to this treaty.
	(i)	The reinsurer is authorised to carry on insurance business in the United Kingdom.
	(j)	The company and the reinsurer are not connected.
	(k)	There is credit risk in respect of the treaty for which an explicit reserve is held.
	(l)	There is no liability to refund commission paid by the reinsurer in the case of early lapses.

Valuation report prepared by the actuarial function holder – IPRU (INS) Appendix 9.4 (Rule 9.31)Name of insurer **National Westminster Life Assurance Ltd**

Global business

Financial year ended **31st December 2010**

Treaty M	(a)	RGA Americas
	(b)	The treaty covers reviewable accelerated level and decreasing term assurances with sums assured greater than £100,000 on a risk premium quota share basis, subject to a RBS maximum retention of £75,000. This covers all such term assurances that are subject to varying levels of underwriting questions. For term assurances written since 1st September 2008 the reinsurer and RGA UK are involved in sharing the risks. The proportion of the risk ceded, in total, across the two reinsurers is 75%, and the proportion ceded to the reinsurer is 67.5%.
	(c)	The total amount of reinsurance premium payable by the company under the treaty during the period since the last valuation was £1,768,304.
	(d)	There were no deposit back arrangements.
	(e)	The treaty is open to new business.
	(f)	There is no undischarged obligation of the insurer.
	(g)	As at the valuation date, the amount of mathematical reserves ceded under the treaty was £1,716,586.
	(h)	Levels of retention are covered in (b) above.
	(i)	The reinsurer is not authorised to carry on insurance business in the United Kingdom.
	(j)	The company and the reinsurer are not connected.
	(k)	There is credit risk in respect of the treaty for which an explicit reserve is held.
	(l)	There is no liability to refund commission paid by the reinsurer in the case of early lapses.

(3) The Company has no “financing arrangements” with any reinsurance companies.

10. REVERSIONARY (OR ANNUAL) BONUS

NWL does not have sufficient with-profits liabilities to require disclosure for section 10. The following table is included for information.

Unitised With-Profits	Life	Pensions
Mathematical Reserves (gross)	£26,579	£187,162
Annual Bonus for 2010	2.25%	4.00%
Annual Bonus for 2009	2.25%	4.00%
Guaranteed Minimum Bonus Rate (included in the above)	2.25%	4.00%

Unitised With-Profits reversionary bonus rates are those declared by Clerical Medical Investment Group, as the UWP business is wholly reinsured to this company.

Rates of bonus do not depend on the original term of the contract, the age of the life assured or the dates of previous premium payment. Rates of bonus are expressed as the rate of increase in the price of unitised with-profits fund units, accrued on a daily basis, exclusive of the fund management charge (0.75% p.a. for Life, 1.00% p.a. for Pensions).

Returns under the Accounts and Statements Rules

Statement on derivatives required by IPRU (INS) 9.29

Name of Company **National Westminster Life Assurance Ltd**

Global business

Financial year ended **31st December 2010**

In respect of derivative contracts : -

- (a) the company's investment guidelines state that derivative contracts are used only for the purposes of reduction of investment risks or efficient portfolio management. The guidelines state that the company will at all times comply with relevant legislation and prudential guidance notes and specifies that derivative contracts entered into will be capable of being readily closed out. Each fund management agreement specifies limits upon the use of derivatives within that fund. Derivatives used are listed on a regulated market or transacted with an approved counterparty.
- (b) it is contrary to those guidelines to make use of contracts as defined in part (b) of Rule 9.29(1).
- (c) at no time during the year was the company party to any such contracts as referred to in sub-paragraph (b) above.
- (d) during the year, the company did not grant any rights on any derivative contract which required a significant provision to be made for it under INSPRU 3.2.17 or any contract which did not fall within the definition of a permitted derivative.
- (e) during the year, the company did not grant any rights on any derivative contract or quasi derivative.

