

# CGNU Life Assurance Limited

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

**Annual FSA Insurance Returns for the year ended  
31st December 2004**



**Index to Appendices 9.1, 9.3, 9.4 and 9.6 of IPRU (INS)**Name of insurer **CGNU Life Assurance Limited**

Global Business

Financial year ended **31st December 2004****Contents**

<i>Forms</i>		<i>Page</i>
<b>IPRU (INS) Appendix 9.1</b>		
2	Statement of solvency	1
3	Components of capital resources	3
11	Calculation of general insurance capital requirement - premiums amount and brought forward amount	6
12	General insurance business : Calculation of general insurance capital requirement - claims amount and result	7
13	Analysis of admissible assets	8
14	Long-term business liabilities and margins	20
15	Liabilities (other than long term business)	23
16	Profit and loss account	24
17	Analysis of derivative contracts	25
18	With-profits insurance capital component for the fund	27
19	Realistic balance sheet	28
<b>IPRU (INS) Appendix 9.3</b>		
40	Revenue account	30
41	Analysis of premiums and expenses	33
42	Analysis of claims	36
43	Summarised balance sheet for internal linked funds	39
44	Aggregate revenue account for internal linked funds	41
45	Supplementary information for internal linked funds	43
<b>IPRU (INS) Appendix 9.4</b>		
	Valuation report	44
	Abstract of valuation report for realistic valuation	122
46	Summary of changes in long-term business	152
47	Analysis of new ordinary long-term business	156
48	Expected income from admissible assets not held to match liabilities in respect of linked benefits	168
49	Analysis of admissible fixed interest and variable interest and variable yield securities not held to match liabilities in respect of linked benefits	171
51	Valuation summary of non-linked contracts (other than accumulating with-profit policies)	174
52	Valuation summary of accumulating with-profit policies	196
53	Valuation summary of property linked contracts	202

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 **CGNU Life Assurance Limited**

Global Business

Financial year ended **31st December 2004**

<i>Forms</i>		<i>Page</i>
54	Valuation summary of index linked contracts	216
55	Analysis of units in internal linked funds and direct holdings of assets matching liabilities in respect of property linked benefits	217
56	Analysis of assets and liabilities matching investment liabilities in respect of index linked benefits	220
57	Analysis of valuation interest rates	221
58	Valuation result and distribution of surplus	223
60	Required minimum margin	226
<b>Supplementary notes</b>		227
<b>IPRU (INS) 9.29, 9.30 and 9.36</b>		
	Statement on derivatives required by IPRU (INS) 9.29	233
	Statement on controllers required by IPRU (INS) 9.30	234
<b>Certificates by the directors and report of the auditors – IPRU (INS) Appendix 9.6</b>		
	Certificate by the directors required by IPRU (INS) 9.34(a)	236
	Report of the auditors to the directors pursuant to IPRU (INS) 9.35	237

**Statement of solvency - long-term insurance business**Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2004**

Solo solvency calculation

Company  
registration  
number

GL/UK/CM

Period ended

day

month

year

Units

<b>R2</b>	<b>226742</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>
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	As at end of this financial year	As at end of the previous year
	<b>1</b>	<b>2</b>

**Capital resources**

Capital resources arising within the long-term insurance fund	<b>11</b>	2391366	
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	<b>12</b>	54766	
Capital resources available to cover long-term insurance business capital resources requirement (11+12)	<b>13</b>	2446132	

**Guarantee Fund**

Guarantee Fund requirement	<b>21</b>	238600	
Excess (deficiency) of available capital resources to cover guarantee Fund requirement	<b>22</b>	2207532	

**Minimum capital requirement (MCR)**

Long-term insurance capital requirement	<b>31</b>	715801	
Resilience capital requirement	<b>32</b>		
Base capital resources requirement	<b>33</b>	2087	
Minimum capital requirement	<b>34</b>	715801	
Excess (deficiency) of available capital resources to cover 50% of MCR	<b>35</b>	2088232	
Excess (deficiency) of available capital resources to cover 75% of MCR	<b>36</b>	1909281	

**Enhanced capital requirement**

With-profits insurance capital component	<b>37</b>	304541	
Enhanced capital requirement	<b>38</b>	1020342	

**Capital resources requirement (CRR)**

Capital resources requirement (greater of 34 and 38)	<b>41</b>	1020342	
Excess (deficiency) of available capital resources to cover long-term insurance business CRR (13-41)	<b>42</b>	1425790	

**Contingent liabilities**

Quantifiable contingent liabilities in respect of long-term insurance business as shown in a supplementary note to Form 14	<b>51</b>		
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Returns under the Accounts and Statements Rules

**Covering page to form 2**

Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2004**

..... **GN WITHERS**  
Chief Executive

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

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

23 March 2005

**Components of capital resources**Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2004**

	Company registration number	GL/UK/CM	Period ended			Units	
			day	month	year		
	<b>R3</b>	<b>226742</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>
	General insurance business <b>1</b>	Long-term insurance business <b>2</b>	Total as at the end of this financial year <b>3</b>		As at the end of the previous year <b>4</b>		

**Core tier one capital**

Permanent share capital	<b>11</b>		250	250	
Profit and loss account and other reserves	<b>12</b>		57603	57603	
Share premium account	<b>13</b>				
Positive valuation differences	<b>14</b>				
Fund for future appropriations	<b>15</b>		2456679	2456679	
Core tier one in related undertakings	<b>16</b>				
Core tier one capital (sum of 11 to 16)	<b>19</b>		2514532	2514532	

**Tier one waivers**

Unpaid share capital / unpaid initial funds and calls for supplementary contributions	<b>21</b>				
Implicit items	<b>22</b>				
Tier one waivers in related undertakings	<b>23</b>				
Total tier one waivers as restricted (21+22+23)	<b>24</b>				

**Other tier one**

Perpetual non-cumulative preference shares as restricted	<b>25</b>				
Perpetual non-cumulative preference shares in related undertakings	<b>26</b>				
Innovative tier one capital as restricted	<b>27</b>				
Innovative tier one capital in related undertakings	<b>28</b>				

<b>Total tier one capital before deductions</b> (19+24+25+26+27+28)	<b>31</b>		2514532	2514532	
Investments in own shares	<b>32</b>				
Intangible assets	<b>33</b>				
Amounts deducted from technical provisions for discounting	<b>34</b>				
Other negative valuation differences	<b>35</b>		19248	19248	
Deductions in related undertakings	<b>36</b>				
Deductions from tier one (32 to 36)	<b>37</b>		19248	19248	
<b>Total tier one capital after deductions</b> (31-37)	<b>39</b>		2495284	2495284	

**Components of capital resources**Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2004**

	Company registration number	GL/UK/CM	Period ended			Units	
			day	month	year		
	<b>R3</b>	<b>226742</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>
	General insurance business <b>1</b>	Long-term insurance business <b>2</b>	Total as at the end of this financial year <b>3</b>			As at the end of the previous year <b>4</b>	

**Tier two capital**

Implicit items, (tier two waivers and amounts excluded from line 22)	<b>41</b>					
Perpetual non-cumulative preference shares excluded from line 25	<b>42</b>					
Innovative tier one capital excluded from line 27	<b>43</b>					
Tier two waivers, innovative tier one capital and perpetual non-cumulative preference shares treated as tier two capital (41 to 43)	<b>44</b>					
Perpetual cumulative preference shares	<b>45</b>					
Perpetual subordinated debt and securities	<b>46</b>					
Upper tier two capital in related undertakings	<b>47</b>					
<b>Upper tier two capital</b> (44 to 47)	<b>49</b>					

Fixed term preference shares	<b>51</b>					
Other tier two instruments	<b>52</b>					
Lower tier two capital in related undertakings	<b>53</b>					
<b>Lower tier two capital</b> (51+52+53)	<b>59</b>					

<b>Total tier two capital before restrictions</b> (49+59)	<b>61</b>					
Excess tier two capital	<b>62</b>					
Further excess lower tier two capital	<b>63</b>					
<b>Total tier two capital after restrictions, before deductions</b> (61-62-63)	<b>69</b>					

**Components of capital resources**Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2004**

	Company registration number	GL/UK/CM	Period ended			Units	
			day	month	year		
	<b>R3</b>	<b>226742</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>
	General insurance Business <b>1</b>	Long-Term insurance Business <b>2</b>	Total as at the end of this financial year <b>3</b>			As at the end of the previous year <b>4</b>	

**Total capital resources**

Positive adjustments for regulated non-insurance related undertakings	<b>71</b>					
<b>Total capital resources before deductions (39+69+71)</b>	<b>72</b>		2495284		2495284	
Inadmissible assets other than intangibles and own shares	<b>73</b>		49152		49152	
Assets in excess of market risk and counterparty limits	<b>74</b>					
Deductions for related ancillary services undertakings	<b>75</b>					
Deductions for regulated non-insurance related undertakings	<b>76</b>					
Total deductions of ineligible surplus	<b>77</b>					
<b>Total capital resources after deductions (72-73-74-76-77)</b>	<b>79</b>		2446132		2446132	

**Available capital resources for PRU tests**

Available capital resources for guarantee fund requirement	<b>81</b>		2446132		2446132	
Available capital resources for 50% MCR requirement	<b>82</b>		2446132		2446132	
Available capital resources for 75% MCR requirement	<b>83</b>		2446132		2446132	

**Financial engineering adjustments**

Implicit items	<b>91</b>					
Financial reinsurance - ceded	<b>92</b>					
Financial reinsurance - accepted	<b>93</b>					
Outstanding contingent loans	<b>94</b>					
Any other charges on future profits	<b>95</b>					
Sum of financial engineering adjustments (91+92+93+94+95)	<b>96</b>					



### Calculation of general insurance capital requirement - premiums amount and brought forward amount

Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2004**

Long-term insurance business

Company  
registration  
number

GL/UK/CM

Period ended

day month year

Units

<b>R11</b>	<b>226742</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>
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			This financial year 1	Previous year 2
Gross premiums receivable		<b>11</b>	30198	45653
Premium taxes and levies (included in line 11)		<b>12</b>		
Premiums receivable net of taxes and levies (11-12)		<b>13</b>	30198	45653
Premiums for classes 11, 12 or 13 (included in line 13)		<b>14</b>		
Premiums for "actuarial health insurance" (included in line 13)		<b>15</b>		
<b>Sub-total A</b> (13 + 1/2 14 - 2/3 15)		<b>16</b>	30198	45653
Gross premiums earned		<b>21</b>	30198	45653
Premium taxes and levies (included in line 21)		<b>22</b>		
Premiums earned net of taxes and levies (21-22)		<b>23</b>	30198	45653
Premiums for classes 11, 12 or 13 (included in line 23)		<b>24</b>		
Premiums for "actuarial health insurance" (included in line 23)		<b>25</b>		
<b>Sub-total H</b> (23 + 1/2 24 - 2/3 25)		<b>26</b>	30198	45653
<b>Sub-total I</b> (higher of sub-total A and sub-total H)		<b>30</b>	30198	45653
<b>Adjusted Sub-total I</b> if financial year is not a 12 month period to produce an annual figure		<b>31</b>		
Division of gross adjusted premiums amount: sub-total I (or adjusted sub- total I if appropriate)	x 0.18	<b>32</b>	5436	8218
	Excess (if any) over 50M EURO x 0.02	<b>33</b>		227
<b>Sub-total J</b> (32-33)		<b>34</b>	5436	7991
Claims paid in period of 3 financial years		<b>41</b>	40945	29306
Claims outstanding carried forward at the end of the 3 year period	For insurance business accounted for on an underwriting year basis	<b>42</b>		
	For insurance business accounted for on an accident year basis	<b>43</b>	16563	17535
Claims outstanding brought forward at the beginning of the 3 year period	For insurance business accounted for on an underwriting year basis	<b>44</b>		
	For insurance business accounted for on an accident year basis	<b>45</b>	2744	3223
<b>Sub-total C</b> (41+42+43-44-45)		<b>46</b>	54764	43618
Amounts recoverable from reinsurers in respect of claims included in Sub-total C		<b>47</b>	34778	21395
<b>Sub-total D</b> (46-47)		<b>48</b>	19986	22223
<b>Reinsurance ratio</b> (Sub-total D / sub-total C or, if more, 50% or, if less, 100%)		<b>49</b>	50.00	50.95
<b>Premiums amount</b> Sub-total J x <b>reinsurance ratio</b>		<b>50</b>	2718	4071
Provisions for claims outstanding (before discounting and net of reinsurance)		<b>51</b>	11893	12782
<b>Brought forward amount</b> (12.43.2 x 51.1 / 51.2 or, if less, 12.43.2)		<b>52</b>	5205	5594
Greater of lines 50 and 52		<b>53</b>	5205	5594

**General insurance business : Calculation of general insurance capital requirement - claims amount and result**Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2004**

Long-term insurance business

	Company registration number	GL/UK/CM	Period ended			Units	
			day	month	year		
	<b>R12</b>	<b>226742</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>
				This financial year <b>1</b>		Previous year <b>2</b>	
Reference period (No. of months) See PRU7.2.63R		<b>11</b>		36		36	
Claims paid in reference period		<b>21</b>		40945		29306	
Claims outstanding carried forward at the end of the reference period	For insurance business accounted for on an underwriting year basis	<b>22</b>					
	For insurance business accounted for on an accident year basis	<b>23</b>		16563		17535	
Claims outstanding brought forward at the beginning of the reference period	For insurance business accounted for on an underwriting year basis	<b>24</b>					
	For insurance business accounted for on an accident year basis	<b>25</b>		2744		3223	
Claims incurred in reference period (21+22+23-24-25)		<b>26</b>		54764		43618	
Claims incurred for classes 11, 12 or 13 (included in 26)		<b>27</b>					
Claims incurred for "actuarial health insurance" (included in 26)		<b>28</b>					
<b>Sub-total E</b> (26 + 1/2 27 - 2/3 28)		<b>29</b>		54764		43618	
<b>Sub-total F</b> - Conversion of Sub-total E to annual figure (Multiply by 12 and divide by number of months in reference period)		<b>31</b>		18255		14539	
Division of sub-total F (gross adjusted claims amount)	X 0.26	<b>32</b>		4746		3780	
	Excess (if any) over 35M EURO x 0.03	<b>33</b>					
<b>Sub-total G</b> (32 - 33)		<b>39</b>		4746		3780	
<b>Claims amount</b> Sub-total G x reinsurance ratio (11.49)		<b>41</b>		2373		1926	
Higher of <b>premiums amount</b> and <b>brought forward amount</b> (11.53)		<b>42</b>		5205		5594	
<b>General insurance capital requirement</b> (higher of lines 41 and 42)		<b>43</b>		5205		5594	

**Analysis of admissible assets**Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2004**Category of assets **Total other than long term insurance business assets**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R13	226742	GL	31	12	2004	£000	1
						day	month	year	
<b>Investments</b>						As at the end of this financial year	As at the end of the previous year		
						<b>1</b>	<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 **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2004**Category of assets **Total other than long term insurance business assets**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R13	226742	GL	31	12	2004	£000	1
				day	month	year			
<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	44698					
	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					
			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	44698						

**Analysis of admissible assets**Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2004**Category of assets **Total other than long term insurance business assets**

	Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			day	month	year			
	<b>R13</b>	<b>226742</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>1</b>
<b>Debtors</b>							As at the end of this financial year	As at the end of the previous year
<b>Other assets</b>							<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>		3895	34637	
		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>		9915	27822	
	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 from the aggregate value of assets				<b>87</b>				
Total sheet 3 (71 to 86 less 87)				<b>88</b>		13810	62459	
Grand total of admissible assets after deduction of market risk and counterparty limits (39+69+88)				<b>89</b>		58508	62459	
<b>Reconciliation to asset values determined in accordance with the insurance accounts rules</b>								
Total admissible assets after deduction of market risk and counterparty limits (as per line 89 above)				<b>91</b>		58508	62459	
Assets in excess of market and counterparty limits				<b>92</b>				
Capital resources requirement 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>				
Other inadmissible assets				<b>95</b>				
Total assets determined in accordance with the <i>insurance accounts rules</i> (91 to 95)				<b>99</b>		58508	62459	
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 **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2004**

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

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R13	226742	GL	31	12	2004	£000	10
					As at the end of this financial year		As at the end of the previous year		
					1	2			
<b>Investments</b>									
Land and buildings					11	1404997	1260421		
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	171710	98882				
		Debt securities issued by, and loans to, dependants	26	106104	101022				
	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	1682811	1460325		

**Analysis of admissible assets**Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2004**Category of assets **Total long term insurance business assets**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets		
		R13	226742	GL	31	12	2004	£000	10	
					day	month	year			
<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	5727684		5187002				
	Other shares and other variable yield securities		42							
	Holdings in collective investment schemes		43	423806		326096				
	Rights under derivative contracts		44	30681		32928				
	Debt securities and other fixed income securities	Fixed interest	Approved securities	45	3045124		2590303			
			Other	46	1261354		1670866			
		Variable interest	Approved securities	47	37905		5785			
			Other	48	18817		19139			
	Participation in investment pools		49							
	Loans secured by mortgages		50	96		118				
	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	12789		12740			
		Other		53						
	Deposits with approved credit institutions and approved financial institutions	Withdrawal subject to a time restriction of one month or less		54			3080			
		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	71		62				
	Property linked		59	1604		1319				
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	10559931		9849438					

**Analysis of admissible assets**Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2004**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>R13</b>	<b>226742</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>10</b>
<b>Debtors</b>							As at the end of this financial year	As at the end of the previous year
<b>Other assets</b>							<b>1</b>	<b>2</b>
Debtors arising out of direct insurance operations	Policyholders		<b>71</b>			99876		52562
	Intermediaries		<b>72</b>			1015		176
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>			3093		
	Due from reinsurers and intermediaries under reinsurance contracts ceded		<b>75</b>			68404		50078
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>			272267		227649
		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>			20793		67825
	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>			71728		68695
	Deferred acquisition costs		<b>85</b>					
	Other prepayments and accrued income		<b>86</b>					1010
Deductions from the aggregate value of assets			<b>87</b>					
Total sheet 3 (71 to 86 less 87)			<b>88</b>			537176		467995
Grand total of admissible assets after deduction of market risk and counterparty limits (39+69+88)			<b>89</b>			12779918		11777758
<b>Reconciliation to asset values determined in accordance with the insurance accounts rules</b>								
Total admissible assets after deduction of market risk and counterparty limits (as per line 89 above)			<b>91</b>			12779918		11777758
Assets in excess of market and counterparty limits			<b>92</b>					11243
Capital resources requirement 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>					42444
Other inadmissible assets			<b>95</b>			48135		
Total assets determined in accordance with the <i>insurance accounts rules</i> (91 to 95)			<b>99</b>			12828053		11831445
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance			<b>100</b>			44423		14437



**Analysis of admissible assets**Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2004**Category of assets **Life and Annuity**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets		
		R13	226742	GL	31	12	2004	£000	11	
						day	month	year		
<b>Investments</b>						As at the end of this financial year		As at the end of the previous year		
						<b>1</b>		<b>2</b>		
Land and buildings						<b>11</b>	1404997	1260421		
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>	171710	98882		
		Debt securities issued by, and loans to, dependants				<b>26</b>	106104	101022		
	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>	1682811	1460325		

**Analysis of admissible assets**Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2004**Category of assets **Life and Annuity**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R13	226742	GL	31	12	2004	£000	11
					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	5727684		5187002		
	Other shares and other variable yield securities			42					
	Holdings in collective investment schemes			43	423806		326096		
	Rights under derivative contracts			44	30681		32928		
	Debt securities and other fixed income securities	Fixed interest	Approved securities		45	3017551		2564667	
			Other		46	1261354		1670866	
		Variable interest	Approved securities		47	37905		5785	
			Other		48	18817		19139	
	Participation in investment pools			49					
	Loans secured by mortgages			50	96		118		
	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	12789		12740	
		Other			53				
	Deposits with approved credit institutions and approved financial institutions	Withdrawal subject to a time restriction of one month or less			54			1880	
		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	71		62		
	Property linked			59	1604		1319		
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	10532358		9822602			

**Analysis of admissible assets**Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2004**Category of assets **Life and Annuity**

	Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			day	month	year			
	<b>R13</b>	<b>226742</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>11</b>
<b>Debtors</b>							As at the end of this financial year	As at the end of the previous year
<b>Other assets</b>							<b>1</b>	<b>2</b>
Debtors arising out of direct insurance operations	Policyholders				<b>71</b>	99876	52562	
	Intermediaries				<b>72</b>	316	176	
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>	3093		
	Due from reinsurers and intermediaries under reinsurance contracts ceded				<b>75</b>	67845	49379	
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>	269850	221893
		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>	7894	48620	
	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>	71543	68394	
	Deferred acquisition costs				<b>85</b>			
	Other prepayments and accrued income				<b>86</b>		1010	
Deductions from the aggregate value of assets				<b>87</b>				
Total sheet 3 (71 to 86 less 87)				<b>88</b>	520417	442034		
Grand total of admissible assets after deduction of market risk and counterparty limits (39+69+88)				<b>89</b>	12735586	11724961		
<b>Reconciliation to asset values determined in accordance with the insurance accounts rules</b>								
Total admissible assets after deduction of market risk and counterparty limits (as per line 89 above)				<b>91</b>	12735586	11724961		
Assets in excess of market and counterparty limits				<b>92</b>		11243		
Capital resources requirement 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>		42444		
Other inadmissible assets				<b>95</b>	48135			
Total assets determined in accordance with the <i>insurance accounts rules</i> (91 to 95)				<b>99</b>	12783721	11778648		
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance				<b>100</b>	42012	14436		

**Analysis of admissible assets**Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2004**Category of assets **Permanent Health**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets		
		R13	226742	GL	31	12	2004	£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 **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2004**Category of assets **Permanent Health**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R13	226742	GL	31	12	2004	£000	12
					day	month	year		
<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	27573	25636			
			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			1200		
		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	27573	26836				

**Analysis of admissible assets**Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2004**Category of assets **Permanent Health**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets		
		R13	226742	GL	31	12	2004	£000	12	
						day	month	year		
<b>Debtors</b>					As at the end of this financial year			As at the end of the previous year		
<b>Other assets</b>					1			2		
Debtors arising out of direct insurance operations	Policyholders				71					
	Intermediaries				72	699				
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	559		699		
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	2417		5756		
		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	12899		19205		
	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	185		301		
	Deferred acquisition costs				85					
	Other prepayments and accrued income				86					
Deductions from the aggregate value of assets					87					
Total sheet 3 (71 to 86 less 87)					88	16759		25961		
Grand total of admissible assets after deduction of market risk and counterparty limits (39+69+88)					89	44332		52797		
<b>Reconciliation to asset values determined in accordance with the insurance accounts rules</b>										
Total admissible assets after deduction of market risk and counterparty limits (as per line 89 above)					91	44332		52797		
Assets in excess of market and counterparty limits					92					
Capital resources requirement deduction for subsidiary undertakings which are insurance undertakings					93					
Other differences in the valuation of assets (other than for assets not valued above)					94					
Other inadmissible assets					95					
Total assets determined in accordance with the <i>insurance accounts rules</i> (91 to 95)					99	44332		52797		
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance					100	2411		1		

**Long term insurance business liabilities and margins**Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2004**Category of assets **Total long term insurance business assets**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets
				day	month	year		
R14		226742	GL	31	12	2004	£000	10
			As at the end of this financial year 1	As at the end of the previous year 2			Source	
Mathematical reserves, after distribution of surplus		11	9672772	9336285			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	2400	2332			See Instruction 4	
Long term insurance business fund carried forward (11 to 13)		14	9675172	9338617			See Instruction 5	
Claims outstanding which had fallen due for payment before the end of the financial year	Gross amount	15	198320	124403				
	Reinsurers' share	16						
	Net (15-16)	17	198320	124403				
Provisions for other risks and charges	Taxation	21	69166	3618				
	Other	22	506	529				
Deposits received from reinsurers		23						
Creditors and other liabilities	Arising out of insurance operations	Direct insurance business	31	113679	25374			
		Reinsurance accepted	32					
		Reinsurance ceded	33	5	20588			
	Debenture loans	Secured	34					
		Unsecured	35					
	Amounts owed to credit institutions		36	139				
	Other creditors	Taxation	37	36226	28566			
		Other	38	279339	201156			
Accruals and deferred income		39	18400	24722				
Provision for "reasonably foreseeable adverse variations"		41						
Total other insurance and non-insurance liabilities (17 to 41)		49	715780	428956				
Excess of the value of net admissible assets		51	2388966	2010185			See Instruction 6	
Total liabilities and margins		59	12779918	11777758				
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance		61	16507	34718				
Amounts included in line 59 attributable to liabilities in respect of property linked benefits		62	1604	1319				
Amount of any additional mathematical reserves included in line 51 which have been taken into account in the appointed actuary's certificate		63		441620			See Instruction 7	

**Long term insurance business liabilities and margins**Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2004**Category of assets **Life and Annuity**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets
				day	month	year		
<b>R14</b>		<b>226742</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>11</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>	9644974	9306367		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>	20	20		See Instruction 4		
Long term insurance business fund carried forward (11 to 13)		<b>14</b>	9644994	9306387		See Instruction 5		
Claims outstanding which had fallen due for payment before the end of the financial year	Gross amount	<b>15</b>	198320	124369				
	Reinsurers' share	<b>16</b>						
	Net (15-16)	<b>17</b>	198320	124369				
Provisions for other risks and charges	Taxation	<b>21</b>	69050	3423				
	Other	<b>22</b>	506	529				
Deposits received from reinsurers		<b>23</b>						
Creditors and other liabilities	Arising out of insurance operations	Direct insurance business	<b>31</b>	113676	25371			
		Reinsurance accepted	<b>32</b>					
		Reinsurance ceded	<b>33</b>	5	4870			
	Debenture loans	Secured	<b>34</b>					
		Unsecured	<b>35</b>					
	Amounts owed to credit institutions		<b>36</b>	139				
	Other creditors	Taxation	<b>37</b>	33569	28566			
		Other	<b>38</b>	267961	196539			
Accruals and deferred income		<b>39</b>	18400	24722				
Provision for "reasonably foreseeable adverse variations"		<b>41</b>						
Total other insurance and non-insurance liabilities (17 to 41)		<b>49</b>	701626	408389				
Excess of the value of net admissible assets		<b>51</b>	2388966	2010185		See Instruction 6		
Total liabilities and margins		<b>59</b>	12735586	11724961				
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance		<b>61</b>	10674	33728				
Amounts included in line 59 attributable to liabilities in respect of property linked benefits		<b>62</b>	1604	1319				
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>		442750		See Instruction 7		



**Long term insurance business liabilities and margins**Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2004**Category of assets **Permanent Health**

	Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			day	month	year			
	<b>R14</b>	<b>226742</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</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>	<b>27798</b>	<b>29918</b>				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>	<b>2380</b>	<b>2312</b>				See Instruction 4	
Long term insurance business fund carried forward (11 to 13)	<b>14</b>	<b>30178</b>	<b>32230</b>				See Instruction 5	
Claims outstanding which had fallen due for payment before the end of the financial year	Gross amount	<b>15</b>		<b>34</b>				
	Reinsurers' share	<b>16</b>						
	Net (15-16)	<b>17</b>		<b>34</b>				
Provisions for other risks and charges	Taxation	<b>21</b>	<b>116</b>	<b>195</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>	<b>3</b>	<b>3</b>			
		Reinsurance accepted	<b>32</b>					
		Reinsurance ceded	<b>33</b>		<b>15718</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>	<b>2657</b>				
		Other	<b>38</b>	<b>11378</b>	<b>4617</b>			
Accruals and deferred income	<b>39</b>							
Provision for "reasonably foreseeable adverse variations"	<b>41</b>							
Total other insurance and non-insurance liabilities (17 to 41)	<b>49</b>	<b>14154</b>	<b>20567</b>					
Excess of the value of net admissible assets	<b>51</b>						See Instruction 6	
Total liabilities and margins	<b>59</b>	<b>44332</b>	<b>52797</b>					
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	<b>61</b>	<b>5833</b>	<b>990</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>		<b>(1130)</b>				See Instruction 7	

**Liabilities (other than long term insurance business)**Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2004**

		Company registration number	GL/UK/CM	Period ended			Units		
		R15	226742	GL	31	12	2004	£000	
				As at the end of this financial year 1			As at the end of the previous year 2		
				day	month	year			
Technical provisions (gross amount)	Provision for unearned premiums			11					
	Claims outstanding			12					
	Provision for unexpired risks			13					
	Equalisation provisions	Credit business			14				
		Other than credit business			15				
	Other			16					
Total (11 to 16)				19					
Provisions for other risks and charges	Taxation			21					
	Other			22					
Deposits received from reinsurers				31					
Creditors	Arising out of insurance operations	Direct insurance business			41				
		Reinsurance accepted			42				
		Reinsurance ceded			43				
	Debenture loans	Secured			44				
		Unsecured			45				
	Amounts owed to credit institutions				46				
	Other creditors	Taxation			47	92		497	
		Recommended dividend			48				
		Other			49	3650		3691	
Accruals and deferred income				51					
Total (19 to 51)				59	3742		4188		
Provision for "reasonably foreseeable adverse variations"				61					
Cumulative preference share capital				62					
Subordinated loan capital				63					
Total (59 to 63)				69	3742		4188		
Amounts included in line 69 attributable to liabilities to related insurers, other than those under contracts of insurance or reinsurance				71					

**Profit and loss account (non-technical account)**Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2004**

		Company registration number	GL/UK/CM	Period ended			Units
		R16	GL	day	month	year	£000
		226742		31	12	2004	
		1		2	Source		
					<	>	?
Transfer (to)/from the general insurance business technical account	From Form 20	11			20 . 59		
	Equalisation provisions	12					
Transfer from the long term insurance business revenue account		13	21786	27448	40 . 26		
Investment income	Income	14	298	867			
	Value re-adjustments on investments	15	9				
	Gains on the realisation of investments	16					
Investment charges	Investment management charges, including interest	17		49			
	Value re-adjustments on investments	18		1			
	Loss on the realisation of investments	19					
Allocated investment return transferred to the general insurance business technical account		20			20 . 51		
Other income and charges (particulars to be specified by way of supplementary note)		21					
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)		29	22093	28265			
Tax on profit or loss on ordinary activities		31	(32798)	261			
Profit or loss on ordinary activities after tax (29-31)		39	54891	28004			
Extraordinary profit or loss (particulars to be specified by way of supplementary note)		41					
Tax on extraordinary profit or loss		42					
Other taxes not shown under the preceding items		43					
Profit or loss for the financial year (39+41-(42+43))		49	54891	28004			
Dividends (paid and proposed)		51	58400				
Profit or loss retained for the financial year (49-51)		59	(3509)	28004			

**Analysis of derivative contracts**Name of insurer **CGNU Life Assurance Limited**

Global business

Insurance Business **Long term**Financial year ended **31st December 2004**Category of assets **Total long term insurance business assets**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R17	226742	GL	31	12	2004	£000	10
		As at the end of this financial year			As at the end of the previous year				
		Assets 1	Liabilities 2	Assets 3	Liabilities 4				
<b>Derivative contracts</b>									
Futures contracts	Fixed-interest securities	11	1753	2349					
	Equity shares	12							
	Land	13							
	Currencies	14	30402	11484	26750		5785		
	Other	15			91		26		
Options	Fixed-interest securities	21							
	Equity shares	22			15				
	Land	23							
	Currencies	24							
	Other	25	11	11	103		94		
Contracts for differences	Fixed-interest securities	31							
	Equity shares	32	7714	2561	4858				
	Land	33							
	Currencies	34			1210				
	Other	35							
Adjustments for variation margin		41	268	24	(151)				
Total (11 to 41)		49	30681	20986	32928		10763		

**Analysis of derivative contracts**Name of insurer **CGNU Life Assurance Limited**

Global business

Insurance Business **Long term**Financial year ended **31st December 2004**Category of assets **Life and Annuity**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R17	226742	GL	31	12	2004	£000	11
		As at the end of this financial year			As at the end of the previous year				
		Assets 1	Liabilities 2	Assets 3	Liabilities 4				
<b>Derivative contracts</b>	Fixed-interest securities	11		1753	2349				
	Equity shares	12							
	Land	13							
	Currencies	14	30402	11484	26750		5785		
	Other	15			91		26		
Futures contracts	Fixed-interest securities	21							
	Equity shares	22			15				
	Land	23							
	Currencies	24							
	Other	25	11	11	103		94		
Options	Fixed-interest securities	31							
	Equity shares	32		7714	2561		4858		
	Land	33							
	Currencies	34			1210				
	Other	35							
Contracts for differences									
Adjustments for variation margin	41	268	24	(151)					
Total (11 to 41)	49	30681	20986	32928		10763			

**With-profits insurance capital component for the fund**Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2004**With-profits fund **With Profit 1**

	Company registration number	GL/UK/CM	Period ended			Units
			day	month	year	
<b>R18</b>	<b>226742</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>
			As at end of this financial year		As at end of the previous year	
			<b>1</b>		<b>2</b>	

**Regulatory excess capital**

Regulatory value of assets	Long-term admissible assets of the fund	<b>11</b>	12735586	
	Implicit items allocated to the fund	<b>12</b>		
	Mathematical reserves in respect of non-profit insurance contracts written in the fund	<b>13</b>	812924	
	Long-term admissible assets of the fund covering the long-term insurance capital requirement allocated in respect of non-profit insurance contracts written in fund	<b>14</b>	139146	
	Long-term admissible assets of the fund covering the resilience capital requirement allocated in respect of non-profit insurance contracts written in fund	<b>15</b>		
	Total (11+12-(13+14+15))	<b>19</b>	11783516	
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profits insurance contracts	<b>21</b>	8832050	
	Regulatory current liabilities of the fund	<b>22</b>	701624	
	Total (21+22)	<b>29</b>	9533674	
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		<b>31</b>	567288	
Resilience capital requirement in respect of the fund's with-profits insurance contracts		<b>32</b>		
Sum of regulatory value of liabilities, long-term insurance capital requirement and resilience capital requirement (29+31+32)		<b>39</b>	10100962	
Regulatory excess capital (19-39)		<b>49</b>	1682554	

**Realistic excess capital**

Realistic excess capital	<b>51</b>	1378013	
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**Excess assets allocated to with-profits insurance business**

Excess (deficiency) of assets allocated to with-profits insurance business in fund (49-51)	<b>61</b>	304541	
Face amount of capital instruments attributed to the fund and included in the capital resources (unstressed)	<b>62</b>		
Realistic amount of capital instruments attributed to the fund and included in the capital resources (stressed)	<b>63</b>		
With-profits insurance capital component for fund (if 62 exceeds 63, greater of 61+62-63 and zero; else greater of 61 and zero)	<b>64</b>	304541	

**Realistic balance sheet**Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2004**With-profits fund **With Profit 1**

R19	Company registration number 226742	GL/UK/CM GL	Period ended			Units £000
			day	month	year	
			31	12	2004	

