

# CGU Insurance plc

Registered office: Pitheavlis, Perth, Scotland PH2 ONH

**Annual FSA Insurance Returns for the year ended  
31st December 2003**



Returns under the Accounts and Statements Rules

**Index to Appendices 9.1, 9.3, 9.4 and 9.6 of IPRU (INS)**

Name of insurer **CGU Insurance plc**

Global Business

Financial year ended **31st December 2003**

**Contents**

<i>Forms</i>		<i>Page</i>
<b>IPRU (INS) Appendix 9.1</b>		
9	Statement of solvency	1
9A	Analysis of effect of financial engineering on long-term available assets	2
10	Statement of net assets	3
13	Analysis of admissible assets	4
14	Long-term business liabilities and margins	13
<b>IPRU (INS) Appendix 9.3</b>		
40	Revenue account	16
41	Analysis of premiums and expenses	19
42	Analysis of claims	21
<b>IPRU (INS) Appendix 9.4</b>		
	Valuation report	23
46	Summary of changes in long-term business	27
47	Analysis of new ordinary long-term business	28
48	Expected income from admissible assets not held to match liabilities in respect of linked benefits	29
49	Analysis of admissible fixed interest and variable interest and variable yield securities not held to match liabilities in respect of linked benefits	32
51	Valuation summary of non-linked contracts (other than accumulating with-profit policies)	35
57	Matching rectangle	38
58	Valuation result and distribution of surplus	46
60	Required minimum margin	48
	Supplementary notes	49
<b>Supplementary notes</b>		50
<b>IPRU (INS) 9.29, 9.30 and 9.36</b>		
	Statement on derivatives required by IPRU (INS) 9.29	52
	Statement on controllers required by IPRU (INS) 9.30	53
	Statement of information on appointed actuary required by IPRU (INS) 9.36	54
<b>Certificates by the directors and actuary and report of the auditors – IPRU (INS) Appendix 9.6</b>		
	Certificate by the directors required by IPRU (INS) 9.34(a)	55
	Certificate by the appointed actuary required by IPRU (INS) 9.34(b)	57
	Report of the auditors to the directors pursuant to IPRU (INS) 9.35	59

**Statement of solvency**Name of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2003**

R9	Company registration number 2116	GL/UK/CM GL	Period ended			Units £000
			day	month	year	
	As at the end of this financial year 1	As at the end of the previous year 2	31	12	2003	Source < > ?

**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	895	870	10 . 11
Other than long term insurance business assets allocated towards long term insurance business required minimum margin	22		6	See instructions 1 and 3
Total mathematical reserves (after distribution of surplus)	23	230	360	See instruction 4
Other insurance and non-insurance liabilities	24	23	10	See instruction 5
Available assets for long term insurance business required minimum margin (21+22-23-24)	25	642	506	

**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	642	506	

**Required minimum margin**

Required minimum margin for long term insurance business	41	549	506	60 . 69
Explicit required minimum margin (1/6 x 41, or minimum guarantee fund if greater)	42	549	506	
Excess (deficiency) of available assets over explicit required minimum margin (25-42)	43	93		
Excess (deficiency) of available assets and implicit items over the required minimum margin (34-41)	44	93		

**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

**Analysis of the effect of financial engineering on long-term available assets**Name of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2003**

	Company registration number	GL/UK/CM	Period ended			Units
			day	month	year	
R9A	2116	GL	31	12	2003	£000
		As at the end of this financial year	As at the end of the previous year		Source	
		<b>1</b>	<b>2</b>			
Required minimum margin for long term insurance business	<b>11</b>	549	506		See instruction 2	
Excess (deficiency) of available assets and implicit items over the required minimum margin	<b>12</b>	93			See instruction 3	
Total available assets and implicit items (11+12)	<b>13</b>	642	506			
<b>Analysed as follows:</b>						
Value of implicit items	<b>14</b>				See instruction 5	
Financial reinsurance- ceded	<b>15</b>				See instruction 6	
Financial reinsurance- accepted	<b>16</b>				See instruction 7	
Outstanding contingent loans	<b>17</b>				See instruction 8	
Any other charges on future profits	<b>18</b>				See instruction 9	
Sum of financial engineering adjustments (14+15-16+17+18)	<b>19</b>					
Other assets (13-19)	<b>20</b>	642	506			
Total available assets and implicit items (19+20)	<b>21</b>	642	506			

**Statement of net assets**Name of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2003**

	Company registration number	GL/UK/CM	Period ended			Units		
			day	month	year			
	R10	2116	GL	31	12	2003	£000	
			As at the end of this financial year	As at the end of the previous year		Source		
			1	2		<	>	?
Long term insurance business - admissible assets	11	895		870		13	. 89	. 1
Long term insurance business - liabilities and margins	12	895		870		14	. 59	. 1

Other than Long term insurance business - admissible assets	21					13	. 89	. 1
Other than Long term insurance business - liabilities	22					15	. 69	. 1
Net admissible assets (21-22)	23							
Other assets allowed to be taken into account in covering the required minimum margin	Unpaid amounts (including share premium) on partly paid shares	24						
	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						
	Cumulative preference share capital	27						
Available assets (23 to 27)	29							

**Represented by:**

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

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

Balance brought forward at the beginning of the financial year	61					10	. 56	. 2
Retained profit/(loss) for the financial year	62					16	. 59	. 1
Movement in asset valuation differences	63					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							
Balance carried forward at the end of the financial year (61 to 65)	69							

**Analysis of admissible assets**Name of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2003**Category of assets **Total long term insurance business assets**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R13	2116	GL	31	12	2003	£000	10
						day	month	year	
<b>Investments</b>						As at the end of this financial year	1	As at the end of the previous year	2
Land and buildings						11			
Investments in group undertakings and participating interests	UK insurance business dependants	Shares			21				
		Debt securities issued by, and loans to, dependants			22				
	Other insurance dependants	Shares			23				
		Debt securities issued by, and loans to, dependants			24				
	Non-insurance dependants	Shares			25				
		Debt securities issued by, and loans to, dependants			26				
	Other group undertakings and participating interests	Shares			27				
		Debt securities issued by, and loans to, group undertakings			28				
		Participating interests			29				
		Debt securities issued by, and loans to, undertakings in which the insurer has a participating interest			30				
Total sheet 1 (11 to 30)						39			

**Analysis of admissible assets**Name of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2003**Category of assets **Total long term insurance business assets**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R13	2116	GL	day	month	year	£000	10
					As at the end of this financial year		As at the end of the previous year		
					1		2		
<b>Investments (continued)</b>									
<b>Deposits with ceding undertakings</b>									
<b>Assets held to cover linked liabilities</b>									
Other financial investments	Equity shares			41					
	Other shares and other variable yield securities			42					
	Holdings in collective investment schemes			43					
	Rights under derivative contracts			44					
	Debt securities and other fixed income securities	Fixed interest	Approved securities	45		194		201	
			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		684		605	
		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		806		

**Analysis of admissible assets**Name of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2003**Category of assets **Total long term insurance business assets**

	Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			day	month	year			
	R13	2116	GL	31	12	2003	£000	10
<b>Debtors</b>								
<b>Other assets</b>								
						As at the end of this financial year		As at the end of the previous year
						1		2
Debtors arising out of direct insurance operations	Policyholders			71				
	Intermediaries			72				
Salvage and subrogation recoveries				73				
Debtors arising out of reinsurance operations	Due from ceding insurers and intermediaries under reinsurance business accepted			74				
	Due from reinsurers and intermediaries under reinsurance contracts ceded			75				
Other debtors	Due from dependants	Due in 12 months or less after the end of the financial year		76				
		Due more than 12 months after the end of the financial year		77				
	Other	Due in 12 months or less after the end of the financial year		78				
		Due more than 12 months after the end of the financial year		79				
Tangible assets			80					
Cash at bank and in hand	Deposits not subject to time restriction on withdrawal, with approved credit institutions and approved financial institutions and local authorities			81		16		50
	Cash in hand			82				
Other assets (particulars to be specified by way of supplementary note)				83				
Prepayments and accrued income	Accrued interest and rent			84		1		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		17		64
Grand total of admissible assets (39+69+88)				89		895		870
<b>Reconciliation to asset values determined in accordance with the insurance accounts rules</b>								
Total admissible assets (as per line 89 above)				91		895		870
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				(2)
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		895		868
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance				100				



**Analysis of admissible assets**Name of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2003**Category of assets **Permanent Health**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R13	2116	GL	31	12	2003	£000	11
						day	month	year	
<b>Investments</b>						As at the end of this financial year <b>1</b>		As at the end of the previous year <b>2</b>	
Land and buildings						<b>11</b>			
Investments in group undertakings and participating interests	UK insurance business dependants	Shares				<b>21</b>			
		Debt securities issued by, and loans to, dependants				<b>22</b>			
	Other insurance dependants	Shares				<b>23</b>			
		Debt securities issued by, and loans to, dependants				<b>24</b>			
	Non-insurance dependants	Shares				<b>25</b>			
		Debt securities issued by, and loans to, dependants				<b>26</b>			
	Other group undertakings and participating interests	Shares				<b>27</b>			
		Debt securities issued by, and loans to, group undertakings				<b>28</b>			
		Participating interests				<b>29</b>			
		Debt securities issued by, and loans to, undertakings in which the insurer has a participating interest				<b>30</b>			
Total sheet 1 (11 to 30)						<b>39</b>			

**Analysis of admissible assets**Name of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2003**Category of assets **Permanent Health**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R13	2116	GL	day	month	year	£000	11
<b>Investments (continued)</b>					As at the end of this financial year		As at the end of the previous year		
<b>Deposits with ceding undertakings</b>					1		2		
<b>Assets held to cover linked liabilities</b>									
Other financial investments	Equity shares				41				
	Other shares and other variable yield securities				42				
	Holdings in collective investment schemes				43				
	Rights under derivative contracts				44				
	Debt securities and other fixed income securities	Fixed interest	Approved securities		45	153	159		
			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	684	605	
		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	837	764		