Returns under the Accounts and Statements Rules

Statement on controllers required by IPRU (INS) 9.30

Name of insurer **National Westminster Life Assurance Ltd**

Global business

Financial year ended **31st December 2010**

For the period from 31st December 2010:

100% of the issued Share Capital of the Company is held by Aviva Life Investments UK Limited (formerly RBS Life Investments Limited).

100% of the issued Share Capital of Aviva Life Investments UK Limited is held by Aviva Life UK Limited (formerly Aviva Life RBS JV UK Limited).

100% of the issued Share Capital of Aviva Life UK Limited is held by Aviva Life & Pensions UK Limited.

100% of the issued Share Capital of Aviva Life & Pensions UK Limited is held by Aviva Life Holdings UK Limited.

100% of the issued Share Capital of Aviva Life Holdings UK Limited is held by Aviva Group Holdings Limited.

100% of the issued Share Capital of Aviva Group Holdings Limited is held by the Ultimate Parent Undertaking, Aviva plc.

For the period up to 31st December 2010:

100% of the issued Share Capital of the Company was held by Aviva Life Investments UK Limited (formerly RBS Life Investments Limited).

50.01% of the issued Share Capital of Aviva Life Investments UK Limited (formerly RBS Life Investments Limited) was held by RBS Life Holdings Limited.

100% of the issued Share Capital of RBS Life Holdings Limited was held by The Royal Bank of Scotland plc.

The ultimate holding company of RBS Life Holdings Limited was The Royal Bank of Scotland Group plc.

On 1 December 2008, the UK government through HM Treasury acquired a controlling shareholding in The Royal Bank of Scotland plc. The UK Government has announced that its shareholdings in banks will be managed by UK Financial Investments Limited, a company wholly-owned by the UK Government.

49.99% of the issued Share Capital of RBS Life Investments Limited was held by Aviva Life UK Limited (formerly Aviva Life RBS JV UK Limited)

100% of the issued Share Capital of Aviva Life UK Limited is held by Aviva Life & Pensions UK Limited.

100% of the issued Share Capital of Aviva Life & Pensions UK Limited is held by Aviva Life Holdings UK Limited.

100% of the issued Share Capital of Aviva Life Holdings UK Limited is held by Aviva Group Holdings Limited.

100% of the issued Share Capital of Aviva Group Holdings Limited is held by the Ultimate Parent Undertaking, Aviva plc.

All shares are voting shares.

Returns under the Accounts and Statements Rules

Certificate by the directors required by IPRU (INS) 9.34

Name of insurer **National Westminster Life Assurance Ltd**

Global business

Financial year ended **31st December 2010**

We certify that:

1. the return has been properly prepared in accordance with the requirements in IPRU(INS), GENPRU and INSPRU; and
2. 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), GENPRU and INSPRU; and
 - (ii) it is reasonable to believe that the insurer has continued so to comply subsequently, and will continue so to comply in future;
3. 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;
4. the sum of the mathematical reserves and the deposits received from reinsurers as shown on Form 14 constitute proper provision at the end of the financial year in question for the long-term insurance business liabilities (including all other 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 the actuarial investigation as at the date into the financial condition of the long-term insurance business;
5. the with-profits fund has been managed in accordance with the Principles and Practice of Financial Management, as established, maintained and recorded under COBS 20.3;
6. 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 company to perform the actuarial function in accordance with SUP4.3.1R; and
 - (ii) advice from every actuary appointed by the insurer to perform the with-profits actuary function in accordance with SUP4.3.16R.

