NORWICH UNION
an AVIVA company

Fidelity Life Assurance Limited

Registered office: 8 Surrey Street, Norwich, Norfolk, NR1 3NG

Annual FSA Insurance Returns for the year ended 31st December 2002

Accounts and statements pursuant to the
Financial Services and Markets Act 2000

FN 02 002

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 **Fidelity Life Assurance Limited**

Global Business

Financial year ended **31st December 2002**

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Returns under the Accounts and Statements Rules

Covering page to form 9

Name of insurer	**Fidelity Life Assurance Limited**
Global business	
Financial year ended	**31st December 2002**

..... **G N WITHERS**
Chief Executive

..... **J A NEWMAN**
Director

..... **M N URMSTON**
Director

26th March 2003

Statement of solvency

Name of insurer **Fidelity Life Assurance Limited**

Global business

Financial year ended **31st December 2002**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units
R9	869405	GL	31	12	2002	£000

		As at the end of this financial year 1	As at the end of the previous year 2	Source Form	Line	Column
GENERAL INSURANCE BUSINESS						
Available assets						
Other than long term insurance business assets allocated towards general insurance business required minimum margin	11			See instructions 1 and 2		
Required minimum margin						
Required minimum margin for general insurance business	12			12	.	49
Excess (deficiency) of available assets over the required minimum margin (11-12)	13					
LONG TERM INSURANCE BUSINESS						
Available assets						
Long term insurance business admissible assets	21	3526	4117	10	.	11
Other than long term insurance business assets allocated towards long term insurance business required minimum margin	22	795	972	See instructions 1 and 3		
Total mathematical reserves (after distribution of surplus)	23	2795	3378	See instruction 4		
Other insurance and non-insurance liabilities	24	569	482	See instruction 5		
Available assets for long term insurance business required minimum margin (21+22-23-24)	25	957	1229			
Implicit Items admitted under Rule 2.10(5) as modified						
Future profits	31					
Zillmerising	32					
Hidden reserves	33					
Total of available assets and implicit items (25+31+32+33)	34	957	1229			
Required minimum margin						
Required minimum margin for long term insurance business	41	100	100	60	.	69
Explicit required minimum margin (1/6 x 41, or minimum guarantee fund if greater)	42	100	100			
Excess (deficiency) of available assets over explicit required minimum margin (25-42)	43	857	1129			
Excess (deficiency) of available assets and implicit items over the required minimum margin (34-41)	44	857	1129			
CONTINGENT LIABILITIES						
Quantifiable contingent liabilities in respect of other than long term insurance business as shown in a supplementary note to Form 15	51			See instruction 6		
Quantifiable contingent liabilities in respect of long term insurance business as shown in a supplementary note to Form 14	52			See instruction 6		

Form 9A

Analysis of the effect of financial engineering on long-term available assets

Name of insurer **Fidelity Life Assurance Limited**

Global business

Financial year ended **31st December 2002**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units
R9A	**869405**	**GL**	**31**	**12**	**2002**	**£000**

		As at the end of this financial year **1**	As at the end of the previous year **2**	Source
Required minimum margin for long term insurance business	**11**	100		See instruction 2
Excess (deficiency) of available assets and implicit items over the required minimum margin	**12**	857		See instruction 3
Total available assets and implicit items (11+12)	**13**	957		
Analysed as follows:				
Value of implicit items	**14**			See instruction 5
Financial reinsurance- ceded	**15**			See instruction 6
Financial reinsurance- accepted	**16**			See instruction 7
Outstanding contingent loans	**17**			See instruction 8
Any other charges on future profits	**18**			See instruction 9
Sum of financial engineering adjustments (14+15-16+17+18)	**19**			
Other assets (13-19)	**20**	957		
Total available assets and implicit items (19+20)	**21**	957		

Statement of net assets

Name of insurer **Fidelity Life Assurance Limited**

Global business

Financial year ended **31st December 2002**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units
R10	869405	GL	31	12	2002	£000

		As at the end of this financial year 1	As at the end of the previous year 2	Source Form	Line	Column
Long term insurance business - admissible assets	11	3526	4117	13	89	1
Long term insurance business - liabilities and margins	12	3526	4117	14	59	1
Other than Long term insurance business - admissible assets	21	1749	2129	13	89	1
Other than Long term insurance business - liabilities	22	954	1157	15	69	1
Net admissible assets (21-22)	23	795	972			
Other assets allowed to be taken into account in covering the required minimum margin: Unpaid amounts (including share premium) on partly paid shares	24					
Other assets allowed to be taken into account in covering the required minimum margin: Supplementary contributions for a mutual carrying on general insurance business	25					
Liabilities allowed to be left out of account in covering the required minimum margin: Subordinated loan capital	26					
Liabilities allowed to be left out of account in covering the required minimum margin: Cumulative preference share capital	27					
Available assets (23 to 27)	29	795	972			

Represented by:

Paid up share capital (other than cumulative preference share capital)	51	1250	1250			
Amounts included in lines 24 to 27 above	52					
Amounts representing the balance of net assets	56	(455)	(278)			
Total (51 to 56) and equal to line 29 above	59	795	972			

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

Balance brought forward at the beginning of the financial year	61	(278)	(120)	10	56	2
Retained profit/(loss) for the financial year	62	(105)	(169)	16	59	1
Movement in asset valuation differences	63		11	See instruction 2		
Decrease/(increase) in the provision for adverse changes	64			See instruction 3		
Other movements (particulars to be specified by way of supplementary note)	65	(72)				
Balance carried forward at the end of the financial year (61 to 65)	69	(455)	(278)			

Form 13
(Sheet 1)

Analysis of admissible assets

Name of insurer **Fidelity Life Assurance Limited**

Global business

Financial year ended **31st December 2002**

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

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Category of assets
R13	869405	GL	31	12	2002	£000	1

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

Form 13
(Sheet 2)

Analysis of admissible assets

Name of insurer **Fidelity Life Assurance Limited**

Global business

Financial year ended **31st December 2002**

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

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Category of assets
R13	869405	GL	31	12	2002	£000	1

Investments (continued) **Deposits with ceding undertakings** **Assets held to cover linked liabilities**					As at the end of this financial year **1**	As at the end of the previous year **2**
Other financial investments	Equity shares			**41**		
	Other shares and other variable yield securities			**42**		
	Holdings in collective investment schemes			**43**	671	850
	Rights under derivative contracts			**44**		
	Debt securities and other fixed income securities	Fixed interest	Approved securities	**45**		249
			Other	**46**		
		Variable interest	Approved securities	**47**		
			Other	**48**		
	Participation in investment pools			**49**		
	Loans secured by mortgages			**50**		
	Other loans	Loans to public or local authorities and nationalised industries or undertakings		**51**		
		Loans secured by policies of insurance issued by the company		**52**		
		Other		**53**		
	Deposits with approved credit institutions and approved financial institutions	Withdrawal subject to a time restriction of one month or less		**54**	207	950
		Withdrawal subject to a time restriction of more than one month		**55**		
	Other			**56**		
Deposits with ceding undertakings				**57**		
Assets held to match linked liabilities		Index linked		**58**		
		Property linked		**59**		
Reinsurers' share of technical provisions		Provision for unearned premiums		**60**		
		Claims outstanding		**61**		
		Provision for unexpired risks		**62**		
		Other		**63**		
Total sheet 2 (41 to 63)				**69**	878	2049