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

**Realistic value of assets available to the fund**

Regulatory value of assets	11	11783516	
Implicit items allocated to the fund	12		
Value of shares in subsidiaries held in the fund (regulatory)	13		
Excess admissible assets	21		
Present value of future profits (or losses) on non-profit insurance contracts written in the fund	22	470352	
Value of derivatives and quasi-derivatives not already reflected in lines 11 to 22	23		
Value of shares in subsidiaries held in the fund (realistic)	24		
Prepayments made from the fund	25		
Realistic value of assets of the fund (11+21+22+23+24+25-(12+13))	26	12253868	
Support arrangement assets	27		
Assets available to the fund (26+27)	29	12253868	

**Realistic value of liabilities of fund**

With-profits benefits reserve	31	8969027	
Future policy related liabilities	Past miscellaneous surplus attributed to with-profits benefits reserve	32	
	Past miscellaneous deficit attributed to with-profits benefits reserve	33	
	Planned enhancements to with-profits benefits reserve	34	22096
	Planned deductions for the cost of guarantees, options and smoothing from with-profits benefits reserve	35	
	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	36	34840
	Future costs of contractual guarantees (other than financial options)	41	404959
	Future costs of non-contractual commitments	42	212364
	Future costs of financial options	43	18412
	Future costs of smoothing (possibly negative)	44	4525
	Financing costs	45	
	Any other liabilities related to regulatory duty to treat customers fairly	46	
	Other long-term insurance liabilities	47	244562
	Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49	872078
Realistic current liabilities of the fund	51	701624	
Realistic value of liabilities of the fund (31+49+51)	59	10542729	

**Realistic balance sheet**

Name of insurer **CGNU Life Assurance Limited**  
 Global business  
 Financial year ended **31st December 2004**  
 With-profits fund **With Profit 1**

R19	Company registration number 226742	GL/UK/CM GL	Period ended			Units £000
			day	month	year	
			31	12	2004	
			As at end of this financial year 1		As at end of the previous year 2	

**Realistic excess capital and additional capital available**

Value of relevant assets before applying the most adverse scenario other than present value of future profits arising from business outside with-profits funds	62	10875855	
Amount of present value of future profits (or losses) on long-term insurance contracts written outside the fund included in the value of relevant assets before applying most adverse scenario	63		
Value of relevant assets before applying the most adverse scenario (62+63)	64	10875855	
Risk capital margin for fund (62-59)	65	333126	
Realistic excess capital for fund (26-(59+65))	66	1378013	
Realistic excess available capital for fund (29-(59+65))	67	1378013	
Working capital for for fund (29-59)	68	1711139	
Working capital ratio for fund (68/29)	69	0.14	

**Other assets potentially available if required to cover the fund's risk capital margin**

Additional amount potentially available for inclusion in line 62	81		
Additional amount potentially available for inclusion in line 63	82		



**Long term insurance business : Revenue account**Name of insurer **CGNU Life Assurance Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2004**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>226742</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</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>	719050	807555	
Investment income receivable before deduction of tax						<b>12</b>	506487	506409	
Increase (decrease) in the value of non-linked assets brought into account						<b>13</b>	373917	(365969)	
Increase (decrease) in the value of linked assets						<b>14</b>	(3)	155	
Other income						<b>15</b>			
Total income (11 to 15)						<b>19</b>	1599451	948150	
Claims incurred						<b>21</b>	1071424	899208	
Expenses payable						<b>22</b>	122355	141306	
Interest payable before deduction of tax						<b>23</b>	6690	5866	
Taxation						<b>24</b>	40641	(15101)	
Other expenditure						<b>25</b>			
Transfer to (from) non technical account						<b>26</b>	21786	27448	
Total expenditure (21 to 26)						<b>29</b>	1262896	1058727	
Increase (decrease) in fund in financial year (19-29)						<b>39</b>	336555	(110577)	
Fund brought forward						<b>49</b>	9338617	9449194	
Fund carried forward (39+49)						<b>59</b>	9675172	9338617	

**Long term insurance business : Revenue account**Name of insurer **CGNU Life Assurance Limited**

Global business

Ordinary insurance business

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

	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>226742</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>OB</b>	<b>1</b>	<b>99</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>	712895	803401		
Investment income receivable before deduction of tax					<b>12</b>	505045	505034		
Increase (decrease) in the value of non-linked assets brought into account					<b>13</b>	373038	(365230)		
Increase (decrease) in the value of linked assets					<b>14</b>	(3)	155		
Other income					<b>15</b>				
Total income (11 to 15)					<b>19</b>	1590975	943360		
Claims incurred					<b>21</b>	1067267	897427		
Expenses payable					<b>22</b>	119596	138412		
Interest payable before deduction of tax					<b>23</b>	6690	5866		
Taxation					<b>24</b>	37029	(14511)		
Other expenditure					<b>25</b>				
Transfer to (from) non technical account					<b>26</b>	21786	27448		
Total expenditure (21 to 26)					<b>29</b>	1252368	1054642		
Increase (decrease) in fund in financial year (19-29)					<b>39</b>	338607	(111282)		
Fund brought forward					<b>49</b>	9306387	9417669		
Fund carried forward (39+49)					<b>59</b>	9644994	9306387		

**Long term insurance business : Revenue account**Name of insurer **CGNU Life Assurance Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2004**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>226742</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</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>	6155	4154		
Investment income receivable before deduction of tax					<b>12</b>	1442	1375		
Increase (decrease) in the value of non-linked assets brought into account					<b>13</b>	879	(739)		
Increase (decrease) in the value of linked assets					<b>14</b>				
Other income					<b>15</b>				
Total income (11 to 15)					<b>19</b>	8476	4790		
Claims incurred					<b>21</b>	4157	1781		
Expenses payable					<b>22</b>	2759	2894		
Interest payable before deduction of tax					<b>23</b>				
Taxation					<b>24</b>	3612	(590)		
Other expenditure					<b>25</b>				
Transfer to (from) non technical account					<b>26</b>				
Total expenditure (21 to 26)					<b>29</b>	10528	4085		
Increase (decrease) in fund in financial year (19-29)					<b>39</b>	(2052)	705		
Fund brought forward					<b>49</b>	32230	31525		
Fund carried forward (39+49)					<b>59</b>	30178	32230		

**Long term insurance business : Analysis of premiums and expenses**Name of insurer **CGNU Life Assurance Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2004**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>R41</b>	<b>226742</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>OB</b>	<b>99</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>		1955690		1628196	327494		
		Regular premium	<b>12</b>		301139		110819	190320		
	Pension business contracts	Single premium	<b>13</b>		1621028		1523401	97627		
		Regular premium	<b>14</b>		778616		690525	88091		
	Permanent health contracts	Single premium	<b>15</b>		1914		1855	59		
		Regular premium	<b>16</b>		28284		13500	14784		
	Other contracts	Single premium	<b>17</b>		675			675		
		Regular premium	<b>18</b>							
	Total premiums	Single premium	<b>19</b>		3579307		3153452	425855		
		Regular premium	<b>29</b>		1108039		814844	293195		
Total premiums at lines 19 and 29 attributable to	UK contracts	<b>31</b>		4586639		3947400	639239			
	Overseas contracts	<b>32</b>		100707		20896	79811			
Expenses payable in the financial year	Commission payable in connection with acquisition of business		<b>41</b>		183485		148099	35386		
	Other commission payable		<b>42</b>		24979		8759	16220		
	Management expenses in connection with acquisition of business		<b>43</b>		127776		101427	26349		
	Management expenses in connection with maintenance of business		<b>44</b>		47868		15436	32432		
	Other management expenses		<b>45</b>		36821		24853	11968		
	Total expenses (41 to 45)		<b>49</b>		420929		298574	122355		
	Total expenses at line 49 attributable to	UK contracts	<b>51</b>		415509		296966	118543		
		Overseas contracts	<b>52</b>		5420		1608	3812		

**Long term insurance business : Analysis of premiums and expenses**Name of insurer **CGNU Life Assurance Limited**

Global business

Ordinary insurance business

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

		Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/Summary	No of part of Fund	
		R41	226742	GL	31	12	2004	£000	OB	1	99
					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	1955690	1628196	327494					
		Regular premium	12	301139	110819	190320					
	Pension business contracts	Single premium	13	1621028	1523401	97627					
		Regular premium	14	778616	690525	88091					
	Permanent health contracts	Single premium	15								
		Regular premium	16	8688		8688					
	Other contracts	Single premium	17	675		675					
		Regular premium	18								
	Total premiums	Single premium	19	3577393	3151597	425796					
		Regular premium	29	1088443	801344	287099					
Total premiums at lines 19 and 29 attributable to	UK contracts	31	4565129	3932045	633084						
	Overseas contracts	32	100707	20896	79811						
Expenses payable in the financial year	Commission payable in connection with acquisition of business		41	183485	148099	35386					
	Other commission payable		42	23346	8684	14662					
	Management expenses in connection with acquisition of business		43	127725	101427	26298					
	Management expenses in connection with maintenance of business		44	46522	15237	31285					
	Other management expenses		45	36811	24846	11965					
	Total expenses (41 to 45)		49	417889	298293	119596					
	Total expenses at line 49 attributable to	UK contracts	51	412469	296685	115784					
		Overseas contracts	52	5420	1608	3812					

**Long term insurance business : Analysis of premiums and expenses**Name of insurer **CGNU Life Assurance Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2004**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	
		R41	226742	GL	31	12	2004	£000	OB	2	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			1914		1855		59	
		Regular premium	16			19596		13500		6096	
	Other contracts	Single premium	17								
		Regular premium	18								
	Total premiums	Single premium	19			1914		1855		59	
		Regular premium	29			19596		13500		6096	
Total premiums at lines 19 and 29 attributable to	UK contracts	31			21510		15355		6155		
	Overseas contracts	32									
Expenses payable in the financial year	Commission payable in connection with acquisition of business		41								
	Other commission payable		42			1633		75		1558	
	Management expenses in connection with acquisition of business		43			51				51	
	Management expenses in connection with maintenance of business		44			1346		199		1147	
	Other management expenses		45			10		7		3	
	Total expenses (41 to 45)		49			3040		281		2759	
	Total expenses at line 49 attributable to	UK contracts	51			3040		281		2759	
Overseas contracts		52									

**Long term insurance business : Analysis of claims**Name of insurer **CGNU Life Assurance Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2004**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>226742</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</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>	297686		189308	108378		
	By way of lump sums on maturity			<b>12</b>	90814		543	90271		
	By way of annuity payments			<b>13</b>	1047			1047		
	By way of payments arising from other insured events			<b>14</b>						
	On surrender or partial surrender			<b>15</b>	1440819		885605	555214		
	Total life assurance and annuity claims (11 to 15)			<b>19</b>	1830366		1075456	754910		
Pension business contracts	On death			<b>21</b>	20954		14424	6530		
	By way of lump sums on vesting			<b>22</b>	99849		48557	51292		
	By way of vested annuity payments			<b>23</b>	39087			39087		
	On surrender or partial surrender			<b>24</b>	665888		451487	214401		
	Total pension business claims (21 to 24)			<b>29</b>	825778		514468	311310		
Permanent health contracts	By way of lump sums			<b>31</b>	2566		1437	1129		
	By way of periodical payments			<b>32</b>	16905		12830	4075		
	Total permanent health claims (31+32)			<b>39</b>	19471		14267	5204		
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>	2675615		1604191	1071424		
Total claims at line 59 attributable to	UK contracts			<b>61</b>	2576630		1568188	1008442		
	Overseas contracts			<b>62</b>	98985		36003	62982		

**Long term insurance business : Analysis of claims**Name of insurer **CGNU Life Assurance Limited**

Global business

Ordinary insurance business

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

	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>226742</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>OB</b>	<b>1</b>	<b>99</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>	297686		189308	108378		
	By way of lump sums on maturity			<b>12</b>	90814		543	90271		
	By way of annuity payments			<b>13</b>	1047			1047		
	By way of payments arising from other insured events			<b>14</b>						
	On surrender or partial surrender			<b>15</b>	1440819		885605	555214		
	Total life assurance and annuity claims (11 to 15)			<b>19</b>	1830366		1075456	754910		
Pension business contracts	On death			<b>21</b>	20954		14424	6530		
	By way of lump sums on vesting			<b>22</b>	99849		48557	51292		
	By way of vested annuity payments			<b>23</b>	39087			39087		
	On surrender or partial surrender			<b>24</b>	665888		451487	214401		
	Total pension business claims (21 to 24)			<b>29</b>	825778		514468	311310		
Permanent health contracts	By way of lump sums			<b>31</b>	509			509		
	By way of periodical payments			<b>32</b>	692		154	538		
	Total permanent health claims (31+32)			<b>39</b>	1201		154	1047		
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>	2657345		1590078	1067267		
Total claims at line 59 attributable to	UK contracts			<b>61</b>	2558360		1554075	1004285		
	Overseas contracts			<b>62</b>	98985		36003	62982		



**Long term insurance business : Analysis of claims**Name of insurer **CGNU Life Assurance Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2004**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	226742	GL	31	12	2004	£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			2057		1437		620		
	By way of periodical payments	32			16213		12676		3537		
	Total permanent health claims (31+32)	39			18270		14113		4157		
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			18270		14113		4157		
Total claims at line 59 attributable to	UK contracts	61			18270		14113		4157		
	Overseas contracts	62									

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

Name of insurer **CGNU Life Assurance Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2004**

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>R43</b>	<b>226742</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>OB</b>	<b>99</b>	<b>0</b>

Name of fund  <b>1</b>	Directly held assets  <b>2</b>	Investment in other internal linked funds of the insurer  <b>3</b>	Total assets (2+3)  <b>4</b>	Provision for tax on unrealised capital gains  <b>5</b>	Secured and unsecured loans  <b>6</b>	Other liabilities  <b>7</b>	Net asset value (4-5-6-7)  <b>8</b>
French Vega Securite	580		580				580
<b>Total</b>	<b>580</b>		<b>580</b>				<b>580</b>

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

Name of insurer **CGNU Life Assurance Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2004**

Name and number of fund/Summary **Life and Annuity 1**

Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund	
		day	month	year					
<b>R43</b>	<b>226742</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>OB</b>	<b>1</b>	<b>99</b>

Name of fund <b>1</b>	Directly held assets <b>2</b>	Investment in other internal linked funds of the insurer <b>3</b>	Total assets (2+3) <b>4</b>	Provision for tax on unrealised capital gains <b>5</b>	Secured and unsecured loans <b>6</b>	Other liabilities <b>7</b>	Net asset value (4-5-6-7) <b>8</b>
French Vega Securite	580		580				580
<b>Total</b>	<b>580</b>		<b>580</b>				<b>580</b>

**Long term insurance business : Aggregate revenue account for internal linked funds**Name of insurer **CGNU Life Assurance Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2004**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>R44</b>	<b>226742</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>OB</b>	<b>99</b>	<b>0</b>
Value of total creation of units						11			555
Investment income attributable to the funds before deduction of tax						12			
Increase (decrease) in the value of investments in the financial year						13			(3)
Other income						14			
Total income (11 to 14)						19			552
Value of total cancellation of units						21			1596
Charges for management						22			
Charges in respect of tax on investment income						23			
Taxation on realised capital gains						24			
Increase (decrease) in amount set aside for tax on capital gains not yet realised						25			
Other expenditure						26			
Total expenditure (21 to 26)						29			1596
Increase (decrease) in funds in financial year (19-29)						39			(1044)
Internal linked funds brought forward						49			1624
Internal linked funds carried forward (39+49)						59			580

**Long term insurance business : Aggregate revenue account for internal linked funds**Name of insurer **CGNU Life Assurance Limited**

Global business

Ordinary insurance business

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

	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/Summary	No of part of Fund
			day	month	year				
<b>R44</b>	<b>226742</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>OB</b>	<b>1</b>	<b>99</b>
Value of total creation of units						11			555
Investment income attributable to the funds before deduction of tax						12			
Increase (decrease) in the value of investments in the financial year						13			(3)
Other income						14			
Total income (11 to 14)						19			552
Value of total cancellation of units						21			1596
Charges for management						22			
Charges in respect of tax on investment income						23			
Taxation on realised capital gains						24			
Increase (decrease) in amount set aside for tax on capital gains not yet realised						25			
Other expenditure						26			
Total expenditure (21 to 26)						29			1596
Increase (decrease) in funds in financial year (19-29)						39			(1044)
Internal linked funds brought forward						49			1624
Internal linked funds carried forward (39+49)						59			580



## Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

- 1 The date to which the investigation relates is 31 December 2004.
- 2 The date to which the previous investigation related was 31 December 2003.
- 3 This valuation is in conformity with PRU 7.3.10R.

### 4 (1) **Non linked contracts**

#### (a) **Retirement annuities**

These are directly written with-profit deferred annuities approved under Chapter III Part XIV of the Income and Corporation Taxes Act 1988 or under corresponding legislation in Jersey and Guernsey.

Benefits are expressed in terms of a guaranteed annuity payable from age 70 (occasionally age 75). Each premium paid is applied to purchase additional benefits after deduction of commission and in the case of policies written since 1981, a policy charge. Premium rates can be changed for increments to regular premiums and for future single premiums.

For policies written prior to 1981, premium payments could be level or flexible within limits defined in the policy. For policies written since 1981, premium payments are either level or single.

Retirement can take place at any time between age 60 and 70 (or earlier in the event of ill health or in the case of certain occupations or professions), in which case the guaranteed annuity is reduced by the application of an early retirement factor which is specified in the policy.

On retirement at any age, part or the entire guaranteed annuity may be commuted for cash, on the basis of fixed rates of conversion specified in the policy. The resulting cash sum may be taken as a benefit within Inland Revenue limits or applied on current immediate annuity rates with the Company or with any other insurance company.

Benefits payable on death are either a return of premiums with interest, a return of premiums with no interest, or a return of fund. The return of fund benefit is equal to the cash sum that would be available on retirement at that time.

Transfer values are available by concession but are not guaranteed. Current practice is to pay the cash sum that would be available on retirement at that time.

Waiver of premium benefit is available on policies issued since 1984.

Reversionary bonuses are added to the benefits purchased to date. Future reversionary bonus rates are not guaranteed.

This contract is no longer issued.

#### **Unitised with profit**

Unitised with profit benefits arise under Personal Pension Scheme, GA Group Money Purchase Scheme, GA Top-up Pension and International Personal Pension policies which are unit linked policies issued jointly by this Company and Norwich Union Linked Life Assurance Limited prior to 1 January 1993 (15 March 1993 in the case of the International Personal Pension). Jointly issued contracts are administered by Norwich Union Linked Life Assurance Limited and are fully described in the returns of that company.

Unitised with profit benefits also arise under unit linked policies issued by this Company. These contracts are fully described in paragraph 5 where details of contractual charges are given.

Norwich Union Linked Life Assurance Limited retains the initial charge included in the offer price of units in the Unitised With Profit Pension Fund under jointly issued policies.

**Valuation report – IPRU (INS) Appendix 9.4**

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

A periodic charge of 1% p.a. is rebated to Norwich Union Linked Life Assurance Limited, in respect of Unitised With Profit Pension benefits under jointly issued policies. No other periodic charge is applied to the Unitised With Profit Life and Pension Funds other than by unit cancellation under the contract terms. These funds form non-identifiable parts of the Company's ordinary Long Term Life Assurance and Annuity Fund.



## Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

### **Unitised With Profit Income**

These are Unitised With Profit benefits arising under Portfolio Bond contracts written since 15 May 2000 and under the NU Bond, NU Bond 2000, Joint Venture Bond, NU Flexibond, NU Bond Level Option and NU Bond Step Down Option contracts. The unit price is fixed at £1 and profits are distributed by allocating additional units to the policy each month in line with the prevailing regular bonus rate. The fund forms a non-identifiable part of the Company's ordinary Long Term Life Assurance and Annuity Fund.

### **Valeur Plus**

These are Unitised With Profit benefits arising under the French Multi-Portfolio and Multi-Portfolio Retraite contracts denominated in Euros. Those contracts are fully described in paragraph 5.

No periodic charge is applied to units in this fund other than by unit cancellation under the contract terms. The fund forms a non-identifiable part of the Company's Ordinary Long Term Life Assurance and Annuity Fund.

### **German Unitised With Profit**

These are Unitised With Profit benefits arising under the German GALA and German DIVA contracts denominated in Euros. Those contracts are fully described in paragraph 5. No periodic charge is applied to units in this fund other than by unit cancellation under the contract terms. The fund forms a non-identifiable part of the Company's Long Term Life Assurance and Annuity fund.

### **Irish Unitised With Profit**

These are Unitised With Profit benefits arising under the Irish Portfolio Bond, Irish Portfolio Pension, Irish Executive Portfolio Pension and Irish Pension Buy-Out Plan contracts denominated in Euros. These contracts are fully described in paragraph 5. No periodic charge is applied to units in this fund other than by way of unit cancellation under the contract terms. The fund forms a non-identifiable part of the Company's Long Term Life Assurance and Annuity Fund.

### **Reassurance from Norwich Union Life (RBS) Ltd**

From 28 January 2002 the Company was the accepting reinsurer for the With Profit Bond contract written by Norwich Union Life (RBS) Ltd (referred to in the returns as the Joint Venture Bond). The treaty is on a quota share basis with 45% being reassured to the company for policies written prior to 1 January 2004. For policies written on or after 1 January 2004 the treaty is on a quota share basis with 55% being reassured to the company. The contract terms are as follows.

The contract is a single premium United Kingdom reinsurance accepted whole life assurance and is classified as life assurance and general annuity business. Benefits may be linked to the Unitised With Profit Life Fund, the Unitised With Profit Income Fund or a combination of both.

Unitised with profit benefits arise under With Profit Bond policies issued by this Company.

Single premiums may be paid. The death benefit is the greater of the single premium less any withdrawals, and 101% of the bid value of units. In addition, the Company may pay a final bonus on death in accordance with the final bonus scales, if any, applicable at the date of cancellation.

For policies written prior to 26 January 2004, up to 100% of premiums may be applied to purchase units in the implicitly charged Unitised With Profit Life Fund or the implicitly charged Unitised With Profit Income Fund of the Company. No annual management charge is applied to the implicitly charged Unitised With Profit Life Fund and implicitly charged Unitised With Profit Income Fund. Expenses are taken into account when calculating the bonus rates applicable to the funds.

For policies written on or after 26 January 2004, up to 100% of premiums may be applied to purchase units in the explicitly charged Unitised With Profit Life Fund or the explicitly charged Unitised With Profit Income Fund of the Company. An annual management charge, currently 1%pa, is applied to the explicitly charged Unitised With Profit Life Fund and explicitly charged Unitised With Profit Income Fund. The annual management charge will be deducted by the Company on the first day of every month following the commencement date and is calculated in respect of each fund in which units are held as a percentage of

**Valuation report – IPRU (INS) Appendix 9.4**

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

the number of units held in that fund. For all explicitly charged funds, the charges in the first 5 years are higher because we take an extra yearly charge of 1%pa (reduced to 0.5%pa for investments over £10,000) to cover some of our set up costs. This is called the limited administration charge.

## Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

### (i) Deductions from identifiable current benefit

The surrender value is equal to the bid value of units, after any allowance for final bonus or Market Value Reduction, less an early redemption charge in the case of surrenders during the first 5 years of the policy. The charge applies where the amount surrendered exceeds 10% of the initial investment per policy year and is applied to the amount withdrawn that exceeds 10% according to the following scale:

Year	Early Redemption Charge (implicitly charged funds)	Early Redemption Charge (explicitly charged funds)
1	8%	8%
2	7%	6%
3	5%	5%
4	3%	3%
5	1%	1%

The company reserves the right to adjust the value of units by applying a market value reduction. The adjustment is not applied on death nor to 'protected withdrawals' (see below).

The adjustment is applied at the company's discretion. In determining a Market Value Reduction (MVR) the investment return of the With Profits Fund is compared with the return credited to the units being cancelled. An MVR may be applied when the investment performance is less than the credited return.

A discretionary final bonus may also be added or adjusted at any time.

- (ii) No Market Value Reduction has been applied during the report period. The Market Value Reduction was expressed as a scale varying by month of unit purchase and the scale was revised on a number of occasions to reflect changing investment conditions.
- (iii) The price of units in the Unitised With Profits Life Fund is guaranteed never to fall. For Unitised With Profit Life Fund, the profits are distributed by increasing the unit price of the policy each day in line with the prevailing regular bonus rate. For Unitised With Profit Income fund, the unit price is fixed at £1 and profits are distributed by allocating additional units to the policy each month in line with the prevailing total regular bonus rate.

There is a guaranteed first anniversary bonus, paid on the first policy anniversary. The rate of this bonus is dependent upon the amount originally invested into the bond. Prior to 1 August 2002, the bonus varies from 0% up to 3.5% for investment over £100,000. For policies written between 1 August 2002 and 24 January 2004, the bonus varies from 0% up to 1.25% for investment over £100,000. An additional bonus of 1.5% is paid for policies written between 21 October 2002 and 19 December 2003, for all investment amounts. For policies written on or after 26 January 2004 the bonus varies from 0% up to 1.25% for investment over £100,000. An additional bonus of 2.0% is paid for policies written between 26 January 2004 and 16 April 2004, for all investment amounts. An additional bonus of between 0.5% and 1.5%, depending upon investment amount, is paid for policies written between 17 May 2004 and 30 July 2004. An additional bonus of 2.0% is paid for policies written between 6 September 2004 and 5 February 2005, for all investment amounts.

For policies invested in the implicitly charged funds, a Loyalty bonus of 0.5% is payable against the number of units remaining in the bond at the close of business on the day prior to the sixth anniversary, and every subsequent yearly anniversary. The Loyalty bonus is paid by adding extra units.

- (iv) In the case of investments in the implicitly charged Unitised With Profit Life Funds there is a money back guarantee on the tenth anniversary of the policy. The amount guaranteed is the initial investment reduced in proportion to the number of units cancelled through withdrawals and switches.

In the case of investments in the explicitly charged Unitised With Profit Life Fund there are money back guarantees on the fifth and tenth anniversaries of the policy. The amount guaranteed is the initial investment reduced in proportion to the number of units cancelled through withdrawals and switches.

There is no money back guarantee for Unitised With Profit Income Funds.

## Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

- (v) Regular withdrawal option enables regular payments to be taken from the Bond. Regular withdrawal options are not available where there are investments in the Unitised With Profit Income Funds.

For certain regular withdrawals from the Unitised With Profit Life Funds there is a guarantee not to apply either a surrender charge or a Market Value Reduction. For the implicitly charged fund, this applies provided the withdrawal is less than 7.5% p.a. of the initial investment and this facility was set up from inception or after outset at a time when no Market Value Reduction was applying. For the explicitly charged fund, this applies provided the withdrawal is less than 5% p.a. of the initial investment and this facility was set up from inception or after outset at a time when no Market Value Reduction was applying. For Unitised With Profit Income fund, no Market Value Reduction is applicable to the income payments up to the total bonus rate at that time.

Policyholders may switch funds between the Unitised With Profit Life Fund and the Unitised With Profit Income Fund.

### Reassurance from Norwich Union International Limited

From 30 September 2002 the Company was the accepting reinsurer for the With Profit Bond contract and from 19 January 2004 the Company was the accepting reinsurer for the Core Funds Bond contract. These contracts are written by Norwich Union International Limited, a company incorporated in the Dublin International Financial Services Centre (referred to in the returns as the NU International With-Profit Bond and the NU International Core Funds Bond). The treaty is on a quota share basis with 45% being reassured to the company for policies written prior to 1 January 2004. For policies written on or after 1 January 2004 the treaty is on a quota share basis with 55% being reassured to the company. The contract terms are as follows. The With Profit Bond is a whole life assurance plan. The Core Funds Bond can be either whole life assurance or Capital Redemption, which has a fixed term providing payment on maturity. Both With Profit Bond and Core Funds Bond are classified as overseas life assurance and general annuity business. Benefits are linked to the Unitised With Profit Pension Fund.

#### (i) Deductions from identifiable current benefit

If units are held for less than 5 years, a charge is applied to the bid value of units as follows. The charge is not applied on death, nor to certain regular withdrawals (see below). The surrender value is equal to the bid value of units, after any allowance for final bonus or market value reduction, less an early redemption charge in the case of surrenders during the first 5 years of the policy. The early cash-in charge is applied to the money originally invested according to the following scale:

Year	Charge
1	9.9%
2	8.0%
3	6.0%
4	4.0%
5	2.0%

The company reserves the right to adjust the value of units by applying a market value reduction. The adjustment is not applied on death nor to 'protected withdrawals' (see below).

The adjustment is applied at the company's discretion. In determining a Market Value Reduction (MVR) the investment return of the With Profits Fund is compared with the return credited to the units being cancelled. An MVR may be applied when the investment performance is less than the credited return.

A discretionary final bonus may also be added or adjusted at any time.

- (ii) The price of units in the Unitised With Profits Pension Fund is guaranteed never to fall.
- (iii) There is a money back guarantee on the tenth anniversary of the policy. The amount guaranteed is the initial investment reduced in proportion to the number of units cancelled through withdrawals. For the Capital Redemption version of the Core Funds Bond, the bond will mature 99 years after the start date. The maturity value will be reduced for any withdrawals taken over the term of the bond and will be the greater of  $1.01 \times (\text{investment} - \text{any withdrawals})$  or the cash-in value of the bond.
- (iv) Regular withdrawal option enables regular payments to be taken from the Bond.

## Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

For certain regular withdrawals from the Unitised With Profits Life Fund there is a guarantee not to apply either a surrender charge or a Market Value Reduction. This applies provided the withdrawal is less than 7.5% p.a. of the initial investment and this facility was set up from inception or after outset at a time when no Market Value Reduction was applying.

- (b) There are no policies that provide for benefits on the basis of interest accrued.
- (c) The benefits under all categories of non-linked contract are fully described by the entry in column 1 of Form 51 except for the following:

### **Endowment assurances**

A moving house option is available on low cost endowment policies to increase the level of cover without evidence of health subject to limits defined in the policy.

Waiver of premium benefit may be effected on low cost endowment policies issued since 10 April 1996.

Certain low cost endowment policies issued since 23 November 1993 provide that, in cases of financial hardship leading to default on a mortgage loan, the surrender value will not be less than the premiums paid. The Company retains discretion in determining whether the minimum surrender payment will be made.

### **Endowment Assurances with critical illness and Decreasing Term Assurances with critical illness**

These are endowment and decreasing term assurances whose benefits before maturity are paid on death or on the diagnosis of any specified critical illness, including permanent total disability. Policies issued since 2 January 1998 incorporate a terminal illness benefit as described below.

Waiver of premium option and moving house options and the financial hardship provision are available as for Endowment Assurances.

### **Economy endowment assurances**

These are endowment assurances where the premiums increase by 20% per annum simple during the first five years.

### **Lifecover Plus assurances**

These are whole life assurances issued without underwriting where the benefit on death within the first two years is restricted to the return of 115% of the premiums paid. The contract is available to lives aged 50 to 75 at the date of issue.

### **Term assurances**

Term assurances issued since August 1995 incorporate a terminal illness benefit. This benefit provides for the payment of the full sum assured where the life assured is diagnosed as suffering from a terminal illness with a life expectancy of no greater than 12 months. This benefit does not apply in the last 18 months of the policy.

Critical illness and waiver of premium options are available for policies issued since 17 November 1999. Critical illness and waiver of premium benefits are insured by the Permanent Health Insurance Fund and death benefits are insured by the Life and Annuity Fund. Premiums and claims are directly attributed to the appropriate fund. Commission and expenses are apportioned between the funds in proportion to the respective premiums.

Certain term assurances contain options to convert to a different class of assurance before the end of the term or to extend the period of assurance without evidence of health. Additional premiums are paid for these options.

### **Decreasing term assurance**

Critical illness and waiver of premium options are available for policies issued since 2 October 2000. Critical illness and waiver of premium benefits are insured by the Permanent Health Insurance Fund and

## Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

death benefits are insured by the Life and Annuity Fund. Premiums and claims are directly attributed to the appropriate fund. Commission and expenses are apportioned between the funds in proportion to the respective premiums.

### **Serious illness contracts**

This contract provides a lump sum on diagnosis or on death arising from cancer, stroke or heart attack. The policy is written as a 10 year term assurance. Premiums, claims and expenses are apportioned between the Life & Annuity Fund and the Permanent Health Insurance Fund in the ratio 65:35, being the estimated proportion of claims arising on death and diagnosis respectively.

This contract was not issued after 1997.

### **Critical illness contracts**

This contract provides a lump sum on diagnosis of a specified critical illness, providing the policyholder subsequently survives for a minimum of 28 days. There is no benefit payable on death. Two versions are available: one provides a level sum assured throughout the term, the other provides a decreasing sum assured. Premiums are level throughout the term of the policy.

### **German term assurances**

This product incorporates a terminal illness benefit. This benefit provides for the payment of the full sum assured where the life is diagnosed as suffering from a terminal illness with a life expectancy of no more than 12 months. This benefit does not apply in the last 18 months of the policy.

Temporary insurance cover is provided, subject to limits on the benefit payable defined in the policy and the exclusion of pre-existing conditions and suicide. This benefit provides cover from receipt of the application to the date of commencement of the policy, subject to a maximum of two months. No additional charge is made for this benefit.

### **Group Term assurance**

In the case of pensions group life and group widows death in service contracts costed by unit rate, the unit rate is guaranteed for either 2 or 3 years, subject to there being no material variation in the employees or the level of benefit to be provided in accordance with the scheme rates.

### **Cash on retirement**

These are single or regular premium pension contracts issued to employers to provide benefits under a scheme which complies with Chapter 1 of Part XIV of the Income and Corporation Taxes Act 1988.

The contracts either provide cash on retirement with no options or cash on retirement with a guaranteed annuity rate option. For contracts with the option (coded D in column 3 of Form 51), the annuity is only guaranteed at Normal Retirement Date. Guaranteed Annuity Rates can be amended by the Company for increases in annual premiums and for future single premiums.

Benefits on death prior to retirement are either nil, a return of premiums with no interest, or a return of fund. The return of fund benefit is equal to the cash sum that would have been provided under the policy on retirement at that time.

### **Deferred Annuity and Deferred Reversionary Annuity**

These contracts are similar to cash on retirement contracts except that they provide a deferred annuity with a guaranteed cash option, which may be used to uplift the pension on retirement if annuity rates at that time are more favourable. The benefit on death prior to retirement is either nil or a return of premiums with no interest.

### **Permanent health insurance**

## Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

Individual permanent health insurance policies effected after August 1988 have an AIDS exclusion clause and policies issued after January 1990 allow the Company to review premiums in line with its experience.

Certain contracts include benefits that increase at 3% per annum compound during each period of disability, waiver of premium benefits and partial disablement benefit. The Income Replacement Plan offers an option to increase benefits and premiums in line with the Retail Prices Index, subject to limits, and an option to provide a lump sum on diagnosis of a specified critical illness, providing the policyholder subsequently survives for a minimum of 28 days.

### **With Profit Annuity**

The With Profit Annuity is a conventional with-profits contract with its own bonus series, available to compulsory purchase pensions.

The client can anticipate future investment returns by selecting an anticipated growth rate, which cannot be changed once the pension has started.