**Analysis of admissible assets**Name of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2003**Category of assets **Permanent Health**

	Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			day	month	year			
	R13	2116	GL	31	12	2003	£000	11
<b>Debtors</b>								
<b>Other assets</b>								
						As at the end of this financial year		As at the end of the previous year
						<b>1</b>		<b>2</b>
Debtors arising out of direct insurance operations	Policyholders			<b>71</b>				
	Intermediaries			<b>72</b>				
Salvage and subrogation recoveries				<b>73</b>				
Debtors arising out of reinsurance operations	Due from ceding insurers and intermediaries under reinsurance business accepted			<b>74</b>				
	Due from reinsurers and intermediaries under reinsurance contracts ceded			<b>75</b>				
Other debtors	Due from dependants	Due in 12 months or less after the end of the financial year		<b>76</b>				
		Due more than 12 months after the end of the financial year		<b>77</b>				
	Other	Due in 12 months or less after the end of the financial year		<b>78</b>				
		Due more than 12 months after the end of the financial year		<b>79</b>				
Tangible assets			<b>80</b>					
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			<b>81</b>		11		49
	Cash in hand			<b>82</b>				
Other assets (particulars to be specified by way of supplementary note)				<b>83</b>				
Prepayments and accrued income	Accrued interest and rent			<b>84</b>		1		14
	Deferred acquisition costs			<b>85</b>				
	Other prepayments and accrued income			<b>86</b>				
Deductions (under rules 4.14(2)(b) and 4.14(3)) from the aggregate value of assets				<b>87</b>				
Total sheet 3 (71 to 86 less 87)				<b>88</b>		12		63
Grand total of admissible assets (39+69+88)				<b>89</b>		849		827
<b>Reconciliation to asset values determined in accordance with the insurance accounts rules</b>								
Total admissible assets (as per line 89 above)				<b>91</b>		849		827
Total assets in excess of the admissibility limits of Appendix 4.2 (as valued in accordance with those Rules before applying admissibility limits)				<b>92</b>				
Solvency margin deduction for subsidiary undertakings which are insurance undertakings				<b>93</b>				
Other differences in the valuation of assets (other than for assets not valued above)				<b>94</b>				(2)
Assets of a type not valued above, (as valued in accordance with the insurance accounts rules)				<b>95</b>				
Total assets determined in accordance with the insurance accounts rules (91 to 95)				<b>99</b>		849		825
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance				<b>100</b>				

**Analysis of admissible assets**Name of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2003**Category of assets **Capital Redemption**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets		
		R13	2116	GL	31	12	2003	£000	12	
						day	month	year		
<b>Investments</b>						As at the end of this financial year <b>1</b>		As at the end of the previous year <b>2</b>		
Land and buildings						<b>11</b>				
Investments in group undertakings and participating interests	UK insurance business dependants	Shares		<b>21</b>						
		Debt securities issued by, and loans to, dependants		<b>22</b>						
	Other insurance dependants	Shares		<b>23</b>						
		Debt securities issued by, and loans to, dependants		<b>24</b>						
	Non-insurance dependants	Shares		<b>25</b>						
		Debt securities issued by, and loans to, dependants		<b>26</b>						
	Other group undertakings and participating interests	Shares		<b>27</b>						
		Debt securities issued by, and loans to, group undertakings		<b>28</b>						
		Participating interests		<b>29</b>						
		Debt securities issued by, and loans to, undertakings in which the insurer has a participating interest		<b>30</b>						
Total sheet 1 (11 to 30)						<b>39</b>				

**Analysis of admissible assets**Name of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2003**Category of assets **Capital Redemption**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R13	2116	GL	day	month	year	£000	12
<b>Investments (continued)</b>					As at the end of this financial year		As at the end of the previous year		
<b>Deposits with ceding undertakings</b>					1		2		
<b>Assets held to cover linked liabilities</b>									
Other financial investments	Equity shares			41					
	Other shares and other variable yield securities			42					
	Holdings in collective investment schemes			43					
	Rights under derivative contracts			44					
	Debt securities and other fixed income securities	Fixed interest	Approved securities	45	41			42	
			Other	46					
		Variable interest	Approved securities	47					
			Other	48					
	Participation in investment pools			49					
	Loans secured by mortgages			50					
	Other loans	Loans to public or local authorities and nationalised industries or undertakings		51					
		Loans secured by policies of insurance issued by the company		52					
		Other		53					
	Deposits with approved credit institutions and approved financial institutions	Withdrawal subject to a time restriction of one month or less		54					
		Withdrawal subject to a time restriction of more than one month		55					
Other			56						
Deposits with ceding undertakings			57						
Assets held to match linked liabilities	Index linked		58						
	Property linked		59						
Reinsurers' share of technical provisions	Provision for unearned premiums		60						
	Claims outstanding		61						
	Provision for unexpired risks		62						
	Other		63						
Total sheet 2 (41 to 63)			69	41			42		

**Analysis of admissible assets**Name of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2003**Category of assets **Capital Redemption**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R13	2116	GL	day	month	year	£000	12
					As at the end of this financial year		As at the end of the previous year		
					1		2		
<b>Debtors</b>									
<b>Other assets</b>									
Debtors arising out of direct insurance operations	Policyholders			<b>71</b>					
	Intermediaries			<b>72</b>					
Salvage and subrogation recoveries				<b>73</b>					
Debtors arising out of reinsurance operations	Due from ceding insurers and intermediaries under reinsurance business accepted			<b>74</b>					
	Due from reinsurers and intermediaries under reinsurance contracts ceded			<b>75</b>					
Other debtors	Due from dependants	Due in 12 months or less after the end of the financial year		<b>76</b>					
		Due more than 12 months after the end of the financial year		<b>77</b>					
	Other	Due in 12 months or less after the end of the financial year		<b>78</b>					
		Due more than 12 months after the end of the financial year		<b>79</b>					
Tangible assets				<b>80</b>					
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			<b>81</b>		5		1	
	Cash in hand			<b>82</b>					
Other assets (particulars to be specified by way of supplementary note)				<b>83</b>					
Prepayments and accrued income	Accrued interest and rent			<b>84</b>					
	Deferred acquisition costs			<b>85</b>					
	Other prepayments and accrued income			<b>86</b>					
Deductions (under rules 4.14(2)(b) and 4.14(3)) from the aggregate value of assets				<b>87</b>					
Total sheet 3 (71 to 86 less 87)				<b>88</b>		5		1	
Grand total of admissible assets (39+69+88)				<b>89</b>		46		43	
<b>Reconciliation to asset values determined in accordance with the insurance accounts rules</b>									
Total admissible assets (as per line 89 above)				<b>91</b>		46		43	
Total assets in excess of the admissibility limits of Appendix 4.2 (as valued in accordance with those Rules before applying admissibility limits)				<b>92</b>					
Solvency margin deduction for subsidiary undertakings which are insurance undertakings				<b>93</b>					
Other differences in the valuation of assets (other than for assets not valued above)				<b>94</b>					
Assets of a type not valued above, (as valued in accordance with the insurance accounts rules)				<b>95</b>					
Total assets determined in accordance with the insurance accounts rules (91 to 95)				<b>99</b>		46		43	
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance				<b>100</b>					

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

Global business

Financial year ended **31st December 2003**Category of assets **Total long term insurance business assets**

	Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			day	month	year			
	<b>R14</b>	<b>2116</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2003</b>	<b>£000</b>	<b>10</b>
			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		<b>11</b>	230			360		See Instruction 2
Cash bonuses which had not been paid to policyholders prior to end of the financial year		<b>12</b>						See Instruction 3
Balance of surplus/(valuation deficit)		<b>13</b>	642			500		See Instruction 4
Long term insurance business fund carried forward (11 to 13)		<b>14</b>	872			860		See Instruction 5
Claims outstanding which had fallen due for payment before the end of the financial year	Gross amount	<b>15</b>						
	Reinsurers' share	<b>16</b>						
	Net (15-16)	<b>17</b>						
Provisions for other risks and charges	Taxation	<b>21</b>						
	Other	<b>22</b>						
Deposits received from reinsurers		<b>23</b>						
Creditors and other liabilities	Arising out of insurance operations	Direct insurance business	<b>31</b>					
		Reinsurance accepted	<b>32</b>					
		Reinsurance ceded	<b>33</b>					
	Debenture loans	Secured	<b>34</b>					
		Unsecured	<b>35</b>					
	Amounts owed to credit institutions		<b>36</b>					
	Other creditors	Taxation	<b>37</b>					
		Other	<b>38</b>	10			10	
Accruals and deferred income		<b>39</b>	13					
Provision for adverse changes (calculated in accordance with rule 5.3)		<b>41</b>						
Total other insurance and non-insurance liabilities (17 to 41)		<b>49</b>	23			10		
Excess of the value of net admissible assets		<b>51</b>					See Instruction 6	
Total liabilities and margins		<b>59</b>	895			870		
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance		<b>61</b>						
Amounts included in line 59 attributable to liabilities in respect of property linked benefits		<b>62</b>						
Amount of any additional mathematical reserves included in line 51 which have been taken into account in the appointed actuary's certificate		<b>63</b>					See Instruction 7	