Form 13
(Sheet 3)

Analysis of admissible assets

Name of insurer **Fidelity Life Assurance Limited**

Global business

Financial year ended **31st December 2002**

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

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Category of assets
R13	869405	GL	31	12	2002	£000	1

Debtors Other assets				As at the end of this financial year 1	As at the end of the previous year 2
Debtors arising out of direct insurance operations	Policyholders		71		
	Intermediaries		72		
Salvage and subrogation recoveries			73		
Debtors arising out of reinsurance operations	Due from ceding insurers and intermediaries under reinsurance business accepted		74		
	Due from reinsurers and intermediaries under reinsurance contracts ceded		75		
Other debtors	Due from dependants	Due in 12 months or less after the end of the financial year	76		
		Due more than 12 months after the end of the financial year	77		
	Other	Due in 12 months or less after the end of the financial year	78	5	29
		Due more than 12 months after the end of the financial year	79		
Tangible assets			80		
Cash at bank and in hand	Deposits not subject to time restriction on withdrawal, with approved credit institutions and approved financial institutions and local authorities		81	866	43
	Cash in hand		82		
Other assets (particulars to be specified by way of supplementary note)			83		
Prepayments and accrued income	Accrued interest and rent		84		8
	Deferred acquisition costs		85		
	Other prepayments and accrued income		86		
Deductions (under rules 4.14(2)(b) and 4.14(3)) from the aggregate value of assets			87		
Total sheet 3 (71 to 86 less 87)			88	871	80
Grand total of admissible assets (39+69+88)			89	1749	2129

Reconciliation to asset values determined in accordance with the insurance accounts rules

Total admissible assets (as per line 89 above)	91	1749	2129
Total assets in excess of the admissibility limits of Appendix 4.2 (as valued in accordance with those Rules before applying admissibility limits)	92		
Solvency margin deduction for subsidiary undertakings which are insurance undertakings	93		
Other differences in the valuation of assets (other than for assets not valued above)	94		
Assets of a type not valued above, (as valued in accordance with the insurance accounts rules)	95		
Total assets determined in accordance with the insurance accounts rules (91 to 95)	99	1749	2129

Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	100		

Form 13
(Sheet 1)

Analysis of admissible assets

Name of insurer **Fidelity Life Assurance Limited**

Global business

Financial year ended **31st December 2002**

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

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Category of assets
R13	869405	GL	31	12	2002	£000	10

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

Form 13
(Sheet 2)

Analysis of admissible assets

Name of insurer **Fidelity Life Assurance Limited**

Global business

Financial year ended **31st December 2002**

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

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Category of assets
R13	869405	GL	31	12	2002	£000	10

Investments (continued) **Deposits with ceding undertakings** **Assets held to cover linked liabilities**					As at the end of this financial year **1**	As at the end of the previous year **2**
Other financial investments	Equity shares			**41**		
	Other shares and other variable yield securities			**42**		
	Holdings in collective investment schemes			**43**	99	97
	Rights under derivative contracts			**44**		
	Debt securities and other fixed income securities	Fixed interest	Approved securities	**45**		446
			Other	**46**		
		Variable interest	Approved securities	**47**		
			Other	**48**		
	Participation in investment pools			**49**		
	Loans secured by mortgages			**50**		
	Other loans	Loans to public or local authorities and nationalised industries or undertakings		**51**		
		Loans secured by policies of insurance issued by the company		**52**		
		Other		**53**		
	Deposits with approved credit institutions and approved financial institutions	Withdrawal subject to a time restriction of one month or less		**54**	893	251
		Withdrawal subject to a time restriction of more than one month		**55**		
	Other			**56**		
Deposits with ceding undertakings				**57**		
Assets held to match linked liabilities		Index linked		**58**		
		Property linked		**59**	2485	3028
Reinsurers' share of technical provisions		Provision for unearned premiums		**60**		
		Claims outstanding		**61**		
		Provision for unexpired risks		**62**		
		Other		**63**		
Total sheet 2 (41 to 63)				**69**	3477	3822

Form 13
(Sheet 3)

Analysis of admissible assets

Name of insurer **Fidelity Life Assurance Limited**

Global business

Financial year ended **31st December 2002**

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

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Category of assets
R13	869405	GL	31	12	2002	£000	10

Debtors Other assets				As at the end of this financial year 1	As at the end of the previous year 2
Debtors arising out of direct insurance operations	Policyholders		71		
	Intermediaries		72		
Salvage and subrogation recoveries			73		
Debtors arising out of reinsurance operations	Due from ceding insurers and intermediaries under reinsurance business accepted		74		
	Due from reinsurers and intermediaries under reinsurance contracts ceded		75		
Other debtors	Due from dependants	Due in 12 months or less after the end of the financial year	76		
		Due more than 12 months after the end of the financial year	77		
	Other	Due in 12 months or less after the end of the financial year	78	21	46
		Due more than 12 months after the end of the financial year	79		
Tangible assets			80		
Cash at bank and in hand	Deposits not subject to time restriction on withdrawal, with approved credit institutions and approved financial institutions and local authorities		81		
	Cash in hand		82		
Other assets (particulars to be specified by way of supplementary note)			83	26	235
Prepayments and accrued income	Accrued interest and rent		84	2	14
	Deferred acquisition costs		85		
	Other prepayments and accrued income		86		
Deductions (under rules 4.14(2)(b) and 4.14(3)) from the aggregate value of assets			87		
Total sheet 3 (71 to 86 less 87)			88	49	295
Grand total of admissible assets (39+69+88)			89	3526	4117

Reconciliation to asset values determined in accordance with the insurance accounts rules

Total admissible assets (as per line 89 above)	91	3526	4117
Total assets in excess of the admissibility limits of Appendix 4.2 (as valued in accordance with those Rules before applying admissibility limits)	92		
Solvency margin deduction for subsidiary undertakings which are insurance undertakings	93		
Other differences in the valuation of assets (other than for assets not valued above)	94		
Assets of a type not valued above, (as valued in accordance with the insurance accounts rules)	95		
Total assets determined in accordance with the insurance accounts rules (91 to 95)	99	3526	4117

Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	100		

Long term insurance business liabilities and margins

Name of insurer **Fidelity Life Assurance Limited**

Global business

Financial year ended **31st December 2002**

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

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Category of assets
R14	869405	GL	31	12	2002	£000	10

				As at the end of this financial year 1	As at the end of the previous year 2	Source
Mathematical reserves, after distribution of surplus			11	2795	3378	See Instruction 2
Cash bonuses which had not been paid to policyholders prior to end of the financial year			12			See Instruction 3
Balance of surplus/(valuation deficit)			13			See Instruction 4
Long term insurance business fund carried forward (11 to 13)			14	2795	3378	See Instruction 5
Claims outstanding which had fallen due for payment before the end of the financial year	Gross amount		15			
	Reinsurers' share		16			
	Net (15-16)		17			
Provisions for other risks and charges	Taxation		21		58	
	Other		22			
Deposits received from reinsurers			23			
Creditors and other liabilities	Arising out of insurance operations	Direct insurance business	31	30	54	
		Reinsurance accepted	32			
		Reinsurance ceded	33			
	Debenture loans	Secured	34			
		Unsecured	35			
	Amounts owed to credit institutions		36			
	Other creditors	Taxation	37	371	246	
		Other	38	168	124	
Accruals and deferred income			39			
Provision for adverse changes (calculated in accordance with rule 5.3)			41			
Total other insurance and non-insurance liabilities (17 to 41)			49	569	482	
Excess of the value of net admissible assets			51	162	257	See Instruction 6
Total liabilities and margins			59	3526	4117	