Bonus rates are declared each January and all pensions are reviewed on the first instalment date after 1 February each year. The pension is first reduced by the anticipated growth rate and then increased by any reversionary bonuses. A top-up bonus may also be added. Top up bonuses can be removed at any time. The pension is guaranteed not to fall below the amount that would have been paid at the outset if a 0% anticipated growth rate had been selected.

The contract was not issued after 1 October 2000.

## **5 (1) Linked contracts**

### **(a) Kaleidoscope and Kaleidoscope 1992**

- (b)** This contract is a United Kingdom direct written whole life assurance and is classified as life assurance and general annuity business.
- (c)** Regular premiums may be paid monthly or annually. Additional single premiums may also be paid.
- (d)** The death benefit is the greater of the bid value of units and the selected life cover. Policy reviews are carried out at defined intervals and the selected level of cover is guaranteed between reviews.

Waiver of premium benefit and permanent health benefit of up to 10 times the regular premium may be effected.

Permanent total disability benefit may be effected at the same level as the selected life cover but subject to a maximum of £250,000.

Regular increase benefit may be effected in which case the death benefit and permanent total disability benefit may be increased by up to 50% on each of the 5th and 10th policy anniversaries without evidence of health.

An HIV exclusion clause applies to waiver of premium, permanent health and permanent total disability benefits.

Annual indexation option may be effected in which case either the regular premium or the regular premium and selected life cover will increase on each policy anniversary without evidence of health. The increases are in line with the Retail Price Index subject to upper and lower limits or at a fixed rate as defined in the policy.

Special event options enable the selected life cover and permanent total disability benefit to be increased without evidence of health. The events covered are the granting of loans or additional loans on residential

## Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

property occupied by the life assured, the birth or adoption of a child and on marriage. Restrictions apply to the increase in cover that may be granted under these options. All options cease at age 50.

There is an option to effect a new policy without evidence of health for an amount not greater than any reduction in selected life cover following a policy review. The option ceases at age 50.

Provided that at least 2 years premiums have been paid, one annual premium or up to 6 monthly premiums can be missed where the life assured becomes redundant or pregnant, or the policy can be converted to a paid up policy or surrendered. In these circumstances the guarantee on life cover ceases.

In the case of policies issued since 31 March 1992, premiums may be applied to purchase units in the Unitised With Profit Life Fund of this Company.

- (e) There are no guaranteed investment returns.
- (f) The Company recovers its costs as follows: -
  - (i) Reduced allocation rates apply to regular premiums during the first two years of the policy.
  - (ii) Unit prices for internal linked funds are reduced to take into account an annual management charge of 1% per annum.
  - (iii) An initial charge of 5% is included in the offer price of units.
  - (iv) Units are cancelled each month to provide for the administration charge.
  - (v) The costs of selected life cover, waiver of premium and permanent health benefits, permanent total disability benefit and regular increase benefit are met by cancellation of units each month.
- (g) The annual management charge can be increased to a maximum of 2.5% p.a. The administration charge may only be increased to take account of changes in earnings' inflation, administration costs and taxation.
- (h) The surrender value is the bid value of allocated units less 10% of the regular premiums outstanding to the end of five years. For this purpose each increase in premium is considered separately. The same charge is made for policies becoming paid up.
- (i) Benefits may be linked to up to 6 of the internal linked life funds of Norwich Union Linked Life Assurance Limited (other than the Guaranteed Fund).
- (j) The Company will cancel the policy if the units allocated to the policy are insufficient to meet the administration charge. Such cancellation will not take place before any initial monetary debt has been repaid or whilst a guarantee on selected life cover applies.
- (k) The contract was not open to new business on the valuation date.
- (l) The administration charge was increased from £2.47 per month to £2.53 per month with effect from the 2004 policy anniversary.
- (a) **Lifetrack and Lifetrack 1991**
- (b) This contract is a United Kingdom direct written whole life assurance and is classified as life assurance and annuity business.
- (c) Regular premiums may be paid monthly or annually.
- (d) Benefits are payable on death or on the diagnosis of certain critical illnesses, including permanent total disability, as specified in the policy. The benefit on death or on the diagnosis of a specified critical illness, is the greater of the bid value of units and the selected life cover. Policy reviews are carried out at defined intervals and the selected level of cover is guaranteed between reviews.

Waiver of premium benefit may be effected. The benefit is subject to an HIV exclusion clause.



## Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

Annual indexation option may be effected in which case either the regular premium or the regular premium and selected life cover will increase on each policy anniversary without evidence of health. The increases are in line with the Retail Price Index subject to upper and lower limits or at a fixed rate as defined in the policy.

Increasing premium option may be effected in which case the premium and any benefits may be increased by 10% of the initial premium on each of the first 4 policy anniversaries without evidence of health.

Special event options enable the selected life cover to be increased without evidence of health on the birth or adoption of a child or on marriage. Restrictions apply to the increase in cover that may be granted. Both options cease at age 50.

The policy may be converted to a paid up policy (in which case the guarantee on life cover ceases) or surrendered after 2 years' premiums have been paid.

Premiums may be applied to purchase units in the unitised with-profit Life Fund of this Company.

- (e) There are no guaranteed investment returns.
- (f) The Company recovers its costs as for Kaleidoscope (i) to (iv), and by the cancellation of units each month to provide for the cost of life and critical illness cover and waiver of premium benefit.
- (g) The annual management charge can be increased to a maximum of 2.5% p.a. The administration charge may only be increased to take account of changes in earnings' inflation, administration costs and taxation.
- (h) The surrender value is the bid value of allocated units less 10% of the regular premiums outstanding to the end of five years. For this purpose each increase in premium is considered separately. The same charge is made for policies becoming paid up.
- (i) Benefits may be linked to up to 6 of the internal linked life funds of Norwich Union Linked Life Assurance Limited (other than the Guaranteed Fund).
- (j) The Company will cancel the policy if the units allocated to the policy are insufficient to meet the administration charge. Such cancellation will not take place before any initial monetary debt has been repaid or whilst a guarantee on selected life cover applies.
- (k) The contract was not open to new business on the valuation date.
- (l) The administration charge was increased from £2.47 per month to £2.53 per month with effect from the 2004 policy anniversary.

### **(a) Stepping Stone (& Low Start Stepping Stone)**

- (b) This contract is a United Kingdom direct written endowment assurance and is classified as life assurance and general annuity business.
- (c) Regular premiums may be paid monthly or annually.

Two versions of the policy are available, a level premium version (Stepping Stone) and a low start version (Low Start Stepping Stone) where premiums increase by 20% per annum for the first five years.

- (d) The death benefit is the greater of the bid value of units, plus any bonus addition, and the selected life cover. Policy reviews are carried out at defined intervals and the selected level of life cover is guaranteed between reviews.

Waiver of premium benefit may be effected.

## Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

Permanent total disability benefit may be effected at the same level as the selected life cover but subject to a maximum of £250,000.

An HIV exclusion clause applies to waiver of premium and permanent total disability benefits effected after December 1988 and for permanent health benefits effected after August 1988.

There is an option to increase the life cover or extend the term of a policy, if the mortgage is increased or extended, without evidence of health. The maximum total life cover allowed is twice the life cover at the commencement of the policy. The option ceases at age 55.

On death, maturity or surrender there is a bonus addition to the bid value of units of 0.5% p.a. compound for each year that units have been held. This applies pro-rata for each month.

- (e) There are no guaranteed investment returns.
- (f) The Company recovers its costs as for Kaleidoscope.
- (g) As for Kaleidoscope.
- (h) The surrender value is the bid value of allocated units, increased by any bonus described in (d).
- (i) Benefits may be linked to up to 6 of the internal linked life funds of the Company (other than the Guaranteed Fund).
- (j) As for Kaleidoscope.
- (k) The contract was not open to new business in the year to the valuation date.
- (l) The administration charge was increased from £2.36 per month to £2.42 per month with effect from the 2004 policy anniversary.

**(a) Portfolio Bond**

- (b) This contract is a United Kingdom direct written whole life assurance and is classified as life assurance and general annuity business.
- (c) Single premiums may be paid. Additional single premiums may be paid on business written before October 1998.
- (d) The death benefit is the greater of the single premium, 101% of the bid value of units and the selected life cover.

Annual indexation option may be effected in which case the selected life cover will increase on each policy anniversary without evidence of health. The increases are in line with the Retail Prices Index subject to upper and lower limits as defined in the policy.

Special event options enable the selected life cover to be increased without evidence of health on the birth or adoption of a child or on marriage without evidence of health. Restrictions apply to the increase in cover that may be provided. The options cease at age 50.

Up to 75% of premiums may be applied to purchase units in the Unitised With Profit Life Fund or, for contracts issued since 15 May 2000, the Unitised With Profit Income Fund of this Company. Higher percentages may apply from time to time.

- (e) Where benefits are linked to the Life Guaranteed Fund of Norwich Union Linked Life Assurance Limited, units have a guaranteed value, on the 5th anniversary of their allocation, of their original value at the time of allocation. This guarantee only applies to units held throughout the 5 year period, and to units cancelled during that period to provide for the additional management charge. Units must be switched out of the Guaranteed Fund at the end of the 5 year period. Units cannot be switched into the Guaranteed Fund.

## Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

- (f) The Company recovers its costs as follows: -
- (i) Unit prices for internal linked funds are reduced to take into account an annual management charge of 1.00% per annum (1.25% per annum in the case of the Guaranteed Fund).
  - (ii) Units are cancelled at the end of each of the first 5 policy years to provide for an additional management charge. The charge is 0.50% (1.00% for premiums of less than £10,000) of the fund value.
  - (iii) The cost of selected life cover is met by the cancellation of units each month. For investments in excess of £50,000, the allocation rate is 101.5%, with higher rates applying during special offer periods. Because there is no initial charge included in the offer price of units, more than 100% of the premium is deemed to be invested. The excess is recouped during the first five years or on earlier surrender.
- (g) The annual management charge can be increased to a maximum of 2.5% p.a. (2.75% p.a. in the case of the Life Guaranteed Fund).
- (h) The surrender value is equal to the bid value of units less an early redemption charge in the case of surrenders during the first 5 years of the policy. The charge applies where the amount surrendered exceeds 10% of the initial investment and is applied to the amount withdrawn that exceeds 10% according to the following scale:

Year	Charge
1 - 3	5%
4	3%
5	1%

- (i) Benefits may be linked to up to 6 of the internal linked funds of Norwich Union Linked Life Assurance Limited, including the Guaranteed Fund.
- (j) The Company will cancel the policy if the units allocated to the policy are insufficient to meet the charge for selected life cover.
- (k) The contract was not open to new business on the valuation date.
- (l) There were no increases in charges during the report period.

**(a) Irish Portfolio Bond**

- (b) This contract is an overseas direct written whole life assurance and is classified as life assurance and general annuity business.
- (c) Single premiums may be paid.
- (d) The death benefit is the greater of the single premium and 101% of the bid value of units.

Up to 100% of premiums may be applied to purchase units in the Irish Unitised With Profit Fund of this Company subject to a maximum of 634,872 Euros per person.

- (e) Where benefits are linked to the Irish Guaranteed Fund of Norwich Union Linked Life Assurance Limited, units have a guaranteed value, on the 5th anniversary of their allocation, of their original value at the time of allocation. The guarantee only applies to units held throughout the 5 year period, and to units cancelled during that period to provide for the additional management charge. Units must be switched out of the Guaranteed Fund at the end of the 5 year period. Units cannot be switched into the Irish Guaranteed Fund.
- (f) The Company recovers its costs as follows: -
  - (i) Unit prices for internal linked funds are reduced to take into account an annual management charge of 1.00% per annum (1.25% per annum in the case of the Guaranteed Fund).
  - (ii) Units are cancelled at the end of each month for the first 5 policy years to provide for an additional management charge. The charge is 0.50% (1.00% for premiums of less than £10,000) of the fund value.

## Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

For policyholders under 75, the allocation rate is 100%, increasing to 100.5% for investments in excess of £50,000. For policyholders over 75, the allocation rate is 99% increasing to 100% for investments in excess of £50,000.

- (g) The annual management charge can be increased to a maximum of 2.5% p.a. (2.75% p.a. in the case of the Life Guaranteed Fund).
- (h) The surrender value is equal to the bid value of units less an early redemption charge in the case of surrenders during the first 5 years of the policy. The charge applies where the amount surrendered exceeds 10% of the initial investment and is applied to the amount withdrawn that exceeds 10% according to the following scale:

Year	Charge
1 - 3	5%
4	3%
5	1%

- (i) Benefits may be linked to the Irish unitised with profit fund, the guaranteed fund or one or more of our internal linked funds of Norwich Union Linked Life Assurance Limited, up to a maximum of six.
- (j) No other features are material to the method or basis of valuation.
- (k) The contract was not open to new business on the valuation date.
- (l) There were no increases in charges during the report period.

### (a) Irish Ulster Bank Bond

- (b) This contract is an overseas direct written whole life assurance and is classified as life assurance and general annuity business.
- (c) Single premiums may be paid.
- (d) The death benefit is the greater of the single premium and 101% of the bid value of units.
- (e) Benefits are linked to the Ulster Bank Protected Bond Fund of Norwich Union Linked Life Assurance Limited, where units have a guaranteed value, on the 5th anniversary of their allocation, of their original value at the time of allocation. The guarantee only applies to units held throughout the 5 year period, and to units cancelled during that period to provide for the additional management charge. New funds will be created before the fifth anniversary of the product's launch. Units must be switched out of the fund at the end of the 5 year period. Units cannot be switched into the Ulster Bank Protected Fund.
- (f) The Company recovers its costs as follows :-
  - (i) Unit prices for internal linked funds are reduced to take into account an annual management charge of 1.50% per annum.
  - (ii) Units are cancelled at the end of each month for the first 5 policy years to provide for an additional management charge. The charge is 0.50% (1.00% for premiums of less than £10,000) of the fund value.

For policyholders under 75, the allocation rate is 100%, increasing to 100.5% for investments in excess of £50,000. For policyholders over 75, the allocation rate is 99% increasing to 100% for investments in excess of £50,000.

- (g) The annual management charge can be increased to a maximum of 2.75% p.a.
- (h) The surrender value is equal to the bid value of units.
- (i) Benefits may be linked to the Ulster Bank Protected Bond Fund of Norwich Union Linked Life Assurance Limited.

## Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

- (j) No other features are material to the method or basis of valuation.
- (k) The contract was not open to new business on the valuation date.
- (l) There were no increases in charges during the report period.

### (a) **Homemaker Plus**

- (b) This contract is a United Kingdom direct written endowment assurance and is classified as life assurance and general annuity business.
- (c) Regular premiums may be paid monthly or annually.
- (d) On maturity, the bid value of the units attaching to the policy at the end of the term increased for any final bonus on the bid value of units held in the unitised with profit fund, will be paid.

The death benefit is the greater of the bid value of units and the selected life cover plus any applicable final bonus.

A critical illness benefit may be selected, which can be greater than the policyholder's existing death benefit on the policy.

The critical illness benefit is payable other than within the 18 months prior to the maturity date in the event of the life assured being diagnosed as having no more than 12 months life expectancy.

A waiver of premium benefit may be selected.

- (e) There are no guaranteed investment returns.
- (f) The company recovers its costs as follows :-
  - (i) Level allocation rates apply to each premium throughout the term.
  - (ii) Unit prices for internal linked funds are reduced to take account of an annual management charge of 0.75% per annum.
  - (iii) An initial charge of 5% is included in the offer price of units.
  - (iv) Units are cancelled each month to provide for the administration charge.
  - (v) The costs of the selected life cover, critical illness cover and waiver of premium benefit are covered by cancellation of units each month.
- (g) The annual management charge can be increased up to a maximum of 2.5% p.a. The administration charge may only be increased to take account of changes in earnings' inflation, administration costs and taxation.
- (h) The current value is the bid value of allocated units plus any final bonus on units held in the unitised with-profit fund less any market value adjustment on unitised with profits units held.
- (i) Benefits may be linked to the internal linked funds of Norwich Union Linked Life Assurance Limited (excluding the Guaranteed Fund) and the unitised with-profits fund, with a maximum of six links at any one time.
- (j) No other features are material to the method and basis of the valuation.
- (k) The contract was not open to new business on the valuation date.
- (l) The administration charge was increased from £1.07 per month to £1.10 per month with effect from the 2004 policy anniversary.

### (a) **Investment Bond**

- (b) This contract is a United Kingdom direct written whole life assurance and is classified as life assurance and general annuity business.

## Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

- (c) Single premiums and additional single premiums may be paid.
- (d) The death benefit is the same as for the Portfolio Bond except that for policies issued prior to August 1994, the benefit is the greater of the bid value of units and the selected life cover.

Annual indexation and special event options are available as for the Portfolio Bond.

Premiums may be applied to purchase units in the Unitised With Profit Life Fund of this Company. For policies issued since 15 March 1993, a maximum of 60% of the premium may be so invested, apart from special maxima available from time to time.

- (e) There are no guaranteed investment returns.
- (f) The Company recovers its costs as follows: -
  - (i) An initial charge of 5% is included in the offer price of units.
  - (ii) Unit prices for internal linked funds are reduced to take into account an annual management charge of 1% per annum.
  - (iii) The cost of selected life cover is met by the cancellation of units.
- (g) There are no restrictions on increases in charges.
- (h) The benefit on surrender is determined as for the Portfolio Bond except that the scale of early redemption charges extends over 4 years (3 years for policies issued prior to 22 June 1992) and the maximum charge is 3% of the amount withdrawn.
- (i) Benefits may be linked to up to 6 of the internal linked life funds of Norwich Union Linked Life Assurance Limited (other than the Guaranteed Fund).
- (j) The Company will cancel the policy if the units allocated to the policy are insufficient to meet the charge for selected life cover.
- (k) The contract was not open to new business.
- (l) There were no increases in charges during the report period.

### (a) **Multi-Portfolio**

- (b) This contract is an overseas direct written whole life assurance and is classified as life assurance and general annuity business.
- (c) Single premiums and additional single premiums may be paid.
- (d) Benefits are denominated in Euros.

The death benefit is 101% of the fund value of the units.

Premiums may be applied to purchase units in the Valeur Plus fund of this Company.

At any time after the first 8 years the fund value may be used to purchase a non-profit annuity at rates applicable at time of purchase.

- (e) There are no guaranteed investment returns.
- (f) The Company recovers its costs as follows: -
  - (i) Allocation rates of less than 100% apply to all contributions.
  - (ii) Fund management charges of 1.00% are applied to all funds and are taken by cancellation of units.
  - (iii) Fund based commission is paid by the external fund managers.
- (g) The charges cannot be increased.

## Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

- (h) The surrender value is the value of the allocated units.
- (i) Benefits may be linked to any six of the eight internally linked French funds of GA Vie or the French Cash Fund of this Company.
- (j) No other features are material to the method and basis of the valuation.
- (k) The contract was open to new business on the valuation date.
- (l) Not applicable.

**(a) Multi-Portfolio Retraite**

- (b) This contract is an overseas direct written whole life assurance and is classified as life assurance and general annuity business.
- (c) Regular premium may be paid monthly or annually for a minimum of 8 years. Additional single premiums may be paid.
- (d) Benefits are denominated in Euros.

The death benefit is 101% of the fund value of the units.

Premiums may be applied to purchase units in the Valeur Plus fund of this Company.

An annual indexation option may be effected at any time in which case premiums will increase on each subsequent policy anniversary. The amount of increase is a fixed percentage rate chosen by the client from a range offered.

At any time after the regular premium payment term the fund value may be used to purchase a non-profit annuity at rates applicable at time of purchase.

- (e) There are no guaranteed investment returns.
- (f) The Company recovers its costs as follows: -
  - (i) Reduced allocation rates apply to regular premiums during the first two years of the policy and to additional single premiums.
  - (ii) Fund management charges of 1.00% are applied to all funds and are taken by cancellation of units.
- (g) The charges cannot be increased.
- (h) The surrender value is the bid value of the allocated units less 5% of premiums outstanding to the end of  $\frac{3}{4}$  of the premium term.
- (i) Benefits may be linked to any six of the eight internally linked French funds of GA Vie or the French Cash Fund of this Company.
- (j) No other features are material to the method and basis of the valuation.
- (k) The contract was open to new business on the valuation date.
- (l) Not applicable.

**(a) German GALA**

- (b) This contract is an overseas direct written endowment assurance and is classified as life assurance and general annuity business.
- (c) Regular premium may be paid monthly or annually.

## Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

- (d) Benefits are denominated in Euros.

Temporary insurance cover is given on the same basis of the German Term Assurance.

The death benefit is the selected life cover, expressed in terms of total premiums payable, subject to a minimum of 105% of the bid value of units.

Waiver of premium and sickness/disability benefits may be effected. Sickness/disability benefits are subject to maxima and minima specified in the policy.

Annual Indexation Option may be effect in which case contributions, sum assured and disability benefit may be indexed on each policy anniversary without evidence of health. The increases in contributions are in line with a German Social Security Index, or at a fixed rate of 5%.

Premium holidays of up to six months are allowed at the discretion of the Company.

The policy may be made paid up at any time, subject to a minimum value of units.

The maturity value is the bid value of units.

At the end of the term, the accumulated fund may be left with the Company for a maximum of five years without evidence of health. The sum assured in force at the end of the term will continue, but any disability benefits will cease.

Premiums may be applied to purchase units in the German Unitised With Profit Fund of this Company.

- (e) To the extent that premiums are invested in the German Unitised With Profit Fund, the benefits on death or maturity will not be less than those which would be available based on a fund growth rate of 3% per annum.
- (f) The Company recovers its costs as follows: -
- (i) Reduced allocation rates apply to regular premiums during the first two years of the policy.
  - (ii) Fund management charges of 1.00% are applied to all internal linked funds and are reflected in the unit price.
  - (iii) An initial charge of 3% is included in the offer price of units.
  - (iv) Units are cancelled each month to provide for the administration charge. The administration charge is currently €4.2 per month in 2004.
  - (v) The costs of selected life cover, waiver of premium, and sickness/disability benefits are met by cancellation of units each month.

- (g) The bid/offer spread cannot be increased.

Fund management charges and monthly administration charges may be increased with reference to the company's experience.

Mortality charges may be varied subject to different maxima for smokers and non-smokers based on standard German mortality tables.

- (h) The surrender value is the bid value of units less a surrender penalty based on the duration in force of the policy.
- (i) Benefits may be linked to any of the six internally linked German funds of Norwich Union Linked Life Assurance Limited.
- (j) No other features are material to the method and basis of the valuation.
- (k) The contract was not open to new business on the valuation date.
- (l) There were no increases in charges during the report period.

- (a) **German DIVA**



## Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

- (b) This contract is an overseas direct written pension plan, classified as life assurance and general annuity business.
- (c) Regular premiums may be paid monthly, quarterly, half-yearly or annually.
- (d) Benefits are denominated in Euros.

Temporary insurance cover is given on the same basis of the German Term Assurance.

The death benefit is the selected life cover, expressed in terms of total premiums payable, subject to a minimum of 105% of the bid value of units.

Waiver of premium and sickness/disability benefits may be effected. Sickness/disability benefits are subject to maxima and minima specified in the policy.

Annual Indexation Option may be effected, in which case contributions, sum assured and disability benefit may be indexed on each policy anniversary without evidence of health. The increases in contributions are at a fixed amount chosen by the policyholder within limits specified in the policy.

Premium holidays of up to six months (three years in the case of maternity leave, military service or unemployment) are allowed.

The policy may be made paid up, subject to certain legislative conditions.

The benefit on retirement is the bid value of units.

Premiums may be applied to purchase units in the German Unitised With Profit Fund of this Company.

- (e) To the extent that premiums are invested in the German Unitised With Profit Fund, the benefits on death or maturity will not be less than those which would be available based on a fund growth rate of 3% per annum.
- (f) The Company recovers its costs as follows: -
  - (i) Reduced allocation rates apply to premiums paid during the first two years of the policy.
  - (ii) Fund management charges of 1.00% are applied to all internal linked funds and are reflected in the unit price.
  - (iii) An initial charge of 3% is included in the offer price of units.
  - (vi) Units are cancelled each month to provide for the administration charge. The administration charge is currently €4.2 per month in 2004.
  - (iv) The costs of selected life cover, waiver of premium, and sickness/disability benefits are met by cancellation of units each month.

- (g) The bid/offer spread cannot be increased.

Fund management charges and monthly administration charges may be increased with reference to the company's experience.

Mortality charges may be varied subject to different maxima for smokers and non-smokers based on standard German mortality tables.

- (h) The surrender value is the bid value of units.
- (i) Benefits may be linked to any of the six internally linked German funds of Norwich Union Linked Life Assurance Limited.
- (j) No other features are material to the method and basis of the valuation.
- (k) The contract was not open to new business on the valuation date.
- (l) There were no increases in charges during the report period.

- (a) **Swedish Personal Investment Plan Single**

## Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

(b) This contract is an overseas direct written endowment assurance, classified as life assurance and general annuity business.

(c) Single premiums may be paid.

(d) The benefit at the end of the term is the accumulated fund value.

The death benefit is 101% of the accumulated fund value.

Premiums may be applied to purchase units in the Unitised With Profit Pension fund of this Company.

(e) There are no guaranteed investment returns.

(f) The Company recovers its costs as follows: -

(i) A reduced allocation rates applies to single premiums of less than £10,000.

(ii) Fund management charges of 1.25% are applied to all internal linked funds and are reflected in the unit price.

(iii) Units are cancelled at the end of each month to provide for an additional management charge. The charge is 1.0% per annum of the fund value.

(g) The annual management charge may be increased to a maximum of 2.5% p.a.

(h) The surrender value is equal to the bid value of units less an early redemption charge in the case of surrenders during the first 5 years of the policy. The charge applies where the amount surrendered in any 12-month period exceeds 10% of the initial investment and is applied to the full amount withdrawn that exceeds 10% according to the following scale:

Year	Charge
1 – 3	6%
4	4%
5	2%

(i) Benefits may be linked to any of the six internally linked Swedish funds of Norwich Union Linked Life Assurance Limited.

(j) No other features are material to the method and basis of the valuation.

(k) The contract was open to new business on the valuation date.

(l) There were no increases in charges during the report period.

### (a) Swedish Personal Investment Plan Regular

(b) This contract is an overseas direct written endowment assurance, classified as life assurance and general annuity business.

(c) Regular premiums may be paid.

(d) The benefit at the end of the term is the accumulated fund value.

The death benefit is 101% of the accumulated fund value.

(e) There are no guaranteed investment returns.

(f) The Company recovers its costs as follows: -

(i) A reduced allocation rate applies to each premium for the first five years.

(ii) Fund management charges of 1.25% are applied to all internal linked funds and are reflected in the unit price.

(iii) Units are cancelled at the end of each month to provide for an additional management charge of 0.5% per annum of the fund value.

## Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

(iv) Units are cancelled each month to provide for the administration charge.

(g) As Kaleidoscope

(h) The surrender value is equal to the bid value of units less an early redemption charge. This is calculated as 7% of the premiums outstanding until the maturity of the policy.

(i) Not Applicable.

(j) No other features are material to the method or basis of valuation.

(k) The contract was open to new business on the valuation date.

(l) The administration charge was increased from £3.29 per month to £3.41 per month with effect from the 2004 policy anniversary.

### (a) **Equity Endowment Assurance**

(b) This is a United Kingdom direct written endowment assurance contract and is classified as life assurance and general annuity business.

(c) Regular premiums are payable monthly.

(d) The benefit on maturity or earlier death is the bid price value of units deemed to have been purchased less an allowance for the potential liability to capital gains tax, or the total premiums payable under the contract if this is greater.

(e) The benefit on maturity is not less than the total premiums paid.

(f) The Company recovers its costs by means of reduced allocation rates throughout the term of the contract.

(g) There are no charges.

(h) The surrender value is the bid value of units less an allowance for the potential liability to capital gains tax.

(i) The benefits are linked to units in the UK Income and Growth OEIC.

(j) No other features are material to the method or basis of valuation.

(k) The contract was not open to new business on the valuation date.

(l) Not applicable.

### (a) **Personal Pension Scheme**

(b) This is a directly written deferred annuity contract. The contract is either written in the United Kingdom in which case it is included as United Kingdom pension business, or in Jersey and Guernsey, in which case it is included as overseas life and general annuity business.

(c) Regular premiums can be paid monthly or annually. Single premiums, transfer values and Department of Social Security contributions may be paid into the scheme.

(d) The benefit at the selected pension date is the bid value of units. The cash sum may be paid out as cash within Inland Revenue limits or used to buy an annuity with the Company or any other insurer at the immediate annuity rates at the time.

The benefit on death before retirement is the greater of the bid value of units plus any loyalty bonus and any selected life cover.

For policies issued since 5 July 1995, regular premiums may be applied using level allocation rates rather than using reduced allocation rates during the first 2 years. This allocation choice is known as Option 2. For

## Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

policies issued since October 1998 two level allocation variants have been available known as the Lifestyler Basis and the Optimiser Basis.

A loyalty bonus will be available on policies issued since 1 January 1993 except in the case of benefits purchased by regular premiums under either Option 2 or the Lifestyler basis as follows: -

- (i) For single premium investments prior to 4 October 1999, bonus units will be added on the 11th and subsequent anniversaries since payment. The number of bonus units added will be 0.5% (0.25% in the case of Lifestyler and Optimiser Basis) of the number of units allocated.
- (ii) For regular premium investments on Optimiser Basis policies a bonus will be payable when premiums have been paid for 10 years. The bonus payable is 0.5% of the fund value at the date of claim for each complete year that such premiums have been paid.
- (iii) For other regular premium investments, bonus units will be added on the 11th and subsequent anniversaries since such premiums commenced. The number of bonus units added will be 0.5% of the number of units which have been allocated to the policy for a continuous period of more than 10 years, plus 0.5% of the number of units purchased by regular contributions and/or DSS minimum contributions which were paid throughout the 10 year period prior to the relevant policy anniversary date.

Waiver of premium benefit may be effected. The benefit is subject to an HIV exclusion clause.

Annual indexation option may be effected in which case the regular premium will increase on each policy anniversary without evidence of health. The increases are in line with National Average Earnings subject to upper and lower limits.

In the case of group arrangements with an employer, where contributions are expressed as a level percentage of earnings, annual indexation option is not available. Waiver of premium benefit and life cover of up to 25 times the yearly contribution may be available without evidence of health.

Regular contributions may be reduced or stopped at any time without penalty. Contributions may be restarted at any time.

Premiums may be applied to purchase units in the Unitised With Profit Pension fund of this Company.

- (e) Units in the Pension Assured Fund have a guaranteed price of £1 at the selected pension date or on death.
- (f) The Company recovers its costs as follows: -
  - (i) Reduced allocation rates apply to regular premiums during the first two years of the policy except in the case of Option 2, Lifestyler and Optimiser policies.
  - (ii) Allocation rates during the first two years for increments effected since 26 March 1999 on pre 5 July 1995 policies and Option 1 policies have been increased to at least 95%. Allocation rates from year three onwards have been reduced to at least 96%.
  - (iii) In the case of Option 2, Lifestyler and Optimiser policies, reduced allocation rates apply to all regular contributions.
  - (iv) An initial administration charge is payable for policies issued since 1 January 1993 except in the case of Option 2, Lifestyler and Optimiser policies.
  - (v) An initial charge of 5% is included in the offer price of units.
  - (vi) Unit prices for internal linked funds are reduced to take into account an annual management charge of 0.625% per annum (1% per annum in the case of policies issued prior to October 1998). An additional annual management charge of 0.25% per annum is made in the case of the Pension Assured Fund. For Optimiser Basis policies there is an additional plan management charge of 0.375% a year of fund value deducted by cancellation of units.
  - (vii) Units are cancelled each month to provide for the administration charge.
  - (viii) The costs of selected life cover and waiver of premium benefit are met by the cancellation of units each month.
- (h) The annual management charge can be increased. The administration charge may be increased to take account of changes in earnings' inflation, administration costs and taxation. The Company has however announced that future charges (other than the additional management charge for investments in the Pension Assured Fund and the additional plan management charge), will not exceed 1% per annum from 6 April 2001.

## Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

- (h) The benefit on early encashment is the bid value of units, subject in the case of single premiums and transfer values paid between 1 January 1993 and 1 October 1999, to an early encashment penalty. The penalty is 0.5% of the contribution for each year outstanding to the end of 10 years after the contribution was made for policies written before October 1998 and 0.5% of the fund for each year outstanding to the end of 10 years after the contribution was made for policies written after October 1998.
- (i) Benefits may be linked to up to six of the internal linked pension funds of Norwich Union Linked Life Assurance Limited, including the Pension Assured Fund but excluding the Pensions Guaranteed Fund, except in the case of the Jersey and Guernsey version written before October 1998 where benefits may only be linked to the Pension Managed and Pension All Share Tracker Funds.
- (j) The Company will cancel the contract if the units allocated to the policy are insufficient to meet the administration charge.
- (k) The contract was not open to new business on the valuation date.
- (l) The administration charge was increased from £2.79 per month to £2.89 per month (from £3.72 per month to £3.85 per month for Option 2 policies) with effect from the 2004 policy anniversary. The annual administration charge for group arrangements effected prior to 1 January 1993, was increased from £1.40 per month to £1.45 per month on the policy anniversary in 2004.

**(a) Free Standing AVC Plan**

- (b) This is a directly written United Kingdom deferred annuity contract and is classified as pension business.
- (c) Regular premiums can be paid monthly or annually. Single premiums and transfer values may also be paid.
- (d) This contract provides benefits under a free standing Additional Voluntary Contribution Scheme.

The benefit at the selected pension date is the bid value of units. The benefit on death before retirement is the greater of the bid value of units and the selected life cover.

Loyalty bonus is payable as for the Personal Pension Scheme.

Annual indexation option may be effected as for the Personal Pension Scheme.

Regular contributions may be stopped at any time without penalty and may be restarted at any time.

Premiums may be applied to purchase units in the Unitised With Profit Pension Fund of this Company.

- (e) As for Personal Pension Scheme.
- (f) As for Personal Pension Scheme.
- (g) As for Personal Pension Scheme.
- (h) As for Personal Pension Scheme.
- (i) As for UK Personal Pension Scheme.
- (j) As for Personal Pension Scheme.
- (k) The contract was not open to new business on the valuation date.
- (l) As for Personal Pension Scheme.

**(a) Executive Pension Plan**

- (b) This is a directly written United Kingdom deferred annuity contract and is classified as pension business.

## Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

- (c) Regular premiums can be paid monthly or annually. Single premiums and transfer values may also be paid.
- (d) The benefit at the selected pension date is the bid value of units. The benefit on death before retirement is the greater of the bid value of units and the selected life cover.

Loyalty bonus is payable as for the Personal Pension Scheme.

Contributions may be expressed as a percentage of salary. Where selected life cover is related to salary, selected life cover may be increased by up to 10% per annum on each of the first 5 renewal dates without evidence of health subject to age and maximum cover restrictions.

Regular contributions may be stopped and restarted as described under the Personal Pension Scheme.

Premiums may be applied to purchase units in the Unitised With Profit Pension Fund of this Company.