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

Global business

Financial year ended **31st December 2003**Category of assets **Permanent Health**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
				day	month	year			
		R14	2116	GL	31	12	2003	£000	11
				As at the end of this financial year 1		As at the end of the previous year 2			Source
Mathematical reserves, after distribution of surplus		11	195	330					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	641	497					See Instruction 4
Long term insurance business fund carried forward (11 to 13)		14	836	827					See Instruction 5
Claims outstanding which had fallen due for payment before the end of the financial year	Gross amount	15							
	Reinsurers' share	16							
	Net (15-16)	17							
Provisions for other risks and charges	Taxation	21							
	Other	22							
Deposits received from reinsurers		23							
Creditors and other liabilities	Arising out of insurance operations	Direct insurance business	31						
		Reinsurance accepted	32						
		Reinsurance ceded	33						
	Debenture loans	Secured	34						
		Unsecured	35						
	Amounts owed to credit institutions		36						
	Other creditors	Taxation	37						
		Other	38						
Accruals and deferred income		39	13						
Provision for adverse changes (calculated in accordance with rule 5.3)		41							
Total other insurance and non-insurance liabilities (17 to 41)		49	13						
Excess of the value of net admissible assets		51							See Instruction 6
Total liabilities and margins		59	849	827					
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance		61							
Amounts included in line 59 attributable to liabilities in respect of property linked benefits		62							
Amount of any additional mathematical reserves included in line 51 which have been taken into account in the appointed actuary's certificate		63							See Instruction 7



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

Global business

Financial year ended **31st December 2003**Category of assets **Capital Redemption**

	Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			day	month	year			
	<b>R14</b>	<b>2116</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2003</b>	<b>£000</b>	<b>12</b>
			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		<b>11</b>	35			30		See Instruction 2
Cash bonuses which had not been paid to policyholders prior to end of the financial year		<b>12</b>						See Instruction 3
Balance of surplus/(valuation deficit)		<b>13</b>	1			3		See Instruction 4
Long term insurance business fund carried forward (11 to 13)		<b>14</b>	36			33		See Instruction 5
Claims outstanding which had fallen due for payment before the end of the financial year	Gross amount	<b>15</b>						
	Reinsurers' share	<b>16</b>						
	Net (15-16)	<b>17</b>						
Provisions for other risks and charges	Taxation	<b>21</b>						
	Other	<b>22</b>						
Deposits received from reinsurers		<b>23</b>						
Creditors and other liabilities	Arising out of insurance operations	Direct insurance business	<b>31</b>					
		Reinsurance accepted	<b>32</b>					
		Reinsurance ceded	<b>33</b>					
	Debenture loans	Secured	<b>34</b>					
		Unsecured	<b>35</b>					
	Amounts owed to credit institutions		<b>36</b>					
	Other creditors	Taxation	<b>37</b>					
		Other	<b>38</b>	10			10	
Accruals and deferred income		<b>39</b>						
Provision for adverse changes (calculated in accordance with rule 5.3)		<b>41</b>						
Total other insurance and non-insurance liabilities (17 to 41)		<b>49</b>	10			10		
Excess of the value of net admissible assets		<b>51</b>					See Instruction 6	
Total liabilities and margins		<b>59</b>	46			43		
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance		<b>61</b>						
Amounts included in line 59 attributable to liabilities in respect of property linked benefits		<b>62</b>						
Amount of any additional mathematical reserves included in line 51 which have been taken into account in the appointed actuary's certificate		<b>63</b>					See Instruction 7	

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

Global business

Ordinary insurance business

Financial year ended **31st December 2003**Name and number of fund/Summary **Summary**

	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/Summary	No of part of Fund
			day	month	year				
<b>R40</b>	<b>2116</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2003</b>	<b>£000</b>	<b>OB</b>	<b>99</b>	<b>0</b>
<b>Items to be shown net of reinsurance ceded</b>						The financial year	Previous year		
						<b>1</b>	<b>2</b>		
Earned premiums						<b>11</b>	34	51	
Investment income receivable before deduction of tax						<b>12</b>	138	97	
Increase (decrease) in the value of non-linked assets brought into account						<b>13</b>	(5)		
Increase (decrease) in the value of linked assets						<b>14</b>			
Other income						<b>15</b>			
Total income (11 to 15)						<b>19</b>	167	148	
Claims incurred						<b>21</b>	87	203	
Expenses payable						<b>22</b>	6	21	
Interest payable before deduction of tax						<b>23</b>			
Taxation						<b>24</b>	62	1	
Other expenditure						<b>25</b>			
Transfer to (from) non technical account						<b>26</b>			
Total expenditure (21 to 26)						<b>29</b>	155	225	
Increase (decrease) in fund in financial year (19-29)						<b>39</b>	12	(77)	
Fund brought forward						<b>49</b>	860	937	
Fund carried forward (39+49)						<b>59</b>	872	860	

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

Global business

Ordinary insurance business

Financial year ended **31st December 2003**Name and number of fund/Summary **Permanent Health 2**

	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/Summary	No of part of Fund
			day	month	year				
<b>R40</b>	<b>2116</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2003</b>	<b>£000</b>	<b>OB</b>	<b>2</b>	<b>0</b>
<b>Items to be shown net of reinsurance ceded</b>						The financial year	Previous year		
						<b>1</b>	<b>2</b>		
Earned premiums					<b>11</b>	34	51		
Investment income receivable before deduction of tax					<b>12</b>	135	96		
Increase (decrease) in the value of non-linked assets brought into account					<b>13</b>	(5)	(1)		
Increase (decrease) in the value of linked assets					<b>14</b>				
Other income					<b>15</b>				
Total income (11 to 15)					<b>19</b>	164	146		
Claims incurred					<b>21</b>	87	203		
Expenses payable					<b>22</b>	6	20		
Interest payable before deduction of tax					<b>23</b>				
Taxation					<b>24</b>	62	1		
Other expenditure					<b>25</b>				
Transfer to (from) non technical account					<b>26</b>				
Total expenditure (21 to 26)					<b>29</b>	155	224		
Increase (decrease) in fund in financial year (19-29)					<b>39</b>	9	(78)		
Fund brought forward					<b>49</b>	827	905		
Fund carried forward (39+49)					<b>59</b>	836	827		

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

Global business

Ordinary insurance business

Financial year ended **31st December 2003**Name and number of fund/Summary **Capital Redemption 3**

	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/Summary	No of part of Fund
			day	month	year				
<b>R40</b>	<b>2116</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2003</b>	<b>£000</b>	<b>OB</b>	<b>3</b>	<b>0</b>
<b>Items to be shown net of reinsurance ceded</b>							The financial year	Previous year	
							<b>1</b>	<b>2</b>	
Earned premiums						<b>11</b>			
Investment income receivable before deduction of tax						<b>12</b>	<b>3</b>		<b>1</b>
Increase (decrease) in the value of non-linked assets brought into account						<b>13</b>			<b>1</b>
Increase (decrease) in the value of linked assets						<b>14</b>			
Other income						<b>15</b>			
Total income (11 to 15)						<b>19</b>	<b>3</b>		<b>2</b>
Claims incurred						<b>21</b>			
Expenses payable						<b>22</b>			<b>1</b>
Interest payable before deduction of tax						<b>23</b>			
Taxation						<b>24</b>			
Other expenditure						<b>25</b>			
Transfer to (from) non technical account						<b>26</b>			
Total expenditure (21 to 26)						<b>29</b>			<b>1</b>
Increase (decrease) in fund in financial year (19-29)						<b>39</b>	<b>3</b>		<b>1</b>
Fund brought forward						<b>49</b>	<b>33</b>		<b>32</b>
Fund carried forward (39+49)						<b>59</b>	<b>36</b>		<b>33</b>

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

Global business

Ordinary insurance business

Financial year ended **31st December 2003**Name and number of fund/Summary **Summary**

		Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/Summary	No of part of Fund	
		R41	2116	GL	31	12	2003	£000	OB	99	0
					Gross		Payable to or recoverable from reinsurers	Net of reinsurance (1-2)			
					1		2	3			
Earned premiums in the financial year	Life assurance and general annuity contracts	Single premium	11								
		Regular premium	12								
	Pension business contracts	Single premium	13								
		Regular premium	14								
	Permanent health contracts	Single premium	15								
		Regular premium	16			34			34		
	Other contracts	Single premium	17								
		Regular premium	18								
	Total premiums	Single premium	19								
		Regular premium	29			34			34		
Total premiums at lines 19 and 29 attributable to	UK contracts	31			34			34			
	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			6		6			
	Other management expenses		45								
	Total expenses (41 to 45)		49			6		6			
	Total expenses at line 49 attributable to	UK contracts	51			6		6			
Overseas contracts		52									

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

Global business

Ordinary insurance business

Financial year ended **31st December 2003**Name and number of fund/Summary **Permanent Health 2**

	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/Summary	No of part of Fund	
			day	month	year					
	<b>R41</b>	<b>2116</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2003</b>	<b>£000</b>	<b>OB</b>	<b>2</b>	<b>0</b>
				Gross		Payable to or recoverable from reinsurers	Net of reinsurance (1-2)			
				<b>1</b>		<b>2</b>	<b>3</b>			
Earned premiums in the financial year	Life assurance and general annuity contracts	Single premium	<b>11</b>							
		Regular premium	<b>12</b>							
	Pension business contracts	Single premium	<b>13</b>							
		Regular premium	<b>14</b>							
	Permanent health contracts	Single premium	<b>15</b>							
		Regular premium	<b>16</b>			<b>34</b>		<b>34</b>		
	Other contracts	Single premium	<b>17</b>							
		Regular premium	<b>18</b>							
	Total premiums	Single premium	<b>19</b>							
		Regular premium	<b>29</b>			<b>34</b>		<b>34</b>		
Total premiums at lines 19 and 29 attributable to	UK contracts	<b>31</b>			<b>34</b>		<b>34</b>			
	Overseas contracts	<b>32</b>								
Expenses payable in the financial year	Commission payable in connection with acquisition of business		<b>41</b>							
	Other commission payable		<b>42</b>							
	Management expenses in connection with acquisition of business		<b>43</b>							
	Management expenses in connection with maintenance of business		<b>44</b>			<b>6</b>		<b>6</b>		
	Other management expenses		<b>45</b>							
	Total expenses (41 to 45)		<b>49</b>			<b>6</b>		<b>6</b>		
	Total expenses at line 49 attributable to	UK contracts	<b>51</b>			<b>6</b>		<b>6</b>		
		Overseas contracts	<b>52</b>							