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	96		
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62	2411	2993	

Amount of any additional mathematical reserves included in line 51 which have been taken into account in the appointed actuary's certificate	63			See Instruction 7

Liabilities (other than long term insurance business)

Name of insurer **Fidelity Life Assurance Limited**

Global business

Financial year ended **31st December 2002**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units
R15	869405	GL	31	12	2002	£000

				As at the end of this financial year 1	As at the end of the previous year 2
Technical provisions (gross amount)	Provision for unearned premiums		11		
	Claims outstanding		12		
	Provision for unexpired risks		13		
	Equalisation provisions	Credit business	14		
		Other than credit business	15		
	Other		16		
	Total (11 to 16)		19		
Provisions for other risks and charges	Taxation		21		
	Other		22		
Deposits received from reinsurers			31		
Creditors	Arising out of insurance operations	Direct insurance business	41		
		Reinsurance accepted	42		
		Reinsurance ceded	43		
	Debenture loans	Secured	44		
		Unsecured	45		
	Amounts owed to credit institutions		46		
	Other creditors	Taxation	47	10	10
		Recommended dividend	48		
		Other	49	944	1147
Accruals and deferred income			51		
Total (19 to 51)			59	954	1157
Provision for adverse changes (calculated in accordance with rule 5.3) [Regulation 61 of the Insurance Companies Regulations 1994]			61		
Cumulative preference share capital			62		
Subordinated loan capital			63		
Total (59 to 63)			69	954	1157

Amounts included in line 69 attributable to liabilities to related insurers, other than those under contracts of insurance or reinsurance	71	935	1157

Profit and loss account (non-technical account)

Name of insurer **Fidelity Life Assurance Limited**

Global business

Financial year ended **31st December 2002**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units
R16	869405	GL	31	12	2002	£000

			This financial year 1	Previous year 2	Source Form	Line	Column
Transfer (to)/from the general insurance business technical account	From Form 20	11			20	.	59
	Equalisation provisions	12					
Transfer from the long term insurance business revenue account		13			40	.	26
Investment income	Income	14	37	34			
	Value re-adjustments on investments	15					
	Gains on the realisation of investments	16					
Investment charges	Investment management charges, including interest	17	15	18			
	Value re-adjustments on investments	18	199	175			
	Loss on the realisation of investments	19					
Allocated investment return transferred to the general insurance business technical account		20			20	.	51
Other income and charges (particulars to be specified by way of supplementary note)		21					
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)		29	(177)	(159)			
Tax on profit or loss on ordinary activities		31	(72)	10			
Profit or loss on ordinary activities after tax (29-31)		39	(105)	(169)			
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	(105)	(169)			
Dividends (paid and proposed)		51					
Profit or loss retained for the financial year (49-51)		59	(105)	(169)			

Long term insurance business : Revenue account

Name of insurer **Fidelity Life Assurance Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2002**

Name and number of fund/Summary **Ordinary Long Term 1**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	OB/IB	No of fund/ Summary	No of part of Fund
R40	869405	GL	31	12	2002	£000	OB	1	0

Items to be shown net of reinsurance ceded		The financial year 1	Previous year 2
Earned premiums	**11**	9	10
Investment income receivable before deduction of tax	**12**	188	190
Increase (decrease) in the value of non-linked assets brought into account	**13**	(138)	(34)
Increase (decrease) in the value of linked assets	**14**	(565)	(491)
Other income	**15**	20	
Total income (11 to 15)	**19**	(486)	(325)
Claims incurred	**21**	104	255
Expenses payable	**22**	24	43
Interest payable before deduction of tax	**23**	1	13
Taxation	**24**	(32)	(97)
Other expenditure	**25**		
Transfer to (from) non technical account	**26**		
Total expenditure (21 to 26)	**29**	97	214
Increase (decrease) in fund in financial year (19-29)	**39**	(583)	(539)
Fund brought forward	**49**	3378	3917
Fund carried forward (39+49)	**59**	2795	3378

Long term insurance business : Analysis of premiums and expenses

Name of insurer **Fidelity Life Assurance Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2002**

Name and number of fund/Summary **Ordinary Long Term 1**

	Company registration number	GL/UK/CM	Period ended day	Period ended month	Period ended year	Units	OB/IB	No of fund/ Summary	No of part of Fund
R41	869405	GL	31	12	2002	£000	OB	1	0

				Gross 1	Payable to or recoverable from reinsurers 2	Net of reinsurance (1-2) 3
Earned premiums in the financial year	Life assurance and general annuity contracts	Single premium	11			
		Regular premium	12	9		9
	Pension business contracts	Single premium	13			
		Regular premium	14			
	Permanent health contracts	Single premium	15			
		Regular premium	16			
	Other contracts	Single premium	17			
		Regular premium	18			
	Total premiums	Single premium	19			
		Regular premium	29	9		9
	Total premiums at lines 19 and 29 attributable to	UK contracts	31	9		9
		Overseas contracts	32			
Expenses payable in the financial year	Commission payable in connection with acquisition of business		41			
	Other commission payable		42			
	Management expenses in connection with acquisition of business		43			
	Management expenses in connection with maintenance of business		44	24		24
	Other management expenses		45			
	Total expenses (41 to 45)		49	24		24
	Total expenses at line 49 attributable to	UK contracts	51	24		24
		Overseas contracts	52			

Long term insurance business : Analysis of claims

Name of insurer **Fidelity Life Assurance Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2002**

Name and number of fund/Summary **Ordinary Long Term 1**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	OB/IB	No of fund/ Summary	No of part of Fund
R42	869405	GL	31	12	2002	£000	OB	1	0

Claims incurred in the financial year			Gross 1	Recoverable from reinsurers 2	Net of reinsurance (1-2) 3
Life assurance and annuity contracts	On death	11	37		37
	By way of lump sums on maturity	12	1		1
	By way of annuity payments	13			
	By way of payments arising from other insured events	14			
	On surrender or partial surrender	15	66		66
	Total life assurance and annuity claims (11 to 15)	19	104		104
Pension business contracts	On death	21			
	By way of lump sums on vesting	22			
	By way of vested annuity payments	23			
	On surrender or partial surrender	24			
	Total pension business claims (21 to 24)	29			
Permanent health contracts	By way of lump sums	31			
	By way of periodical payments	32			
	Total permanent health claims (31+32)	39			
Other contracts	By way of lump sums	41			
	By way of periodical payments	42			
	Total claims (41+42)	49			
Total claims (19+29+39+49)		59	104		104
Total claims at line 59 attributable to	UK contracts	61	104		104
	Overseas contracts	62			

Form 43

Long term insurance business : Summarised balance sheet for internal linked funds

Name of insurer **Fidelity Life Assurance Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2002**

Name and number of fund/Summary **Ordinary Long Term 1**

	Company registration number	GL/UK/CM	Period ended day	Period ended month	Period ended year	Units	OB/IB	No of fund/ Summary	No of part of Fund
R43	869405	GL	31	12	2002	£000	OB	1	0