..... **T E Strauss**
Chief Executive

..... **J R Lister**
Director

..... **D B Barral**
Director

March 2011

Returns under the Accounts and Statements Rules

Independent auditor's report to the directors pursuant to rule 9.35 of the Interim Prudential Sourcebook for Insurers

Name of insurer **National Westminster Life Assurance Ltd**
Global Business
Financial year ended **31st December 2010**

We have audited the following documents prepared by the insurer pursuant to the Accounts and Statements Rules set out in part I and part IV of chapter 9 of IPRU(INS) the Interim Prudential Sourcebook for Insurers, GENPRU the General Prudential Sourcebook and INSPRU the Prudential Sourcebook for Insurers ("the Rules") made by the Financial Services Authority under section 138 of the Financial Services and Markets Act 2000:

- Forms 2, 3, 11 to 16, 40 to 45, 48, 56, 58 and 60, (including the supplementary notes thereon and supplementary notes 1700 and 4900) on pages 1 to 22, page 26, page 43, pages 45 to 46 and pages 47 to 52 ("the Forms");
- the statement required by IPRU(INS) rule 9.29 on page 78 ("the Statement");
- the valuation report required by IPRU(INS) rule 9.31(a) on pages 53 to 77 ("the valuation report"); and

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

- Forms 46, 47, 50 to 55, and 57, (including the supplementary notes thereon) on pages 23, pages 24 to 25, pages 27 to 42 and page 44;
- the statements required by IPRU(INS) rules 9.30 and 9.36 on pages 79 and 83; and
- the directors' certificate required by IPRU(INS) rule 9.34 on page 80 ("the directors' certificate").

Our report is provided to the directors of National Westminster Life Assurance Limited in accordance with rule 9.35 of the Interim Prudential Sourcebook for Insurers. We acknowledge that our report will be provided to the FSA for the use of the FSA solely for the purposes set down by statute and the FSA's rules. Our work has been undertaken so that we might state to the insurer's directors those matters we are required to state to them in an auditor's report on an annual FSA return for an insurer and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the FSA, and the insurer, for our work, for this report, or for the opinions we have formed.

Respective responsibilities of the insurer and its auditor

The insurer is responsible for the preparation of an annual return (including the Forms, the Statement, the valuation report, the forms and statements not examined by us and the directors' certificate) under the provisions of the Rules. The requirements of the Rules have been modified by a direction issued under section 148 of the Financial Services and Markets Act 2000 on 15 July 2009. Under IPRU(INS) 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 are required to reflect appropriately the requirements of INSPRU 1.2.

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:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the Forms, the Statements and the valuation report are not in agreement with the accounting records and returns; or
- we have not received all the information we require for our audit.

Independent auditor's report to the directors pursuant to rule 9.35 of the Interim Prudential Sourcebook for Insurers

Name of insurer **National Westminster Life Assurance Ltd**
Global Business
Financial year ended **31st December 2010**

Basis of opinion

We conducted our work in accordance with Practice Note 20 'The audit of insurers in the United Kingdom (Revised)' 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. 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 IPRU(INS) rule 9.11.

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

Opinion

In our opinion:

- (i) 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
- (ii) the methods and assumptions determined by the insurer and used to perform the actuarial investigation as set out in the valuation report appropriately reflect the requirements of INSPRU 1.2.

Deloitte LLP

Chartered Accountants and Statutory Auditor
London, United Kingdom
March 2011

Returns under the Accounts and Statements Rules

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

Name of insurer **National Westminster Life Assurance Ltd**

Global business

Financial year ended **31st December 2010**

In accordance with rule 9.36 of the Interim Prudential Sourcebook for Insurers, Angela Darlington, was requested to furnish and has provided the following information:

Angela Darlington

- (a) The actuary held an interest in 63,124 ordinary shares of Aviva Plc at the beginning of the year and acquired an interest in a further 17,360 ordinary shares during the year.
- (b) The actuary has a level term assurance policy with Aviva UK Life & Pensions Limited. The actuary had no other pecuniary interest in any transaction between the actuary and the Company subsisting at any time during 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 to 31 December 2010 was £214,615 (2009: £150,232). Under the contract she was:

With-profits actuary of:-
National Westminster Life Assurance Ltd
Royal Scottish Assurance Plc

- (d) The actuary is a member of the Defined Benefit Section of the Aviva Staff Pension Scheme.

The particulars of this statement were furnished to the company by Angela Darlington at the Company's request.