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

Global business

Ordinary insurance business

Financial year ended **31st December 2003**Name and number of fund/Summary **Summary**

		Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/Summary	No of part of Fund	
				day	month	year					
		<b>R42</b>	<b>2116</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2003</b>	<b>£000</b>	<b>OB</b>	<b>99</b>	<b>0</b>
<b>Claims incurred in the financial year</b>					Gross		Recoverable from reinsurers	Net of reinsurance (1-2)			
					<b>1</b>		<b>2</b>	<b>3</b>			
Life assurance and annuity contracts	On death				<b>11</b>						
	By way of lump sums on maturity				<b>12</b>						
	By way of annuity payments				<b>13</b>						
	By way of payments arising from other insured events				<b>14</b>						
	On surrender or partial surrender				<b>15</b>						
	Total life assurance and annuity claims (11 to 15)				<b>19</b>						
Pension business contracts	On death				<b>21</b>						
	By way of lump sums on vesting				<b>22</b>						
	By way of vested annuity payments				<b>23</b>						
	On surrender or partial surrender				<b>24</b>						
	Total pension business claims (21 to 24)				<b>29</b>						
Permanent health contracts	By way of lump sums				<b>31</b>						
	By way of periodical payments				<b>32</b>		87	87			
	Total permanent health claims (31+32)				<b>39</b>		87	87			
Other contracts	By way of lump sums				<b>41</b>						
	By way of periodical payments				<b>42</b>						
	Total claims (41+42)				<b>49</b>						
Total claims (19+29+39+49)					<b>59</b>		87	87			
Total claims at line 59 attributable to	UK contracts				<b>61</b>		87	87			
	Overseas contracts				<b>62</b>						

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

Global business

Ordinary insurance business

Financial year ended **31st December 2003**Name and number of fund/Summary **Permanent Health 2**

		Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/Summary	No of part of Fund	
		R42	2116	GL	31	12	2003	£000	OB	2	0
Claims incurred in the financial year					Gross		Recoverable from reinsurers	Net of reinsurance (1-2)			
					1		2	3			
Life assurance and annuity contracts	On death			11							
	By way of lump sums on maturity			12							
	By way of annuity payments			13							
	By way of payments arising from other insured events			14							
	On surrender or partial surrender			15							
	Total life assurance and annuity claims (11 to 15)			19							
Pension business contracts	On death			21							
	By way of lump sums on vesting			22							
	By way of vested annuity payments			23							
	On surrender or partial surrender			24							
	Total pension business claims (21 to 24)			29							
Permanent health contracts	By way of lump sums			31							
	By way of periodical payments			32		87				87	
	Total permanent health claims (31+32)			39		87				87	
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		87				87	
Total claims at line 59 attributable to	UK contracts			61		87				87	
	Overseas contracts			62							



**Valuation Report prepared by the Appointed Actuary – IPRU (INS) Appendix 9.4**

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

Global business

Financial year ended **31<sup>st</sup> December 2003**

- 1 The date to which the investigation relates is 31st December 2003.
- 2 The date to which the previous investigation related was 31st December 2002.
- 3 This valuation is in conformity with IPRU (INS) Rule 5.6 as amended.

**4 (1) NON LINKED CONTRACTS**

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

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

**5 (1) LINKED CONTRACTS**

There are no linked contracts.

- 6 (1)** The mathematical reserve was, subject to the exceptions specified below, the difference between the present value of the prospective benefits payable and the present value of the net premiums receivable.

**(a)** No derivative contracts have been used.

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

**(c) Capital Redemption Business**

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

**Personal Accident Insurance Business**

For Individual Sickness Benefit contracts the net premiums were obtained by limiting the true net premiums to a maximum of 92.5% of the office premiums, the modification being made to avoid taking credit for more than the premiums receivable and to provide for future expenses. For Group Disability contracts by single premium the reserve is calculated as the unearned proportion on the 24ths basis of the single premiums paid. There was no Zillmer adjustment.

**(d)** No negative reserves arose.

**(e)** The contracts do not participate in profits.

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

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

## Valuation Report prepared by the Appointed Actuary – IPRU (INS) Appendix 9.4

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

Financial year ended **31<sup>st</sup> December 2003**

- (h) There are no guarantees or options. Principles adopted in the valuation of particular contracts were:
- (i) Sickness Benefit contracts with waiver of premium were valued by treating the premium waiver as an extra benefit.
  - (ii) For contracts under which the benefit increases the reserves make an explicit allowance for these increases.
  - (iii) The reserve for accident benefits on sickness or accident benefit contracts was calculated as the present value of the prospective benefits on prudent assumptions.
  - (v) An additional reserve of 10% of the value of the benefits was made in the case of sickness benefit contracts incorporating a partial disablement benefit.
  - (vi) The reserve for group disability contracts by recurring single premiums was taken as the latest month's single premium.

7 (1) See Form 51.

### Mortality

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

### Morbidity

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

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

- (2) Not applicable.
- (3) Not applicable.
- (4) Not applicable.
- (5) There is no explicit additional adjustment to mortality or morbidity in respect of AIDS.
- (6) The following changes in the future value of assets were tested when determining the amount of the long term liabilities:
  - (i) the most onerous of a fall or rise in fixed interest yields of 20% of the long-term gilt yield.
  - (ii) risk free fixed interest yields for terms less than 5 years fall to the level calculated under IPRU (INS) Rule 5.11(9) and yields for terms of 15 years or more remain constant. Yields for intermediate terms are assumed to fall to a level derived by linear interpolation between the IPRU (INS) Rule 5.11(9) yield and the 15 year gilt index yield (or remain constant if already below this level).
  - (iii) fixed interest yields rise by 3 percentage points.

Scenario (i) with the fall in fixed interest yields produces the most onerous requirement.

- (7) No additional reserve was considered necessary pursuant to IPRU (INS) Rule 5.17 (a), having regard to the strength of the reserving basis and the additional reserve held pursuant to IPRU (INS) Rule 5.17 (b).
- (8) Under the most onerous scenario, an additional reserve of 10 (£000) was required pursuant to IPRU (INS) Rule 5.17 (b).
- (a) In determining the long term liabilities in the changed investment conditions, no changes in assumptions were made other than an interest rate change.
- (b) Assets were initially hypothecated to cover the published liabilities. Allowance was made for the change in value of assets in the changed financial conditions. For this purpose assets were valued under Chapter 4 of the IPRU (INS).

Assets were not rehypothecated in the changed financial conditions.

- (c) (i) The amount of the long term liabilities increased by 15 (£000).
- (ii) The value of assets increased by 5 (£000)
- (9) Liabilities expressed in foreign currencies accounted for less than 1% of the mathematical reserves. Sterling assets were hypothecated to cover such liabilities.

## Valuation Report prepared by the Appointed Actuary – IPRU (INS) Appendix 9.4

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

Financial year ended **31<sup>st</sup> December 2003**

**8 (a)** See Form 51.

- (b)** The interest rate used to discount benefits in the case of Capital Redemption business was 1.5% less than the rate shown in Form 51, to provide a contribution towards future expenses.

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

**(c) Group Disability Contracts by Single Premium**

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

The following table sets out, for specimen ages, the mid year net premium reserves, per £100 initial loan calculated in accordance with IPRU (INS) Rules 5.8 to 5.17 for such a contract by single premium. The valuation basis is the same as that underlying the other sickness benefits, but calculated at 3.5% p.a.

Mid-Year	Age at entry		
	30 £	40 £	50 £
1	1.84	2.98	5.88
2	1.61	2.63	5.29
3	1.36	2.25	4.60
4	1.10	1.82	3.80
5	0.81	1.36	2.88
6	0.51	0.85	1.84
7	0.18	0.29	0.65

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

**Group Disability Contracts by Monthly Recurring Single Premium**

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

**9** There are no linked contracts.

**10 (1)** Allowance has been made for inflation of expenses at 2.5%. The overall provision for expenses has been re-expressed as an allowance for expenses during 2003, increasing in line with inflation over the remaining term of the contracts in force at the valuation date.

- (2)** The allowance for expenses during 2003 is 15 (£000). The allowance is derived from the excess of the office premium over the net premium valued, from explicit expense reserves of 42 (£000) in respect of Permanent Health Insurance Business and 2 (£000) in respect of Capital Redemption Business, and from the 1.5% p.a. interest rate margin in respect of Capital Redemption Business.

**(3)** There will be no new business transacted in the twelve months following the valuation date.

**(4)** The long term business funds are closed to new business.

**11** The mathematical reserves were expressed in Sterling and are matched by Sterling assets.

**12 (1)** There was no reinsurance ceded on a facultative basis to reinsurers who are not authorised to carry on insurance business in the United Kingdom.

## Valuation Report prepared by the Appointed Actuary – IPRU (INS) Appendix 9.4

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

Financial year ended **31<sup>st</sup> December 2003**

**(2)** There were two reinsurance treaties where the Company was the ceding insurer and under which business was in force at the valuation date:

- (i) (a) The first treaty, with the Mercantile & General Reinsurance Company plc.
- (b) The reinsurer is authorised to carry on insurance business in the United Kingdom.
- (c) The Company is not connected with the reinsurer.
- (d) The treaty provides sickness benefits up to £25,000 p.a. for individual contracts and £32,500 p.a. for group contracts, and accident benefits up to £80,000 in excess of the Company's retention limit.
- (e) The premium payable by the Company during 2003 was £1,000.
- (f) There are no deposit back arrangements.
- (f) No provision has been made for refund of reinsurance commission in the event of lapse or surrender of the contracts.
- (h) The treaty is not closed to new business.
  