Name of fund 1	Directly held assets 2	Investment in other internal linked funds of the insurer 3	Total assets (2+3) 4	Provision for tax on unrealised capital gains 5	Secured and unsecured loans 6	Other liabilities 7	Net asset value (4-5-6-7) 8
Flexible Investment - Asset fund	1308		1308	(156)		27	1437
American Growth - Asset fund	100		100	(14)			114
Trust of Trusts - Asset fund	833		833	(100)		47	886
Flexible Investment - Policyholders fund		1428	1428				1428
American Growth - Policyholders fund		106	106				106
Trust of Trusts Policyholders fund		877	877				877
Total	**2241**	**2411**	**4652**	**(270)**		**74**	**4848**

Long term insurance business : Aggregate revenue account for internal linked funds

Name of insurer **Fidelity Life Assurance Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2002**

Name and number of fund/Summary **Ordinary Long Term 1**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	OB/IB	No of fund/ Summary	No of part of Fund
R44	869405	GL	31	12	2002	£000	OB	1	0

Value of total creation of units	11	9
Investment income attributable to the funds before deduction of tax	12	69
Increase (decrease) in the value of investments in the financial year	13	(762)
Other income	14	
Total income (11 to 14)	19	(684)
Value of total cancellation of units	21	235
Charges for management	22	(4)
Charges in respect of tax on investment income	23	
Taxation on realised capital gains	24	
Increase (decrease) in amount set aside for tax on capital gains not yet realised	25	(137)
Other expenditure	26	1
Total expenditure (21 to 26)	29	95
Increase (decrease) in funds in financial year (19-29)	39	(779)
Internal linked funds brought forward	49	3216
Internal linked funds carried forward (39+49)	59	2437

Long term insurance business : Supplementary information for internal linked funds

Name of insurer **Fidelity Life Assurance Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2002**

Name and number of fund **Ordinary Long Term 1**

	Company registration number	GL/UK/CM	Period ended day	Period ended month	Period ended year	Units	OB/IB	No of fund	No of part of Fund
R45	869405	GL	31	12	2002	£000	OB	1	0

Name of fund 1	Amount of taxable unrealised capital gain or loss 2	Percentage provision for tax on unrealised capital gains 3	Percentage provision for tax on realised capital gains 4	Liquidity percentage 5	Valuation price per unit 6
Flexible Investment - Asset fund	(780)	20.00	22.00	(35.65)	5.950000
American Growth - Asset fund	(70)	20.00	22.00	7.14	5.740000
Trust of Trusts - Asset fund	(500)	20.00	22.00	(4.73)	7.640000
Flexible Investment - Policyholders fund					6.030000
American Growth - Policyholders fund					5.730000
Trust of Trusts Policyholders fund					7.730000

Returns under the Accounts and Statements Rules

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

Name of insurer **Fidelity Life Assurance Limited**

Global business

Financial year ended **31st December 2002**

1 The investigation relates to 31 December 2002.

2 The last investigation related to 31 December 2001.

3 The valuation has been made in conformity with rule 5.6 of the Interim Prudential Sourcebook (Insurers).

4 (1) There are no remaining non-linked contracts.

5 (1)

(a) **Flexible Investment Bond, American Growth Bond, Trust of Trusts Bond**

(b) These are similar without profits whole life insurance contracts.

(c) The contracts were purchased by single premium.

(d) The benefit on death is the bid value of units multiplied by a factor depending upon age at the date of death. The factors are:

Age at Death	Factor
40 and under	1.6
41 - 50	1.3
51 - 60	1.1
61 - 65	1.05
66 - 70	1.03
71 and above	1.01

(e) There are no guaranteed investment returns.

(f) The margins available for expenses and policy benefits are:
(i) A bid/offer spread of 5% plus rounding, modified by the investment allocation proportion.
(ii) An annual management charge of 0.5% of the value of the fund.

(g) The charges are fixed.

(h) The bonds may be surrendered for the bid value of units.

(i) Benefits are wholly determined by investment in one of the Company's internal linked funds.

(j) None.

(k) These contracts are closed to new business.

(l) Not applicable.

(a) **Flexible Investment Plan, Secured Investment Plan, Top Ten Plan, Trust Managers Plan, Trust of Trusts Plan**

(b) These are similar without profits whole life insurance contracts.

(c) Premiums are payable monthly or yearly; several contracts have been made paid up.

(d) The benefit on death is the greater of a guaranteed sum assured or the bid value of units.

(e) There are no guaranteed investment returns.

(f) The margins available for expenses and policy benefits are:
(i) A low investment allocation for a designated period.
(ii) A bid/offer spread of 5% plus rounding.
(iii) An annual management charge of 0.5% of the value of the fund.
(iv) A service charge of £3 pa if premiums are payable monthly.

(g) The charges are fixed.

(h) The plans may be surrendered for the bid value of units.

(i) Benefits are wholly determined by investment in one of the Company's internal linked funds.

(j) Certain policies have continuing guarantees. Those identified with suffix (a) in Form 53 guarantee a return of premiums on surrender. The value shown in column 7 is the guaranteed amount on the 2002 policy anniversary. Those identified with suffix (b) in Form 53 guarantee a return of premiums for the month following each quinquennial policy anniversary. The value of column 7 is the equivalent guarantee applying at the 2002 policy anniversary.

(k) These contracts are closed to new business.

(l) Not applicable.

5 (4) Unit Valuation

The Flexible Investment Fund holds shares in UK Index Tracking OEIC and a single gilt. The value is adjusted by the fund management charge and provisions for tax to produce a net fund value. The net fund value is divided by the number of units to give a bare unit price. This is the price at which units are created or cancelled. Units are allocated at the offer price which is calculated by dividing the basic price by 0.95 and rounding to the nearest 0.1%. Units are deallocated at 95% of the offer price.

The American Growth Fund is invested in shares in the International Index Tracking OEIC. The Trust of Trusts Fund invests directly in external unit trusts. For these funds the bid value of units is taken and adjusted for the annual management charge, and for capital gains tax for the investments in the unit trusts. The calculation of the unit price is then as for the Flexible Investment Fund.

(5) The provision for tax is calculated on a daily basis from the movements in realised and unrealised gains or losses, using tax rates reflecting the expected tax payable or recoverable by the Company as these gains or losses are realised. The tax rate used will be the current standard rate of income tax (except if the fund is in a loss position when credit will be given, but at a lower rate). For unrealised gains on some funds this rate is discounted to allow for the anticipated turnover. Taxes on deemed disposals of unit trusts and collective investments are dealt with in the same way and no separate or different calculations are made.

The provision is reviewed from time to time as more accurate information on the actual realised and unrealised gains or losses of the funds become available. The Capital Gains Tax provision is held within the internal linked funds until the actual tax charge is known.

The following percentages were deducted or provided for during the year :-

	Overall Gains	Overall Losses
Realised:		
Loan Relationships	22%	22%
Other	22%	22%
Unrealised:		
UK Equities	20%	20%
Loan Relationships	20%	20%

(6) For units invested externally, the Company will receive sale proceeds at the publicly available price. It does not expect to purchase any further external units.

6 (1) The unit liability has been taken as the bid value of units, together with non-unit reserves for mortality and future expenses, not supported by margins within the business.

(a) The Company holds no derivatives.

(f) Provision has been made for the prospective liability to taxation on unrealised capital gains as part of the deferred tax provision in line 21 of Form 14. This provision has been established on the basis of accounting standard FRS19.