- (e) As for Personal Pension Scheme.
- (f) As for Personal Pension Scheme.
- (g) As for Personal Pension Scheme.
- (h) As for Personal Pension Scheme.
- (i) As for UK Personal Pension Scheme.
- (j) As for Personal Pension Scheme.
- (k) The contract was not open to new business on the valuation date.
- (l) As for Personal Pension Scheme.

**(a) Group Pension Investment Bond**

- (b) This is a direct written investment contract. The contract is either written in the United Kingdom in which case it is included as pension business, or in Jersey and Guernsey, in which case it is included as overseas life and general annuity business.
- (c) Single premiums are payable.
- (d) The contract provides non-earmarked benefits to Trustees of occupational pension schemes. The cash sum may be paid out as cash within Inland Revenue limits or used to buy an annuity with the Company or any other insurer at the immediate annuity rates at the time.

Premiums may be applied to purchase units in the Unitised With Profit Pension Fund of this Company.

- (e) There are no guaranteed investment returns.
- (f) The Company recovers its costs as follows: -
  - (i) An initial charge of 5% is included in the offer price of units.
  - (ii) Unit prices for internal linked funds are reduced to take into account an annual management charge of 1% per annum.
- (g) The annual management charge can be increased up to a maximum of 2.5% per annum.

## Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

- (h) The benefit on surrender is the bid value of units less an early redemption charge in the case of surrenders during the first 4 years of the policy. The charge applies where the amount surrendered exceeds 10% of the initial investment and is applied to the full amount withdrawn according to the following scale:

Year	Charge
1	3%
2	3%
3	2%
4	1%

- (i) Benefits may be linked to up to 6 of the internal linked pension funds of Norwich Union Linked Life Assurance Limited, excluding the Pension Guaranteed Fund and the Pensions Assured Fund, except in the case of the Jersey and Guernsey version where benefits may only be linked to the Pension Managed and Pension All Share Tracker Funds.
- (j) No other features are material to the method and basis of the valuation.
- (k) The contract was not open to new business on the valuation date.
- (l) There were no increases in the rates of charges.

**(a) Trustee Investment Plan (written on or after 8 December 1997)**

- (b) This is a direct written investment contract. The contract is either written in the United Kingdom in which case it is included as pension business, or in Jersey and Guernsey, in which case it is included as overseas life and general annuity business. In either event, it is incorporated with Group Pension Investment Bond.
- (c) Single premiums are payable.
- (d) The contract provides non-earmarked benefits to Trustees of occupational pension schemes. The cash sum may be paid out as cash within Inland Revenue limits or used to buy an annuity with the Company or any other insurer at the immediate annuity rates at the time.

Premiums may be applied to purchase units in the Unitised With Profit Pension Fund of this Company.

The contract provides a bonus of 0.5% of the value of the fund on the sixth and subsequent policy anniversaries.

- (e) On the fifth anniversary of the plan, the value of units in the Pension Guaranteed Fund is guaranteed to be not less than the original investment in the fund. For investments in the Pension Assured Fund, a selected date is chosen by the policyholder (not less than 10 years from commencement) at which point the units have a guaranteed price of £1.
- (f) The Company recovers its costs as follows: -
- (i) Unit prices for internal linked funds are reduced to take into account an annual management charge of 0.625% per annum (1% per annum in the case of policies issued prior to October 1998). An additional annual management charge of 0.25% per annum is made in the case of the Pension Guaranteed Fund and the Pension Assured Fund.
  - (ii) Units are cancelled at the end of each of the first 5 policy years to provide for a plan management charge. The charge is 0.75% of the fund value.

- (g) The annual management charge can be increased up to a maximum of 2.5% per annum.

- (h) The benefit on surrender is the bid value of units less an early redemption charge in the case of surrenders during the first 5 years of the policy. The charge applies where the amount surrendered exceeds 10% of the initial investment and is applied to the full amount withdrawn according to the following scale:

Year	Charge
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## Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

1	7.5%
2	6.0%
3	4.5%
4	3.0%
5	1.5%

- (i) Benefits may be linked to up to 6 of the internal linked pension funds of Norwich Union Linked Life Assurance Limited, including the Pension Guaranteed Fund and Pension Assured Fund, except in the case of the Jersey and Guernsey version where benefits may only be linked to the Pension Managed and Pension All Share Tracker Funds.
- (j) No other features are material to the method and basis of the valuation.
- (k) The contract was not open to new business on the valuation date.
- (l) There were no increases in the rates of charges.

### (a) Self Invested Pension Plan

- (b) This contract is a United Kingdom direct written investment contract which complies with Chapter IV Part XIV of the Income and Corporation Taxes Act 1988, and is classified as pensions business.
- (c) Single contributions and additional single contributions may be paid.
- (d) The contract provides non-earmarked benefits to Trustees of self invested personal pension schemes. The cash sum may be paid out as cash within Inland Revenue limits or used to buy an annuity with the Company or any other insurer at the immediate annuity rates at the time.

Premiums may be applied to purchase units in the Unitised With Profit Pension Fund of this Company.

- (e) There are no guaranteed investment returns.
- (f) The Company recovers its costs as follows: -
  - (i) An initial charge of 5% is included in the offer price of units.
  - (ii) Unit prices for internal linked funds are reduced to take into account an annual management charge of 0.625% per annum. (1.0% per annum in the case of policies issued prior to October 1998).
- (g) The annual management charge can be increased up to a maximum of 2.5% per annum.
- (h) The benefit on surrender is the bid value of units less an early redemption charge in the case of surrenders during the first 4 years of the policy. The charge applies where the amount surrendered exceeds 10% of the initial investment and is applied to the full amount withdrawn according to the following scale:

Year	Charge
1	3%
2	3%
3	2%
4	1%

- (i) Benefits may be linked to up to 6 of the internal linked pension funds of Norwich Union Linked Life Assurance Limited, excluding the Guaranteed Fund, except in the case of the Jersey and Guernsey version where benefits may only be linked to the Pension Managed and Pension All Share Tracker Funds.
- (j) No other features are material to the method and basis of the valuation.
- (k) The contract was not open to new business on the valuation date.
- (l) There were no increases in the rate of charges.



## Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

### **(a) Pension Transfer Plan**

- (b)** This contract is a United Kingdom direct written deferred annuity contract, which complies with section 591(2)(g) of the Income and Corporation Taxes Act 1988. It is classified as pensions business.
- (c)** Transfer values may be paid. No additional payments are allowed.
- (d)** Accrued rights to Guaranteed Minimum Pensions, subject to fixed rate or limited rate revaluation, may be transferred into the plan. In such cases, the Company specifies a minimum premium that must be invested in the Unitised With Profit Pension Fund. The benefits at State Pension Age are guaranteed to be sufficient to secure such rights.

The benefit on retirement is equal to the bid value of units.

The benefit on death is the bid value of units.

Premiums may be applied to purchase units in the Unitised With Profit Pension Fund.

- (e)** There are no guaranteed investment returns.
- (f)** The Company recovers its costs as follows: -
  - (i)** An initial charge of 5% is included in the offer price of units.
  - (ii)** Unit prices for internal linked funds are reduced to take into account an annual management charge of 0.625% per annum. (1.0% per annum in the case of policies issued prior to October 1998).
  - (iii)** There is an administration charge of £75.00 deducted at the commencement date.
- (g)** As for Group Pension Investment Bond.
- (h)** The benefit on early encashment is the bid value of units less a charge equal to 0.5% for each year outstanding to the end of the tenth year after commencement, or the normal retirement date if earlier.
- (i)** Premiums may be invested in the Unitised With Profit Pensions Fund or in the internal linked pension funds of Norwich Union Linked Life, excluding the Pension Guaranteed Fund.
- (j)** No other features are material to the method and basis of the valuation.
- (k)** The contract was not open to new business on the valuation date.
- (l)** There were no increases in the rate of charges.

### **(a) Flexible Retirement Plan**

- (b)** This is a United Kingdom direct written deferred annuity contract and is classified as pension business.
- (c)** Single premiums or transfer values may be paid into the plan.
- (d)** The contract provides for phased retirement by means of income withdrawals within Inland Revenue limits. Premiums may be split between income and growth versions. Regular income can be taken from the income version by cancellation of units, but no withdrawals can be taken from the growth version. Investments can be switched from the growth version to the income version and a tax free cash sum may be taken at that time (subject to Inland Revenue limits).

Units must be encashed by age 75 at the latest and the proceeds applied to purchase a compulsory purchase annuity at the annuity rates then prevailing.

On death prior to encashment, the bid value of units is payable. As an alternative, the policy may continue to be used to provide income withdrawals to a surviving spouse or dependent.

Premiums may be applied to purchase units in the Unitised With Profit Pension Fund of this Company.

- (e)** There are no guaranteed investment returns.

## Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

- (f) The Company recovers its costs as follows: -
- (i) Unit prices for internal linked funds are reduced to take into account an annual management charge of 0.625% per annum (1.0% per annum in the case of policies issued prior to October 1998).
  - (ii) A plan management charge of 0.5% per annum is levied during the first 3 years of the policy through cancellation of units. The charge is applied to the fund value at the end of the policy year.
- (g) The annual management charge can be increased to a maximum of 2.5% p.a.
- (h) The benefit on surrender is the bid value of units less an early redemption charge in the case of surrenders during the first 4 years of the policy. The charge is applied to the bid value of units using the same scale as for the Group Pension Investment Bond. The charge is not applied in the case of income withdrawals.
- (i) Benefits may be linked to up to 6 of the internal linked pension funds of Norwich Union Linked Life Assurance Limited, excluding the Pension Guaranteed Fund and the Pension Assured Fund, except in the case of the Jersey and Guernsey version where benefits may only be linked to the Pension Managed and Pension All Share Tracker Funds.
- (j) No other features are material to the method and basis of the valuation.
- (k) The contract was not open to new business on the valuation date.
- (l) There were no increases in the rate of charges.

**(a) International Investment Plan and NU International Investment Plan**

- (b) This is a direct written deferred annuity contract issued in Jersey and is classified as overseas life and general annuity business.
- (c) Regular premiums may be paid monthly or annually; single premiums may also be paid.
- (d) The benefit on death is 101% of the bid value of units except for policies issued prior to 14 July 1995 where the benefit is equal to the bid value of units.

Up to 60% of premiums may be invested in the Unitised With Profit Pension Pension Fund of this Company.

- (e) There are no guaranteed investment returns.
- (f) The Company recover its costs as for Kaleidoscope (i) to (iv) except that the annual management charge for policies issued since October 1999 is 0.625% per annum.
- (g) As for Kaleidoscope.
- (h) The benefit on surrender is equal to the bid value of units less an early redemption charge in the case of surrenders during the first 3 years of the policy. The charge applies to benefits secured by single premiums where the amount surrendered exceeds 10% of the initial investment and is applied to the full amount withdrawn according to the following scale:

Year	Charge
1	3%
2	2%
3	1%

For policies issued since October 1998, the redemption charge on benefits secured by regular premiums is 7.5% of outstanding premiums to the third policy anniversary.

- (i) Benefits may be linked to the Pensions Managed and Pension All Share Tracker funds that are internal linked funds of Norwich Union Linked Life Assurance Limited. For policies issued since October 1998, benefits may be linked to up to 6 of the internal linked pension funds of Norwich Union Linked Life Assurance Limited.

## Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

- (j) No other features are material to the method and basis of the valuation.
- (k) The contract was open to new business on the valuation date.
- (l) The administration charge was increased from £2.79 per month to £2.86 per month with effect from the 2004 policy anniversary.

### (a) **GA Group Money Purchase Scheme**

- (b) This contract is a United Kingdom direct written group deferred annuity and is classified as pensions business.
- (c) Regular premiums may be paid monthly or annually and must be expressed as a level percentage of salary. Single premiums and transfer values may also be paid.
- (d) The benefit on retirement is equal to the bid value of units.

The benefit on death is the bid value of units. Additional death benefits may be effected for an additional premium. An element of free cover may be provided.

A loyalty bonus is payable as described under Personal Pension.

Premiums may be invested in the Unitised With Profit Pension Fund.

- (e) There are no guaranteed investment returns.
- (f) The Company recovers its costs as for Kaleidoscope (i) to (iv) except that the annual management charge for policies issued since October 1998 is 0.625% per annum.
- (g) As for Kaleidoscope.
- (h) As for Personal Pension.
- (i) Benefits may be linked to up to 6 of the internal linked pension funds of Norwich Union Linked Life Assurance Limited, excluding the Pension Assured Fund and the Pension Guaranteed Fund.
- (j) As for Personal Pension.
- (k) The contract was not open to new business to existing schemes on the valuation date.
- (l) The administration charge was increased from £2.79 per month to £2.89 per month with effect from the 2004 policy anniversary.

### (a) **Irish Portfolio Pension**

- (b) This is a directly written deferred annuity contract, written in Ireland and is classified as overseas life and general annuity business.
- (c) Regular premiums can be paid monthly or annually. Single premiums and transfer values may be paid into the scheme.
- (d) The benefit at the selected pension date is the bid value of units. The cash sum may be paid out as cash within Revenue Commission limits or used to buy an annuity with the Company or any other insurer at the immediate annuity rates at the time.

The benefit on death before retirement is the greater of the bid value of units plus any loyalty bonus and any selected life cover. Additional life cover may be arranged.

A loyalty bonus will be payable on policies as follows :-

- (i) For single premium investments, bonus units will be added on the 11th and subsequent anniversaries since payment. The number of bonus units added will be 0.5% of fund value each year.

## Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

- (ii) For regular premium investments a bonus will be payable when premiums have been paid for a cumulative period of 10 years or more. The bonus payable is 0.75% of the fund value at the date of claim for each complete year that such premiums have been paid.

Waiver of premium benefit may be effected. The benefit is subject to an HIV exclusion clause.

Annual indexation option may be effected in which case the regular premium will increase on each policy anniversary without evidence of health. The increases are in line with National Average Earnings subject to upper and lower limits.

In the case of group arrangements with an employer, where contributions are expressed as a level percentage of earnings, annual indexation option is not available. Waiver of premium benefit and life cover of up to 25 times the yearly contribution may be available without evidence of health.

Regular contributions may be reduced or stopped at any time without penalty. Contributions may be restarted at any time.

Premiums may be applied to purchase units in the Irish Unitised With Profit Pension fund of this Company.

- (e) There are no guaranteed investment returns.
- (f) The Company recovers its costs as follows :-
  - (i) There is an establishment fee if the arrangement commences with a single contribution only.
  - (ii) Reduced allocation rates apply to all regular contributions. The allocation for single contributions depends on the size and term to selected pension age.
  - (iii) Unit prices for internal linked funds are reduced to take into account an annual management charge of 1% per annum.
  - (iv) Units are cancelled each month to provide for the administration charge for regular contributions.
  - (v) The costs of selected life cover and waiver of premium benefit are met by the cancellation of units each month.
- (g) The annual management charge can be increased to a maximum of 2.5% p.a. The administration charge may be increased to take account of changes in earnings' inflation, administration costs and taxation.
- (h) The benefit on early encashment is the bid value of units, subject in the case of single premiums and transfer values to an early encashment penalty. The penalty is 7.5% of the fund reducing by 0.75% for each completed year up to the tenth anniversary.
- (i) Benefits may be linked to the Irish unitised with profit fund or one or more of our internal linked funds of Norwich Union Linked Life Assurance Limited from the following list up to a maximum of six:- Irish Equity, Managed, European Equity, Cash, Fixed Interest and Euro Safety Net
- (j) The contract will be cancelled by the Company if the units allocated to the policy are insufficient to meet the administration charge.
- (k) The contract was not open to new business on the valuation date.
- (l) The administration charge was €4.14 per month with effect from the 2004 policy anniversary. The reduced administration charge, where regular premiums have ceased, was €2.76 per month with effect from the 2004 policy anniversary.
- (a) **Irish Executive Portfolio Pension**
- (b) This is a directly written deferred annuity contract written in Ireland and is classified as overseas life and general annuity business.
- (c) Regular premiums can be paid monthly or annually. Single premiums and transfer values may also be paid.
- (d) The benefit at the selected pension date is the bid value of units. The benefit on death before retirement is the greater of the bid value of units and the selected life cover.

## Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

Loyalty bonus is payable as for the Irish Portfolio Pension.

Contributions may be expressed as a percentage of salary. Where selected life cover is related to salary, selected life cover may be increased by up to 10% per annum on each of the first 5 renewal dates without evidence of health subject to age and maximum cover restrictions.

Regular contributions may be stopped and restarted as described under the Irish Portfolio Pension.

Premiums may be applied to purchase units in the Irish Unitised With Profit Pension Fund of this Company.

(e) As for Irish Portfolio Pension.

(f) As for Irish Portfolio Pension Scheme.

(g) As for Irish Portfolio Pension Scheme.

(h) As for Irish Portfolio Pension Scheme.

(h) As for Irish Portfolio Pension, except for the Euro Safety Net Fund.

(j) As for Irish Portfolio Pension Scheme.

(k) The contract was not open to new business on the valuation date.

(l) As for Irish Portfolio Pension Scheme.

**(a) Portfolio-Bond 1**

(b) This contract is an overseas direct written whole life assurance and is classified as life assurance and general annuity business.

(c) This is a single premium contract. No additional premiums may be paid, except after the 3 February 2005, the guarantee date.

(d) Benefits are denominated in Euros.

The guarantee term is eight years from 3 February 1997.

The value of the units at the guarantee date is linked to the performance of an index.

After the guarantee date, the units may be switched into any of the French internal linked funds and conditions similar to those of the Multi-Portfolio contract will apply.

The death benefit is 101% of the fund value of the units.

(e) The minimum value of units at the guarantee date is 131.68% of the value of units at 3 February 1997.

(f) The Company recovers its costs out of the margin between the initial investment and the cost of the underlying hedging instruments and as follows: -

(i) Allocation rates of less than 100% apply to all contributions.

(ii) After the guarantee date management charges of 1.00% are applied to all funds and are taken by cancellation of units.

(iii) Fund based commission is paid by the external fund managers.

(g) The charges cannot be increased.

(h) The surrender value is equal to the surrender value of the underlying hedging instruments until the guarantee date after which it is the value of the allocated units.

(i) The value of the units at the guarantee date is linked to the performance of the CAC 40 index between 3 February 1997 and 3 February 2005. The value of the units is:

## Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

- (i) 131.68% of the value of the units at 3 February 1997 where the index increases by less than 31.68%; otherwise
- (ii) 185.1% of the value of the units at 3 February 2005.

Subsequent to the guarantee date benefits may be linked to any of the eight internally linked French funds of GA Vie or the French Cash Fund of this Company.

(j) No other features are material to the method and basis of the valuation.

(k) The contract was not open to business on the valuation date.

(l) Not applicable.

**(a) NU Bond**

(b) This contract is a United Kingdom direct written whole life assurance and is classified as life assurance and general annuity business.

(c) Single premiums may be paid.

(d) The death benefit is the greater of the single premium, 101% of the bid value of units and the selected life cover.

Annual indexation option may be effected in which case the selected life cover will increase on each policy anniversary without evidence of health. The increases are in line with the Retail Prices Index subject to upper and lower limits as defined in the policy.

Special event options enable the selected life cover to be increased without evidence of health on the birth or adoption of a child or on marriage. Restrictions apply to the increase in cover that may be provided. The options cease at age 50.

Regular withdrawal option enables regular payments to be taken from the Bond.

Annual indexation, special events and regular withdrawal options are not available where there are investments in the Unitised With Profit Income Fund.

Up to 100% of premiums may be applied to purchase units in the Unitised With Profit Life Fund or the Unitised With Profit income Fund of the Company.

(e) Where benefits are linked to the Life Guaranteed Fund of Norwich Union Linked Life Assurance Limited units have a guaranteed value, on the 5th anniversary of their allocation, of their original value at the time of allocation. This guarantee only applies to units held throughout the 5-year period, and to units cancelled during that period to provide for the additional management charge. Units must be switched out of the Guaranteed Fund at the end of the 5-year period. Units cannot be switched into the Guaranteed Fund.

(f) The Company recovers its costs as follows: -

- (i) Unit prices for internal linked funds are reduced to take into account an annual management charge of 1.00% per annum (1.50% per annum in the case of the Guaranteed Fund).
- (ii) Units are cancelled at the end of each of the first 5 policy years to provide for an additional management charge. The charge is 0.50% (1.00% for investments of less than £10,000) of the fund value.
- (iii) The cost of selected life cover is met by the cancellation of units each month.

For investments in excess of £100,000, the allocation rate is 102.5%. Because there is no initial charge included in the offer price of units, more than 100% of the premium is deemed to be invested. The excess is recouped during the first five years or on earlier surrender.

(g) There are no restrictions on increases in charges.

## Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

- (h) The surrender value is equal to the bid value of units less an early redemption charge in the case of surrenders during the first 5 years of the policy. The charge applies where the amount surrendered exceeds 10% of the initial investment and is applied to the amount withdrawn that exceeds 10% according to the following scale:

Year	Charge
1	7%
2	6%
3	5%
4	3%
5	1%

- (i) Benefits may be linked to up to 10 of the internal linked funds of Norwich Union Linked Life Assurance Limited, including the Guaranteed Fund.
- (j) The Company will cancel the policy if the units allocated to the policy are insufficient to meet the charge for selected life cover.
- (k) The contract was not open to new business on the valuation date.
- (l) There were no increases in charges during the report period.

**(a) NU Bond 2000**

- (b) This contract is a United Kingdom direct written whole life assurance and is classified as life assurance and general annuity business.
- (c) Single premiums may be paid.
- (d) The death benefit is the greater of the single premium, 101% of the bid value of units and the selected life cover.

Annual indexation, special events and regular withdrawal options as for the NU Bond.

- (e) As for the NU Bond.

There is a guaranteed first anniversary bonus, paid on the business day prior to the first policy anniversary. The rate of this bonus is dependent upon the amount originally invested into the bond varying from 0.5% up to 3.5% for investments over £100,000.

A Loyalty bonus of 3.25% is payable against the number of units remaining in the bond at the close of business on the day prior to the tenth anniversary, and every subsequent fifth anniversary. The Loyalty bonus is paid by adding extra units. For bonds written on or after 25/6/01 the bonus is 0.5% payable on the sixth anniversary and every anniversary thereafter.

- (f) The Company recovers its costs as follows: -
- (i) Unit prices for internal linked funds are reduced to take into account an annual management charge of 1.50% per annum (2.00% per annum in the case of the Guaranteed Fund).
  - (ii) The cost of selected life cover is met by the cancellation of units each month.
  - (iii) An annual management charge does not apply to the Unitised With Profit Life Fund and Unitised With Profit Income Fund, expenses are taken into account when calculating the bonus rate and price of units.
- (g) There are no restrictions on increases in charges.
- (h) The surrender value is equal to the bid value of units, after any allowance for final bonus or market value reduction, less an early redemption charge in the case of surrenders during the first 5 years of the policy.

## Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

The charge applies where the amount surrendered exceeds 10% of the initial investment and is applied to the amount withdrawn that exceeds 10% according to the following scale:

Year	Charge
1	8%
2	7%
3	5%
4	3%
5	1%

- (i) Benefits may be linked to the Unitised With Profit Fund, the Unitised With Profit Income Fund or a combination of both. From 25/6/01 benefits may be linked to a maximum of 10 internal funds, including the Guaranteed Fund.
- (j) The Company will cancel the policy if the units allocated to the policy are insufficient to meet the charge for selected life cover.
- (k) The contract was not open to new business on the valuation date.
- (l) There were no increases in charges during the report period.

### (a) **NU FlexiBond**

- (b) This contract is a United Kingdom direct written whole life assurance and is classified as life assurance and general annuity business.
- (c) Single premiums may be paid. Additional single contributions may also be paid.
- (d) The death benefit is the greater of the initial investment, 101% of the bid value of units and the selected life cover.

Annual indexation, special events and regular withdrawal options as for the NU Bond.

Up to 100% of premiums may be applied to purchase units in the Unitised With Profit Life Fund or the Unitised With Profit Income Fund of the Company.

The contract can be written as a Flexible Protection Bond in which case the contract provides annual withdrawals of between 4% and 5% of the contributions (dependent on age at commencement) to fund regular premiums under the Future Assured (Long Term Care) contract of Norwich Union Life & Pensions Ltd. In this case, premiums may only be invested in the Unitised With Profit Life Fund of the Company.

- (e) As for the NU Bond.
- (f) The Company recovers its costs as follows :-
  - (i) An initial charge of 5% is included in the offer price of units.
  - (ii) Unit prices for internal linked funds, with the exception of With-Profit and the With-Profit Income Funds, are reduced to take account of an annual management charge of 1.0% per annum (1.5% on the Guaranteed Fund). For the With-Profit and With-Profit Income Funds expenses are taken into account when calculating the bonus rate and the price of units.
  - (iii) The cost of selected life cover is met by the cancellation of units each month.
- (g) There are no restrictions on increases in charges.
- (h) The surrender value is equal to the bid value of units, after any allowance for final bonus or market value reduction, less an early redemption charge in the case of surrenders during the first 5 years of the policy. The charge applies where the amount surrendered exceeds 10% of the initial investment and is applied to the amount withdrawn that exceeds 10% according to the following scale:



## Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

Year	Charge
1	5%
2	4%
3	3%
4	2%
5	1%

- (i) As for the NU Bond 2000.
- (j) The Company will cancel the policy if the units allocated to the policy are insufficient to meet the charge for selected life cover.
- (k) The contract was not open to new business on the valuation date.
- (l) There were no increases in charges during the report period.

### (a) **NU Homemaker Plus**

- (b) This contract is a United Kingdom direct written endowment assurance and is classified as life assurance and general annuity business.
- (c) Regular premiums may be paid monthly or annually.
- (d) On maturity, the bid value of the units attaching to the policy at the end of the term increased for any final bonus on the bid value of units held in the unitised with profit fund, will be paid.

The death benefit is the greater of the bid value of units and the mortgage sum assured (plus any additional life cover and automatic additional life cover) increased for any final bonus on the bid value of units held in the unitised with profit fund.

A critical illness benefit may be selected, which can be greater than the policyholder's existing death benefit on the policy.

A terminal illness benefit is payable other than within the 18 months prior to the maturity date in the event of the life assured being diagnosed as having no more than 12 months life expectancy.

A waiver of premium benefit may be selected.

- (e) There are no guaranteed investment returns.
- (f) The company recovers its costs as follows :-
  - (i) Unit prices for internal linked funds, with the exception of the Unitised With-Profit Life Fund, are reduced to take account of an annual management charge of 0.75% per annum. For the Unitised With Profit Life Fund expenses are taken into account when calculating the bonus rate and the price of units.
  - (ii) Initial charge of 5% is included in the offer price of units.
  - (iii) Units are cancelled each month to provide for the administration charge.
  - (iv) The costs of the selected life cover, critical illness cover and waiver of premium benefit are covered by cancellation of units each month.
- (g) The annual management charge can be increased up to a maximum of 2.5% p.a. The administration charge may only be increased to take account of changes in Retail Price Index (or similar index) and the cost of administration of policies.
- (h) The current value is the bid value of allocated units plus any final bonus on units held in the Unitised With Profit Life Fund less any market value adjustment on unitised with profits units held.
- (i) Benefits may be linked to the internal linked funds of Norwich Union Linked Life Assurance limited (excluding the Guaranteed Fund), to a range of external linked funds and the unitised with-profits fund, with a maximum of six links at any one time.

## Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

- (j) No other features are material to the method and basis of the valuation.
- (k) The contract was open to new business on the valuation date.
- (l) The administration charge was increased from £1.07 per month to £1.10 per month with effect from the 2004 policy anniversary.

**(a) CGU / NU Your Pension - Ind**

- (b) This contract is a United Kingdom direct written deferred annuity.
- (c) Regular premiums may be paid monthly or annually. Single premiums, transfer values and Department of Social Security contributions may be paid into the scheme.
- (d) The benefit at the selected retirement date is the bid value of units. The cash sum may be paid out as cash within Inland Revenue limits or used to buy an annuity with the Company or any other insurer at the immediate annuity rates at the time.

The death benefit is the bid value of units.

Annual indexation option may be selected. Contributions are increased in line with the National Average Earnings subject to upper and lower limits as defined in the policy.

A waiver of premium benefit may be selected.

Regular contributions may be reduced or stopped at any time without penalty. Contributions may be restarted at any time.

Premiums may be applied to purchase units in the Unitised With Profit Pension fund of the Company.

- (e) Units in the Pension Assured Fund have a guaranteed price of £1 at the selected pension age or on earlier death.
- (f) The Company recovers its costs as follows:
  - (i) Annual Fund charge of 1% p.a. is deducted from the fund by monthly cancellation of units.
  - (ii) For investments in the Unitised With Profit Pension Fund 0.6% of the Annual Fund charge is allowed for when the bonus rate is calculated and the remainder is deducted by monthly cancellation of units.
  - (iii) For investments in the Pension Assured Fund an additional charge of 0.25% p.a. is taken into account when bonus units are declared.
  - (iv) Up to 0.2% of the annual fund charge may be refunded to the policyholder. The percentage is dependent on the size of the fund

- (g) There are no restrictions on increases in charges.
- (h) The bid value of units may be transferred to a new employer's scheme.
- (i) Benefits may be linked to up to 6 of the internal linked funds of Norwich Union Linked Life Assurance Limited, including the Pension Assured Fund.
- (j) No other features are material to the method and basis of the valuation.
- (k) The contract was open to new business on the valuation date.
- (l) There were no increases in charges during the report period.

**(a) CGU / NU Your Pension – Grp**

- (b) This contract is a United Kingdom direct written deferred annuity.
- (c) Regular premiums may be paid monthly or annually. Single premiums, transfer values and Department of Social Security contributions may be paid into the scheme.

#### Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

- (d) The benefit at the selected retirement date is the bid value of units. The cash sum may be paid out as cash within Inland Revenue limits or used to buy an annuity with the Company or any other insurer at the immediate annuity rates at the time.

The death benefit is the bid value of units.

Annual indexation option may be selected. Contributions are increased in line with the National Average Earnings subject to upper and lower limits as defined in the policy.

Contributions may be a fixed percentage of salary.

A waiver of premium benefit may be selected.

Regular contributions may be reduced or stopped at any time without penalty. Contributions may be restarted at any time.

Premiums may be applied to purchase units in the Unitised With Profit Pension Fund of the Company.

- (e) As for NU Your Pension – Ind.
- (f) As for NU Your Pension – Ind.
- (g) As for NU Your Pension – Ind.
- (h) As for NU Your Pension – Ind.
- (i) As for NU Your Pension – Ind.
- (j) As for NU Your Pension – Ind.
- (k) The contract was open to new business on the valuation date.
- (l) As for NU Your Pension – Ind.

**(a) NU Your Pension Select – Ind**

- (b) This contract is a United Kingdom direct written deferred annuity.
- (c) Regular premiums may be paid monthly or annually. Single premiums, transfer values and Department of Social Security contributions may be paid into the scheme.
- (d) The benefit at the selected retirement date is the bid value of units. The cash sum may be paid out as cash within Inland Revenue limits or used to buy an annuity with the Company or any other insurer at the immediate annuity rates at the time.

The death benefit is the bid value of units.

Annual indexation option may be selected. Contributions are increased in line with the National Average Earnings subject to upper and lower limits as defined in the policy.

A waiver of premium benefit may be selected.

Regular contributions may be reduced or stopped at any time without penalty. Contributions may be restarted at any time.

Premiums may be applied to purchase units in the Unitised With Profit Pension Fund of the Company.

- (e) As for NU Your Pension – Ind
- (f) The Company recovers its costs as follows:

## Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

- (i) Annual Fund charge of 1% p.a. is deducted from the fund by monthly cancellation of units.
- (ii) For investments in the Unitised With Profit Pension Fund, under contracts written prior to 6 April 2001, 0.6% of the Annual Fund charge is allowed for when the bonus rate is calculated and the remainder is deducted by monthly cancellation of units.
- (iii) For investments in the Pension Assured Fund an additional charge of 0.25% p.a. is taken into account when bonus units are declared.
- (iv) Up to 0.2% of the annual fund charge is refunded. This is dependent on the size of the fund.
- (v) Reduced allocation period on regular contributions of up to 5 years.

**(g)** As for NU Your Pension – Ind.

**(h)** As for NU Your Pension – Ind.

**(i)** As for NU Your Pension – Ind.

**(j)** As for NU Your Pension – Ind.

**(k)** The contract was open to new business on the valuation date.

**(l)** As for NU Your Pension – Ind.

**(a) NU Your Pension Select – Grp**

**(b)** This contract is a United Kingdom direct written deferred annuity.

**(c)** Regular premiums may be paid monthly or annually. Single premiums, transfer values and Department of Social Security contributions may be paid into the scheme.

**(d)** The benefit at the selected retirement date is the bid value of units. The cash sum may be paid out as cash within Inland Revenue limits or used to buy an annuity with the Company or any other insurer at the immediate annuity rates at the time.

The death benefit is the bid value of units.

Annual indexation option may be selected. Contributions are increased in line with the National Average Earnings subject to upper and lower limits as defined in the policy.

Contributions may be a fixed percentage of salary.

A waiver of premium benefit may be selected.

Regular contributions may be reduced or stopped at any time without penalty. Contributions may be restarted at any time.

Premiums may be applied to purchase units in the Unitised With Profit Pension Fund of the Company.

**(e)** As for NU Your Pension – Ind

**(f)** The Company recovers its costs as follows: -

- (i) Annual Fund charge of 1% p.a. is deducted from the fund by monthly cancellation of units.
- (ii) For investments in the Unitised With Profit Pension Fund, under contracts written prior to 6 April 2001, 0.6% of the Annual Fund charge is allowed for when the bonus rate is calculated and the remainder is deducted by monthly cancellation of units.
- (iii) For investments in the Pension Assured Fund an additional charge of 0.25% p.a. is taken into account when bonus units are declared.
- (iv) Up to 0.2% of the annual fund charge is refunded. This is dependent on the size of the fund.
- (v) Reduced allocation period on regular contributions of up to 5 years.

**(g)** As for NU Your Pension – Ind.

**(h)** As for NU Your Pension – Ind.

## Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

- (i) As for NU Your Pension – Ind.
- (j) As for NU Your Pension – Ind.
- (k) The contract was open to new business on the valuation date.
- (l) As for NU Your Pension – Ind.

**(a) NU Optimiser Personal Pension**

- (b) This contract is a direct written deferred annuity. The contract is either written in the United Kingdom in which case it is included as United Kingdom pension business, or in Jersey or Guernsey, in which case it is included as overseas life and general annuity business.
- (c) Regular premiums may be paid monthly or annually. Single premiums, transfer values and Department of Social Security contributions may also be paid into the scheme.
- (d) The benefit at the selected retirement date is the bid value of units. The cash sum may be paid out as cash within Inland Revenue limits or used to buy an annuity with the Company or any other insurer at the immediate annuity rates at the time.

The death benefit is the greater of bid value of units plus any loyalty bonus and the selected life cover.

A waiver of premium benefit may be selected.

Annual indexation option may be effected in which case the regular premium will increase each year either by a fixed percentage of the contributions (5% or 10%) or in line with National Average Earnings subject to upper and lower limits.