- (ii) (a) The second treaty, with HSBC Insurance (Ireland) Ltd.
- (b) The reinsurer is not authorised to carry on insurance business in the United Kingdom.
- (c) The Company is not connected with the reinsurer.
- (d) The treaty provides disability benefits of varying proportions of the risk for a Group Disability contract.
- (e) The premium payable by the Company during 2003 was Nil.
- (f) There are no deposit back arrangements.
- (g) No provision has been made for refund of reinsurance commission in the event of lapse or surrender of the contracts.
- (h) The treaty is closed to new business.

**(3)** There are no financing arrangements.

**13-16** There are no with profit contracts.

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

**21 (1)** Form 57 is appended.

**(2)** The gross yield on deposits has been reduced by 0.1% p.a. to allow for the risk of default. The gross yield on approved fixed interest securities has been reduced by 0.02% to allow for the risk of default.

**22** Form 58 is appended.

**23** Forms 60 is appended.

**J Lister**  
**Appointed Actuary**

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

Global business

United Kingdom business

Non-linked

Financial year ended **31st December 2003**

		Company registration number		GL/UK/CM	Period ended			Units	UK/OS	NL/LN	
		R46	2116		GL	day	month				year
						31	12				2003
		£000	UK	NL							
		Life assurance and general annuity		Pensions business		Permanent health		Other business			
		No of contracts	Annual premiums	No of contracts	Annual premiums	No of contracts	Annual premiums	No of contracts	Annual premiums		
		1	2	3	4	5	6	7	8		
In force at beginning of year	<b>11</b>					345	6	4			
New business and increases	<b>12</b>										
Net transfers and other alterations 'on'	<b>13</b>										
Total 'on' (12+13)	<b>19</b>										
Deaths	<b>21</b>					1					
Other insured events	<b>22</b>										
Maturities	<b>23</b>										
Surrenders	<b>24</b>										
Forfeitures	<b>25</b>					21					
Conversions to paid-up policies for reduced benefits	<b>26</b>										
Net transfers, expiries and other alterations 'off'	<b>27</b>					32	1				
Total 'off' (21 to 27)	<b>29</b>					54	1				
In force at end of year (11+19-29)	<b>39</b>					291	5	4			

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

Name of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2003**Company  
registration  
number

GL/UK/CM

Period ended

day month year

Units

<b>R47</b>	<b>2116</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2003</b>	<b>£000</b>
------------	-------------	-----------	-----------	-----------	-------------	-------------

Type of insurance  <b>1</b>	Single premium contracts			Regular premium contracts		
	No of contracts  <b>2</b>	Premiums  <b>3</b>	Sums assured, annuities per annum or other measures of benefit  <b>4</b>	No of contracts  <b>5</b>	Annual premiums  <b>6</b>	Sums assured, annuities per annum or other measures of benefit  <b>7</b>
<b>UK DIRECT WRITTEN INSURANCE BUSINESS</b> <b>Permanent Health Insurance Business</b> <b>Non-Linked Non-Profit Policies</b> There was no new business taken out 2003						
<b>Sub total: Non-Linked Non-Profit Policies</b>						
<b>Total: Permanent Health Insurance Business</b>						
<b>Total: UK Direct Written Insurance Business</b>						

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

Global business

Financial year ended **31st December 2003**Category of assets **Total long term insurance business assets**

Type of asset	Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			day	month	year			
	<b>R48</b>	<b>2116</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2003</b>	<b>£000</b>	<b>10</b>
			Value of admissible assets as shown on Form 13 <b>1</b>		Expected income from admissible assets <b>2</b>		Yield % <b>3</b>	
Land and buildings	<b>11</b>							
Fixed interest securities	Approved securities	<b>12</b>	195		13		4.57	
	Other	<b>13</b>						
Variable interest and variable yield securities (excluding items shown at line 16)	Approved securities	<b>14</b>						
	Other	<b>15</b>						
Equity shares and holdings in collective investment schemes	<b>16</b>							
Loans secured by mortgages	<b>17</b>							
All other assets	Producing income	<b>18</b>	684		24		3.50	
	Not producing income	<b>19</b>	16					
Total (11 to 19)	<b>29</b>		895		37		3.67	

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

Global business

Financial year ended **31st December 2003**Category of assets **Permanent Health**

	Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			day	month	year			
	<b>R48</b>	<b>2116</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2003</b>	<b>£000</b>	<b>11</b>
<b>Type of asset</b>			Value of admissible assets as shown on Form 13 <b>1</b>		Expected income from admissible assets <b>2</b>		Yield % <b>3</b>	
Land and buildings	<b>11</b>							
Fixed interest securities	Approved securities	<b>12</b>	154		10		4.57	
	Other	<b>13</b>						
Variable interest and variable yield securities (excluding items shown at line 16)	Approved securities	<b>14</b>						
	Other	<b>15</b>						
Equity shares and holdings in collective investment schemes	<b>16</b>							
Loans secured by mortgages	<b>17</b>							
All other assets	Producing income	<b>18</b>	684		24		3.50	
	Not producing income	<b>19</b>	11					
Total (11 to 19)	<b>29</b>		849		34		3.65	



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

Global business

Financial year ended **31st December 2003**Category of assets **Capital Redemption**

	Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			day	month	year			
	<b>R48</b>	<b>2116</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2003</b>	<b>£000</b>	<b>12</b>
Type of asset			Value of admissible assets as shown on Form 13 <b>1</b>		Expected income from admissible assets <b>2</b>		Yield % <b>3</b>	
Land and buildings	<b>11</b>							
Fixed interest securities	Approved securities	<b>12</b>	41		3		4.57	
	Other	<b>13</b>						
Variable interest and variable yield securities (excluding items shown at line 16)	Approved securities	<b>14</b>						
	Other	<b>15</b>						
Equity shares and holdings in collective investment schemes	<b>16</b>							
Loans secured by mortgages	<b>17</b>							
All other assets	Producing income	<b>18</b>						
	Not producing income	<b>19</b>	5					
Total (11 to 19)	<b>29</b>		46		3		4.07	

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

Global business

Financial year ended **31st December 2003**Category of assets **Total long term insurance business assets**Company  
registration  
number

GL/UK/CM

Period ended

day month year

Units

Category  
of assets

R49	2116	GL	31	12	2003	£000	10
-----	------	----	----	----	------	------	----

Redemption period in years			Value of admissible assets as shown on Form 13 1	Gross redemption yield % 2	Value of admissible higher yielding assets 3		Value of admissible assets as shown on Form 13 4	Gross redemption yield % 5	Value of admissible higher yielding assets 6
One year or less	11	Fixed interest approved securities				Variable interest and variable yield approved securities excluding equities			
More than one year but not more than five years	12		195	4.57					
More than five years but not more than ten years	13								
More than ten years but not more than fifteen years	14								
More than fifteen years but not more than twenty years	15								
More than twenty years but not more than twenty five years	16								
More than twenty five years	17								
Irredeemable	18								
Total (11 to 18)	19		195	4.57					
One year or less	21	Other fixed interest securities				Other variable interest and variable yield securities excluding equities			
More than one year but not more than five years	22								
More than five years but not more than ten years	23								
More than ten years but not more than fifteen years	24								
More than fifteen years but not more than twenty years	25								
More than twenty years but not more than twenty five years	26								
More than twenty five years	27								
Irredeemable	28								
Total (21 to 28)	29								

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

Global business

Financial year ended **31st December 2003**Category of assets **Permanent Health**Company  
registration  
number

GL/UK/CM

Period ended

day month year

Units

Category  
of assets

<b>R49</b>	<b>2116</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2003</b>	<b>£000</b>	<b>11</b>
------------	-------------	-----------	-----------	-----------	-------------	-------------	-----------

Redemption period in years			Value of admissible assets as shown on Form 13 <b>1</b>	Gross redemption yield % <b>2</b>	Value of admissible higher yielding assets <b>3</b>		Value of admissible assets as shown on Form 13 <b>4</b>	Gross redemption yield % <b>5</b>	Value of admissible higher yielding assets <b>6</b>
One year or less	<b>11</b>	Fixed interest approved securities				Variable interest and variable yield approved securities excluding equities			
More than one year but not more than five years	<b>12</b>		154	4.57					
More than five years but not more than ten years	<b>13</b>								
More than ten years but not more than fifteen years	<b>14</b>								
More than fifteen years but not more than twenty years	<b>15</b>								
More than twenty years but not more than twenty five years	<b>16</b>								
More than twenty five years	<b>17</b>								
Irredeemable	<b>18</b>								
Total (11 to 18)	<b>19</b>		154	4.57					
One year or less	<b>21</b>	Other fixed interest securities				Other variable interest and variable yield securities excluding equities			
More than one year but not more than five years	<b>22</b>								
More than five years but not more than ten years	<b>23</b>								
More than ten years but not more than fifteen years	<b>24</b>								
More than fifteen years but not more than twenty years	<b>25</b>								
More than twenty years but not more than twenty five years	<b>26</b>								
More than twenty five years	<b>27</b>								
Irredeemable	<b>28</b>								
Total (21 to 28)	<b>29</b>								

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

Global business

Financial year ended **31st December 2003**Category of assets **Capital Redemption**Company  
registration  
number

GL/UK/CM

Period ended

day month year

Units

Category  
of assets

<b>R49</b>	<b>2116</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2003</b>	<b>£000</b>	<b>12</b>
------------	-------------	-----------	-----------	-----------	-------------	-------------	-----------