(g) Although the guaranteed surrender values are well covered, a specific reserve of 10% of the current guarantees is held.

7 (1) The mortality table used is A67/70 ultimate.

(5) The mortality basis is prudent and more than adequate to cover the AIDS mortality risks.

8 Not applicable.

9 (a) All units are accumulating, and hence none has been discounted.

The mortality risk on Flexible Investment Bond, American Growth Bond and Trust of Trusts Bond has been valued by discounting the excess of death benefit above bid value of units (based on fund values at 31 December 2002) for each future year, using a discount rate of 3.50%.

The mortality risk on Flexible Investment Plan, Secured Investment Plan, Top Ten Plan, Trust Managers Plan and Trust of Trusts Plan has been valued as the cost of providing one year's life cover.

(b) Future overhead expenses of £43,000 pa (gross) have been valued over the next 10 years and an expense reserve set up.

10 (1) Future inflation of 4% pa has been assumed.

(2) The amounts available for expenses during 2003, based on the fund values at 31 December 2002, are:

	£'000's
Annual management charge	12
Release of expense reserves (grossed up for tax)	43
	55

(3) The Company is not authorised to write new business.

11 Not applicable.

12 The Company has no reinsurance arrangements in force.

Returns under the Accounts and Statements Rules

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

Name of insurer **Fidelity Life Assurance Limited**

Global business

Financial year ended **31st December 2002**

13,14 The Company has no with profits business.

15,16 The Company has no with profits business.

17 Form 46 follows.

18 Form 47 is not relevant.

19 Forms 48 and 49 follow.

20 Forms 53 and 55 follow.

21 Form 57 is not relevant.

22 Form 58 follows.

23 Form 60 is not required.

John Lister
Appointed Actuary

Form 46

Long term insurance business : Summary of changes in ordinary long term business

Name of insurer **Fidelity Life Assurance Limited**

Global business

United Kingdom business

Linked

Financial year ended **31st December 2002**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	UK/OS	NL/LN
R46	869405	GL	31	12	2002	£000	UK	LN

		Life assurance and general annuity		Pensions business		Permanent health		Other business	
		No of contracts	Annual premiums	No of contracts	Annual premiums	No of contracts	Annual premiums	No of contracts	Annual premiums
		1	2	3	4	5	6	7	8
In force at beginning of year	11	184	9						
New business and increases	12								
Net transfers and other alterations 'on'	13								
Total 'on' (12+13)	19								
Deaths	21	2							
Other insured events	22								
Maturities	23								
Surrenders	24	6	1						
Forfeitures	25								
Conversions to paid-up policies for reduced benefits	26								
Net transfers, expiries and other alterations 'off'	27								
Total 'off' (21 to 27)	29	8	1						
In force at end of year (11+19-29)	39	176	8						

Long term insurance business : Expected income from admissible assets not held to match liabilities in respect of linked benefits

Name of insurer **Fidelity Life Assurance Limited**

Global business

Financial year ended **31st December 2002**

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

	Company registration number	GL/UK/CM	Period ended day	Period ended month	Period ended year	Units	Category of assets
R48	869405	GL	31	12	2002	£000	10

Type of asset			Value of admissible assets as shown on Form 13 1	Expected income from admissible assets 2	Yield % 3
Land and buildings		11			
Fixed interest securities	Approved securities	12			
	Other	13			
Variable interest and variable yield securities (excluding items shown at line 16)	Approved securities	14			
	Other	15			
Equity shares and holdings in collective investment schemes		16	99	2	1.90
Loans secured by mortgages		17			
All other assets	Producing income	18	903	35	3.88
	Not producing income	19	39		
Total (11 to 19)		29	1041	37	3.55

Form 53
(Sheet 1)

Long term insurance business : Valuation summary of property linked contracts

Name of insurer **Fidelity Life Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2002**

Type of business **Life Assurance & General Annuity Insurance Business**

Category of surplus **11: Ordinary Long Term**

Company registration number	GL/UK/CM	Period ended day	Period ended month	Period ended year	Units	UK/OS	Type of business	Category of surplus
R53 869405	GL	31	12	2002	£000	UK	L&GA	11

Name of contract	Valuation basis: Rate of interest	Valuation basis: Mortality or morbidity table	No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses: Guaranteed on death	Current on death/current payable per annum	Guaranteed on maturity	Amount of annual premiums: Office premiums	Net premiums	Category of unit link	Unit liability: Current benefit value	Discounted value	Other liabilities: Mortality and expenses	Options and guarantees other than investment performance guarantees	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
DIRECT WRITTEN INSURANCE BUSINESS Non-Profit Policies														
Whole life assurance - without guarantees :														
Flexible Investment Bond			32		549				FI	539	539	4		543
American Growth Bond			16		108				AG	106	106	1		107
Trust of Trusts Bond			2		47				T of T	46	46			46
Flexible Investment Plan			34		139				FI	139	139			139
Secured Investment Plan			8		44				FI	44	44			44
Top Ten Plan			1	5	83				FI	83	83			83
Trust Managers Plan			3		19				T of T	19	19			19
Trust of Trusts Plan			6	18	70				T of T	70	70			70
Whole life assurance - with guarantees :														
Flexible Investment Plan (a)			27	90	545	71	2		FI	545	545			545
Secured Investment Plan (a)			3	5	78	9			FI	78	78			78

Form 53
(Sheet 2)

Long term insurance business : Valuation summary of property linked contracts

Name of insurer **Fidelity Life Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2002**

Type of business **Life Assurance & General Annuity Insurance Business**

Category of surplus **11: Ordinary Long Term**

Company registration number	GL/UK/CM	Period ended day	Period ended month	Period ended year	Units	UK/OS	Type of business	Category of surplus
R53	869405	GL	31	12	2002	£000	UK	L&GA	11

Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Category of unit link	Unit liability		Other liabilities		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death/current payable per annum	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Trust Managers Plan (b)			44	202	742	161	6		T of T	742	742			742
Additional reserves :														
Reserve for future overhead expenses not otherwise provided	3.50											350		350
Maturity and surrender value guarantees													24	24
Mortality reserve												5		5
Sub total: Non-Profit Policies			**176**	**320**	**2424**	**241**	**8**			**2411**	**2411**	**360**	**24**	**2795**
Sub total: Direct Written Insurance Business			**176**	**320**	**2424**	**241**	**8**			**2411**	**2411**	**360**	**24**	**2795**
Net total: Life Assurance & General Annuity Insurance Business			**176**	**320**	**2424**	**241**	**8**			**2411**	**2411**	**360**	**24**	**2795**
Net total: United Kingdom Insurance Business			**176**	**320**	**2424**	**241**	**8**			**2411**	**2411**	**360**	**24**	**2795**

Form 55

Long term insurance business : Analysis of units in internal linked funds and direct holdings of assets matching liabilities in respect of property linked benefits

(Sheet 1)

Name of insurer **Fidelity Life Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2002**

Category of surplus **11: Ordinary Long Term**

Internal linked fund

Company registration number	GL/UK/CM	Period ended day	Period ended month	Period ended year	Units	UK/OS	Category of surplus	IL/DH
R55	869405	GL	31	12	2002	£000	UK	11	ILH