A loyalty bonus is payable at retirement, death or transfer where regular contributions have been made for a cumulative period of 10 years or more. The bonus amount will be 0.5% of the bid value of units for each complete year that contributions have been paid.

Regular contributions may be reduced or stopped at any time without penalty. Contributions may be restarted at any time.

Premiums may be applied to purchase units in the Unitised With Profit Pension Fund of the Company.

- (e) Units in the Pension Assured Fund have a guaranteed price of £1 at the selected pension age or on earlier death.
- (f) The Company recovers its costs as follows: -
  - (i) Reduced allocation rates apply to regular contributions. Allocation rates for single premiums and transfer payments vary by size.
  - (ii) An initial charge of 5% is included in the offer price of units.
  - (iii) Unit prices for internal linked funds are reduced to take into account an annual management charge of 0.625% p.a. (0.875% for the Pension Assured Fund).
  - (iv) Plan management charge of 0.375% p.a. of the regular contribution fund value, deducted by cancellation of units.
  - (v) Units are cancelled each month to provide for the administration charge for regular contributions only.
  - (vi) Units are cancelled each month to provide for the cost of life cover and the cost of waiver of contribution.
- (g) The administration charge may be increased by no more than the increase in the Retail Prices index.
- (h) The bid value of units may be transferred to a new employer's scheme.
- (i) Benefits may be linked to up to 6 of the internal linked funds of Norwich Union Linked Life Assurance Limited, including the Pension Assured Fund.

## Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

- (j) The Company will cancel the policy if the units allocated to the policy are insufficient to meet the administration charge.
- (k) The contract is closed to new business.
- (l) The administration charge was £2.81 per month.

**(a) NU Executive Personal Pension**

- (b) This contract is a United Kingdom direct written deferred annuity and is classified as pension business. The contract complies with Chapter I Part XIV of the Income and Corporation Taxes Act 1988.
- (c) Regular premiums may be paid monthly or annually. Single premiums and transfer values may also be paid.
- (d) The benefit at the selected retirement date is the bid value of units plus any loyalty bonus and any final bonus earned on units in the Unitised With Profit Pension Fund.

The death benefit is the greater of bid value of units plus any loyalty bonus and any terminal bonus earned on units in the Unitised With Profit Pension Fund and the selected life cover.

For the Optimiser basis only, a loyalty bonus on regular contributions is payable as for NU Optimiser Personal Pension.

Single contributions and transfer payments, which have been invested for more than 10 years qualify for a loyalty bonus. The bonus is 0.25% of the bid value of units and is added by crediting additional units to the plan on the 11th and each subsequent plan anniversary.

Regular contributions may be expressed as a percentage of pensionable earnings.

Where contributions are earnings related, selected life cover may be expressed as a multiple pensionable earnings and may be increased by up to 10% p.a. on each of the first five renewal dates without further evidence of health subject to age and maximum cover restrictions.

Regular contributions may be stopped and restarted as described under the NU Optimiser Personal Pension.

Premiums may be applied to purchase units in the Unitised With-Profit Fund of the Company.

- (e) As for NU Optimiser Personal Pension.
- (f) The Company recovers its costs as follows:
  - (i) Reduced allocation rates apply to regular contributions. Allocation rates for single premiums and transfer payments vary by size.
  - (ii) An initial charge of 5% is included in the offer price of units.
  - (iii) Unit prices for internal linked funds are reduced to take into account an annual management charge of 0.625% p.a. (0.875% for the Pension Assured Fund).
  - (iv) Plan management charge, for the Optimiser basis only, of 0.375% a year of the regular contribution fund value deducted by the cancellation of units.
  - (v) Units are cancelled each month to provide for the administration charge
  - (vi) Units are cancelled each month to provide for the cost of life cover.
- (g) As for NU Optimiser Personal Pension.
- (h) The benefit on early retirement or transfer before pension age is the bid value of units. For single contributions or transfer values paid within the previous 10 years a penalty of 0.5% of the contribution for each year outstanding to the end of 10 years after the contribution was made is charged.
- (i) As for NU Optimiser Personal Pension.

**Valuation report – IPRU (INS) Appendix 9.4**

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

- (j) As for NU Optimiser Personal Pension.
- (k) The contract was open to new business on the valuation date.
- (l) The administration charge was £2.81 per month.

**(a) NU Directors Personal Pension**

- (b) This contract is a United Kingdom direct written deferred annuity and is classified as pension business. The contract complies with Chapter I Part XIV of the Income and Corporation Taxes Act 1988.
- (c) Regular premiums may be paid monthly or annually. Single premiums and transfer values may also be paid.
- (d) The benefit on death, where regular contributions are made, is the greater of the bid value of units and the selected life cover. Any sums secured by additional voluntary contributions and any transfer payments are payable in addition.

Death benefit where regular contributions are not made is the bid value of units.

The benefit at retirement is the bid value of units.

Regular contributions may be stopped and restarted as described under the NU Optimiser Personal Pension.

A loyalty bonus is payable as for the Executive Personal Pension.

Premiums may be applied to purchase units in the Unitised With Profit Pension Fund of the Company.

- (e) As for NU Optimiser Personal Pension.
- (f) As for NU Executive Personal Pension.
- (g) As for NU Optimiser Personal Pension.
- (h) As for NU Executive Personal Pension.
- (i) As for NU Optimiser Personal Pension.
- (j) As for NU Optimiser Personal Pension.
- (k) The contract was open to new business at the valuation date.
- (l) The administration charge was £2.81 per month.

**(a) NU Free Standing AVC Plan**

- (b) This contract is a United Kingdom direct written deferred annuity and is classified as pension business.
- (c) Regular premiums may be paid monthly or annually. Single premiums and transfer values may also be paid.
- (d) The benefit at the selected retirement date is the bid value of units.  
The benefit on death before retirement is the greater of bid value of units and the selected life cover.  
Annual indexation option may be effected as for NU Optimiser Personal Pension.  
A loyalty bonus is payable as for NU Executive Personal Pension.  
Regular contributions may be stopped and restarted at any time without penalty.  
Premiums may be applied to purchase units in the Unitised With Profit Pension Fund of the Company.

## Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

- (e) As for NU Optimiser Personal Pension.
- (f) As for NU Executive Personal Pension.
- (g) As for NU Optimiser Personal Pension.
- (h) As for NU Executive Personal Pension.
- (i) As for NU Optimiser Personal Pension.
- (i) As for NU Optimiser Personal Pension.
- (k) The contract was open to new business on the valuation date.
- (l) The administration charge was £2.81 per month.

**(a) NU Personal Transfer Plan**

- (b) This contract is a United Kingdom direct written deferred annuity, which complies with section 591(2)(g) of the Income and Corporation Taxes Act 1988. It is classified as pension business.
- (c) Transfer values may be paid. No additional payments are allowed
- (d) Accrued rights to Guaranteed Minimum Pensions, subject to fixed rate or limited rate revaluation, may be transferred into the plan. In such cases, the Company specifies a minimum premium that must be invested in the With-Profit fund. The benefits at State Pension Age are guaranteed to be sufficient to secure such rights.

The benefit on retirement is equal to the bid value of units.

The death benefit is the bid value of units.

A loyalty bonus is payable where contributions have been invested for more than 10 years. A bonus of 0.25% of the fund value is added by crediting additional units to the plan on the 11th and each subsequent plan anniversary.

Premiums may be applied to purchase units in the Unitised With Profit Pension Fund.

- (e) Units in the Pension Assured Fund have a guaranteed price of £1 at the selected pension age or on earlier death.
- (f) The Company recovers its costs as follows:-
  - (i) An initial charge of 5% is included in the offer price of units
  - (ii) Unit prices for internal linked funds are reduced to take into account an annual management charge of 0.625% (0.875% for the Pension Assured Fund).
  - (iii) Units are cancelled each month to provide for the administration charge
- (g) The monthly administration charge can be increased by no more than the increase in the Retail Prices Index.
- (h) As for NU Executive Personal Pension.
- (i) Benefits may be linked to up to 6 of the internal linked funds of Norwich Union Linked Life Assurance Limited, including the Pension Assured Fund.
- (j) No other features are material to the method and basis of the valuation.
- (k) The contract was open to new business on the valuation date.
- (l) The administration charge was £1.41 per month.



## Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

### (a) **NU Group Pension Investment Bond**

- (b) This is a direct written investment contract. The contract is either written in the United Kingdom in which case it is included as pension business, or in Jersey and Guernsey, in which case it is included as overseas life and general annuity business.
- (c) Single contributions are paid. Additional single contributions may also be paid.
- (d) The contract provides non-earmarked benefits to Trustees of occupational and personal pension schemes. The cash sum may be paid out as cash within Inland Revenue limits or used to buy an annuity with the Company or any other insurer at the immediate annuity rates at the time.

Contributions that have been invested for more than 10 years qualify for a loyalty bonus of 0.25% of the fund value. The bonus is added by crediting additional units to the plan on the 11th and each subsequent plan anniversary.

Premiums may be applied to purchase units in the Unitised With Profit Pension Fund of the Company.

- (e) For investments in the Pension Assured Fund, a selected date is chosen by the policyholder at which point the units have a guaranteed price of £1.
- (f) The Company recovers its costs as follows: -
  - (i) Unit prices for internal linked funds (with the exception of the Unitised With Profit Pension Fund) are reduced to take into account an annual management charge of 0.625% per annum (0.875% per annum for the Pension Assured Fund).
  - (ii) For the Unitised With Profit Pension Fund expenses are allowed for when determining the bonus rates.
  - (iii) Units are cancelled at the end of each of the first 5 policy years to provide for a plan management charge of 0.75% per annum.
- (g) There are no restrictions on increases in charges.
- (h) An early encashment charge may apply if units are cashed in within 5 years of a contribution been paid. The charge applies where the amount cashed in exceeds 10% of the total contributions paid and is expressed as a percentage of any excess over 10% as shown below:

Year	Charge
1	7.5%
2	6%
3	4.5%
4	3%
5	1.5%

The charge is applied to each contribution separately according to the length of time it has been invested. Where only part of the plan is cashed in, the most recent contribution will be cashed in first.

- (i) Benefits may be linked to up to 6 of the internal linked pension funds of Norwich Union Linked Life Assurance Limited.
- (j) No other features are material to the method and basis of the valuation.
- (k) The contract was open to new business on the valuation date.
- (l) There were no increases in the rates of charges.

### (a) **NU Self Invested Personal Pension**

- (b) This contract is a United Kingdom direct written investment contract which complies with Chapter IV Part XIV of the Income and Corporation Taxes Act 1988, and is classified as pensions business.

## Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

- (c) Regular or single contributions may be paid. Additional single contributions and transfer values may also be paid.
- (d) The benefit at retirement is the bid value of units. This may be paid out as a cash lump sum within Inland Revenue limits or used to purchase an annuity. It is possible to defer purchase of an annuity and withdraw an income from the fund.

The bid value of units is payable on death.

Regular contributions may be increased.

Regular contributions may be reduced or stopped at any time without penalty. Contributions may be restarted at any time.

A loyalty bonus is payable as for the Group Pension Investment Bond.

Premiums may be applied to purchase units in the Unitised With-Profit Pension Fund of the Company.

- (e) For investments in the Pension Assured Fund, a selected date is chosen by the policyholder at which point the units have a guaranteed price of £1.
- (f) As for Group Pension Investment Bond. There are also additional charges for specific services (e.g. Ad hoc valuations).
- (g) As for Group Pension Investment Bond.
- (h) As for Group Pension Investment Bond.
- (i) As for Group Pension Investment Bond.
- (j) As for Group Pension Investment Bond.
- (k) The contract was open to new business on the valuation date.
- (l) There were no increases in the rate of charges.

### (a) **NU Designer Personal Pension**

- (b) This contract is a United Kingdom direct written deferred annuity.
- (c) Regular premiums may be paid monthly or annually. Single premiums, transfer values and Department of Social Security contributions may also be paid into the scheme.
- (d) The benefit at selected retirement date is the bid value of units. This may be paid out as a cash lump sum within Inland Revenue limits or used to purchase an annuity with the Company or any other insurer at the immediate annuity rates at the time.

The benefit on death before retirement is the greater of the bid value of units and the selected life cover.

A waiver of premium benefit may be selected.

Regular contributions may increase each year either by a fixed percentage of the contributions (5% or 10%) or in line with National Average Earnings subject to a minimum of 3%.

Regular contributions may be reduced or stopped and restarted at any time without penalty.

- (e) There are no guaranteed investment returns.
- (f) The margin for expenses and commission is a fund management charge of between 0.4% and 1.75% of the value of the fund, depending on the level of commission, the style of contract and the funds selected.

## Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

The fund charge can be deducted by monthly cancellation of units, implicitly in the fund price or a combination of methods depending on the fund series used for the contract. For most contracts written since 6 April 2001 the charge is deducted by cancellation of units.

- (g) The fund management charge may vary.
- (h) The benefit on early retirement is the bid value of units.
- (i) Benefits may be linked to any of the 16 internal linked funds of Norwich Union Linked Life Assurance Limited and the Unitised With Profit Pension Fund, of the Company.
- (j) No other features are material to the method and basis of the valuation.
- (k) The contract was open to new business on the valuation date.
- (l) There were no increases in charges during the report period.

### **(a) Stakeholder NU Designer Personal Pension**

- (b) This contract is a United Kingdom direct written deferred annuity.
- (c) Regular premiums may be paid monthly or annually. Single premiums, transfer values and Department of Social Security contributions may also be paid into the scheme.
- (d) The benefit at selected retirement date is the bid value of units. This may be paid out as a cash lump sum within Inland Revenue limits or used to purchase an annuity with the Company or any other insurer at the immediate annuity rates at the time.

The benefit on death before retirement is the bid value of units.

Regular contributions may increase each year either by a fixed percentage of the contributions (5% or 10%) or in line with National Average Earnings subject to a minimum of 3%.

Regular contributions may be reduced or stopped and restarted at any time without penalty.

- (e) There are no guaranteed investment returns.
- (f) The margin for expenses and commission is a fund management charge of between 0.4% and 1% of the value of the fund depending on the level of commission, style of contract and funds selected. The fund charge can be deducted by monthly cancellation of units, implicitly in the fund price or a combination of both depending on the fund series used for the contract. For most stakeholder contracts the charge is deducted by cancellation of units.
- (g) The fund management charge may vary, subject to a 1% maximum.
- (h) The benefit on early retirement is the bid value of units.
- (i) Benefits may be linked to internal linked funds of Norwich Union Linked Life Assurance Limited, external linked funds and the Unitised With Profit Pension Fund, of the Company.
- (j) No other features are material to the method and basis of the valuation.
- (k) The contract was open to new business on the valuation date.
- (l) There were no increases in charges during the report period.

## Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

**(a) Variable Money Purchase Plan, Variable Money Purchase Plan (Mono Charge) and Millennium Variable Money Purchase Plan**

- (b) This contract is a United Kingdom direct written pension contract, which complies with Chapter 1 Part XIV of the Income and Corporation Taxes Act 1988.
- (c) Regular contributions may be paid. Additional single contributions and transfer values may also be paid. Single contributions from employees are directed to a separate Additional Voluntary Contribution Plan.
- (d) The benefit at retirement is the bid value of units. This may be paid out as a cash lump sum within Inland Revenue limits or used to purchase an annuity with the Company or any other insurer at the immediate annuity rates at the time.

The bid value of units is payable on death.

- (e) There are no guaranteed investment returns.
- (f) The Company recovers its costs as follows:-
- (i) An annual management charge of 0.7% for Mono charge contracts, up to 1% for Millennium contracts and 0.875% for other contracts. For millennium contracts the charge is taken by unit cancellation. Additionally for the Variable Money Purchase Plan contract:
  - (ii) Reduced allocation rates apply to regular contributions. Allocation rates for transfers and single premiums will be adjusted if they were paid within 5 years of an alteration to the retirement date.
  - (iii) Charges may be made for switches over a given frequency.
  - (iv) An initial charge of 5% is included in the offer price of units.
  - (v) There is an initial charge of £50 per member for plans with less than 50 members.
- (g) Initial member charges when applicable can be reviewed. Switch charges when applicable can be increased at not more than the increase in the Retail Prices Index. The fund management charge may vary.
- (h) The benefit on early retirement is the bid value of units.
- (i) Benefits may be linked to internal linked funds of Norwich Union Linked Life Assurance Limited and the Utilised With Profit Pension Fund of the Company.
- (j) No other features are material to the method and basis of the valuation.
- (k) The contract was open to new business on the valuation date.
- (l) The administration charge when applicable was £3.02 per month.

**(a) NU Group AVC, NU Group AVC (Mono Charge) and Variable Group AVC (Millennium Series)**

- (b) This contract is a United Kingdom direct written pension contract, which complies with Chapter 1 Part XIV of the Income and Corporation Taxes Act 1988.
- (c) Regular contributions may be paid. Additional single contributions may also be paid.
- (d) At retirement, or earlier death, the member's fund will be used to buy benefits in accordance with the rules of the employer's main scheme. For most cases no cash is allowed to be taken instead of pension.

Additional life cover may continue under a regular contribution plan whilst the member's fund is sufficient to meet the cost.

- (e) There are no guaranteed investment returns.
- (f) The Company recovers its costs as follows:-
- (i) An annual management charge of 0.7% for Mono charge contracts up to 1% for Millennium contracts, and 0.875% for other contracts. For millennium contracts the charge is taken by unit cancellation. Additionally for the non Mono charge and non Millennium contracts only:
  - (ii) An initial charge of 5% is included in the offer price of units.
  - (iii) Reduced allocation rates apply which vary according to whether the contributions are fixed or variable.

## Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

- (iv) Allocation rates for transfers and single contributions will be adjusted if they were paid within 5 years of an alteration to the retirement date.
- (v) Switch charges are payable for each switch more than once per plan year.
- (vi) For plans with regular contributions, cancelling the appropriate number of units pays for the cost of life cover.
  
- (vii) Units are cancelled each month to provide for the monthly plan fee.
- (viii) An initial charge for each member may be made.
  
- (g) The fund management charge may vary.
  
- (h) The benefit and options on early retirement will be subject to the rules of the main scheme. The plan pays the bid value of units to the trustees of the main scheme.
  
- (i) Benefits may be linked to up to 6 of the internal linked funds of Norwich Union Linked Life Assurance Limited and the Unitised With Profit Pension Fund.
  
- (j) No other features are material to the method and basis of the valuation.
  
- (k) The contract was open to new business on the valuation date.
  
- (l) The administration charge when applicable was £3.12 per month.
  
- (a) Stakeholder NU Your Pension – Ind and Stakeholder NU Your Pension - Grp**
- (b) This contract is a United Kingdom direct written deferred annuity.
- (c) Regular contributions may be paid monthly or annually. Single premiums, transfer values and Department of Social Security contributions may be paid into the scheme. Contributions may be a fixed percentage of salary with an option to increase in line with National Average Earnings or by fixed rates at 5% or 10% per annum.
- (d) The benefit at the selected retirement date is the bid value of units. The cash sum may be paid out as cash within Inland Revenue limits or used to buy an annuity with the Company or any other insurer at the immediate annuity rates at the time.  
  
The death benefit is the bid value of units.  
  
Regular contributions may be reduced or stopped and restarted at any time without penalty.
- (e) There are no guaranteed investment returns.
- (f) The margin for expenses and commission is a fund management charge of between 0.6% and 1% of the value of the fund, depending on the level of commission and is deducted by monthly cancellation of units.
- (g) The management charge is restricted to a maximum of 1% per annum, with fund value rebates for large funds.
- (h) The bid value of units may be transferred to another scheme.
- (i) Benefits may be linked to the internal linked funds of Norwich Union Linked Life Assurance Limited and to some externally managed funds.
- (j) No other features are material to the method and basis of the valuation.
- (k) The contract was open to new business on the valuation date.
- (l) There were no increases in charges during the report period.

### **(a) NU Bond (Level Option) and NU Bond (Step Down Option)**

## Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

- (b) This contract is a United Kingdom direct written whole life assurance and is classified as life assurance and general annuity business.
- (c) Single premiums may be paid.
- (d) Death benefit is 101% of the bid value of the units increased for any final bonus on the bid value of units held in the Unitised With Profit Fund.
- (e) Where benefits are linked to the Life Guaranteed Fund of Norwich Union Linked Life Assurance Limited, units have a guaranteed value, on the 5th anniversary of their allocation, of their original value at the time of allocation. This guarantee only applies to units held throughout the 5 year period, and to units cancelled during that period to provide for the additional management charge. Units must be switched out of the Guaranteed Fund at the end of the 5 year period. Units cannot be switched into the Guaranteed Fund.

- (a) The Company recovers its costs as follows:

For the Level Option, the annual management charge varies between 1.25% to 1.75% per year depending on the amount of investment (an additional charge of 0.5% applies to units invested in Guaranteed Fund and 0.25% in Sustainable Future Fund).

For the Step Down Option, the annual management charge is 1% on all funds except for Guaranteed Fund and Sustainable Future Fund where it is 1.5% and 1.25% per year respectively. Units are cancelled each month for the first 5 policy years to provide for an additional management charge. The charge is 0.50% p.a. (1.00% p.a. for premiums of less than £10,000) of the fund value.

- (a) There are no restrictions on increases in charges.

- (a) The surrender value is the bid value of allocated units increased by any final bonus payable and reduced by any Market Value Adjustment applicable at the date of surrender. An early exit charge also arises during the first 5 years of the policy where the amount withdrawn exceeds 10%, according to the following scale:

### Step Down Option

Year	Charge
1	10%
2	6%
3	5%
4	3%
5	1%

### Level Option

Year	Charge
1	9%
2	5%
3	3%
4	2%
5	1%

- (i) Benefits may be linked to up to 10 of the internal linked life funds of the Norwich Union Linked Life Assurance Limited.
- (j) No other features are material to the method or basis of valuation.
- (k) The contract was open to new business in the year to the valuation date.
- (l) Not applicable.

- 5 (2) The value of units in the Unitised With Profit Life Fund purchased prior to 1 February 1994 and not subsequently switched into the Loyalty Fund is increased by guaranteed interest at a rate of 3% per annum compound. The value of units in the Unitised With Profit Pension Fund is increased by guaranteed interest at a rate of 4% per annum compound in the case of units purchased by single premiums paid prior to 22 January 1996 and units purchased by regular premiums paid prior to 13 May 1996. Interest rate guarantees

## Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

do not apply to other units in these funds or to units in the Stakeholder Unitised With Profit fund. Unit prices are further increased by the addition of declared and interim bonuses calculated on a daily basis.

The Company has discretion to reduce the bid value of units in the Unitised With Profit Funds by applying a Market Value Reduction to reflect adverse financial conditions current at that time. The circumstances in which this factor may be applied are as follows: -

### **Flexible Retirement Plan**

- (i) On withdrawals in excess of 5% of the initial investment.
- (ii) On the payment of a tax free cash sum as a result of a transfer from a growth to an income policy.
- (iii) On the payment of a transfer value.
- (iv) On the purchase of a compulsory purchase annuity.
- (v) On the exercise of an option to switch to the internal linked funds of Norwich Union Linked Life Assurance Limited.

### **Group Pension Investment Bond, NU Group Pension Investment Bond, Trustee Investment Plan, Self Invested Pension Plan and NU Self Invested Personal Pension**

- (i) On withdrawal at any time other than at a selected date determined either at commencement or at the original selected date. The selected date must be at least five years after commencement or extension. The selected date does not apply to Trustee Investment Plans or Self Invested Personal Pensions written after 1 June 2002.
- (ii) On withdrawals in excess of 5% of the initial investment in any one year (10% if written before 1 June 2002 provided that the selected date is at least ten years after commencement).
- (iii) On the exercise of an option to switch to the internal linked funds of Norwich Union Linked Life Assurance Limited.
- (iv) For Trustee Investment Plans and Self Invested Personal Pensions written since 1 June 2002, there is a money back guarantee on the tenth anniversary of the policy. The amount guaranteed is the initial investment reduced in proportion to the number of units cancelled through withdrawals and switches.

### **International Personal Pension and NU International Investment Plan**

- (i) On any withdrawal except at the selected pension date in respect of units purchased by regular premiums for a period of at least five years.
- (ii) On the exercise of an option to switch to the internal linked funds of Norwich Union Linked Life Assurance Limited.

### **All Other Pension Contracts**

- (i) On the exercise of an option to switch to the internal linked funds of Norwich Union Linked Life Assurance Limited.
- (ii) On retirement prior to the selected pension date (except for jointly written policies).
- (iii) On retirement after the selected pension date (except for jointly written policies).
- (iv) On retirement at the selected pension date, in respect of units purchased by single premiums paid within five years of retirement or units purchased by increments in regular premiums within five years of retirement (except for jointly written policies).
- (v) In the case of jointly written policies, on retirement at a date more than three years earlier than the selected pension date, or on retirement at any time in respect of units purchased by single premiums.
- (vi) On the payment of a transfer value.

### **Kaleidoscope, Lifetrack**

- (i) On surrender or part surrender at any time.
- (ii) On the exercise of an option to switch to the internal linked funds of Norwich Union Linked Life Assurance Limited.

### **Portfolio Bond, NU Bond, NU Bond 2000, NU Flexibond, NU Bond Level Option, NU Bond Step Down Option, Investment Bond and Irish Portfolio Bond**

- (i) On surrender or part surrender at any time, except for contracts written between October 1998 and January 2002 where the adjustment is guaranteed not to apply on the tenth anniversary of the policy and on each fifth anniversary thereafter. For investments in the Unitised With Profit Life Fund under Bonds issues since January 2002, there is a money back guarantee on the tenth anniversary of the

## Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

policy. The amount guaranteed is the initial investment reduced in proportion to the number of units cancelled through withdrawals, switches and additional life cover charges.

- (ii) On the exercise of an option to switch to the internal linked funds of Norwich Union Linked Life Assurance Limited.
- (iii) On income withdrawals except where the withdrawal is less than 7.5% p.a. (5.0% p.a. for NU Bond Level and NU Bond Step Down) of the initial investment and this facility was set up from inception or for policies issued since 1 July 1999, this facility was set up after outset at a time when no Market Value Reduction was applying.
- (iv) In the case of Portfolio Bonds issued since 15 May 2000, NU Bond, NU Bond 2000, NU Flexibond, NU Bond Level and NU Bond Step Down, on a switch between the Unitised With Profit Life Fund and the Unitised With Profit Income Fund and on income payments from the Unitised With Profit Income fund in excess of the prevailing interim bonus rate.

In all other circumstances the bid price value of units is payable (less any charges specified in the contract descriptions in paragraph 5(1) above).

### Multi-Portfolio

- (i) On surrender at any time other than the selected date. The selected date must be at least eight years after commencement.
- (ii) On ad hoc partial withdrawals.
- (iii) On the exercise of an option to switch to the internal linked funds of Norwich Union Linked Life Assurance Limited or the French Cash Fund of this Company.
- (iv) On automatic partial withdrawal in excess of 6% of the fund value at commencement of those withdrawals.
- (v) At the selected date in respect of any single premiums or switches made in the 5 years prior to the selected date.

### Multi-Portfolio Retraite

- (i) On surrender at any time other than the selected date. The selected date must be at least eight years after commencement.
- (ii) On ad hoc partial withdrawals.
- (iii) On the exercise of an option to switch to the internal linked funds of Norwich Union Linked Life Assurance Limited or the French Cash Fund of this Company.
- (iv) On automatic partial withdrawals.
- (v) At the selected date in respect of single premiums, switches or redirections made in the 5 years prior to the selected date.
- (vi) At the selected date in respect of regular premiums where, at a date within 5 years of the selected date, the regular premium had been increased to more than twice the level which applied 5 years prior to the selected date. In such circumstances the Market Value Adjustment Factor may only be applied to benefits purchased by premiums paid after the date of increase.

### German GALA

- (i) On surrender at any time.
- (ii) On the exercise of an option to switch to the internal linked funds of Norwich Union Linked Life Assurance Limited.
- (iii) Where the extension option is chosen and where encashment takes place less than 5 years after the original maturity date.

### German DIVA

- (i) On surrender or partial surrender at any time.
- (ii) On the exercise of an option to switch to the internal linked funds of Norwich Union Linked Life Assurance Limited.
- (iii) At the selected retirement date in respect of units which have been switched into the fund within the previous 5 years.

### Swedish Personal Investment Plan

- (i) On surrender or part surrender at any time.
- (ii) On the exercise of an option to switch to the internal linked funds of Norwich Union Linked Life Assurance Limited.



## Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

- (iii) On income withdrawals except where the withdrawal is less than 7.5% p.a. of the initial investment and this facility was set up from inception and not varied.
- (iv) At the maturity date in respect of units which have been switched into the fund within 10 years of the maturity date.

### **Portfolio - Bond 1**

- (i) On surrender at any time other than the selected date. The selected date must be at least five years after the guarantee date.
- (ii), (iii), (iv) and (v) as for Multi-Portfolio.

### **Homemaker Plus and NU Homemaker Plus**

- (i) On cancellation at any time except in the following circumstances:
- (ii) Death, terminal illness and critical illness claims.
- (iii) On maturity at the original maturity date.
- (iv) On the five policy anniversaries immediately preceding the original Maturity Date providing the original term was at least 15 years and a constant level of regular premiums has purchased the units.
- (v) On cancellation of units for any reason when these units were purchased by switches or redirections of premiums into the unitised with-profit fund.

A Market Value Reduction has been applied at certain times during the report period. The Market Value Reduction was expressed as a scale varying by month of unit purchase and the scale was revised on a number of occasions to reflect changing investment decisions.

- 5 (4)** The only internal linked fund the Company operates is a cash fund for new investments in respect of its French branch business. This fund enables any new investments to be held on deposit during the 30 day cooling off period.

Valuations are made at close of business on each working day. All liability units are allocated or de-allocated at the price calculated at close of business on that day.

Units in this fund are created and cancelled at the same price. This price is determined from the value of the units held in 'Vega Securite' an external securitised fund. This value is divided by the number of units in force to give the price.

The holdings in 'Vega Securite' are valued as at the close of business on the previous working day. In any dealings the fund will get the previous working day's price which will be the same price as that available to other investors.

- 5 (5)** There is no provision needed for capital gains tax.

- 5 (6)** The Company does not receive any financial benefit by way of discount, commission, investment management charge rebate or any other allowance in respect of units in 'Vega Securite' held by the fund.

- 6 (1)** A gross premium valuation method has been used in the calculation of mathematical reserves for the principal classes of with-profit and non-profit business.

A small number of policies on legacy systems are valued on a net premium basis, the reserves are not significant

Assurances and deferred annuities were valued according to nearest age at the date of investigation. For UK non-linked individual assurances where smoker status was allowed for in the premium charged, a deduction of two years was made for non-smokers and an addition of four years for smokers. For French branch business, no distinction was made. Provision was made for the immediate payment of claims.

Immediate Annuities were valued according to age last birthday at the date of the investigation.

Except for Parent's Life Policies, contracts, which are a combination of two or more categories of contract, have been valued in their constituent parts.

## Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

Additional Reserves are held to provide for the potential cost of Personal Pension Compensation Payments and associated levies and expenses.

Individual sickness benefits and Income replacement Plan have been valued using a gross premium valuation based on inception/annuity methodology. The reserve for claims in payment is the discounted value of future claim payments. Any benefit escalation is explicitly allowed for. Claim expenses are valued during claim, based on annual per claim expense amounts, with allowance for inflation. An additional disputed claims reserve is held and a notified outstanding claims reserve is held in respect of claims reported but not yet authorised.

- (a) The unit liability in respect of index linked contracts was taken as the surrender value of the matching derivative instruments.
- (b) The company is a realistic basis life firm and as such is not required to include provision for discretionary benefits with regulatory reserves. Instead, allowance for discretionary benefits is included within the calculation of realistic reserves.

Full provision has been made for all guaranteed benefits, vested bonus and options available to policyholders. Where a type of contract can be surrendered for a cash payment, the mathematical reserves held are greater than the amount of cash payments.

Where a type of contract can be surrendered for a cash payment, the mathematical reserves held are greater than the amount of the cash payments.

### (c) Life Assurance and Annuity Business

No adjustment was made to the net premium, where net premium valuation basis was used.

- (d) The valuation basis produced negative reserves under certain classes but these were eliminated to ensure that no contract was treated as an asset.
- (e) No reserve was made for future bonuses.
- (f) The “fund carried forward” in Form 58 allows sufficient margin within market values to allow for any prospective liability for tax on unrealised capital gains.

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

- (g) A Maturity Guarantee Reserve for the maturity guarantee under Equity Endowment Assurances has been included. This figure represents the present value of a sum equal to five times the basic annual premiums under the contracts payable at the date of maturity of the contracts.

A Death Benefit Guarantee Reserve was included in respect of Portfolio Bonds, issued since August 1994, NU Bonds, NU Bond 2000 and NU Flexibond where premiums are linked to the internal linked funds of Norwich Union Linked Life. The reserve was established using the methodology described in the report of the Maturity Guarantees Working Party. For this purpose the full standard Wilkie investment model was used assuming 100% investment in UK equities.

Guaranteed Fund Reserves have been included to cover the 5 year guarantee on Portfolio Bond, NU Bonds, NU Flexibond, Irish Portfolio Bond and Trustee Investment Plan investments in the Guaranteed Funds. The reserves were established using the methodology described in the Report of the maturity Guarantees Working Party. For this purpose, a lognormal model for equity risk was used and active management of the equity backing ratio was assumed, based on an initial 40% investment in equities for Ulster Bank Guaranteed Fund, and 25% investment in UK equities for other guaranteed funds. Credit was taken for the first result of the required margin of solvency in establishing this reserve.

- (h) A reserve for options was included to provide for options which grant additional or extension assurances without medical evidence in addition to reserves of various multiples of specific extra premiums charged.

## Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

The valuation basis was chosen so as to make suitable allowance for other guarantees and options granted.

An additional AIDS reserve for options has been included. The reserve has been assessed on the basis that all options are exercised at the then current premium rates and conditions, with additional mortality of one sixth of 'level R' on options to increase or convert Term Assurances and one thirtieth of 'level R' on guaranteed insurability options effected principally on moving house.

An amount was included in the Decreasing Term Reserve to cover the risk of death during a period not exceeding three months under certain mortgage related policies between the date of exchange of contracts and the completion of a mortgage.

An amount was included in the With Profits Endowment Reserve to meet the non-recovery of Life Assurance Premium Relief agreed with the Inland Revenue in respect of future premiums on certain life policies issued in March 1984.

An amount was included in the With Profits Endowment Reserve to provide for minimum surrender value payments under certain low cost endowment policies issued since 23 November 1993.

An amount was included in the Term Assurance Reserve to cover conversion and renewal options based on a multiple of the premiums paid for such options. A further amount was included in this reserve to provide for the terminal illness benefit having regard to the accelerated payment of claims.