Redemption period in years			Value of admissible assets as shown on Form 13 <b>1</b>	Gross redemption yield % <b>2</b>	Value of admissible higher yielding assets <b>3</b>		Value of admissible assets as shown on Form 13 <b>4</b>	Gross redemption yield % <b>5</b>	Value of admissible higher yielding assets <b>6</b>
One year or less	<b>11</b>	Fixed interest approved securities				Variable interest and variable yield approved securities excluding equities			
More than one year but not more than five years	<b>12</b>		41	4.57					
More than five years but not more than ten years	<b>13</b>								
More than ten years but not more than fifteen years	<b>14</b>								
More than fifteen years but not more than twenty years	<b>15</b>								
More than twenty years but not more than twenty five years	<b>16</b>								
More than twenty five years	<b>17</b>								
Irredeemable	<b>18</b>								
Total (11 to 18)	<b>19</b>		41	4.57					
One year or less	<b>21</b>	Other fixed interest securities				Other variable interest and variable yield securities excluding equities			
More than one year but not more than five years	<b>22</b>								
More than five years but not more than ten years	<b>23</b>								
More than ten years but not more than fifteen years	<b>24</b>								
More than fifteen years but not more than twenty years	<b>25</b>								
More than twenty years but not more than twenty five years	<b>26</b>								
More than twenty five years	<b>27</b>								
Irredeemable	<b>28</b>								
Total (21 to 28)	<b>29</b>								

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

Name of insurer **CGU Insurance plc**

Global business

United Kingdom business

Financial year ended **31st December 2003**Type of business **Permanent Health Insurance Business**Category of surplus **Permanent Health**

Type of insurance or name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table			Office premiums	Net premiums			Office premiums	Net premiums	
1	2	3	4	5	6	7	8	9	10	11	12
<b>DIRECT WRITTEN INSURANCE BUSINESS</b>											
<b>Non-Profit Policies</b>											
Sickness Benefits	3.75%	AM/F80 Ult	239	246 pa	5	5	0.113	64	23	20	44
Group Disability			20060	8754	29			82			82
Miscellaneous Benefits			50	80				3			3
Sickness Claims in Payment	4.00%	AM/F80 Ult						37			37
Additional Reserve								42			42
<b>Sub total: Non-Profit Policies</b>			<b>20349</b>	<b>8834 246 pa</b>	<b>34</b>	<b>5</b>		<b>228</b>	<b>23</b>	<b>20</b>	<b>208</b>
<b>Sub total: Direct Written Insurance Business</b>			<b>20349</b>	<b>8834 246 pa</b>	<b>34</b>	<b>5</b>		<b>228</b>	<b>23</b>	<b>20</b>	<b>208</b>
<b>REASSURANCE ACCEPTED</b>											
<b>Non-Profit Policies</b>											
Sickness Benefits	3.75%	AM/F80 Ult	2	2 pa			0.125				
<b>Sub total: Non-Profit Policies</b>			<b>2</b>	<b>2 pa</b>							

Company registration number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of business

Category of surplus

R51

2116

GL

31

12

2003

£000

UK

PHI

11

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

Name of insurer **CGU Insurance plc**

Global business

United Kingdom business

Financial year ended **31st December 2003**Type of business **Permanent Health Insurance Business**Category of surplus **Permanent Health**

Type of insurance or name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table			Office premiums	Net premiums			Office premiums	Net premiums	
1	2	3	4	5	6	7	8	9	10	11	12
<b>Sub total: Reassurance Accepted</b>			2	2 pa							
<b>REASSURANCE CEDED</b>											
<b>Non-Profit Policies</b>											
Group Disability				247				13			13
<b>Sub total: Non-Profit Policies</b>				247				13			13
<b>Sub total: Reassurance Ceded</b>				247				13			13
<b>Net total: Permanent Health Insurance Business</b>			20351	8587 248 pa	34	5		215	23	20	195
<b>Net total: United Kingdom Insurance Business</b>			20351	8587 248 pa	34	5		215	23	20	195

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

Name of insurer **CGU Insurance plc**

Global business

United Kingdom business

Financial year ended **31st December 2003**Type of business **Other Insurance Business**Category of surplus **Capital Redemption**

Type of insurance or name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table			Office premiums	Net premiums			Office premiums	Net premiums	
1	2	3	4	5	6	7	8	9	10	11	12
<b>DIRECT WRITTEN INSURANCE BUSINESS</b>											
<b>Non-Profit Policies</b>											
Capital Redemption	3.50%		4	95				34	11	11	23
Resilience Reserve								10			10
Additional Reserve								2			2
<b>Sub total: Non-Profit Policies</b>			<b>4</b>	<b>95</b>				<b>46</b>	<b>11</b>	<b>11</b>	<b>35</b>
<b>Sub total: Direct Written Insurance Business</b>			<b>4</b>	<b>95</b>				<b>46</b>	<b>11</b>	<b>11</b>	<b>35</b>
<b>Net total: Other Insurance Business</b>			<b>4</b>	<b>95</b>				<b>46</b>	<b>11</b>	<b>11</b>	<b>35</b>
<b>Net total: United Kingdom Insurance Business</b>			<b>4</b>	<b>95</b>				<b>46</b>	<b>11</b>	<b>11</b>	<b>35</b>

**Long term insurance business : Matching rectangle**Name of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2003**

Sterling liabilities

Valuation rate(s) of interest **0.00%**

Type of business

**Permanent Health Insurance Business**

Non profit

Category of assets

**Permanent Health**

Company registration number	GL/UK/CM	Period ended			Units	Stg/ NonStg	Valuation rate of interest	L&GA/Pens/ PHI/Other	WP/NP	Category of assets	
		day	month	year							
<b>R57</b>	<b>2116</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2003</b>	<b>£000</b>	<b>Stg</b>	<b>0.00</b>	<b>PHI</b>	<b>NP</b>	<b>11</b>
Type of asset notionally allocated		The valuation				The resilience scenario					
		Value of asset notionally allocated	Risk adjusted yield %	Value of assets notionally allocated			Risk adjusted yield %				
				On original allocation	Increase or decrease	Total under resilience scenario					
1	2	3	4	5	6						
Land and buildings		<b>11</b>									
Fixed interest securities		Approved securities	<b>12</b>								
		Other	<b>13</b>								
Variable interest and Variable yield securities (excluding items shown at line 16)		Approved securities	<b>14</b>								
		Other	<b>15</b>								
Equity shares and holdings in collective investment schemes		<b>16</b>									
Loans secured by mortgages		<b>17</b>									
All other assets		Producing income	<b>18</b>	69	2.01	69		69	2.01		
		Not producing income	<b>19</b>								
Total (11 to 19)		<b>29</b>	69	2.01	69		69	2.01			
Gross valuation interest rate %		<b>31</b>									
Net valuation interest rate % (where appropriate)		<b>32</b>									
Mathematical reserve or other liability, net of reinsurance		<b>33</b>	69					69			



**Long term insurance business : Matching rectangle**Name of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2003**

Sterling liabilities

Valuation rate(s) of interest **3.75%**

Type of business

**Permanent Health Insurance Business**

Non profit

Category of assets

**Permanent Health**

Company registration number	GL/UK/CM	Period ended			Units	Stg/ NonStg	Valuation rate of interest	L&GA/Pens/ PHI/Other	WP/NP	Category of assets	
		day	month	year							
<b>R57</b>	<b>2116</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2003</b>	<b>£000</b>	<b>Stg</b>	<b>3.75</b>	<b>PHI</b>	<b>NP</b>	<b>11</b>
Type of asset notionally allocated	The valuation				The resilience scenario						
	Value of asset notionally allocated	Risk adjusted yield %	Value of assets notionally allocated			Risk adjusted yield %					
			On original allocation	Increase or decrease	Total under resilience scenario						
1	2	3	4	5	6						
Land and buildings	<b>11</b>										
Fixed interest securities	Approved securities	<b>12</b>	44	4.61	45	(1)	44	3.64			
	Other	<b>13</b>									
Variable interest and Variable yield securities (excluding items shown at line 16)	Approved securities	<b>14</b>									
	Other	<b>15</b>									
Equity shares and holdings in collective investment schemes	<b>16</b>										
Loans secured by mortgages	<b>17</b>										
All other assets	Producing income	<b>18</b>									
	Not producing income	<b>19</b>									
Total (11 to 19)	<b>29</b>	44	4.61	45	(1)	44	3.64				
Gross valuation interest rate %	<b>31</b>		3.75				3.50				
Net valuation interest rate % (where appropriate)	<b>32</b>										
Mathematical reserve or other liability, net of reinsurance	<b>33</b>	44					44				

**Long term insurance business : Matching rectangle**Name of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2003**

Sterling liabilities

Valuation rate(s) of interest **4.00%**Type of business **Permanent Health Insurance Business**

Non profit

Category of assets **Permanent Health**

Company registration number	GL/UK/CM	Period ended			Units	Stg/ NonStg	Valuation rate of interest	L&GA/Pens/ PHI/Other	WP/NP	Category of assets	
		day	month	year							
<b>R57</b>	<b>2116</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2003</b>	<b>£000</b>	<b>Stg</b>	<b>4.00</b>	<b>PHI</b>	<b>NP</b>	<b>11</b>
Type of asset notionally allocated		The valuation			The resilience scenario						
		Value of asset notionally allocated	Risk adjusted yield %	Value of assets notionally allocated			Risk adjusted yield %				
				On original allocation	Increase or decrease	Total under resilience scenario					
		1	2	3	4	5	6				
Land and buildings		11									
Fixed interest securities	Approved securities	12	37	4.61	38			38	3.64		
	Other	13									
Variable interest and Variable yield securities (excluding items shown at line 16)	Approved securities	14									
	Other	15									
Equity shares and holdings in collective investment schemes		16									
Loans secured by mortgages		17									
All other assets	Producing income	18									
	Not producing income	19									
Total (11 to 19)		29	37	4.61	38			38	3.64		
Gross valuation interest rate %		31		4.00					3.50		
Net valuation interest rate % (where appropriate)		32									
Mathematical reserve or other liability, net of reinsurance		33	37					38			