Name of fund link or directly held asset	Name of unit type	Valuation price per unit or asset	Total actual number of units in force or directly held assets	Value of total actual units in force or directly held assets	Value of actual units held by other internal linked funds	Value of directly held assets and actual units in force excluding those held by other internal linked funds (5-6)	Value of units or directly held assets deemed allocated to contracts: Gross	Value of units or directly held assets deemed allocated to contracts: Reinsurance ceded	Value of surplus units or directly held assets (7-8+9)
1	2	3	4	5	6	7	8	9	10
Life Fidelity Flexible Investment	Ordinary	5.945104	241728	1437	1428	9			9
Sub total: Life Fidelity Flexible Investment				**1437**	**1428**	**9**			**9**
Life Fidelity American Growth	Ordinary	5.744732	19873	114	106	8			8
Sub total: Life Fidelity American Growth				**114**	**106**	**8**			**8**
Life Fidelity Trust of Trusts	Ordinary	7.644015	115900	886	877	9			9
Sub total: Life Fidelity Trust of Trusts				**886**	**877**	**9**			**9**
Flexible investment	Accumulation	6.032552	236676	1428		1428	1428		
Sub total: Flexible investment				**1428**		**1428**	**1428**		
American growth	Accumulation	5.726897	18582	106		106	106		
Sub total: American growth				**106**		**106**	**106**		
Trust of trusts	Accumulation	7.726674	113444	877		877	877		
Sub total: Trust of trusts				**877**		**877**	**877**		
Total: 11: Ordinary Long Term				**4848**	**2411**	**2437**	**2411**		**26**

Long term insurance business : Valuation result and distribution of surplus

Name of insurer **Fidelity Life Assurance Limited**

Global business

Financial year ended **31st December 2002**

Category of surplus **11: Ordinary Long Term**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Category of surplus
R58	869405	GL	31	12	2002	£000	11

Valuation result	Fund carried forward		11	2795
	Bonus payments made to policyholders in anticipation of a surplus		12	
	Transfers out of fund/ parts of fund	Transfer to non-technical account	13	
		Transfer to other funds/parts of funds	14	
	Net transfer out of funds/parts of funds (13+14)		15	
	Total (11+12+15)		16	2795
	Mathematical reserves for accumulating with profit policies		17	
	Mathematical reserves for other non linked contracts		18	
	Mathematical reserves for property linked contracts		19	2795
	Mathematical reserves for index linked contracts		20	
	Total (17 to 20)		21	2795
	Surplus including contingency and other reserves held towards the solvency margin (deficiency) (16-21)		29	
Composition of surplus	Balance of surplus brought forward unappropriated from last valuation		31	
	Transfers into fund/part of fund	Transfer from non-technical account	32	
		Transfer from other funds/parts of fund	33	
	Net transfer into fund/part of fund (32+33)		34	
	Surplus arising since the last valuation		35	
	Total (31+34+35)		39	
Distribution of surplus	Bonus payments made to policyholders in anticipation of a surplus		41	
	Allocated to policyholders by way of	Cash bonuses	42	
		Reversionary bonuses	43	
		Other bonuses	44	
		Premium reductions	45	
	Total allocated to policyholders (41 to 45)		46	
	Net transfer out of fund/part of fund		47	
	Total distributed surplus (46+47)		48	
	Balance of surplus (including contingency and other reserves held towards the solvency margin) carried forward unappropriated		49	
	Total (48+49)		59	
Percentage of distributed surplus allocated to policyholders of fund/part of fund			61	
Corresponding percentage at three immediately previous valuations	Latest (year of valuation **2001**)		62	
	Earlier (year of valuation **2000**)		63	
	Earliest (year of valuation **1999**)		64	

Supplementary notes

Name of insurer **Fidelity Life Assurance Limited**

Financial year ended **31st December 2002**

Code

0901 Written Concession

At the request of the Company, the Secretary of State issued on 28 May 1985 an Order under Section 68 of the said Act, which:

a) removed the requirements to maintain the margin of solvency referred to in regulation 4(1)(a) of the Insurance Companies Regulations 1981 (replaced by Regulation 17(a)(i) of the Insurance Companies Regulations 1994), and

b) modified the amount of the minimum guarantee fund referred to in Paragraph 1(c) of Schedule 3 (replaced by Schedule 5) to the said Regulations to £100,000.

This written concession has been carried forward under the transitional provisions of the Supervision Manual in relation to the equivalent rules in IPRU (INS).

1001 Reconciliation of net assets

	2002 £'000	2001 £'000
Other than long term insurance business assets (Form 13 L99)	1,749	2,129
Other than long term insurance business liabilities (Form 15 L59)	(954)	(1,157)
	795	972
Excess surplus assets not declared to shareholders	162	257
Net Assets attributable to Shareholders per the Statutory Accounts	957	1,229

1002 Other Movements

Other movements at line 65 relate to a prior year adjustment in respect of deferred tax. A provision of tax on unrealised appreciation of shareholders assets is now specifically provided for.

1310 Amounts set off

Amounts set off have been applied in line with generally accepted accounting principles, where applicable.

1311 Counterparty limits

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

Deposits
The maximum permitted exposure to counterparties is set out in the lending limit list approved by the Group Risk Committee. The maximum exposure to individual counterparties is limited as follows:

Tier 1: A maximum of £1m
Tier 2: A maximum of £750,000
Tier 3: A maximum of £500,000

Tier 1 represents AAA rated institutions, Tier 2 represents institutions rated AA- or better whilst Tier 3 represents institutions rated A- or better.

At the year end there is a temporary breach of the permitted limits due to the maturity of gilts fund holdings. The proceeds from these maturities was reinvested in early 2003.

1312 Counterparty exposure

Counterparty exposures with deposit takers which exceeded 5% of the Long Term Insurance Business Amount as at 31 December 2002 are as follows:

	£'000
Bank of New York	799
Alliance & Leicester plc	200
Bank of Scotland plc	200
Bradford & Bingley plc	200
Coventry Building Society	100
Nationwide Building Society	200
Northern Rock plc	200

Supplementary notes

Name of insurer **Fidelity Life Assurance Limited**

Financial year ended **31st December 2002**

Code

1317 Other assets

Assets backing property-linked benefits at line 59 exclude the value of surplus units held. Surplus units as outlined in column 10 of Form 55 have been reported under "other assets" at line 83.

1318 Deposits with credit institutions

Under Appendix 4.1 IPRU (INS) advantage has been taken of the option allowing an admissibility limit for debts due from approved credit institutions of £2m, rather than 20% of the long term insurance business amount. Fidelity Life Assurance Limited has deposits with the credit institutions disclosed in Note 1312.

1401 Adverse changes
1501

There is no provision for adverse changes on the basis that policyholders' funds are wholly unit linked and there is no uncovered exposure to derivatives or stock lending.

1402 Contingent liabilities
1502

The liability to Capital Gains Tax as at 31 December 2002 is nil.

There are no contingent liabilities applicable to the Company.

There are no charges over any assets of the Company.

There are no guarantees, indemnities or any other contractual commitments.

There are no other fundamental uncertainties

1601 Rates of exchange
4005

The Company conducts all its business in the UK and has no direct overseas investments. All transactions and balances are therefore in sterling.

1700 Analysis of derivative contracts

No Form 17 has been prepared on the basis that the company has no derivative contracts.

4002 Other Income

Other income at line 15 refers to a rebate of investment management charges.

4008 Provision of management services

Management services have been provided throughout the financial year by Norwich Union Life Services Limited.