For those assurances with a guaranteed annuity option and for deferred annuities with a guaranteed cash option, the mathematical reserves are calculated as the greater of either the discounted value of the cash option or 103% of the discounted value of the guaranteed annuity. The interest and mortality assumptions are as indicated in columns 2 and 3 of Forms 51 and 52. For assurances with a guaranteed annuity option it is assumed that the option will be exercised in a proportion of the cases where the value of the annuity exceeds the cash benefit. The proportion is 80% for policies that mature during 2004, increasing by 1% p.a. to 95% for policies maturing in 2019 or later. The same assumption is made in respect of deferred annuities with a guaranteed cash option. The reserve for guaranteed annuity options included within the mathematical reserves was £23,562,970.

The Company has announced its intention that payments on with profit mortgage endowment policies will, if necessary, be topped up at maturity where there is a shortfall between the claim value and the mortgage originally targeted, provided that future investment returns between 1 January 2000 and the date of maturity average no less than 6% p.a. net and that such payments can be met from future investment earnings on the free reserves within its life fund. For the purposes of the regulatory valuation these top up payments are treated as discretionary benefits and generally no reserve is held. However, the company has given an undertaking to policyholders that at least 3 years advance notice will be given of any change in practice regarding the amount of any top up payment and accordingly a reserve is held for the anticipated top up payments over the next 3.5 years.

Additional reserves are held to cover future anticipated expenses in excess of the allowances included in the reserves held for individual contracts.

Principles adopted in the valuation of particular contracts were:

- (i) The reserve for single premium group and individual term assurance contracts was the single premium and for Group Decreasing Term Assurance and Group Disability contracts the reserve was one year's office premium for annual premium contracts and the unearned proportion of the premium on the 24ths basis for single premium contracts, plus an appropriate reserve for profit sharing.
- (ii) In valuing immediate annuities an addition of 3% of the basic liabilities was included for the expense of making annuity payments.
- (iii) Retirement Annuities by recurring single premiums were valued using a prospective bonus reserve valuation. The valuation assumes that future regular bonuses are nil. Allowance is made for the excess, if any, of the value of benefits purchased by future premiums at the current level over the value of such premiums.

## Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

Provision is made for future expenses on the basis of the charges made to the Company under the Management Services Agreement with Norwich Union Life Services assuming future inflation at 3.5% per annum.

The reserves are similarly calculated assuming retirement at the earliest age specified in the policy and the reserve was taken as the greater of the two values.

- (iv) Equity Endowment Assurances were valued by taking the Bid Prices of the Units deemed to have been purchased at the valuation date and adding 1/12 of the total annual premium payable.
- (v) For contracts with benefits linked to the internal linked funds of Norwich Union Linked Life Assurance Limited or Abeille Vie the unit liability was taken as the value of units deemed allocated to the policies in the internal linked funds of those companies.
- (vi) Unitised With Profit business is valued initially by determining the lower of the current non-guaranteed surrender value and the bid value of units.  
This result is then compared with a prospective valuation and the higher result taken.

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

An allowance is made for future non-guaranteed surrenders at rates consistent with the Embedded Value basis. At a date (or dates in the case of regular withdrawals) where the company guarantees not to apply a Market Value Reduction on surrender, an exit rate of 75% is assumed.

Additional reserves are included where appropriate for contracts which provide a money back guarantee on a future policy anniversary.

Provision is made for future expenses on the basis of the charges made to the Company under the Management Services Agreement with Norwich Union Life Services assuming future expense inflation at 3.5% per annum.

Allowance is made for the cost of future shareholders transfers associated with the assumed pattern of future regular bonuses.

- (vii) Assurances issued on impaired lives and subject to extra premiums were valued as if effected at the ages corresponding to the premiums charged, except that for certain assurances issued before 9 November 1970 one full year's extra premium was reserved in addition to the normal reserve calculated on the basis of the true age.

One full year's extra premium was reserved in addition to the normal reserve under assurances carrying an extra premium for any other reason.

Debts that have been imposed on assurances have been ignored.

- (viii) Sickness benefit contracts with waiver of premium were valued by treating the premium waiver as an extra benefit.
- (ix) The reserve for accident benefits on sickness or accident benefit contracts was an approximate reserve in excess of one year's premium.
- (x) The reserve for group sickness benefits by recurring single premiums was taken as the current year's single premium.
- (xi) For permanent health insurance contracts an additional reserve for sickness claims was made based on the probability of death and recovery. Additional reserves were held for disputed claims and notified outstanding claims.
- (xii) Amounts in overseas currencies were converted to sterling using rates of exchange current at the valuation date.
- (xiii) The reserve for the serious illness contract ignores deaths that do not give rise to a serious illness benefit. The reserve has been apportioned between the Life & Annuity Fund and the Permanent Health Insurance Fund in the ratio 65/35, being the estimated proportion of claims arising on death and diagnosis respectively.
- (xiv) The reserve for the critical illness ignores mortality. The 'life' table used is based on critical illness risk premium rates. The reserve for critical illness benefits under the income replacement plan is an approximate reserve.
- (xv) The reserve for the Irish and German term assurance contracts was taken as one year's premium.

**Valuation report – IPRU (INS) Appendix 9.4**

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

- (xvi) For term assurance contracts with critical illness benefits and for decreasing term assurance contracts with critical illness benefits written between 2 October 2000 and 31 December 2000, the reserve has been apportioned between the Life & Annuity Fund and the Permanent Health Insurance Fund in proportion to the premiums for death benefits and critical illness benefits respectively.
- (xvii) For term assurance contracts with critical illness benefits accepted by the Company under a reinsurance treaty since 1 January 2001, the reserve has been apportioned between Life Assurance business and Permanent Health Insurance business within the Life and Annuity fund in proportion to the premiums for death benefits and critical illness benefits respectively.
- (xviii) The reserve for waiver of premium benefits attaching to endowment assurance, term assurance and decreasing term assurance contracts has been taken as one year's premium

**6 (2)** In determining the provision referred to in sub-paragraph (f) above, and the reserves referred to in sub-paragraphs 7(7) and 7(8) below; account has been taken of the fact that the fund has been brought into Form 58 at book value in accordance with IPRU (INS) rule 9.10(c).

In the context of assets valued at market value, additional reserves have been taken into account in the directors certificate.

**7 (1)** The rates of interest are shown on Forms 51 to 54.  
The mortality tables used are coded as follows:

Code	Table		Age Rating
A	Males: Females:	50% AM92 ultimate 50% AF92 ultimate	- -
C	Males: Females:	AM92 ultimate AF92 ultimate	- -
D	In deferment: In payment:	males - 50% AM92 ultimate females - 50% AF92 ultimate males - 78% PMA80 adj (see 7(4)) females - 94% PFA80 adj (see 7(4))	
E	In deferment: In payment:	males - 50% AM80 ultimate females - 50% AF80 ultimate males - PMA92 (C=2020) ultimate females - PFA92 (C=2020) ultimate	- - down 2 years down 2 years
F	Males: Females:	70% IM80 ultimate 102% IF80 ultimate	- -
H	Males: Females:	A variable percentage of A67/70 ultimate. The percentage is 220% at age 50, reducing by 5.5% for each year of age to 126.5% for ages 67 and above. Based on the male table with a deduction of 4 years from the age.	
M	Males: Females:	A67/70 ultimate A67/70 ultimate	down 1 year down 1 year
O	Males: Females:	AM92 ultimate AF92 ultimate	-2 non smoker, +4 smoker -2 non smoker, +4 smoker
P	Males: Females:	75% TM92 non smoker, 150% TM92 smoker 75% TF92 non smoker, 180% TF92 smoker	
Q	Males: Females:	80% TM92 non smoker, 165% TM92 smoker 85% TF92 non smoker, 190% TF92 smoker	
R	Males: Females:	RMV92 (C=2010) ultimate RFV92 (C=2010) ultimate	Down 2 years Down 2 years
S	Males: Females:	81% PMA80 adj (see 7(4)) 98% PFA80 adj (see 7(4))	
T	Males: Females:	50% AM80 ultimate 50% AF80 ultimate	

The morbidity basis for Sickness Benefits and Income Replacement Plan is as follows:

**Valuation report – IPRU (INS) Appendix 9.4**

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

**Inceptions:**

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

**Terminations:**

Based on CMIR12 rates adjusted by factors dependent on the deferred period and duration of claim. Further margins have been taken for prudence.

**7 (2) Code**

I	Combined disability and mortality table used in the valuation of contracts that offer 'critical illness' and death benefits, as described in section 5. The table used is illustrated by the following specimen annual rates per mille :			
	<b>Age</b>	<b>Male</b>	<b>Age</b>	<b>Male</b>
	20	1.157	55	17.790
	25	0.966	60	28.780
	30	1.045	65	39.280
	35	1.663	70	59.670
	40	3.135	75	101.450
	45	5.921	80	155.350
	50	10.540	85	245.750

Rates for females can be obtained by deducting 4 years from age.

**Code**

N	Combined disability and mortality table used in the valuation of level term, endowment and attaching decreasing term contracts that offer 'critical illness' and death benefits, as described in section 4. The table used is illustrated by the following specimen annual rates per mille:				
	<b>Age</b>	<b>Male Smoker</b>	<b>Male Non Smoker</b>	<b>Female Smoker</b>	<b>Female Non Smoker</b>
	20	1.3150	1.1940	1.0650	1.0650
	25	1.2800	1.1430	1.1670	1.1460
	30	1.4350	1.1800	1.7860	1.4810
	35	2.0100	1.4610	2.5260	1.7080
	40	3.8730	2.4090	3.9690	2.2500
	45	7.5020	4.0680	6.8000	3.3350
	50	13.3690	6.3520	11.7790	5.2830
	55	23.1430	9.9960	19.0010	8.4780
	60	37.4120	15.4820	27.2280	13.1180
	65	52.5960	22.3910	34.6620	18.8180
	70	72.3430	32.3020	42.6770	24.6070
	75	102.8720	53.4100	59.2470	39.8130
80	144.1880	88.2700	81.8950	64.0740	
85	194.6210	140.3030	117.7960	105.8020	

Rates are also factored by  $(1 + L/100)$ , where L equals 1.0 for each year of policy term to allow for guaranteed rates.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

**Code**

K	Stand-alone critical-illness table used in the valuation of the critical illness contract. The table used is illustrated by the following specimen annual rates per mille:				
	Age	Male Smoker	Male Non Smoker	Female Smoker	Female Non Smoker
	20	0.7370	0.7370	1.0070	1.0070
	25	0.7700	0.7700	1.1080	1.1080
	30	0.9830	0.8870	1.7190	1.4870
	35	1.5540	1.2170	2.5390	1.7600
	40	3.3230	2.1300	4.1680	2.4130
	45	6.7700	3.7910	7.2770	3.6450
	50	12.5180	6.1640	12.7560	5.8460
	55	22.5130	10.1310	20.4700	9.4110
	60	37.1470	16.0550	28.8820	14.5430
	65	50.9770	22.7600	35.5470	20.4370
	70	66.1930	31.0730	41.3210	25.5340
	75	88.5870	49.0020	54.2940	39.7940
80	110.7600	73.9380	68.5020	59.9680	
85	133.5730	107.9460	89.0450	89.0450	

Rates are also factored by  $(1 + L/100)$ , where L equals 1.5 for each year of policy term to allow for guaranteed rates.

**Code**

B	Combined disability and mortality table used in the valuation of decreasing term mortgage protection contracts that offer 'critical illness' and death benefits, as described in section 4. The table used is illustrated by the following specimen annual rates per mille:				
	Age	Male Smoker	Male Non Smoker	Female Smoker	Female Non Smoker
	20	1.2540	1.1410	1.0200	1.0200
	25	1.2220	1.0930	1.1160	1.0950
	30	1.3670	1.1280	1.6920	1.4110
	35	1.9020	1.3920	2.3870	1.6180
	40	3.6530	2.2770	3.7430	2.1270
	45	7.0630	3.8360	6.4040	3.1470
	50	12.5770	5.9820	11.0830	4.9780
	55	21.7620	9.4070	17.8700	7.9800
	60	35.1730	14.5630	25.6010	12.3410
	65	49.4420	21.0560	32.5880	17.6980
	70	68.0010	30.3700	40.1210	23.1390
	75	96.6920	50.2080	55.6930	37.4290
80	135.5200	82.9690	76.9780	60.2290	
85	182.9180	131.8690	110.7170	99.4450	

Rates are also factored by  $(1 + L/100)$ , where L equals 1.0 for each year of policy term to allow for guaranteed rates.

**Code**

J	Combined death and diagnosis table used in the valuation of the serious illness contract. The table used is illustrated by the following specimen annual rates per mille.					
	Age	Male	Female	Age	Male	Female
	20	0.28	0.25	50	7.82	4.59
	25	0.36	0.41	55	12.29	7.37
30	0.58	0.77	60	19.71	12.35	

## Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

	35	1.21	1.18	65	30.20	19.53
	40	2.47	1.89	70	41.98	27.03
	45	4.62	2.96			

7 (3) The degree of variation of morbidity and mortality between states of commitment does not give rise to a material effect in the valuation.

7 (4) For pensions annuity business, the annual reductions in base table mortality rates between 1996 and 2002 range from 4.1% to 0.5% for males and from 2.7% to 0.5% for females. From 2003 the improvement rates are 100% of the Medium Cohort improvement rates for males and 75% for females from CMI Working Paper 1 (December 2002), subject to a minimum at all ages and calendar years of 1.5% p.a. for male lives and 1.0% p.a. for female lives for with profit, and 0.5% p.a. for male lives and 1.0% p.a. for female lives for non profit.

For general annuity business, the annual reductions in base table mortality rates between 1996 and 1999 range from 2.5% to 0.5%. The resulting rates are then subject to future annual reductions ranging from 4.1% to 0.5% for males and from 2.7% to 0.5% for females.

7 (5) Margins in the published mortality basis are sufficient to cover current estimates of the cost of future additional claims from AIDS, other than those arising out of the exercise of options, at a level corresponding to one third of the AIDS Working Party's Projection 6A with allowance for the continuance of mortality rates at peak rates.

No additional reserves have been held to cover sickness claims from AIDS in respect of permanent health Insurance Business.

The remaining margins in the published mortality and morbidity bases are considered sufficient to provide for adverse deviations in experience arising from other causes. No additional reserves are therefore held.

7 (6) The following changes in the future value of assets were tested when determining the amount of the long term liabilities.

### Scenario 1

- equities fall in value by 10% with a 10% fall in equity income
- property falls in value by 20% with a 10% fall in property income.
- fixed interest yields rise by 0.914 percentage point which is 20% of the UK 15 year gilt yield

### Scenario 2

- equities fall in value by 10% with a 10% fall in equity income
- property falls in value by 20% with a 10% fall in property income.
- fixed interest yields reduce by 0.914 percentage point

Scenario 1 produces the most onerous requirement.

7 (7) For the purpose of calculating the resilience capital requirement no assets were included that were invested in a significant territory outside the UK.

7 (8)

(a) Under the most onerous scenario tested under PRU rule 4.2.10R, the additional reserve required was £-123,178,000 for the Life and Annuity Fund and £766,000 for the Permanent Health Insurance Fund. For the Company as a whole there was no resilience reserve capital requirement.

(b) The change in the aggregate amount of the long term insurance liabilities was £978,725,000 for the Life and Annuity Fund and £1,764,000 for the Permanent Health Insurance Fund.

(c) The change in the aggregate amount of the assets allocated to match the liabilities was £855,547,000 for the Life and Annuity Fund and £2,529,000 for the Permanent Health Insurance Fund.



## Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

**7 (9)** Only the sterling reserves in respect of the German and Irish branch products required an interest rate assumption. The interest rate used was based on the gross redemption yield on the relevant government bonds respectively, less a margin.

**8 (a)** See Forms 51 and 52.

**(b)** Where premiums have ceased or where no future premiums are payable or where the method of valuation does not take credit for future premiums as an asset, an additional reserve has been made for future expenses by an appropriate adjustment to the total liability for the particular classes concerned.

**(c) Group Decreasing Term Assurance contracts by single premium**

The reserve is calculated as the unearned proportion on the 24ths basis of the single premiums paid, plus an appropriate reserve for profit sharing. Under approximately 95% of this business the premium is independent of age, and a typical contract is for 5 years with a premium rate of £10 per £1,000 initial sum assured.

The following table sets out, for specimen ages, the mid year net premium reserves per £1,000 initial sum assured calculated in accordance with rules PRU 4 and PRU 7 for such a contract by single premium. The valuation basis is A67/70 ultimate mortality rated down 1 year and 3.5% interest.

Year	Age At Entry		
	30 £	40 £	50 £
1	3.65	5.58	13.60
2	2.67	4.09	9.71
3	1.80	2.71	6.16
4	0.93	1.42	3.12
5	0.07	0.20	0.66

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

**Group Decreasing Term Assurance contracts by annual premium**

The reserve is taken as one year's office premium. Under approximately 75% of this business the premium is independent of age, and a typical contract is for 5 years with an annual premium rate of £1.70 per £1,000 initial sum assured.

The following table sets out, for specimen ages, the mid year net premium reserves per £1,000 initial sum assured calculated in accordance with rules PRU 4 and PRU 7 for such a contract where premiums are paid annually. The valuation basis is A67/70 ultimate mortality rated down 1 year and 3.5% interest with no Zillmer adjustment.

Year	Age At Entry		
	30 £	40 £	50 £
1	0.06	0.10	5.24
2	-	-	3.26
3	-	-	1.70
4	-	-	0.75
5	0.07	0.20	0.66

The net premium has been restricted to a maximum of 100% of the office premium and negative reserves have been eliminated.

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

## Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

### 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 rules PRU 4 and PRU 7 for such a contract by single premium. The valuation basis is the same as that underlying the other sickness benefits.

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.

For Group Sickness contracts by annual premium, the mathematical reserves are not less than those that would be determined on a net premium reserving.

For Irish Term Assurance, the mathematical reserves are not less than those that would be determined on a net premium reserving basis using AM80 ultimate mortality for males, AF80 ultimate mortality for females and 2.75% interest.

- 9 (a)** The principles adopted for the valuation of contracts with benefits linked to the internal funds of Norwich Union Linked Life Assurance are described in paragraph 6. The assumptions used are as follows :-
- (i) Maintenance expense allowances were set equal to 110% of the expenses charged to the Company under the Management Services Agreement with Norwich Union Life Services.
  - (ii) Expenses and administration charges were assumed to increase in line with inflation at 3.5%.
  - (iii) The cost of death benefits was based on the mortality table indicated in Form 53. For all other benefits the costs were assumed to be met each year by the other benefit charges.
  - (iv) Unit growth at a rate of 5.0% for Life and 5.3% for Pensions was assumed before allowance for tax and the annual management charge.
  - (v) Tax of 15% of the unit growth and tax relief of 20% on expenses for UK and Irish life contracts.
  - (vi) Withdrawals were not allowed for.
  - (vii) For regular premium pension policies, the reserve was calculated with and without allowance for immediate conversion to paid up status and the reserve has been taken as the higher amount.
  - (viii) Explicit allowance was made for commission.

## Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

- (ix) Sterling reserves were assumed to earn interest at 4.3% gross for pension, overseas and general annuity contracts and 3.5% net for life assurance contracts.
- (x) Where the sterling reserve resulted in a negative value, the reserve was limited firstly to the amount of any charge on surrender and secondly to 70% of the unit reserve for the policy.
- (xi) Cash flow projections were made over the outstanding contract term. In the case of Kaleidoscope and Lifetrack policies, cash flows were projected to the next review date.
- (xii) For Personal Pensions and Group Personal Pension contracts, no credit was taken for the initial charge applied to future premiums or for future administration charges.

### 9 (b) Equity endowment assurances

Future expenses and mortality costs were assumed to be met by the excess of the premium over the allocated premium together with the reserve of one twelfth of the annual premium. Complex tests of adequacy were considered unnecessary in view of the small amounts of business in force.

- 10 (1)** For linked contracts other than the contracts referred to in paragraph 9(b) above and for recurring single premium and paid up conventional contracts, an explicit allowance was made for expense inflation at 3.5% per annum.

For premium paying non profit contracts, (other than recurring single premium contracts) and annuities in payment, an implicit allowance was made for expense inflation by discounting the expense allowance at the yield on index linked gilts (net of tax in the case of life contracts) less 1%.

- 10 (2)** The aggregate allowance for expenses during 2005 arising from linked contracts and non profit contracts other than recurring single premium contracts and with profit whole life and endowments was £34,051,000.

In the case of premium paying contracts an explicit allowance for expenses made in the gross premium valuation of conventional regular premium business. The allowance represents the assumed expenses during 2005. Credit has been taken for premiums rebated by the reinsurer for business valued on a gross premium basis. Allowance was also made for commission, reinsurance and any option premiums included in the office premium.

In the case of annuities in payment, the expense allowance of 3% of the annuity payment was re-expressed as an allowance for expenses during 2005 increasing in line with inflation over the remaining contract term.

The aggregate allowance includes an allowance for carrying out Phase 2 of the personal pensions review during 2005 based on that allowed for in the reserve for personal pension compensation.

The aggregate allowance also includes an additional reserve of £10,000,000.

The expense allowances above exceed the maintenance expenses incurred during 2004 by more than the assumed rate of inflation.

- 10 (3)** An assessment of the acquisition expense overrun during 2005 was made using the following method and basis: -

- (i) The volume and mix of business written were based on sales targets.
- (ii) The acquisition allowances for each product type were based on the allowances used for profit testing during 2005.
- (iii) The acquisition expenses incurred were based on detailed departmental expense forecasts for 2005. Such forecasts were based on target volumes of business.
- (iv) Allowance was made for the proportion of overrun expenses that would be borne by Norwich Union Life & Pensions Ltd., Commercial Union Life Assurance Company Ltd. and Norwich Union Linked Life Assurance Ltd.

The resulting expense overrun together with the projected new business strain during 2005 was substantially less than the surplus expected to arise during 2005 on prudent assumptions. No reserve is required.

**Valuation report – IPRU (INS) Appendix 9.4**

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

- 10 (4)** An assessment was made of the cost of closure of the Company to new business at the end of 2005 using the following method and basis of calculation.
- (i) All sales, marketing and new business administration operations were assumed to cease immediately.
  - (ii) Allowance was made for redundancy costs.
  - (iii) An allowance was made for redundancies in departments servicing the new business areas.
  - (iv) Allowance was made for costs arising from the delay in re-letting properties occupied by the new business areas.
  - (v) Allowance was made for other costs incurred on closure to new business such as write-offs on fixed assets.
  - (vi) The aggregate costs were discounted to the valuation date.
  - (vii) Allowance was made for the proportion of closure expenses that would be borne by Norwich Union Life & Pensions Ltd., Commercial Union Life Assurance Company Ltd. Norwich union Annuity Ltd. and Norwich Union Linked Life Assurance Ltd.

The cost of closure was covered by existing expense allowance and no reserve is required.

- 11** The mathematical reserves (other than reserves in respect of property linked benefits) and matching assets, analysed by currency are as follows :-

<b>Life and Annuity Fund</b>			
<b>Assets</b>	<b>Mathematical Reserves (£000)</b>		
	<b>Sterling</b>	<b>Euros</b>	<b>Other Currencies</b>
Sterling	9,232,857	-	280
Other currencies	-	-	37,687
Euro	-	373,261	-
<b>Permanent Health Insurance Fund</b>			
<b>Assets</b>	<b>Mathematical Reserves (£000)</b>		
	<b>Sterling</b>		<b>Other Currencies</b>
Sterling	27,798		-

99% of the liabilities expressed in other currencies were matched by assets in the same currency.

- 12 (1)** No premiums were payable during the report period for business ceded on a facultative basis to reinsurers who are not permitted to carry on business in the United Kingdom.
- 12 (2)** There were 42 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 Norwich Union Linked Life Assurance Limited.
    - (b) The reinsurer is authorised to carry on insurance business in the United Kingdom.
    - (c) The Company is connected with the reinsurer.
    - (d) The treaty provides cover for whole life and endowment assurances on a risk premium basis and for term assurances on original terms up to £250,000 above the Company's retention limit.
    - (e) The premium payable by the Company during 2004 was £267,000.
  - (ii) (a) The second treaty, with Swiss Re Life & Health Limited.
    - (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 cover for whole life and endowment assurances on a risk premium basis and for term assurances on original terms up to £1,500,000 above the Company's retention limit and the first treaty.
    - (e) The premium payable by the Company during 2004 was £1,136,000.
  - (iii) (a) The third treaty, with ERC Frankona.
    - (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 cover for whole life and endowment assurances on a risk premium basis and for term assurances on original terms up to £1,000,000 above the Company's retention limit and the first and second treaty.
    - (e) The premium payable by the Company during 2004 was £133,000.

## Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

- (iv) (a) The fourth treaty, with Swiss Re Life & Health Limited.  
(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 cover for certain term assurances on original terms up to a limit of £75,000.  
(e) The premium payable by the Company during 2004 was £Nil.
- (v) (a) The fifth treaty, with Swiss Re Life & Health Limited.  
(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 cover for group life and dependants' benefits on a risk premium basis up to £1,500,000 above the Company's retention limit.  
(e) The premium payable by the Company during 2004 was £264,000.
- (vi) (a) The sixth treaty, with Swiss Re Life & Health Limited.  
(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 in excess of the Company's retention limits.  
(e) The premium payable by the Company during 2004 was £113,000.
- (vii) (a) The seventh treaty, with Swiss Re Life & Health Limited.  
(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 cover of 75% of the first £1,000 per week and 100% of the next £925 per week sickness benefits on individual contracts.  
(e) The premium payable by the Company during 2004 was £241,000.
- (viii) (a) The eighth treaty, with Norwich Union Linked Life Assurance Limited.  
(b) The reinsurer is authorised to carry on insurance business in the United Kingdom.  
(c) The Company is connected with the reinsurer.  
(d) The treaty applies to all Unit Linked contracts except Unit Trust and Index Linked contracts.  
The treaty provides the value of units in the internal linked funds of Norwich Union Linked Life Assurance Limited, together with all death or critical illness benefits, waiver of premium benefit, permanent health benefit, permanent total disability benefit, and any risks under options on original terms. The Company retains the initial charge included in the offer price of units. Administration charges, where applicable, are taken by the Company by deduction of units allocated to a policy.  
The treaty also provides cover on original terms for Group term assurances in respect of Credit Life business.  
(e) The premium payable by the Company during 2004 was £161,661,000.
- (ix) (a) The ninth treaty, with Norwich Union Linked Life Assurance Limited.  
(b) The reinsurer is authorised to carry on insurance business in the United Kingdom.  
(c) The Company is connected with the reinsurer.  
(d) The treaty provides cover for 100% of UK and Channel Islands unit linked benefits, together with all death or critical illness benefits and waiver of premium benefits for unitised contracts, written between 2 October 2000 and 31 December 2001, on original terms.  
(e) The premium payable by the Company during 2004 was £294,649,000.
- (x) (a) The tenth treaty, with Swiss Re Life & Health Limited.  
(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 cover of 50% of the sum assured for Lifecover Plus policies on original terms.  
(e) The premium payable by the Company during 2004 was £147,000.
- (xi) (a) The eleventh treaty, with ERC Frankona.  
(b) The reinsurer is authorised to carry on insurance business in the United Kingdom.  
(c) The Company is not connected with the reinsurer.

## Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

- (d) The treaty provides cover for Low Cost Endowment with Critical Illness and Stand Alone Critical Illness contracts on a risk premium basis up to £950,000 in excess of the company's retention limit.
  - (e) The premium payable by the Company during 2004 was £928,000.
- (xii)
- (a) The twelfth treaty, with Munich Reinsurance Company, United Kingdom Life Branch.
  - (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 cover for whole life and endowment assurances not covered by the tenth and eleventh treaties on a risk premium basis and term assurances on original terms up to £3,500,000 (£5,000,000 for business written on or after 28 May 1999) above the Company's retention limit.
  - (e) The premium payable by the Company during 2004 was £8,894,000.
- (xiii)
- (a) The thirteenth treaty, with ERC Frankona.
  - (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 cover for whole life and endowment assurances on a risk premium basis and term assurances on original terms up to £5,500,000 above the Company's retention limit.
  - (e) The premium payable by the Company during 2004 was £786,000.
- (xiv)
- (a) The fourteenth treaty, with ERC Frankona.
  - (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 cover for critical illness benefits under Serious Illness policies on original terms up to £50,000 above the Company's retention limit.
  - (e) The premium payable by the Company during 2004 was £1,000.
- (xv)
- (a) The fifteenth treaty, with ERC Frankona.
  - (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 cover for term assurances issued after 13 October 1996, on original terms, up to £5,500,000 above the Company's retention limit. The treaty provides cover for term assurances written on or after 28 May 1999, up to 60% quota share for sum insured less than £115,000 and 30% quota share for sum insured £115,000 to £200,000 in excess of the Company's retention limit.
  - (e) The premium payable by the Company during 2004 was £3,154,000.
- (xvi)
- (a) The sixteenth treaty, with Swiss Re Life & Health Limited.
  - (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 cover for term assurances on original terms for up to £1,500,000 above the Company's retention limit and for term assurances with accelerated critical illness benefit on a risk premium basis up to £3,000,000 in excess of the Company's retention limit. From 2 October 2000 the treaty provides cover for term assurances with accelerated critical illness benefit on a risk premium basis for 50% in excess of the Company's retention limit up to £1,700,000.
  - (e) The premium payable by the Company during 2004 was £4,078,000.
- (xvii)
- (a) The seventeenth treaty, with Swiss Re Life & Health Limited.
  - (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 cover for Mortgage Protection (with or without critical illness cover) on original terms up to £8,500,000 above the Company's retention limit for life cover only or £3,000,000 where critical illness cover is also selected.
  - (e) The premium payable by the Company during 2004 was £9,659,000.
- (xviii)
- (a) The eighteenth treaty, with Munich Reinsurance Company.
  - (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 cover for the Income Replacement Plan (with or without critical illness cover) on original terms for PHI & waiver of premium benefits and risk premium basis for critical illness benefits up to £6,000 per month for PHI and £720,000 for critical illness, above the Company's retention limit.

## Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

- (e) The premium payable by the Company during 2004 was £145,000.
- (xix) (a) The nineteenth treaty, with HSBC Life UK Ltd.
  - (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 cover under First Direct Personal Loan, First Direct Business-to-Business and Midland Bank Group Disability schemes on an 80%, 40% and 80% quota share basis, respectively.
  - (e) The premium payable by the Company during 2004 was £1,531,000.
- (xx) (a) The twentieth treaty, with Norwich Union Insurance plc.
  - (b) The reinsurer is authorised to carry on insurance business in the United Kingdom.
  - (c) The Company is connected with the reinsurer.
  - (d) The treaty provides cover for the first four years and eleven months of loans under First Direct Personal Loan, First Direct Business-to-Business, Lloyds Bank Personal Loan Protector and Midland Bank Group Disability schemes on a pro-rata basis. This treaty operates after the nineteenth treaty above.
  - (e) The premium payable by the Company during 2004 was £324,000.
- (xxi) (a) The twenty-first, with Commercial Union Life Assurance Company Limited.
  - (b) The reinsurer is authorised to carry on insurance business in the United Kingdom.
  - (c) The Company is connected with the reinsurer.
  - (d) The treaty provides cover for Unitised With Profit, Low Cost Endowment, Economy Low Cost Endowments and Endowment Assurances on a 50% quota share basis for business written between 1 October 1998 and 31 December 1998 and on a 75% quota share basis for business between 1 January 1999 and 1 October 2000.
  - (e) The premium payable by the Company during 2004 was £34,027,000.
- (xxii) (a) The twenty-second treaty, with Commercial Union Life Assurance Company Limited.
  - (b) The reinsurer is authorised to carry on insurance business in the United Kingdom.
  - (c) The Company is connected with the reinsurer.
  - (d) The treaty provides cover for certain personal loan and credit card schemes on a 49% quota share basis.
  - (e) The premium payable by the Company during 2004 was £2,563,000.
- (xxiii) (a) The twenty-third treaty, with Abeille Vie.
  - (b) The reinsurer is not authorised to carry on insurance business in the United Kingdom.
  - (c) The Company is connected with the reinsurer.
  - (d) The treaty provides cover for all unit-linked business written by the French branch of CGNU Life. The treaty provides the value of the units in the internal linked French Funds of Abeille Vie. Entry charges and a proportion of the management charge in respect of investments in the unit linked funds are retained by the Company.
  - (e) The premium payable by the Company during 2004 was £1,475,000.
- (xxiv) (a) The twenty-fourth treaty with Commercial Union Life Assurance Company Limited.
  - (b) The reinsurer is authorised to carry on insurance business in the United Kingdom.
  - (c) The Company is connected with the reinsurer.
  - (d) The treaty provides cover for 100% of the Income Replacement Plan (with or without critical illness cover) and the stand alone critical illness plan written from 1 January 1999 until 31 December 2000 on original terms.
  - (e) The premium payable by the Company during 2004 was £803,000.
- (xxv) (a) The twenty-fifth treaty, with Commercial Union Life Assurance Company Limited and Norwich Union Life and Pensions.
  - (b) The reinsurer is authorised to carry on insurance business in the United Kingdom.
  - (c) The Companies are connected with the reinsurer.
  - (d) The treaty provides cover for United Kingdom and Channel Islands Unitised With Profit benefits on a 60% quota share basis to Commercial Union Life Assurance Company Limited and a 20% quota share basis to Norwich Union Life and Pensions on original terms for business written between 2 October 2000 and 31 December 2001. United Kingdom and Channel Islands Unitised With Profit benefits written on or after 1 January 2002 are reassured on a 45% quota share basis to Commercial Union Life Assurance Company Limited and a 10% quota share basis to Norwich Union Life and Pensions on original terms.

## Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

- (e) The premium payable by the Company during 2004 was £221,285,000.
- (xxvi) (a) The twenty-sixth treaty, with Norwich Union Linked Life Assurance Limited.  
(b) The reinsurer is authorised to carry on insurance business in the United Kingdom.  
(c) The Company is connected with the reinsurer.  
(d) The treaty provides cover for non-profit term assurance business, including mortgage protection, written between 2 October 2000 and 31 December 2000 on original terms. It also covers non-profit family income benefits and pension term assurance written on or after 2 October 2000.  
(e) The premium payable by the Company during 2004 was £5,686,000.
- (xxvii) (a) The twenty-seventh treaty, with Kolnische Ruckversicherungs-Gesellschaft AG.  
(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 cover for Term Assurances written on or after 28 May 1999 on original terms, up to £3,500,000 in excess of the company's retention limit.  
(e) The premium payable by the Company during 2004 was £3,035,000.
- (xxviii) (a) The twenty-eighth treaty, with Reinsurance Group of America.  
(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 cover for Term Assurances written on or after 2 October 2000 on original terms, up to £11,250,000 in excess of the company's retention limit.  
(e) The premium payable by the Company during 2004 was £472,000.
- (xxix) (a) The twenty-ninth treaty, with Reinsurance Group of America.  
(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 cover for Term Assurances with accelerated critical illness benefit written on or after 2 October 2000 on a risk premium basis, up to £2,800,000 in excess of the Company's retention limit.  
(e) The premium payable by the Company during 2004 was £118,000.
- (xxx) (a) The thirtieth treaty, with Reinsurance Group of America.  
(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 cover for Mortgage Protection written on or after 2 October 2000 on original terms.  
(e) The premium payable by the Company during 2004 was £147,000.
- (xxxi) (a) The thirty-first treaty, with Gerling Global Dublin Reinsurance Company Limited.  
(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 cover for Mortgage Protection with critical illness cover written on or after 2 October 2000 on original terms, up to £2,750,000 in excess of the company's retention limit.  
(e) The premium payable by the Company during 2004 was £99,000.
- (xxxii) (a) The thirty-second treaty, with Gerling Global Dublin Reinsurance Company Limited.  
(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 cover for Term Assurances written on or after 28 May 1999 on original terms, up to £5,000,000 in excess of the company's retention limit.  
(e) The premium payable by the Company during 2004 was £2,574,000.
- (xxxiii) (a) The thirty-third treaty, with Munich Reinsurance Company UK Life Branch.  
(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 cover for Personal Life Assurance with optional Waiver of Premium written on or after 1 October 1998 on a quota share basis, up to £3,500,000 in excess of the company's retention limit.  
(e) The premium payable by the Company during 2004 was £34,600.
- (xxxiv) (a) The thirty-fourth treaty, with ERC Frankona.  
(b) The reinsurer is authorised to carry on insurance business in the United Kingdom.



## Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

- (c) The Company is not connected with the reinsurer.
  - (d) The treaty provides cover for Pensions Term Assurance (PLA) with optional Waiver of Premium written on or after 1 October 1998 on a quota share basis, up to £5,500,000 in excess of the company's retention limit.
  - (e) The premium payable by the Company during 2004 was £69,000.
- 
- (xxxv) (a) The thirty-fifth treaty, with Swiss Re Life & Health Limited.
  - (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 cover for the Stakeholder pension waiver of premium benefits, on original terms, up to £4,500 per annum in excess of the company's retention limit.
  - (e) The premium payable by the Company during 2004 was £Nil.
- 
- (xxxvi) (a) The thirty-sixth treaty, with Munich Reinsurance Company.
  - (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 cover for level term assurance, mortgage protection, decreasing term assurance attached to low cost whole life assurance, and pensions term assurance issued on or before, and still in force as at 30 September 2001, on original terms. This only applies to the portion that is not otherwise reinsured.
  - (e) The premium payable by the Company during 2004 was £41,844,000.
- 
- (xxxvii) (a) The thirty-seventh treaty, with Norwich Union Life & Pensions.
  - (b) The reinsurer is authorised to carry on insurance business in the United Kingdom.
  - (c) The Company is connected with the reinsurer.
  - (d) The treaty provides cover for the Stakeholder pension waiver of premium benefits, on original terms. This treaty operates after the thirty-fifth treaty above.
  - (e) The premium payable by the Company during 2004 was £894,000.
- 
- (xxxviii) (a) The thirty-eighth treaty, with Norwich Union Linked Life Assurance Limited, Commercial Union Life Assurance Company Limited and Norwich Union Life and Pensions.
  - (b) The reinsurer is authorised to carry on insurance business in the United Kingdom.
  - (c) The Company is connected with the reinsurer.
  - (d) Under the treaty, Norwich Union Linked Life Assurance Limited provides cover for unit linked stakeholder personal pension benefits and the total expense and persistency risk for business written between 6 April 2001 and 31 December 2001. For such business written on or after 1 January 2002 cover is provided by Norwich Union Life and Pensions. Also covered are unitised with profit stakeholder personal pension benefits written on a 60% quota share basis to Commercial Union Life Assurance Company Limited and a 20% quota share basis to Norwich Union Life and Pensions on original terms for business written between 6 April 2001 and 31 December 2001. Unitised with profit business written between 1 January 2002 and 31 December 2003 is reassured on a 45% quota share basis to Commercial Union Life Assurance Company Limited and a 10% quota share basis to Norwich Union Life and Pensions on original terms. Unitised with profit business written on or after 1 January 2004 is reassured on a 45% quota share basis to Commercial Union Life Assurance Company Limited on original terms.
  - (e) The premium payable by the Company during 2004 was £778,867,000.
- 
- (xxxix) (a) The thirty-ninth treaty, with Norwich Union Linked Life Assurance Limited.
  - (b) The reinsurer is authorised to carry on insurance business in the United Kingdom.
  - (c) The Company is connected with the reinsurer.
  - (d) The treaty provides cover for critical illness option benefits on term assurance contracts written between 17 November 1999 and 31 December 2000 and on mortgage protection contracts written between 2 October 2000 and 31 December 2000 on original terms.
  - (e) The premium payable by the Company during 2004 was £4,583,000.
- 
- (xxxx) (a) The fortieth treaty, with Norwich Union Linked Life Assurance Limited.
  - (b) The reinsurer is authorised to carry on insurance business in the United Kingdom.
  - (c) The Company is connected with the reinsurer.
  - (d) The treaty provides cover for stand-alone critical illness plan written between 1 January and 16 September 2001 on original terms.
  - (e) The premium payable by the Company during 2004 was £372,000.

**Valuation report – IPRU (INS) Appendix 9.4**

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

- (xxxxi) (a) The forty-first treaty, with Norwich Union Life and Pensions.  
 (b) The reinsurer is authorised to carry on insurance business in the United Kingdom.  
 (c) The Company is connected with the reinsurer.  
 (d) The treaty provides cover for 100% of UK and Channel Islands unit linked benefits, together with all death or critical illness benefits and waiver of premium benefits for unitised contracts, written on or after 1 January 2002, on original terms.  
 (e) The premium payable by the Company during 2004 was £2,404,258,000.
- (xxxxii) (a) The forty-second treaty, with Munich Reinsurance Company.  
 (b) The reinsurer is authorised to carry on insurance business in the United Kingdom.  
 (c) The Company is not connected with the reinsurer.  
 (f) The treaty provides cover for certain Irish term assurances.
- (g) The premium payable by the Company during 2004 was £9,000.  
 (f) There are no deposit back arrangements.  
 (g) No provision was made for refund of reinsurance commission in the event of lapse or surrender of the contracts.  
 (h) The 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup>, 4<sup>th</sup>, 5<sup>th</sup>, 6<sup>th</sup>, 7<sup>th</sup>, 8<sup>th</sup>, 9<sup>th</sup>, 10<sup>th</sup>, 14<sup>th</sup>, 15<sup>th</sup>, 16<sup>th</sup>, 17<sup>th</sup>, 18<sup>th</sup>, 19<sup>th</sup>, 20<sup>th</sup>, 21<sup>st</sup>, 24<sup>th</sup>, 27<sup>th</sup>, 28<sup>th</sup>, 29<sup>th</sup>, 30<sup>th</sup>, 31<sup>st</sup>, 32<sup>nd</sup>, 39<sup>th</sup>, 40<sup>th</sup> and 42<sup>nd</sup> treaties are closed to new business. All other treaties are open to new business.

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

**13 (1)** With-profit policyholders are entitled to participate in the profits arising from the Life Assurance and Annuity Business only. Separate revenue accounts and details of the principles and methods applied in apportioning the investment income, increase or decrease in the value of assets brought into account, expenses and taxation between the Life and Annuity Fund and the PHI Fund are included in Appendix 9.3 of these returns.

- (a) Revenue accounts in the format of Form 40 are given below for the Stakeholder Fund and the With Profit Fund, which are sub funds of the Life and Annuity Fund.

Net of reinsurance ceded		Stakeholder	With Profit	Life and Annuity
<b>£000</b>		As at the end of the financial year		
Earned Premiums	11	85734	627161	712895
Investment Income receivable before deduction of tax	12	13210	491835	505045
Increase (decrease) in the value of non-linked assets brought into account	13	-2598	375635	373037
Increase (decrease) in the value of linked assets	14	0	(2)	(2)
Other income	15	0	0	0
Total income	19	96346	1494629	1590975
Claims incurred	21	19957	1047310	1067267
Expenses payable	22	2079	117517	119596
Interest payable before deduction of tax	23	0	6690	6690
Taxation	24	0	37029	37029
Other expenditure	25	0	0	0
Transfer to (from) technical account	26	0	21786	21786
Total expenditure	29	22036	1230332	1252368
Increase (decrease) in fund in financial year	39	74310	264297	338607
Fund brought forward	49	156931	9149456	9306387
Fund carried forward	59	231241	9413753	9644994

Investment income relating to linked assets is included in line 12 was £nil for the Stakeholder Fund and £20 (£000) for the With-Profit Fund.

- (b) A statement of liabilities in the format of Form 14, is given below for the unitised with profit Stakeholder Fund and the With Profit Fund.

**Valuation report – IPRU (INS) Appendix 9.4**

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

Net of reinsurance ceded		Stakeholder	With Profit	Life and Annuity
<b>£000</b>		As at the end of the financial year		
Mathematical reserves after distribution of surplus	11	231241	9413733	9644974
Balance of surplus	13	0	20	20
Long term insurance business fund carried forward	14	231241	9413753	9644994
Total other insurance and non-insurance liabilities	49	0	701626	701626
Excess of the value of net admissible assets	51	20485	2368481	2388966
Total liabilities and margins	59	251726	12483860	12735586

The increase in the value of non-linked assets during the year was -£2,598 (£000) for the Stakeholder Fund and £738,471 (£000) for the With-Profit Fund.

- 14 (1)** The amount available for distribution amongst with-profits policyholders and shareholders is determined from time to time by the directors on the advice of the With Profits Actuary. Under the Articles of Association, not less than 90% of the distributed profits in the With Profit Fund and 100% of the distributed profits in the Stakeholder Fund are allocated to with-profits policyholders. The basis of participation for French, Irish and

German with-profits contracts in the With-Profit Fund is the same as for United Kingdom contracts. Profits arising from the Permanent Health Insurance Fund are allocated to shareholders.

Currently issued with-profit policies, product technical guides, the Guide to Conventional With-Profits, the Company's With Profit Guide and the Principles and Practices of Financial Management describe the distribution of profits as above. The principles of distribution are not described in older policies and other Guides to With-Profits, nor are they described in all advertisements issued by the Company.

The distribution of profits amongst policies issued prior to 9 November 1970 takes into account the scheme of transfer mentioned in paragraph 15 below.

**14 (2)**

- (a)** The With-Profit and Stakeholder Funds are operated and accounted for as separate sub-funds within the Life & Annuity Fund of the Company. The Stakeholder Fund is maintained in respect of stakeholder pension business and the With Profit Fund is maintained in respect of all other with-profit and non-profit business written in the Life & Annuity Fund.

Liabilities, income and expense are allocated between the sub-funds according to the category of contract from which they arise. Assets are not segregated but the investment income and gains and the investment expenses are apportioned between the sub-funds in proportion to the respective fund sizes taking into account the proportions of each category of investment considered appropriate for each category of business.

Expenses other than investment and development expenses are determined from the defined expense charges for each category of contract under the Management Services Agreement with Norwich Union Life Services. Development expenses are apportioned on an equitable basis having regard to the nature of the development.

Under the terms of a reinsurance arrangement, all expenses incurred in connection with stakeholder pension business written prior to 1 January 2002 are borne by Norwich Union Linked Life and that company receives the benefit of all charges levied against the stakeholder unitised with-profit fund. Premiums deemed to be invested in the internal linked funds of Norwich Union Linked Life are payable to that company. For business written from 1 January 2002, expenses are borne by Norwich Union Life and Pensions and that company receives the benefit of all charges levied against the stakeholder unitised with-profit fund. Premiums deemed to be invested in the internal linked funds of Norwich Union Linked Life are payable to Norwich Union Life and Pensions.

- (b)** Non profit insurance business has been written in the With Profits Fund as shown in Forms 51, 53 and 54. Profits arising from without-profit policies are included in asset shares for policies written prior to 1 October 2000. For policies written from 1 October 2000, profits arising from without-profit policies will not be included in asset shares. No non-profit business is written in the Stakeholder Fund.
- (c)** Non-profit liabilities in the With Profit Fund are matched by fixed interest investments. The remaining assets of the With Profits Fund and the assets of the Stakeholder Fund are predominantly invested in equity shares, property and fixed interest investments. The Company currently intends to maintain between 55%

## Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

and 65% of such assets in equity shares and property. This range may be changed in order to improve long term performance or to make sure that the fund can meet its guarantees. The investment mix of the Stakeholder Fund may differ from that of the With Profit Fund.

- (d) The Stakeholder Fund was established with no free reserves and an account for smoothing and guarantees is being built up from the accumulation of a deduction of 0.25% p.a. from the asset shares. The level of the free reserves in the With Profit Fund is managed with the primary objective of enabling a relatively unconstrained investment policy, providing the capital backing necessary for smoothing, and to finance new business growth.
- (e) (i) An asset share methodology is used when assessing the level of discretionary benefits allocated to with-profit policyholders. Currently, for contracts other than stakeholder pensions, asset shares represent the accumulation of past premiums allowing for the actual investment performance, expenses, policyholder tax, mortality costs, surrender payments and shareholders' profits together with profits arising from without-profit policies as described in 14(2)(b) above. In the case of Unitised With Profit contracts however, profits or losses on surrender which arise after 31 December 2002 will not be allocated to asset shares. Board Resolutions have been passed to charge the tax associated with shareholders' transfers from the Life & Annuity Fund to the Estate of the With Profit Fund.

In the case of stakeholder pensions contracts, however, asset shares represent the accumulation of the invested premiums allowing for the actual investment performance, surrender payments and the explicit annual management charge (set at an equivalent level to the charge for unit-linked funds). An allowance of 0.25% of the value of the stakeholder with-profits fund will be deducted from asset shares and directed into a "smoothing" account each year. This account builds up over time and allows the Company to operate the crucial features of with-profits investment, i.e. smoothing out the peaks and

troughs in the values of underlying assets and providing the guarantees on retirement and death. The 0.25% remains within the stakeholder fund and therefore for the sole benefit of the stakeholder with-profits investors.

For all unitised with profits contracts issued after 1 October 2001, asset shares will no longer include actual expenses and shareholder profits, but rather the explicit charges made under the contract (including an annual management charge set at an equivalent level to the charge for unit-linked funds).

Final bonus policy is framed with the objective of providing maturity payments which represent 100 per cent of asset shares in the long term, although, in order to provide an element of stability in the returns to policyholders, smoothing is applied.

The final bonus scale derived for maturities is also applied to claims arising by death.

- (ii) Our aim in normal circumstances is to smooth changes in actual policy payouts, limiting the change from year to year to around 15 per cent maximum. In the normal course of events, one would expect maturity payouts to lie in the range 90 to 110 per cent of asset shares. There is likely to be a lower degree of smoothing within the stakeholder pensions fund at least in the early years until the smoothing account has begun to build up, and this may lead to policy payouts from year to year changing by up to 20 per cent instead of 15 per cent in normal circumstances.

Changes in bonuses are not usually made more than twice a year and changes in regular bonus can be expected to be gradual. For single premium business however, smoothed claim values will in future be determined on a more regular basis to reflect increased stock-market volatility.

- (iii) Profits are allocated to policyholders in the form of bonus additions to the guaranteed benefits in two ways: regular bonuses and final bonuses.

Regular bonuses are declared and added each year. Once added they become part of the benefits payable under the terms of the contract.

Final bonus where applicable is payable until further notice on all cancellations of units in the unitised with-profits funds and on all claims arising on death, maturity or retirement under the terms of the contract, for other with-profits policies. An allowance is made for final bonus where appropriate on a

## Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

claim arising on surrender of the latter policies. Final bonus is currently expressed as a percentage addition to the guaranteed benefits, including previously declared bonuses.

In the past, special bonuses have been declared on certain life assurance policies. These bonuses represented a consolidation of part of the final bonus otherwise payable on death and maturity claims.

Regular bonus declarations take into account the rates, which we expect to be able to maintain over the terms of both existing and new policies on the basis of current economic conditions. For this purpose, account is taken of the premium rates charged, the expected future experience, particularly with regard to future investment returns, and the financial resources of the Company. Changes in regular bonus rates are required from time to time as both recent and expected future experience change. Such changes are, however, made over a period of time in order to provide a degree of smoothing to the build up of guaranteed benefits. Final bonuses arise mainly from capital appreciation of equity shares and property and so are reviewed from time to time in the light of prevailing financial conditions.

For new business written since 1 October 2001, the Company aims on average to share out between half and two thirds of the profits through guaranteed growth or regular bonus, with the balance paid as final bonus. More generally, regular bonus rates are set at a level that permits an appropriate final bonus margin to emerge.

In the case of contracts with options, the final bonus rate is determined by comparing the asset share with the value of the principal benefit under the contract. The same final bonus rate is applied whatever the option selected by the policyholder.

- (iv) Fairness of treatment between investors holding policies issued at different times is achieved by assessing maturity and surrender payments having regard to the results of asset share calculations. Long term maturity payouts will average 100% of asset share with surrender payouts generally targetting 95%

Where investments are in the unitised with-profits funds, fairness of treatment on cancellation of units may occasionally require the payment of a value less than the quoted bid value of units or, where final bonus is currently applicable, a value less than the quoted bid value of units increased by the application of the current final bonus scale. This is achieved by the application of a reduction factor, known as a Market Value Reduction (MVR), to the quoted bid value of units or, in the latter case, to the quoted bid

value of units plus final bonus. In deciding whether to apply an MVR, we may consider each encashment on a case by case basis.

The investment performance of the With-Profits Fund during the period of investment is compared with the return already credited to the policy by means of increase in unit prices and by the application of the final bonus scale. Current practice is only to consider applying an MVR when the investment performance of the With-Profits Fund is less than the return already credited.

For investments made within five years of cancellation, the Company intends to provide less smoothing and potentially take full account of any shortfall between the bid value of units plus final bonus and the market value of assets. For longer periods of investment we would apply a gradually increasing smoothing benefit.

In the case of policies with premiums invested in the life unitised with-profits income fund, an MVR is likely to be applied on a more frequent basis than under the unitised with-profits fund.

For stakeholder pensions policies invested in the Stakeholder With-Profits Fund, an MVR is also more likely to be applied on a more frequent basis than under the main Unitised With-Profits Fund. This is because the stakeholder with-profits fund stands on its own and must be able to support itself without assistance from the Company's free reserves. In the early years of stakeholder pensions business, the smoothing account described above will take time to build up and so there will be less "free assets" available to smooth out the peaks and troughs in market values. It is therefore more likely to be necessary to apply an MVR in order to protect the interests of the remaining policyholders in the stakeholder fund.

## Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

More frequent application of MVRs or a change in the smoothing policy outlined above could be expected if we experience a prolonged period of depressed markets, a heavy incidence of withdrawals from the fund, or the occurrence of substantial business losses in the fund.

- (v) Any costs associated with Personal Pension compensation payments, including the associated expenses and levies, and the exercise of guaranteed annuity options under traditional pensions contracts are currently charged to the free reserves.

The Company has announced its intention that payments on with profit mortgage endowment policies will, if necessary, be topped up at maturity where there is a shortfall between the claim value and the mortgage originally targeted, provided that future investment returns between 1 January 2000 and the date of maturity average no less than 6% p.a. net and that such payments can be met from future investment earnings on the free reserves within its life fund. The cost of such top up payments will be charged to the Estate. In such cases, the maturity payment may represent more than 100% of asset shares.

Final bonus policy is not subject to frequent changes but the director's reserve the right to alter the conditions for the payment of final bonuses or to cease paying final bonuses at any time without notice.

- (f) The amount available for distribution amongst with-profits policyholders and shareholders is determined from time to time by the directors on the advice of the With Profits Actuary. The proportion of profits distributed to policyholders and shareholders in the Stakeholder Fund is determined by the Articles of Association. In the case of the With Profit Fund, the general principle followed is to allocate to shareholders the maximum proportion of distributed profits permitted by the Articles of Association. This principle may however be modified in the case of unitised contracts written since 2 October 2000 where, in order to disclose the same charges for unitised with profit and unit linked investments, the charge to asset shares in respect of shareholder profits has been restricted. In such cases, in order to limit the potential cost to the Estate, the shareholder proportion may be less than 10%.

- 14 (3)** Asset shares are calculated for sample policies issued at different times in the past. Separate calculations are carried out for broad groups of policies which have different characteristics or which had significantly different past experience.

Final bonus scales are constructed, based on the sample policies, to provide policy payouts which are consistent with the aims described in 14(2) above. Revised final bonus scales are determined at the beginning of each calendar year and at the half yearly review, based on financial conditions at those times and the anticipated investment performance during the year. These scales are monitored during the remainder of the year and may be changed at any time in the event of significant stock-market movements.

In the case of unitised with profit contracts, MVR's are regularly reviewed during the year having regard to the performance of the with profit fund and the level of withdrawals.

The methods used for French, German and Irish with-profits contracts are the same as for United Kingdom contracts except that the investment performance is based on that of a notionally hypothecated pool of assets within the Life & Annuity Fund. These assets are primarily denominated in Euros.

- 14 (5)** With-profits policies to which the information in 14(2) and 14(3) does not apply are as follows:-

Money Purchase Schemes (1974)  
German Unitised With Profit.

- 15** Regular bonuses were allotted on participating assurances and deferred annuities in force on 31 December 2004. The bonuses on assurances and annual premium deferred annuities are calculated on the sum assured or annuity and the existing bonuses where appropriate, and the bonuses on other annuities are calculated on the annuity secured to date and the existing bonus annuity. Regular bonuses on unitised with profit benefits are allotted by way of compound increases to the unit price or, in the case of the Income Fund, by way of a monthly allocation of bonus units.

#### Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

Rates of regular bonus do not depend on the original term or duration in force of the contract or the age of the life assured or the date of premium payment. Regular bonuses for with profit immediate annuity contracts vest on the first payment date on or after 1 February 2005. All other regular bonuses vest immediately they are declared.

The relationship between the rates of bonus declared are in accordance with the provisions of the Scheme of Transfer sanctioned on 19 October 1970 in the High Court of Justice in England transferring to the Company the Life Assurance, Annuity and Capital Redemption business of The Yorkshire Insurance Company Limited and the Life Assurance and Annuity business of Scottish Insurance Corporation Limited. The Scheme was made operative on 9 November 1970.

Contracts in Category A comprise all contracts issued by the Company under its present name or issued under its former names of CGU Life Assurance Limited, General Accident Life Assurance Limited, Yorkshire-General Life Assurance Company Limited or The General Life Assurance Company.

Contracts in Category B comprise all contracts issued by The Yorkshire Insurance Company Limited or Scottish Insurance Corporation Limited before 9 November 1970.

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

	<b>Rates of Interim Bonus per cent per annum in 2004</b>	
<b>Life Assurance</b>	<b>Whole Life Assurance</b>	<b>Other Contracts</b>
<b>Category A</b>		
Series 2 (1897 - 1925)	3.35 compound	3.10 compound
Series 3 (01.01.1926 - 31.12.1966)	3.35 simple	3.10 simple
Series 4 (01.01.1967 - 08.11.1970)	2.70 compound	2.45 compound
Series 5 (09.11.1970 - 31.12.1981)	3.50 simple	3.50 simple
Series 6 (01.01.1982 – onwards)	0.50 of sum assured plus 1.00 of attaching bonus	0.50 of sum assured plus 1.00 of attaching bonus
Unitised With Profit – Implicitly charged		
UK purchased prior to 1 <sup>st</sup> February 1994	-	0.00 compound
UK purchased since 1st February 1994	-	2.50 compound
Loyalty Fund	-	3.00 compound
France Valeur Plus	-	3.00 compound#
Germany UWP fund	-	3.00 compound
Irish UWP	-	1.25 compound
Joint Venture Bond	-	3.25 compound
Income Fund – except for Bond 2000 and Joint Venture Bond	-	3.25 compound
Income Fund – Bond 2000	-	2.75 compound
Income Fund – Joint Venture Bond	-	3.50 compound
Unitised With Profit – Explicitly charged		
Life	-	4.25 compound
Income Fund	-	5.00 compound
<b>Category B</b>	3.50 simple	3.50 simple
<b>Pension and General Annuity</b>	<b>Whole Life Assurance</b>	<b>Other Contracts</b>
<b>Categories A and B</b>		
Retirement Annuities	-	0.00 of basic annuity plus 0.00 of bonus annuity
Group Single Premium Contracts (except Money Purchase Schemes (1974))	-	0.00 of ECV plus 0.00 of attaching bonus
Group Annual Premium Contracts and Money Purchase Schemes (1974)	-	0.00 of ECV plus 0.00 of attaching bonus
Unitised With Profit – Implicitly charged		
Purchased prior to 22 <sup>nd</sup> January 1996 (13th May 1996 for regular premiums)	-	0.00 compound
Purchased since 22nd January 1996 (13th May 1996 for regular premiums)	-	3.00 compound
Purchased since 22nd January 1996 with explicit annual management charges	-	4.00 compound
Stakeholder Fund	-	3.50 compound
Irish Unitised With Profit	-	3.00 compound
NUIL Bond – Explicitly charged		5.00 compound £ business 4.75 compound € business 4.75 compound \$ business
Immediate Annuity Contracts		3.00 compound*

# After 1% p.a. management charge.

\* This bonus will apply to annuity payments on or after the 1 February 2004.



Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

16 Interim regular bonuses where applicable will be payable until further notice on claims arising on or before 31 December 2005 at the following rates:

<b>Rates of Interim Bonus per cent per annum in 2005</b>		
<b>Life Assurance</b>	<b>Whole Life Assurance</b>	<b>Other Contracts</b>
<b>Category A</b>		
Series 2 (1897 – 1925)	3.35 compound	3.10 compound
Series 3 (01.01.1926 - 31.12.1966)	3.35 simple	3.10 simple
Series 4 (01.01.1967 - 08.11.1970)	2.70 compound	2.45 compound
Series 5 (09.11.1970 - 31.12.1981)	3.50 simple	3.50 simple
Series 6 (01.01.1982 – onwards)	0.50 of sum assured plus 1.00 of attaching bonus	0.50 of sum assured plus 1.00 of attaching bonus
<b>Unitised With Profit , implicitly charged</b>		
UK purchased prior to 1 <sup>st</sup> February 1994	-	0.00 compound
UK purchased since 1st February 1994 on policies written pre October 1998	-	2.50 compound
UK purchased since 1st February 1994 on policies written post October 1998	-	2.00 compound
Loyalty Fund post October 1998	-	2.50 compound
Loyalty Fund pre October 1998	-	3.00 compound
France Valeur Plus	-	2.00 compound #
Germany UWP fund	-	2.00 compound
Irish UWP	-	0.50 compound
Joint Venture Bond	-	3.25 compound
Income Fund, except for Bond 2000 and Joint Venture Bond		
Units purchased in 1998	-	4.50 compound
Units purchased in 1999	-	4.50 compound
Units purchased in 2000	-	2.50 compound
Units purchased in 2001	-	2.50 compound
Units purchased in 2002	-	3.00 compound
Units purchased in 2003	-	5.00 compound
Units purchased in 2004	-	4.00 compound
Units purchased in 2005	-	4.00 compound
Bond 2000 income fund –		
Units purchased in 2000	-	2.00 compound
Units purchased in 2001	-	2.00 compound
Units purchased in 2002	-	2.50 compound
Units purchased in 2003	-	4.50 compound
Units purchased in 2004	-	3.50 compound
Units purchased in 2005	-	3.50 compound
Joint Venture Bond, income fund		
Units purchased in 2002	-	3.00 compound
Units purchased in 2003	-	4.00 compound
Units purchased in 2004	-	3.00 compound
Units purchased in 2005	-	3.00 compound
<b>Unitised With Profit , explicitly charged</b>		
Life	-	4.25 compound
Joint Venture Bond	-	4.25 compound
Income Fund, except Joint Venture Bond		
Units purchased in 2003	-	5.50 compound
Units purchased in 2004	-	5.00 compound
Units purchased in 2005	-	5.00 compound
Joint Venture Bond, income fund		
Units purchased in 2003	-	5.50 compound
Units purchased in 2004	-	5.00 compound
Units purchased in 2005	-	5.00 compound

Valuation report – IPRU (INS) Appendix 9.4

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

<b>Category B</b>	3.50 simple	3.50 simple
<b>Pension and General Annuity</b>	<b>Whole Life Assurance</b>	<b>Other Contracts</b>
<b>Categories A and B</b>		
Retirement Annuities	-	0.00 of basic annuity plus 0.00 of bonus annuity
Group Single Premium Contracts (except Money Purchase Schemes (1974))	-	0.00 of ECV plus 0.00 of attaching bonus
Group Annual Premium Contracts and Money Purchase Schemes (1974)	-	0.00 of ECV plus 0.00 of attaching bonus
Unitised With Profit – Implicitly charged		
Purchased prior to 22nd January 1996 (13th May 1996 for regular premiums)	-	0.00 compound
Purchased since 22nd January 1996 (13th May 1996 for regular premiums)	-	3.00 compound
Purchased since 22nd January 1996 with explicit annual management charges	-	4.00 compound
Stakeholder Fund	-	3.50 compound
Irish Unitised With Profit	-	2.50 compound
NUIL Bond – Explicitly charged		5.00 compound £ business 4.75 compound € business 4.75 compound \$ business
Immediate Annuity Contracts		2.00 compound*

# After 1% p.a. management charge.

\* This bonus will apply to annuity payments on or after the 1 February 2005

– This fund has an additional 0.5% charge pa that can only be taken via the final / additional bonus levels.

Final bonuses are payable until further notice on death and maturity claims arising on or after 1 January 2004 under assurances in force as participating contracts at the date of claim, and also on unit cancellations on a UK Life unitised with profit contract. This does not include the Unitised With Profit Income Fund. Final bonuses are also payable until further notice on all participating pension and general annuity contracts, in the event of (i) a pension commencing under a retirement annuity or (ii) a retirement on or after normal retirement date under a contract providing pensions, or lump sums at retirement or (iii) on unit cancellations under a unitised with profit contract. Final bonuses are also payable on unit cancellations on the French Valeur Plus contract. An allowance for final bonus is made on surrender, or early retirement in the case of conventional contracts.

Final bonus rates on Life Assurance policies and Group Annual Premium contracts depend on the year of commencement of the policy, year of conversion to with-profit, or year of commencement of any increment. Final bonus rates for Retirement Annuities and Group Single Premium contracts depend on the year of purchase of benefit.

Specimen rates of final bonus applicable on 1 January 2005 expressed as amounts per cent of benefit are shown below. The rates are applied to the sum assured (or other measure of benefit) and attaching declared and interim bonuses in the case of conventional contracts, and to the bid value of units in the case of Unitised With Profit contracts.

Calendar Year	Life Assurance Contracts	Retirement Annuity & Group Single Premium Contracts*	Individual Pension Arrangements by Single Premium	Group & IPA Annual Premium Contracts
2004	0	0	0	0
2003	0	0	0	0
2002	0	0	0	2
2001	0	0	0	4
2000	0	0	0	6
1995	4	0	22	1

**Valuation report – IPRU (INS) Appendix 9.4**

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

1990	0	0	1	0
1985	6	4	14	0
1980	44	46	42	0
1975	109	149	200	14
1970	115	94	-	-

Calendar Year	Life Unitised With Profit Benefits		Pension & General Annuity Unitised With Profit Benefits			French Unitised With Profit Benefits
	Implicit charge	Explicit Charge	Implicit charge	Explicit Charge	Stakeholder	
2004	4**	3**	4	4	4	0
2003	8	5**	9	10	10	8
2002	0	-	2	4	4	0
2001	0	-	0	0	0	0
2000	0	-	0	0	-	0
1995	5	-	6	-	-	-
1990	24	-	5	-	-	-
1985	-	-	-	-	-	-
1980	-	-	-	-	-	-
1975	-	-	-	-	-	-
1970	-	-	-	-	-	-

\* Excluding Money Purchase Schemes (1974), where the final bonus applicable on 1 January 2004 was 0% of attaching declared and interim bonus.

\*\* Rate to be applied on a pro-rata basis in first year.

The directors have reserved the right to amend the rates of interim bonus and the rates and conditions of payment of final bonus at any time without notice.

**17** Form 46 is appended.

**18** Form 47 is appended.

**19 (1)** Forms 48 and 49 are appended.

**19 (2), (3)&(4)** The information provided under IPRU (INS) rule 9.29 is sufficiently complete.

**20 (1)** Forms 51-56 are appended.

**20 (3)** The provisions of PRU 4.2.57R have been complied with in accordance with published guidance, in relation to those fund links that have been wholly reinsured.

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

**Valuation report – IPRU (INS) Appendix 9.4**

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31 December 2004**

**21 (2)** In accordance with rule 4.2.41R, a prudent adjustment, excluding that part of the yield estimated to represent compensation for the risk that the income from the asset might not be maintained or that capital repayments might not be received as they fall due, was made to the yield on assets other than equity shares and land.

This adjustment took account of:

- (i) The historic experience of bad debts for each of the major fixed interest asset classes
- (ii) Market margins of gross yield over the yields of risk-free investments of a similar term in the same currency, where available
- (iii) The reasonableness of the net of adjustment yields over the yields of risk-free investments of a similar term in the same currency, taking account of the points above
- (iv) The need to take a prudent view of the above.

The adjustment made is expressed as a deduction from the expected yield and varies by type of asset as follows:

<b>Type of Asset</b>	<b>Deduction from yield</b>
Deposits	0.10%
Approved fixed interest securities	0.00%
Other fixed interest securities	0.40%

**21 (3)** For equity shares, the yields on individual stocks were restricted to be not more than the yield on 15-year gilts plus 2%. For land, the rental yields were capped at the yield on 15 year gilts plus 3% to allow for the risk that the aggregate rental income might not be maintained. The same reductions in income were applied in the resilience scenarios.

**22** Form 58 is appended.

**23** Form 60 is appended.

## Appendix 9.4A – CGNU Life

### Abstract of valuation report for realistic valuation

#### Introduction

- 1.1. The valuation date is 31<sup>st</sup> December 2004
- 1.2. This is the first valuation under PSB.
- 1.3. No interim valuation has been completed under PSB.

#### Assets

- 2.1. Economic assumptions for valuation of non-profit business

Non-profit profits are valued using an earned rate equal to the risk free rate (weighted by guarantee term). Profits are discounted at risk free rate plus 0.5% to provide an additional margin. Tax on investment returns and tax relief on expenses is assumed to be 20% consistent with fixed-interest assets backing the non-profit liability.

The expense inflation assumption is the best-estimate assumption.

<b>CGNU Life</b>		31/12/2004
Earned Rate	Gross	4.66%
	Net	3.73%
Discount Rate		5.16%
Expense Inflation		3.77%

The LTICR and any RCR in respect of non-profit business within the fund are valued at face value. The profits in respect of the reinsurance treaty with NULL are the present value at the financing rate within the treaty.

- 2.2. Not applicable
- 2.3. Not applicable

#### With-Profits Benefits Reserve Liabilities

- 3.1. There are four main methods used to calculate the with-profits benefits reserve.
  - Asset share (individual) (retrospective)
  - Asset share (group) (retrospective)
  - Bonus Reserve Valuation (prospective).
  - Regulatory Reserve (prospective)

The majority of the with-profits benefits reserves are asset shares calculated on an individual policy (or increment) basis. They represent an accumulation of premiums plus investment return less charges and other sources of profit or loss in line with the fund's PPFM.