**Long term insurance business : Matching rectangle**Name of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2003**

Sterling/Non sterling liabilities

Valuation rate(s) of interest **Balance**

Type of business

With profits/Non profit

Category of assets

**Permanent Health**

Company registration number	GL/UK/CM	Period ended			Units	Stg/ NonStg	Valuation rate of interest	L&GA/Pens/ PHI/Other	WP/NP	Category of assets
		day	month	year						
<b>R57</b>	<b>2116</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2003</b>	<b>£000</b>	<b>98</b>			<b>11</b>
Type of asset notionally allocated	The valuation				The resilience scenario					
	Value of asset notionally allocated	Risk adjusted yield %	Value of assets notionally allocated			Risk adjusted yield %				
			On original allocation	Increase or decrease	Total under resilience scenario					
1	2	3	4	5	6					
Land and buildings	<b>11</b>									
Fixed interest securities	Approved securities	<b>12</b>	45	4.61	47	(2)	45	3.64		
	Other	<b>13</b>								
Variable interest and Variable yield securities (excluding items shown at line 16)	Approved securities	<b>14</b>								
	Other	<b>15</b>								
Equity shares and holdings in collective investment schemes	<b>16</b>									
Loans secured by mortgages	<b>17</b>									
All other assets	Producing income	<b>18</b>								
	Not producing income	<b>19</b>								
Total (11 to 19)	<b>29</b>	45	4.61	47	(2)	45	3.64			
Gross valuation interest rate %	<b>31</b>									
Net valuation interest rate % (where appropriate)	<b>32</b>									
Mathematical reserve or other liability, net of reinsurance	<b>33</b>	45					45			

## Long term insurance business : Matching rectangle

Sterling/Non sterling liabilities

Name of insurer **CGU Insurance plc**Valuation rate(s) of interest **Total**

Global business

Type of business

Financial year ended **31st December 2003**

With profits/Non profit

Category of assets

**Permanent Health**

Company registration number	GL/UK/CM	Period ended			Units	Stg/ NonStg	Valuation rate of interest	L&GA/Pens/ PHI/Other	WP/NP	Category of assets
		day	month	year						
<b>R57</b>	<b>2116</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2003</b>	<b>£000</b>	<b>99</b>			<b>11</b>
Type of asset notionally allocated	The valuation				The resilience scenario					
	Value of asset notionally allocated	Risk adjusted yield %	Value of assets notionally allocated			Risk adjusted yield %				
			On original allocation	Increase or decrease	Total under resilience scenario					
1	2	3	4	5	6					
Land and buildings	<b>11</b>									
Fixed interest securities	Approved securities	<b>12</b>	126	4.61	130	(3)	127	3.64		
	Other	<b>13</b>								
Variable interest and Variable yield securities (excluding items shown at line 16)	Approved securities	<b>14</b>								
	Other	<b>15</b>								
Equity shares and holdings in collective investment schemes	<b>16</b>									
Loans secured by mortgages	<b>17</b>									
All other assets	Producing income	<b>18</b>	69	2.01	69		69	2.01		
	Not producing income	<b>19</b>								
Total (11 to 19)	<b>29</b>	195	3.69	199	(3)	196	3.07			
Gross valuation interest rate %	<b>31</b>									
Net valuation interest rate % (where appropriate)	<b>32</b>									
Mathematical reserve or other liability, net of reinsurance	<b>33</b>	195					196			

**Long term insurance business : Matching rectangle**Name of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2003**

Sterling liabilities

Valuation rate(s) of interest **3.75%**

Type of business

**Permanent Health Insurance Business**

Non profit

Category of assets

**Capital Redemption**

	Company registration number	GL/UK/CM	Period ended			Units	Stg/ NonStg	Valuation rate of interest	L&GA/Pens/ PHI/Other	WP/NP	Category of assets	
			day	month	year							
	<b>R57</b>	<b>2116</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2003</b>	<b>£000</b>	<b>Stg</b>	<b>3.75</b>	<b>PHI</b>	<b>NP</b>	<b>12</b>
Type of asset notionally allocated	The valuation			The resilience scenario								
	Value of asset notionally allocated	Risk adjusted yield %	Value of assets notionally allocated			Risk adjusted yield %						
			On original allocation	Increase or decrease	Total under resilience scenario							
	1	2	3	4	5	6						
Land and buildings	<b>11</b>											
Fixed interest securities	Approved securities	<b>12</b>	23	4.57	24	13	37	3.60				
	Other	<b>13</b>										
Variable interest and Variable yield securities (excluding items shown at line 16)	Approved securities	<b>14</b>										
	Other	<b>15</b>										
Equity shares and holdings in collective investment schemes	<b>16</b>											
Loans secured by mortgages	<b>17</b>											
All other assets	Producing income	<b>18</b>										
	Not producing income	<b>19</b>										
Total (11 to 19)	<b>29</b>	23	4.57	24	13	37	3.60					
Gross valuation interest rate %	<b>31</b>		4.38				3.44					
Net valuation interest rate % (where appropriate)	<b>32</b>		3.50				2.75					
Mathematical reserve or other liability, net of reinsurance	<b>33</b>	23					37					

**Long term insurance business : Matching rectangle**Name of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2003**

Sterling/Non sterling liabilities

Valuation rate(s) of interest **Balance**

Type of business

With profits/Non profit

Category of assets

**Capital Redemption**

Company registration number	GL/UK/CM	Period ended			Units	Stg/ NonStg	Valuation rate of interest	L&GA/Pens/ PHI/Other	WP/NP	Category of assets
		day	month	year						
<b>R57</b>	<b>2116</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2003</b>	<b>£000</b>	<b>98</b>			<b>12</b>
Type of asset notionally allocated		The valuation			The resilience scenario					
		Value of asset notionally allocated	Risk adjusted yield %	Value of assets notionally allocated			Risk adjusted yield %			
				On original allocation	Increase or decrease	Total under resilience scenario				
		1	2	3	4	5	6			
Land and buildings		<b>11</b>								
Fixed interest securities	Approved securities	<b>12</b>	2	4.57	2			2	3.60	
	Other	<b>13</b>								
Variable interest and Variable yield securities (excluding items shown at line 16)	Approved securities	<b>14</b>								
	Other	<b>15</b>								
Equity shares and holdings in collective investment schemes		<b>16</b>								
Loans secured by mortgages		<b>17</b>								
All other assets	Producing income	<b>18</b>								
	Not producing income	<b>19</b>								
Total (11 to 19)		<b>29</b>	2	4.57	2			2	3.60	
Gross valuation interest rate %		<b>31</b>								
Net valuation interest rate % (where appropriate)		<b>32</b>								
Mathematical reserve or other liability, net of reinsurance		<b>33</b>	2					2		

**Long term insurance business : Matching rectangle**Name of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2003**

Sterling/Non sterling liabilities

Valuation rate(s) of interest **Total**

Type of business

With profits/Non profit

Category of assets

**Capital Redemption**

Company registration number	GL/UK/CM	Period ended			Units	Stg/ NonStg	Valuation rate of interest	L&GA/Pens/ PHI/Other	WP/NP	Category of assets
		day	month	year						
<b>R57</b>	<b>2116</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2003</b>	<b>£000</b>	<b>99</b>			<b>12</b>
Type of asset notionally allocated	The valuation				The resilience scenario					
	Value of asset notionally allocated	Risk adjusted yield %	Value of assets notionally allocated			Risk adjusted yield %				
			On original allocation	Increase or decrease	Total under resilience scenario					
1	2	3	4	5	6					
Land and buildings	<b>11</b>									
Fixed interest securities	Approved securities	<b>12</b>	25	4.57	26	13	39	3.60		
	Other	<b>13</b>								
Variable interest and Variable yield securities (excluding items shown at line 16)	Approved securities	<b>14</b>								
	Other	<b>15</b>								
Equity shares and holdings in collective investment schemes	<b>16</b>									
Loans secured by mortgages	<b>17</b>									
All other assets	Producing income	<b>18</b>								
	Not producing income	<b>19</b>								
Total (11 to 19)	<b>29</b>	25	4.57	26	13	39	3.60			
Gross valuation interest rate %	<b>31</b>									
Net valuation interest rate % (where appropriate)	<b>32</b>									
Mathematical reserve or other liability, net of reinsurance	<b>33</b>	25				39				

## Long term insurance business : Valuation result and distribution of surplus

Name of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2003**Company  
registration  
number

GL/UK/CM

Period ended

day month year

Units

Category  
of surplus

Category of surplus

**Permanent Health****R58****2116****GL****31****12****2003****£000****11**

Valuation result	Fund carried forward		11	836
	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	836
	Mathematical reserves for accumulating with profit policies		17	
	Mathematical reserves for other non linked contracts		18	195
	Mathematical reserves for property linked contracts		19	
	Mathematical reserves for index linked contracts		20	
	Total (17 to 20)		21	195
	Surplus including contingency and other reserves held towards the solvency margin (deficiency) (16-21)		29	641
Composition of surplus	Balance of surplus brought forward unappropriated from last valuation		31	497
	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	144
Total (31+34+35)		39	641	
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	641
Total (48+49)		59	641	
Percentage of distributed surplus allocated to policyholders of fund/part of fund			61	
Corresponding percentage at three immediately previous valuations	Latest	(year of valuation <b>2002</b> )	62	
	Earlier	(year of valuation <b>2001</b> )	63	
	Earliest	(year of valuation <b>2000</b> )	64	



## Long term insurance business : Valuation result and distribution of surplus

Name of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2003**Company  
registration  
number