Investment management services have been provided throughout the financial year by Morley Fund Management Limited.

Supplementary notes

Name of insurer **Fidelity Life Assurance Limited**

Financial year ended **31st December 2002**

Code

4009 Related party transactions

Related party transactions which exceeds 5% of the long-term insurance business amount are as follows:

Name of connected party: Norwich Union Life Services Limited

Nature of relationship: Fellow group undertaking

Transactions during the period: £22,774 less a rebate of investment management charges.

Amounts unpaid or outstanding at the end of the period: £46,048

Amounts written off in the period: Nil

Nature of transactions: Charges for management services provided.

4301 Valuation of assets backing linked funds

Holdings in fixed interest securities have been valued at middle market value less accrued income. Unit trust holdings have been valued at middle market value. OEIC fund holdings have been valued at market value.

4402 Other Expenditure

Other expenditure at line 26 relates to interest on negative cash balances held by the funds from time to time.

4403 Annual Management Charges

Annual Management charges for 2001 have not been taken and have been credited back to the funds in 2002.

4501 Valuation price per unit

The valuation prices in column 6 are stated in pounds.

4801 Accrued interest

The full amount of accrued interest of £2,449 from Form 13 line 84 has been included on Form 48, line 19.

5301 Unit linked definitions

Definitions in column 10 are as follows:-

Ref	Description
AG	American Growth Fund
FI	Flexible Investment Fund
T of T	Trust of Trust

5501 Valuation price per unit

The valuation prices in column 3 are stated in pounds.

Returns under the Accounts and Statements Rules

Statement on derivatives required by IPRU (INS) 9.29

Name of insurer	**Fidelity Life Assurance Limited**
Global business	
Financial year ended	**31st December 2002**

It is not the policy of the Company to use derivatives in the management of its funds. No derivatives were used during the financial year.

Returns under the Accounts and Statements Rules

Statement on controllers required by IPRU (INS) 9.30

Name of insurer	**Fidelity Life Assurance Limited**
Global business	
Financial year ended	**31st December 2002**

100% of the issued Share Capital of the Company is held by Norwich Union Life Holdings Limited.

100% of the issued Share Capital of Norwich Union Life Holdings Limited is held by Norwich Union Holdings Limited.

100% of the issued Share Capital of Norwich Union Holdings Limited is held by Norwich Union plc.

100% of the issued Share Capital of Norwich Union plc is held by General Accident plc.

100% of the issued ordinary Share Capital of General Accident plc is held by the Ultimate Parent Undertaking, Aviva plc (previously known as CGNU plc).

All shares are voting shares.

There have been no changes to the ownership of the Company during the year.

Returns under the Accounts and Statements Rules

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

Name of insurer **Fidelity Life Assurance Limited**

Global business

Financial year ended **31st December 2002**

J Lister

In accordance with rule 9.36 of the Interim Prudential Sourcebook for Insurers, J Lister, the appointed actuary of the Company, was requested to furnish and has provided the following information:

(a)

(1) An interest in 5,110 ordinary shares at 31 December 2002 in Aviva plc, and an interest in 3,250 ordinary shares at 31 December 2001.

(2) 8,159 ordinary shares are held in the Aviva Long Term Incentive Plan and 9,954 ordinary shares are held in the CGNU Deferred Bonus Plan.

(3) Options were held at 31 December 2002 to subscribe for 37,253 ordinary shares in Aviva plc under UK Employees Savings Related and Executive Share Option Schemes:

	No. of shares
Options held at 31 December 2001	40,106
Options granted during the year	Nil
Options exercised or lapsed during the year	(2,853)

(b) Two low cost endowment policies with CGNU Life Assurance Limited, with aggregate sums assured of £46,000 and monthly premiums of £259. One savings policy with a monthly premium of £30 and a sum assured plus bonus of £4,223. The actuary also holds a number of investment products managed by Norwich Union Investment Funds Limited. In addition the actuary held general insurance policies with subsidiaries of Aviva plc for which total premiums of £1,500 were paid in the year to 31 December 2002.

(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 2002 was £206,670. Under the contract he was Appointed Actuary and Director of:

Fidelity Life Assurance Limited

appointed actuary of:-
The Yorkshire Insurance Company Limited
CGU Insurance plc
Tesco Personal Finance Life Limited

And a director of:-
The General Practice Finance Corporation Limited
The General Practice Finance Corporation Property Management Limited
Norwich Union Commercial Finance Limited
Norwich Union Commercial Mortgages Limited
Norwich Union Mortgage Finance Limited
Norwich Union Mortgages (Life) Limited
Norwich Union Mortgage Holdings Limited

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

Returns under the Accounts and Statements Rules

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

Name of insurer **Fidelity Life Assurance Limited**

Global business

Financial year ended **31st December 2002**

J M Webber

In accordance with rule 9.36 of the Interim Prudential Sourcebook for Insurers, J M Webber, the appointed actuary of the Company until 18 March 2002, was requested to furnish and has provided the following information:

(a)

(1) An interest in 7,638 ordinary shares at 31 December 2002 in Aviva plc, and an interest in 7,638 ordinary shares at 31 December 2001.

(2) 6,294 ordinary shares are held in the Aviva Long Term Incentive Plan and 9,710 ordinary shares are held in the AVIVA Deferred Bonus Plan.

(3) Options were held at 31 December 2002 to subscribe for 42,284 ordinary shares in Aviva plc under UK Employees Savings Related and Executive Share Option Schemes:

	No. of shares
Options held at 31 December 2001	21,300
Options granted during the year	20,984
Options exercised or lapsed during the year	-

(b) Two with profits endowment policies with Norwich Union Life & Pensions Limited, with aggregate sums assured of £44,500 and annual premiums of £3,502. The actuary also holds a number of investment products managed by Norwich Union Investment Funds Limited. In addition, the actuary held general insurance policies with subsidiaries of Aviva plc for which total premiums of £1749 were paid in the year to 31 December 2002.

(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 2002 was £266,984. Under the contract he was Appointed Actuary and Director of Fidelity Life Assurance Limited (until 18 March 2002) and Appointed Actuary of Tesco Personal Finance Life Limited (until 18 March 2002).

(d) Pensions and life assurance benefits as provided to all employees under the terms and conditions of the Aviva Companies' UK Pensions Schemes. Sickness and accident benefits as provided to all employees under the terms and conditions of these schemes. Benefits in accordance with the relocation policy of Aviva plc.

Returns under the Accounts and Statements Rules

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

Name of insurer **Fidelity Life Assurance Limited**

Global business

Financial year ended **31st December 2002**

We certify:

1 **(a)** in relation to the part of the return comprising Forms 9, 9A, 10, 13 to 16 and 40 to 45, (including the supplementary notes) and the statements required by rules 9.29 and 9.30 that:

(i) the return has been prepared in accordance with the Accounts and Statements Rules;

(ii) proper accounting records have been maintained and adequate information has been obtained by Fidelity Life Assurance Limited (the Company); and

(iii) appropriate systems and controls have been established and maintained by the Company over its transactions and records;

(b) that reasonable enquiries have been made by the Company for the purpose of identifying material connected-party transactions;

(c) that in respect of the Company's business which is not excluded by rule 7.6, the assets held throughout the financial year enabled the Company to comply with rules 7.1 to 7.5 (matching and localisation);

(d) in relation to the statement required by rule 9.36:

(i) that for the purpose of preparing the statement, proper accounts and records have been maintained; and

(ii) that the information given has been ascertained in conformity with that rule.

2 that the margin of solvency required by rule 2.1 has been maintained throughout the financial year.

3 **(a)** that the requirements of rules 3.1 to 3.4 have been fully complied with and in particular that, subject to the provisions of rules 3.2(2) to (4) and rule 3.3, assets attributable to long term insurance business, the income arising therefrom, the proceeds of any realisation of such assets and any other income or proceeds allocated to the long term insurance business funds have not been applied otherwise than for the purpose of the long term insurance business;

(b) that any amount payable from or receivable by the long term insurance business funds in respect of services rendered by or to any other business carried on by the Company or by a person who, for the purposes of rule 3.4, is connected with it or is a subordinate company of it has been determined and where appropriate apportioned on terms which are believed to be no less than fair to those funds, and any exchange of assets representing such funds for other assets of the Company has been made at fair market value;

(c) that all guarantees given by the Company of the performance by a related company which would fall to be met by any long term insurance business fund have been disclosed in the return, and that the funds on which each such guarantee would fall has been identified therein;

(d) that the investment policy and practice of the Company in respect of the internal linked funds maintained was, during the financial year, consistent with any representations made to policyholders or potential policyholders of the Company;

(e) that the returns in respect of long term insurance business are not distorted by agreements with any other company carrying on insurance business with which the Company has financial, commercial or administrative links, or by any arrangements which could affect the apportionment of expenses and income; and

(f) that the Company has fully complied with the requirements of rule 3.5.

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

Name of insurer **Fidelity Life Assurance Limited**

Financial year ended **31st December 2002**

4 **(a)** that the systems and controls established and maintained by the Company in respect of its business complied at the end of the financial year with the following published guidance:

(i) Guidance Note P.1 – 'Systems and controls over the investments (and counterparty exposure) of insurers with particular reference to the use of derivatives';

(ii) 'The prevention of Money Laundering - Guidance Notes for the UK Financial Sector' (revised December 2001) issued by the Joint Money Laundering Steering Group;

and it is reasonable to believe that those systems continued to so comply subsequently and will continue to so comply in future; and

(b) the return has been prepared in accordance with the following published guidance:

(i) Guidance Note 4.1 - 'Guidance for insurers and auditors on the Valuation of Assets Rules';

(ii) Guidance Note 4.2 - 'Use of derivative contracts in insurance funds'; and

(iii) Guidance Note 9.1 - 'Preparation of Returns'.

..... **G N WITHERS**
Chief Executive

..... **J A NEWMAN**
Director

..... **M N URMSTON**
Director

26th March 2003

Returns under the Accounts and Statements Rules

Certificate by the appointed actuary required by IPRU (INS) 9.34(b)

Name of insurer	**Fidelity Life Assurance Limited**
Global business	
Financial year ended	**31st December 2002**

I certify:

(a) (i) that in my opinion proper records have been kept by Fidelity Life Assurance Limited (the Company) adequate for the purpose of the valuation of the liabilities of its long term business;

(ii) that the sum of the mathematical reserves constitute proper provision as at 31st December 2002 for the long term insurance business liabilities (other than liabilities which had fallen due before the end of the financial year) including the increase in those liabilities arising from a distribution of surplus as a result of an investigation as at that date into the financial condition of the long term insurance business;

(iii) that for the purpose of sub-paragraph (ii) above, the liabilities have been assessed in accordance with the Determination of Liabilities Rules in the context of assets valued in accordance with the Valuation of Assets Rules, as shown in Form 13;

(iv) that the current versions of Guidance Notes, issued by the Institute of Actuaries and the Faculty of Actuaries, numbered GN1, GN2 (effective date 30.12.02), GN7, GN8 (effective date 30.12.02), GN22 and GN25 have been complied with; and

(v) that in my opinion premiums for contracts entered into during the financial year and the income earned thereon are sufficient, on reasonable actuarial assumptions and taking into account the other financial resources of the Company that are available for the purpose, to enable the Company to meet its commitments in respect of those contracts and, in particular, to establish adequate mathematical reserves.

(b) that the amount of the required minimum margin applicable to the Company's long term insurance business immediately following the end of the financial year (including any amounts resulting from any increase in liabilities arising from a distribution of surplus as a result of the investigation into the financial condition of the long term business) is £100,000.

J Lister

Appointed Actuary

26 March 2003

Returns under the Accounts and Statements Rules

Report of the auditors to the directors pursuant to rule 9.35 of the Accounts and Statements Rules

Name of insurer **Fidelity Life Assurance Limited**

Global Business

Financial year ended **31st December 2002**

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

- Forms 9, 9A, 10, 13 to 16 and 40 to 45 (including the supplementary notes) ("the Forms");
- the statement required by rule 9.29 on page 32 ("the statement"); and
- the certificate signed in accordance with rule 9.34(a) on page 36 ("the certificate").

In the case of the certificate, our examination did not extend to:

a) paragraph 1 in relation to the statements required by rules 9.30 and 9.36 concerning controllers and Information on the appointed actuary;
b) paragraph 3(d) concerning the investment policy and practice of internal linked funds required by paragraph 4(d) of Appendix 9.6; and
c) paragraph 4(a) in so far as it relates to controls with respect to Money Laundering.

This report is made solely to the company's directors, in accordance with rule 9.35 of the Accounts and Statements Rules. Our examination has been undertaken so that we might state to the company's directors those matters we are required by the Rules to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our examination, for this report, or for the opinions we have formed.

Respective responsibilities of the company and its auditors

The company is responsible for the preparation of an annual return (including the Forms, statement and certificate) under the provisions of the Rules. Under rule 9.11 the Forms and statement are required to be prepared in the manner set out in the Rules and to state fairly the information provided on the basis required by the Rules.

It is our responsibility to form an independent opinion as to whether the Forms and statement meet these requirements, and in the case of the certificate whether it was or was not unreasonable for the persons giving the certificate to have made the statement therein, and to report our opinions to you. Our responsibilities, as independent auditors, are established in the United Kingdom by Statute, the Auditing Practices Board and by our profession's ethical guidance.

Bases of opinions

We conducted our work in accordance with Practice Note 20 "The audit of insurers in the United Kingdom" issued by the Auditing Practices Board. Our work included examination, on a test basis, of evidence relevant to the amounts and disclosures in the Forms and statement. It also included an assessment of the significant estimates and judgements made by the company in the preparation of the Forms and statement.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Forms and statement are free from material misstatement, whether caused by fraud or other irregularity or error, and comply with rule 9.11.

In the case of the certificate, the work performed involved a review of the procedures undertaken by the signatories to enable them to make the statements therein, and does not extend to an evaluation of the effectiveness of the company's internal control systems.

In giving our opinion we have relied on the certificate of the actuary on page 39 with respect to the mathematical reserves and the required minimum margin.

Opinions

In our opinion:

(a) the Forms and statement fairly state the information provided on the basis required by the Rules and have been properly prepared in accordance with the provisions of those Rules; and
(b) according to the information and explanations received by us:
  (i) the certificate has been properly prepared in accordance with the provisions of the Rules; and
  (ii) it was not unreasonable for the persons giving the certificate to have made the statements therein.

Ernst & Young LLP
Registered Auditor
London
28 March 2003