GL/UK/CM

Period ended

day month year

Units

Category  
of surplusCategory of surplus **Capital Redemption**

<b>R58</b>	<b>2116</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2003</b>	<b>£000</b>	<b>12</b>
------------	-------------	-----------	-----------	-----------	-------------	-------------	-----------

Valuation result	Fund carried forward		11	36	
	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	36	
	Mathematical reserves for accumulating with profit policies		17		
	Mathematical reserves for other non linked contracts		18	35	
	Mathematical reserves for property linked contracts		19		
	Mathematical reserves for index linked contracts		20		
	Total (17 to 20)		21	35	
	Surplus including contingency and other reserves held towards the solvency margin (deficiency) (16-21)		29	1	
Composition of surplus	Balance of surplus brought forward unappropriated from last valuation		31	3	
	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	(2)	
Total (31+34+35)		39	1		
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	1	
Total (48+49)		59	1		
Percentage of distributed surplus allocated to policyholders of fund/part of fund			61		
Corresponding percentage at three immediately previous valuations	Latest	(year of valuation <b>2002</b> )	62		
	Earlier	(year of valuation <b>2001</b> )	63		
	Earliest	(year of valuation <b>2000</b> )	64		

## Long term insurance business : Required minimum margin

Name of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2003**Company  
registration  
number

GL/UK/CM

Period ended

day month year

Units

<b>R60</b>	<b>2116</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2003</b>	<b>£000</b>
------------	-------------	-----------	-----------	-----------	-------------	-------------

Class		Classes I, II & IX	Class III business with relevant factor of				Class IV and VI	Classes VII and VIII business with relevant factor of					Unallocated additional mathematical reserves with relevant factor of		Total for all classes		
			4% 1	4% 2	1% 3	Nil 4		Total 5	4% 6	4% 7	1% 8	Nil 9	Total 10	4% 11	1% 12	The financial year 13	The previous year 14
Relevant factor (Instruction 1)																	
Mathematical reserves before deduction of reinsurance	Reserves before distribution of surplus	<b>11</b>					243									243	486
	Reserves for bonus allocated to policyholders	<b>12</b>															
	Reserves after distribution of surplus	<b>13</b>					243									243	486
Mathematical reserves after deduction of reinsurance	Reserves before distribution of surplus	<b>14</b>					230									230	360
	Reserves for bonus allocated to policyholders	<b>15</b>															
	Reserves after distribution of surplus	<b>16</b>					230									230	360
Ratio of 16 to 13 or 0.85 if greater (see Instruction 2)		<b>17</b>					0.95										
Required margin of solvency - first result = (line 13) * (line 17) * relevant factor		<b>19</b>					9									9	17
Non negative capital at risk before reinsurance (see Instruction 3)	Temporary assurances with required margin of solvency of 0.1%	<b>21</b>															
	Temporary assurances with required margin of solvency of 0.15%	<b>22</b>															
	All other assurances with required margin of solvency of 0.3%	<b>23</b>															
	Total (21 to 23)	<b>29</b>															
Non negative capital at risk after reinsurance (all contracts) (see Instruction 3)		<b>31</b>															
Ratio of line 31 to line 29, or 0.50 if greater		<b>32</b>															
Required margin of solvency - second result (see Instruction 4)		<b>39</b>															
Sum of first and second results (19+39)		<b>49</b>					9									9	17
Required margin of solvency for supplementary Accident & Sickness Insurance & Class V business		<b>51</b>															
Total required margin of solvency for long term insurance business (49+51)		<b>59</b>														9	17
Minimum guarantee fund		<b>61</b>														549	506
Required minimum margin (greater of lines 59 and 61)		<b>69</b>														549	506

**Supplementary notes**

Name of Company                    **CGU Insurance plc**  
Financial year ended                **31st December 2003**  
Code

**4601    Total number of group contracts in force**

There are 2 group contracts in force with an estimated 20,060 members.

**46A0    Form omitted**

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

**47A0    Form omitted**

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

**5101    Aggregate Liabilities and Adjustments**

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

**5102    Double counting Of contracts**

The number of contracts shown in column 4 exceeds the actual number by 20,110.

**5200    Form omitted**

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

**5300    Form omitted**

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

**5400    Form omitted**

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

**5500    Form omitted**

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

**5600    Form omitted**

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

**Supplementary notes**Name of Company **CGU Insurance plc**Financial year ended **31st December 2003**

Code

**0901 Section 148 waivers**

Not applicable.

**0902 Implicit Items**

Not applicable.

**1001 Reconciliation to shareholder accounts**

The reconciliation to shareholders accounts is provided in the Company's general business return, which includes the Company's shareholder funds.

**1002 Line 65 - Other movements**

Not applicable.

**1003 Subordinated loan capital – Section 68 order**

Not applicable.

**1301 Aggregate value of unlisted investments, etc. – Other than long term business****1308**

Not applicable.

**1302 Aggregate value of hybrid securities****1309**

Not applicable.

**1304 Statement of amounts set off****1310**

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

**1305 Counterparty limits during the year****1311**

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

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

Counterparty exposures with deposit takers which exceeded 5% of the Long Term Insurance Business Amount as at 31 December 2003 are as follows:

**£'000**

ABN Amro

684

**1307 Fully secured rights****1313**

Not applicable.

**1315 Other assets**

Not applicable.

**1318 Financial Statements**

The financial statements of the company had not been signed by the date on which this return was signed.

**1319 Deposits with credit institutions**

Under Appendix 4.2 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. CGU Insurance plc has placed deposits with the ABN Amro.

## Supplementary notes

Name of Company                      **CGU Insurance plc**  
Financial year ended                 **31st December 2003**  
Code

### **1401 Provision for adverse changes**

No provision for adverse changes is required as no assets are held which would give rise to a future liability, which would not be covered by appropriate assets.

### **1402 Contingent liabilities, etc.**

There are no charges over any assets of the Company. There are no contingent liabilities, guarantees, indemnities, or other contractual commitments or other fundamental uncertainties to report.

No provision has been made in Appendices 9.1 or 9.3 for any potential liabilities to taxation on capital gains, which might arise if the company disposed of its assets. Any such potential liability has been taken into account by the appointed actuary in the valuation of the liabilities of the long term insurance business.

### **1500 Form omitted**

**1600**

**1700**

The entries on all Forms 15, 16 and 17 are nil, accordingly these forms are not required.

### **4005 Foreign currency conversion**

Not applicable.

### **4006 Apportionment of items between different long term insurance business funds**

#### **Investment income**

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

#### **Increase or decrease in the value of assets brought into account**

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

#### **Expenses**

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

#### **Taxation**

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

### **4008 Provision of management services**

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

### **4100 Form omitted**

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

### **4200 Form omitted**

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

### **4300 Form omitted**

**4400**

**4500**

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

Returns under the Accounts and Statements Rules

**Statement on derivatives required by IPRU (INS) 9.29**

Name of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2003**

Derivative contracts may be held for hedging purposes where this is considered advisable locally subject to authority from Group Centre. None were held within the long-term insurance business fund in 2003.

Returns under the Accounts and Statements Rules

**Statement on controllers required by IPRU (INS) 9.30**

Name of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2003**

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

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

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

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

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

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

All shares are voting shares.

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

Name of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2003**

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 6,461 ordinary shares at 31 December 2003 in Aviva plc, and an interest in 5,110 ordinary shares at 31 December 2002.
  - (2) 25,409 ordinary shares are held in the Aviva Long Term Incentive Plan and 20,166 ordinary shares are held in the CGNU Deferred Bonus Plan.
  - (3) Options were held at 31 December 2003 to subscribe for 30,524 ordinary shares in Aviva plc under UK Employees Savings Related and Executive Share Option Schemes:

	<b>No. of shares</b>
Options held at 31 December 2002	37,253
Options granted during the year	-
Options exercised or lapsed during the year	(6,729)

- (b) Two low cost endowment policies with CGNU Life Assurance Limited, with aggregate sums assured of £46,000 and monthly premiums of £259. The actuary also holds a number of investment products managed by Norwich Union Investment Funds Limited. In addition the actuary held general insurance policies with subsidiaries of Aviva plc for which total premiums of £2,000 were paid in the year to 31 December 2003.
- (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 2003 was £193,875. 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  
TPFL 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

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

Name of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2003**

We certify:

- 1 (a)** in relation to the part of the return comprising Forms 9, 9A, 10, 13, 14 and 40 to 42, (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 CGU Insurance plc (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 for long term insurance business 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.

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 **CGU Insurance plc**

Global business

Financial year ended **31st December 2003**

**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’.

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

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

..... **P TWYMAN**  
Director

24 March 2004

Returns under the Accounts and Statements Rules

**Certificate by the appointed actuary required by IPRU (INS) 9.34(b) and IPRU (INS) Appendix 9.6**

Name of insurer **CGU Insurance plc**

Global business

Financial year ended **31st December 2003**

I certify:

- (a)
  - (i) that in my opinion proper records have been kept by CGU Insurance plc (the Company) adequate for the purpose of the valuation of the liabilities of its long term insurance business;
  - (ii) that the mathematical reserves as shown on Form 14 constitute proper provision as at 31st December 2003 for the long term insurance business liabilities (other than liabilities which had fallen due before the end of the financial year) including any increase in those liabilities arising from a distribution of surplus as a result of an 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 (effective date 01.09.03), GN2, GN7, GN8, 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 £549,000.

J Lister

Appointed Actuary

24 March 2004

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 **CGU Insurance plc**

Global Business

Financial year ended **31st December 2003**

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, 14 and 40 to 42 (including the supplementary notes) ("the Forms");
- the statement required by rule 9.29 on page 52 ("the statement"); and
- the certificate signed in accordance with rule 9.34(a) on page 55 ("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 57 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  
25 March 2004