Where asset shares are not currently calculated, or where they are unreliable as a starting point for deriving future bonuses, then either bonus reserve valuations (BRVs) or regulatory reserves are used. BRVs are the discounted value of future expected benefits and expenses using risk-free earned and discount rates along best-estimate assumptions for other basis items such as lapses and mortality. BRVs are used for the following classes of business:

- Conventional PUPs (paid up policies) where historical premium payment information is not available.

- Conventional Whole Life policies over 25 years in duration where the asset share is not a reliable guide to future bonuses.

Regulatory reserves are used for remaining small classes of business where asset share or BRV calculations are not currently carried out.

**CGNU Life @31/12/2004**

Product Class	With-profit benefits reserve (£m)	Future Policy Related Liabilities (£m)	Total (£m)
Conventional Life		318	2,420
- <i>Asset Share (ind)</i>	1,788		
- <i>BRV</i>	314		
Conventional Pensions		140	566
- <i>Asset Share (ind)</i>	414		
- <i>Misc</i>	12		
UWP Life		136	4,441
- <i>Asset Share (ind)</i>	4,197		
- <i>Regulatory Reserve</i>	108		
UWP Pensions		63	1,507
- <i>Asset Share (ind)</i>	1,396		
- <i>Regulatory Reserve</i>	47		
UWP Stakeholder		3	253
- <i>Asset Share (ind)</i>	240		
- <i>Regulatory Reserve</i>	10		
UWP Overseas		34	477
- <i>Asset Share (ind)</i>	270		
- <i>Regulatory Reserve</i>	173		
Miscellaneous Other	0	178	178
<b>Total</b>	<b>8,969</b>	<b>872</b>	<b>9,841</b>

It is not straightforward to separate out the BRV used for conventional PUP policies, however, this represents a relatively small proportion of the With Profit Benefit Reserve for all classes other than whole life. The BRV figure for conventional life relates to the WPBR for the whole life policies which are predominantly BRV.

The asset shares are an accumulation of premiums, investment return, expense deductions and other adjustments such as for surrender and mortality profits, and non-profit profits, as set out in the fund's PPFM. Investment returns from 1<sup>st</sup> October 1998 have been allocated to asset shares using the combined returns from CGNU Life and CULAC.

Asset shares for all stakeholder business and all UWP business sold from 1<sup>st</sup> October 2001 are calculated using policy charges rather than actual expenses. All other asset shares are charged actual expenses.

Conventional life endowment policies have guaranteed amounts at maturity equal to the basic sum assured plus any regular bonus accrued to date. Conventional whole life contracts provide a guaranteed payout on death of basic sum assured plus regular bonus accrued to date. Low cost whole life policies also provide a minimum death benefit over a pre-specified term. The whole-life with-profits benefit reserve is £314m. Conventional endowments were partially reassured on an original terms basis with CULAC from 1998 to 2002. Conventional endowment new business is not now actively sold, however there is a small amount of conventional whole life being sold.

Conventional pensions provide a guaranteed basic sum assured at maturity plus accrued regular bonuses, plus any final bonus due. Conventional pensions consist of individual and group pensions that provide either for cash or for annuity at retirement. Cash schemes usually have a guaranteed minimum annuity payable at retirement. Annuity schemes usually have a guaranteed minimum cash value at retirement. Conventional pensions are not now actively sold.

Conventional pensions also includes a small amount of single premium with-profit annuity business (£29m) which provides a level of income equal to a basic amount, plus accrued regular bonus, plus a discretionary top-up bonus. Customers can also select a future anticipated level of regular bonus. This increases the initial annuity amount payable, but the annuity amount reduces by the anticipated amount each year such that the total annuity payable would be level if the actual regular bonus rate equalled the anticipated rate. There is also a guaranteed minimum annuity amount attaching to this contract. With-profit annuity new business is now written by NUL&P WP.

UWP Life mainly consists of unitised bonds with a small amount of unitised endowments (£13m). UWP units increase in value at the declared regular bonus rates and cannot reduce at the contractual maturity dates or at contract-specific no-MVR dates. Any final bonus due is added at policy exit. The value on exit can be subject to an MVR if exit is not at one of the contractual no-MVR dates. UWP units purchased prior to 1/2/1994 have a guaranteed minimum regular bonus rate of 3% p.a. Bond and unitised mortgage endowment new business has been reassured in various proportions with CULAC and NUL&P WP since 1998.

Here follows a table of the various no-MVR spot rate guarantees that apply to the CGNU Life written UWP bonds.

<b>UWP Life Bonds</b>	<b>Date Sold</b>	<b>No-MVR Anniversary</b>
GA investment Bond	1990-93	None
GA Portfolio Bond	16/3/93-1/10/98	None
CGU Portfolio Bond	1/10/98-2/10/2000	No MVR on 10 <sup>th</sup> 15 <sup>th</sup> 20 <sup>th</sup> etc
NU Portfolio Bond, Flexibond, Bond 2000	2/10/2000-24/6/01	No MVR on 10 <sup>th</sup> 15 <sup>th</sup> 20 <sup>th</sup> etc
NU Portfolio Bond, Flexibond, Bond 2000	25/6/01-16/1/02	No MVR on 10 <sup>th</sup>
NU Portfolio Bond, Flexibond, Bond 2000	16/1/02- 2/7/03	Money back on 10 <sup>th</sup>
NU Portfolio	3/7/03 – 8/2/04	Money back on 10 <sup>th</sup>
NU Portfolio	9/2/04 onwards	Money back on 5 <sup>th</sup>

There is also the guarantee that MVRs will not apply on any automatic partial withdrawals selected from outset (subject to certain limits).

UWP Pensions consists mainly of individual and Group personal pensions and pension single premium bonds. As for UWP Life, UWP units increase in value at the declared regular bonus rates and cannot reduce on death, at the selected retirement date and at age 75. Any final bonus due is added at policy exit. The value on exit can be subject to an MVR if not at the selected retirement date. UWP units purchased prior to 22/01/1996 have a guaranteed minimum regular bonus rate of 4% (with an asset share at 31<sup>st</sup> December 2004 of £397m). UWP Pensions new business has been reassured in various proportions with CULAC and NUL&P WP since 1998.

UWP Stakeholder policies have charges capped at 1% p.a. The 1% charge is taken through unit cancellation and is also allowed for in the final bonus rates. A no-MVR guarantee applies at the selected retirement age and at age 75. Stakeholder new business has been reassured in various proportions with CULAC and NUL&P WP since 2001.

UWP Overseas business consists of single premium bonds and regular and single premium pensions business sold in Ireland, Sweden, Germany and France.

The future policy related liabilities are based on market-consistent stochastic projections of the guaranteed benefits and asset shares. Calculations are carried out at product class level split by entry year and maturity year with projections allowing for assumed future persistency levels.

'Miscellaneous other' consists of reserves held to cover other liabilities to the fund that cannot be assigned to certain product types such as Pension transfer review reserves and reserves for future development and audit fees.

### ***With-profits benefits reserve – Retrospective method***

#### **4.1. Table of methods**

Method	With-profit benefits reserve (%)
Asset Share (individual)	93
Asset Share (grouped)	0
BRV	4
Regulatory Reserve	4
Miscellaneous Other	0
<b>Total</b>	<b>100</b>

The table above shows the proportion of with profit benefit reserves calculated using each method.

All asset shares have been calculated on an individual basis.

#### **4.2. Changes in valuation method**

- (a) This is the first valuation under the PSB.
- (b) N/A

#### **4.3. Allocation of expenses**

The text below sets out the treatment of charges made to asset shares with respect to expenses and commission. Broadly, some policies are charged sales and administration expenses incurred by the fund, some follow this approach but have the overall charge capped, and a third group has defined charges.

Other expenses, or the difference between the expense and the charge to asset share fall to the estate.

	£m	Charged to WPBR	Not-Charged to WPBR	Non-Profit expenses	Misc Expenses	Total
2004 Expenses and commission		52	72	-2	4	126
2004 Shareholder Transfers		16	6	0	0	22

The above table approximately splits out the expenses incurred over 2004.

Non-profit expenses are expenses relating to non-profit business within the fund. The result is negative because of clawback on commission. The amount of expenses and commission not charged to the WPBR is large because most relates to initial expenses from new UWP business where the expenses are not immediately recovered from the asset shares. The asset shares from this class of business are deducted policy charges which are largely fund-based charges rather than up-front, hence the initial expenses are recouped from the asset shares over the lifetime of the policy. Miscellaneous expenses relate to various expenses such as audit and development costs.

A reliable breakdown of the expenses charged to WPBR split between initial and renewal is not currently available.

#### ***Expenses charged to the with-profit funds***



Per-policy expenses are charged to the with-profits funds based on expenses that are laid out in the Management Services Agreement (MSA). These cover fixed initial expenses and ongoing maintenance expenses. MSA charges inflate each calendar year at RPI + 1% for CGNU Life. The current MSA agreement is due for renewal in 2008.

Investment management expenses are charged to the funds in line with the Investment Management Agreement with the fund managers and are reviewed on at least an annual basis.

Commission and sales related expenses are also charged to the with-profits funds. Initial and renewal commission scales and uplifts depend on product type and the agreement with the particular sales channel.

The with-profit funds also incur other non policy-related expenses such as for development expenses, audit fees and mis-selling expenses. These are charged to the with-profit fund as laid out in each fund's PPFM.

Total expenses to each fund are reported and reviewed on a monthly basis.

Shareholder transfers are charged to the with-profits funds. Most conventional business is written on a 90/10 basis with transfers equal to 1/9<sup>th</sup> of the cost of bonus. Most UWP business written by CGNU Life is written on a 90/10 basis, some more recent single premium bond new business has been written on a 91/9 and 92/8 basis.

***Expenses charged to the with-profits benefit reserves***

The total expenses charged to with-profits benefit reserves over 2004 are approximately £52m with an additional £16m of shareholder transfers charged. The majority of this relates to renewal expenses, most new business is UWP business sold on a charges basis with the majority of the charges being the annual management charge which is charged to asset shares over the life time of the policy.

Deductions are made to the asset shares in respect of expenses and commission and shareholder transfers. The difference between expenses, commission and shareholder transfers incurred and charges made are a credit to or deduction from the estate.

Sales and policy administration expenses are charged to asset shares in three main ways:

- Actual expenses incurred
- Actual expenses incurred, subject to an overall cap
- Policy charges applied

Actual expenses apply to the following product groups:

- CGNU Life conventional business
- CGNU Life UWP implicit charge business sold prior to 1<sup>st</sup> October 2001 (implicit charge refers to bonuses being net of expenses)

In addition, all CGNU UWP Personal Pensions issued prior to 1<sup>st</sup> December 2000 have the deductions made in respect of expenses capped at 1% p.a. as part of the 'stakeholder promise'.

Asset shares are currently charged 100% of the MSA agreement. They are also charged the management investment fee and any custody fees. Any initial or renewal commission is deducted from the asset share. Shareholder transfers are also charged to the asset share.

Policy charges are applied to the following product groups:

- CGNU Life UWP implicit charge business sold 1<sup>st</sup> October 2001 onwards (implicit charge refers to bonuses being net of expenses)

- CGNU Life UWP explicit charge business (2000 onwards individual pensions, stakeholder pensions and 'Candid' bonds). (explicit charge bonuses are gross of expenses)  
The asset share is deducted the actual charges on the policy, e.g. a 1% annual management charge applies for stakeholder pensions, and also e.g. the initial charge at the end of the first five policy years for CGNU bonds. Also note that any surrender penalty would apply to the asset share on exit.

**Expenses not charged to the with-profits benefits reserve**

For UWP explicit charge business written in CGNU Life the difference between the actual expenses charged to the fund and the charges taken from the asset shares are accrued to the estate.

Any expenses on UWP Pensions business in excess of the stakeholder promise 1% cap is charged to the estate.

Additional tax on shareholder transfers for CGNU Life business is charged to the estate.

All development, regulatory and audit fees are not currently charged to asset shares, although this is reviewable in line with statements in the PPFMs.

**4.4. Guarantee Charges**

No deduction is made from the with-profits benefit reserves in respect of guarantees.

**4.5. Non-Insurance Risk Charges**

No explicit deduction is made from the with-profits benefit reserves in respect of non-insurance risks.

**4.6. Claims ratios**

Fund	Product Type	2002	2003
CGNU Life	Conventional	128%	110%
	UWP	110%	110%

The figures for 2002 and 2003 are estimates.

Fund	Product Type	2004
CGNU Life	Conventional Life	99%
	Conventional Pensions	*
	UWP Life	108%
	UWP Pensions	105%
	UWP Stakeholder	98%

The figures above for 2004 are estimates based on actual maturity and surrender payouts for the period April to December 2004. There are no figures currently available for conventional pensions.

All entries for Form 19 lines 32 and 33 in respect of reserves for past miscellaneous surplus and any past miscellaneous deficit are zero.

**4.7. Gross investment return allocated to WPBR**

Gross returns allocated to asset shares over 2004

CGNU Life written business            11.55%

Asset shares for business written by CGNU Life and CULAC are credited investment returns based on the combined assets backing the asset shares of both funds. The rates quoted above are average rates that apply.

The PPFM explains that returns from fixed-interest are allocated to asset shares by matching the outstanding policy term to the outstanding term of the fixed-interest assets. Returns on this basis are similar to the levels above e.g. within a couple of percentage points, being lower for short duration outstanding policies.

In practice, consideration of 2005 final bonus was based on the average return rather than the duration specific return. This had no material implication on payouts in 2004 as a result of smoothing and guarantees.

## ***With-profits benefits reserve – Prospective method***

### **5.1. Prospective assumptions**

**Bonus reserve valuation (BRV)** is used for 4% of the with-profit benefits reserve. This covers conventional whole life policies over 25 years duration. The prospective assumptions are as follows:

#### *Economic Assumptions*

Future earned rate: Whole Life	N/A
Discount rate: Whole Life	4.66%
Expense Inflation: Whole Life	3.77%

#### *Future Assumed Regular Bonus Rates*

<b>Whole Life bonus series</b>	<b>SA</b>	<b>Bonus</b>
Series 6	0.50%	1.00%
Series 5	3.5% Simple	
Series 4	2.70% Compound	
Series 3	3.35% Simple	
Series 2	3.35% Compound	

#### *Future Expense Assumptions*

<b>Product Class</b>	<b>Renewal Expenses 2004</b>
Conventional Whole Life	£12.26

#### *Future Assumed Lapse Rates*

<b>Product Class</b>	<b>Policy Duration</b>								
	<b>%</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8+</b>
Conventional Whole Life	3.5	3	3	3.5	3	3	3	3	2

#### *Future mortality assumptions*

Conventional whole life: Percentages of standard tables %TM92 Sel 5/TF92 Sel based on internal experience.

**Regulatory Reserves** cover 4% of the with-profit benefits reserve. The classes of business covered by this are UWP Offshore bond written by NUIL, UWP French, German and Irish business, and some UWP business administered on ex-Norwich Union systems.

Regulatory reserves for UWP business are calculated as:

$$\max(\min(BVU, SV), BRV)$$

Where:

- BVU = Bid Value of Units
- SV = Surrender Value (consistent with the PPFM)
- BRV = Bonus Reserve Valuation

Statutory reserves are therefore a combination of retrospective and prospective reserving methods. The following section details the basis behind the BRV component of the statutory reserve calculation and also the basis behind the realistic BRV.

The prospective assumptions for the remaining UWP business are as follows:

*Economic Assumptions*

Discount rate:	
Life	3.7%
Pensions	4.3%
Expense Inflation	3.5%

*Future Assumed Regular Bonus Rates*

All future regular bonuses are assumed to be zero.

*Future Expense Assumptions*

Product Class	Renewal Expenses 2004
UWP Life	£15.25
UWP Pensions	£44.59
UWP Stakeholder	£11.48
UWP Overseas	
French Savings	£15.25
German Pensions	£44.59
Irish Pensions	£44.59

Expenses are then assumed to inflate annually at the expense inflation assumption.

*Future Assumed Lapse Rates*

Product Class	Policy Duration						
	1	2	3	4	5	6	7+
UWP Life – Offshore Bond	1	1.5	2	3	4	18	6
UWP Pensions	1.5	1.5	1.5	1.5	1.5	1.5	1.5
UWP Stakeholder	1.5	1.5	1.5	1.5	1.5	1.5	1.5
UWP Overseas							
French Savings	1	1.5	2	3	4	18	6
German Pensions	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Irish Pensions	1.5	1.5	1.5	1.5	1.5	1.5	1.5

**Costs of guarantees, options and smoothing**

6.2.

(a) The calculation of the cost of guarantees, options and smoothing and the cost of the mortgage promise has been performed using a stochastic model with a few exceptions. The cost of guaranteed annuity options and section 32 guaranteed minimum pensions have been valued using a market value replication technique – this is described in section 6.4.(b). The cost of the Pensions 1% promise is valued using a deterministic projection at policy level of future charges and expenses using the risk free rate. A description of the stochastic model is given below.

*(b) Grouping Basis*

All valuation methods use grouped policy data. Data has been divided as follows:

For conventional business:

- Product class (e.g. life endowment, conventional pensions)
- Entry Year
- Maturity Year

For unitised with-profit business:

- Product class (e.g. life bonds, individual pensions)
- Year of unit purchase
- Guarantee date (date at which a person is expected to take their guarantee, e.g. NRD for pensions, no-MVR date for bonds)

Guarantee costs are not calculated by projecting individual or grouped model points. Instead, the aggregate asset shares and guaranteed amounts are projected for each of the cohorts above.

*Validations*

The total guaranteed amounts are reconciled back to the Regulatory valuation results. The aggregate asset shares are reconciled to the totals in Form 19.

(c) The ratio of the guaranteed costs to asset share for the CGNU Life Self-Employed Deferred Annuity (SEDA) contract is assumed to apply to the other deferred cash and deferred annuity business in CGNU Life. The SEDA contract represents about 70% of the conventional pensions business in CGNU Life by mathematical reserve.

6.3. This is the first valuation under the PSB.

**6.4. Description of guarantees, options or smoothing being valued**

**6.4.(a) Stochastic Model - Description of guarantees, options or smoothing**

6.4.(a)(i) Here follows the cost and description of the guarantees, options and smoothing methods by product grouping.

**CGNU Life fund: 31/12/2004**

<b>Product Class</b>	<b>Planned Enhancements to WPBR</b>	<b>Planned Deductions to WPBR for other costs</b>	<b>Contractual Guarantee costs</b>	<b>Non-Contractual Commitments</b>	<b>Smoothing costs</b>
Conventional Life	0	21	81	212	4
Conventional Pensions	0	0	117	0	1
Direct Written - UWP Life	22	5	104	0	0
Direct Written - UWP Overseas	0	0	34	0	0
Direct Written - UWP Pensions	0	7	65	0	0
Direct Written - UWP Stakeholder	0	2	5	0	0
Reinsured - UWP Life	0	0	0	0	0
Reinsured - UWP Pensions	0	0	0	0	0
Reinsured - UWP Stakeholder	0	0	0	0	0

(Figures in £m)

The CGNU fund does not accept reinsurance from the other With Profits funds.

***Planned Enhancements to WPBR***

*UWP Life*

This represents the cost of the additional 0.5% p.a. regular bonus on Loyalty Fund units. Other enhancements are covered by the remaining items described in the analysis.

***Planned Deductions to WPBR for other costs***

This represents the reduction in guarantee costs from targeting long-term payouts at 99% of asset share rather than 100% asset share. 99% is the long-term target payout required to give broadly neutral smoothing costs allowing for the costs incurred to the valuation date.

***Contractual Guarantee Costs***

*Conventional Life*

This represents the cost of the basic sum assured plus any accrued bonuses to date exceeding 100% asset share under the stochastic projection.

To compare the in-the-moneyness of conventional guarantees we have compared the stochastic cost included in Form 19 against the cost on the deterministic 'best-estimate' basis using the risk-free rate.

Stochastic Reserve = £81m

Best-estimate	=	£1m
Option value	=	99%

The option value is the proportion of the total stochastic cost that exceeds the best-estimate cost. Conventional Life guarantees are largely out of the money.

#### Conventional Pensions

This represents the cost of the basic sum assured plus any accrued bonuses to date exceeding 100% asset share under the stochastic projection. The costs of providing for any guaranteed annuity options is covered in section 6.4.b under the cost of financial options, although the cost of providing deferred annuities is included here.

Stochastic Reserve	=	£108m
Best-estimate	=	£102m
Option value	=	5%

Conventional pension guarantees are reasonably in the money.

#### UWP Life

This represents the cost of the payouts exceeding 100% asset share due to no-MVR guarantee under the stochastic projection. Note that this includes the cost of smoothing final bonus and the cost of any guaranteed bonus rates.

Year of Unit Purchase	BVU (£m)	Asset Share / BVU (%)
1990	6	129%
1991	80	114%
1992	159	125%
1993	119	111%
1994	98	110%
1995	190	107%
1996	232	97%
1997	337	95%
1998	448	88%
1999	930	81%
2000	2,303	77%
2001	2,937	88%
2002	1,917	101%
2003	582	108%
2004	479	105%
	10,816	91%

This table shows the ratio of asset share over bid value of units for the majority of the CGNU Life written UWP Life business as at 31<sup>st</sup> December 2004. This gives an indication of the level of current guarantee costs. This business has been partially reassured to CULAC since 1998 and to NUL&P WP between 2000 and 2003 inclusive.

#### UWP Pensions

This represents the cost of the payouts exceeding 100% asset share due to no-MVR

Year of Unit Purchase	BVU (£m)	Asset Share / BVU (%)
1990	119	109%
1991	24	114%
1992	51	116%
1993	47	105%
1994	48	112%
1995	70	111%
1996	161	101%
1997	215	97%
1998	171	85%
1999	186	79%
2000	339	78%
2001	553	91%
2002	274	106%
2003	125	111%
2004	98	109%

guarantee under the stochastic projection. Note that this includes the cost of smoothing final bonus and the cost of any guaranteed bonus rates. This also includes the cost of the stakeholder promise whereby we have promised to deduct no more than the equivalent of 1% p.a. annual management charge to cover expenses on all unitised pensions from 1<sup>st</sup> April 2001.

This table shows the ratio of asset share over bid value of units for the majority of the CGNU Life written UWP Pensions business as at 31<sup>st</sup> December 2004. This gives an indication of the level of current guarantee costs. This business has been partially reassured to CULAC since 1998 and to NUL&P WP between 2000 and 2003 inclusive.

#### UWP Stakeholder

This represents the cost of the payouts exceeding 100% asset share due to no-MVR guarantee under the stochastic projection. Note that this includes the cost of smoothing final bonus.

Year of Unit Purchase	BVU (£m)	Asset Share / BVU (%)
2001	130	99%
2002	188	110%
2003	132	114%
2004	136	106%
	586	108%

This table shows the ratio of asset share over bid value of units for the majority of the CGNU Life written UWP Stakeholder business as at 31<sup>st</sup> December 2004. This gives an indication of the level of current guarantee costs. This business has been partially reassured to both CULAC and NUL&P WP.

#### UWP Overseas

This represents the cost of the payouts exceeding 100% asset share due to no-MVR guarantee under the stochastic projection.

### **Non-Contractual Commitments**

#### Conventional Life

This represents the cost of the mortgage endowment promise from conventional endowments (plus a small cost from unitised endowments). The amount paid under the promise is the difference between the mortgage amount and policy payout if returns are 6% or more, or the amount as communicated to policyholders in other circumstances.

Payment of the mortgage promise is conditional on the investment earnings achieved on the estate. These must be sufficient to pay the shortfall amounts falling due each year. A stochastic projection of the future earnings arising on the estate implied that there were simulations when they would be insufficient to pay the costs of the promise in certain future years. The reduction is small in Scenario 1 but larger in the stress tests.

The projection of the ability to pay was made using the following assumptions:

- If we are unable to pay the full amount in one year we may still pay the full amount in subsequent years.
- The calculation of the earnings on the estate takes into account the earnings we have actually received since the promise was made (31/12/1999).

The payment of promise amounts also gives rise to additional transfers to shareholders.

### **Smoothing Costs**

#### Conventional Life

This represents the cost of smoothing final bonus from the assumption that payouts based on 100% asset share will not move by more than 15% from year to year on similar termed products. This is consistent with statements in the PPFM.

Conventional Pensions

This represents the cost of smoothing final bonus from the assumption that payouts based on 100% asset share will not move by more than 15% from year to year on similar termed products. This is consistent with statements in the PPFM.

UWP

Smoothing costs for all the UWP business are included in the contractual guarantee costs.

6.4.(a)(ii) **Description of the asset model**

The distribution was calculated using the following assumptions:

Risk-free rate:

- Risk-free rate curve as shown below –

Outstanding term	Risk free annualised spot rate (%)
1	4.67
2	4.58
3	4.59
4	4.61
5	4.63
6	4.65
7	4.66
8	4.67
9	4.68
10	4.69
12	4.70
15	4.68
20	4.61
25	4.53
30	4.46

- The discount rate was set equal to the risk-free rate as above EXCEPT for the calculation of future profits on non-profit business. For this calculation the discount rate is increased by 0.5%. This is an adjustment to reflect risk and uncertainty on the non-profit business.
- All assets were expected to grow at the risk-free rate (ie risk neutral pricing was used).

Derivation of risk-free rate curve:

The risk free rate was based on governments bonds, increased for the element of the swap – gilt spread that could be ascribed to the “repo ability” of the gilts.

The swap – gilt spread varies between 25bp at the very long end to 42bp for short term stocks. The average and the spread for the 10-15year period is around 30bp.

Our decomposition of this spread is

Description	Bp
LIBOR – LIBMID (to get mid market)	6
LIBMID – repo at 3 months (credit spread)	9
Implied Repo ability	15



Total spread	30
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This implies a gilt + 15 bp could be justified based on 31/12/2004 market conditions, however, we have used a gilt + 10bp approach because the market conditions at 31/12 are possibly the result of specific year end conditions (i.e. swaps and gilt rates are artificially because of thin trading) – gilt + 10bp has been appropriate earlier in the year.

Use of the curve:

A risk-free rate curve was used for most option-pricing purposes. However, some systems are unable to implement the curve structure and so an appropriate fixed rate was used for these deterministic projections.

The fixed rate chosen reflected the term of the liabilities being valued.

Main liabilities modelled with flat risk-free rate:

- Future profits on non-profit business
- Guaranteed annuity options
- Tax on shareholder transfers

Term of liabilities: 7-8 years

Risk free rate used: 4.66%

Annuity interest rate used: 4.5% (equal to the 8 into 15 year forward rate based on the full curve).

Form of probability distribution:

The lognormal model was assumed for the prices of all assets.

Derivation of Equity / Property volatility:

UK Equity

Market implied volatility (that is the Black-Scholes solution to observed option pricing given risk free rates that maintain “put call parity” – essentially swap rates) has been derived from various investment banks and other sources.

Term	Source 1	Source 2	Source 3
1	12.54	12.51	12.4
2	14.50	14.28	14.2
3	15.55	15.32	15.2
4	16.27	16.15	15.5
5	16.78	16.81	16.3
7		17.73	16.3
10		18.65	17.6

Consistency of market pricing drops away as term increases.

The table below set out the resultant extrapolated volatility from this data.

Term	Source 1	Source 2	Source 3
10	17.4	18.6	18.0
15	17.5	19.4	18.4

None of the above has any clear theoretical advantage over the others.

We have chosen 18.25% because the rate is consistent with the output for the 10-15 year period.

Overseas Equity

A similar process applies.

Property volatility

There are no meaningful option prices so a best estimate approach is used. The best estimate is 15.0%.

Derivation of bond volatility:

1) Traded bonds (assumed to be 1/6 of the bond portfolio)

**Gilts:**

Implied market volatility from swaption pricing gives yield volatility of something just less than 15% as at 31/12/2004. This covers all fixed interest durations.

The table below shows swaption implied volatility for an option term of 1 year, swap maturity as shown (source values derived from data supplied by investment banks)

Swap maturity	Implied volatility
1	15.29
5	14.19
10	12.92
15	12.41
20	11.90
25	11.80

Our model requires a price volatility assumption. Here the above table is converted to price volatility, and on average used based on average duration of the liability.

We use a 5.0% assumption in the model which includes a small margin to allow for inevitable approximations involved in the above approach. The assumption is not material though due to the low weight of these assets.

*Corporate Bond and Overseas Bond volatility*

Separate asset classes are set up for corporate and overseas bonds. These have different correlations with the returns on UK gilts.

There are spreads between swaps, corporate bonds, gilts and overseas bonds. These spreads move over time so one class of asset may be more or less volatile than the others.

Analysis of our own historic experience in this area has shown that in practice the price volatility levels are similar:

Asset class	Price volatility
Gilts	10.2
Corporates	9.1
Overseas	11.1

In view of the size and nature of the differences in observed historic volatility there does not seem to be strong evidence for assuming that future corporate bond volatility should be greater than that used for gilts. However, given the small proportion of assets involved we have used a 2% volatility margin over gilts to reflect the potential volatility in spread.

2) Non-traded bonds (held to maturity): assumed to be 5/6 of the fixed interest portfolio

We aim to allocate return from fixed interest to asset share according to the return earned on the stock of equivalent duration outstanding. For these bonds, if matching was perfect and if there were no future premiums to invest then the return earned and credited to asset share on the fixed interest from the valuation date to maturity date

would be the redemption yield and intermediate volatility would have no impact. In practice return credited to asset share is likely to be based on bands of durations rather than an exact process. In view of these impacts non-zero price volatility is used as set out below.

In summary the price volatility assumptions are

	CGNU
Traded gilts	5.0%
Traded non-gilts	7.0%
Non traded	3.0%

Correlation between different asset classes:

- Correlation between asset classes was taken from internal historic data. The table below shows the figures used at end 2004.

	UK Equity	Property	European Equity	US Equity	Japanese Equity	Pacific Equity	Emerging Mkt Equity	UK Gilts: Traded	Corp Bonds: Traded	Ov/S Bonds: Traded	Cash	Bonds: Not Traded
UK Equity	1.00	0.25	0.79	0.83	0.55	0.58	0.65	0.53	0.48	0.52	0.10	0.00
Property	0.25	1.00	0.22	0.05	0.55	0.11	0.15	0.07	0.03	-0.20	-0.33	0.00
Europe	0.79	0.22	1.00	0.91	0.48	0.55	0.58	0.37	0.28	0.69	-0.10	0.00
US	0.83	0.05	0.91	1.00	0.43	0.47	0.56	0.37	0.30	0.74	0.00	0.00
Japan	0.55	0.55	0.48	0.43	1.00	0.62	0.65	0.01	0.00	0.20	-0.17	0.00
Pacific Basin	0.58	0.11	0.55	0.47	0.62	1.00	0.87	0.25	0.37	0.53	0.00	0.00
Emerging Markets	0.65	0.15	0.58	0.56	0.65	0.87	1.00	0.08	0.16	0.47	0.18	0.00
UK govt bonds	0.53	0.07	0.37	0.37	0.01	0.25	0.08	1.00	0.97	0.50	0.11	0.00
Corporate Bonds	0.48	0.03	0.28	0.30	0.00	0.37	0.16	0.97	1.00	0.51	0.12	0.00
Global Bonds	0.52	-0.20	0.69	0.74	0.20	0.53	0.47	0.50	0.51	1.00	0.13	0.00
Cash	0.10	-0.33	-0.10	0.00	-0.17	0.00	0.18	0.11	0.12	0.13	1.00	0.00
Non-Traded Bonds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00

Asset mix / EBR management:

The initial asset mix was equal to that assigned to the asset shares of the With-Profits funds as at 31/12/2004. 5/6ths of each fixed interest class was assumed to be non-traded. The resulting asset mix is shown below, together with the volatility parameters for each class:

**CGNU Life**

Class	% of asset share	Volatility parameter
UK Equity	43%	18.3%
Property	16%	15.0%
Europe	3%	19.8%
US	0%	19.2%
Japan	0%	19.7%
Pacific Basin	1%	19.7%
Emerging Markets	2%	19.7%
UK govt bonds	2%	5.0%
Corporate Bonds	2%	7.0%
Global Bonds	1%	7.0%
Cash	5%	0.0%
Non-Traded Bonds	24%	3.0%
Total	100%	

Management of the EBR within the stochastic return projector is discussed in more detail in 6.5.a.

6.4.(a)(iii) Option prices from asset model

ROW	Asset type	n	K= 0.75				K= 1				K= 1.5			
			5	15	25	35	5	15	25	35	5	15	25	35
		r	4.63%	4.68%	4.53%	4.40%	4.63%	4.68%	4.53%	4.40%	4.63%	4.68%	4.53%	4.40%
		p:												
1	Risk-free zero coupon bond		797,547	503,520	330,680	221,197	x	x	x	x	x	x	x	x
2	FTSE AllShare	1	49,685	135,334	195,416	244,069	161,347	275,366	348,440	409,269	538,863	646,032	727,183	794,371
3	FTSE AllShare	0.8	40,425	93,908	120,591	138,243	137,270	200,049	226,100	239,677	482,154	495,134	497,220	494,098
4	Property	1	34,215	95,744	145,233	186,563	134,285	225,616	287,410	339,588	524,846	596,905	660,794	714,783
5	Property	0.8	27,039	60,856	80,472	95,220	111,022	154,156	172,857	182,496	465,499	443,880	432,094	421,121
6	15 yr risk free ZCB	1	1,619	18,061	35,479	49,784	62,880	109,571	137,865	163,259	501,015	511,061	530,963	543,274
7	15 yr risk free ZCB	0.8	752	6,160	8,633	12,346	42,256	52,010	51,531	46,768	436,130	337,833	282,528	240,690
8	15 yr corporate	1	6,035	35,152	61,542	82,038	80,849	139,518	177,531	208,388	503,425	527,335	559,589	580,647
9	15 yr corporate	0.8	3,659	15,939	22,132	27,582	59,153	77,564	81,516	78,679	439,626	361,582	319,959	286,017
10	65% FTSE AllShare, 35% Property	1	28,691	87,173	134,420	172,526	126,533	213,017	271,421	322,501	517,175	584,423	643,171	696,537
11	65% FTSE AllShare, 35% Property	0.8	22,133	54,340	72,819	85,347	103,368	143,245	160,885	168,539	457,846	430,614	414,677	403,473
12	65% FTSE AllShare, 35% ZCB	1	24,490	78,710	122,917	157,932	119,813	202,709	258,704	306,207	514,690	575,508	632,864	679,193
13	65% FTSE AllShare, 35% ZCB	0.8	18,558	47,317	64,146	75,011	96,896	133,552	148,711	153,990	454,711	420,440	402,146	386,719
14	40% Eq, 15% prop, 22.5% ZCB, 22.5% corp	1	10,776	47,286	79,769	105,202	92,342	157,891	200,831	239,677	503,384	538,594	576,824	611,475
15	40% Eq, 15% prop, 22.5% ZCB, 22.5% corp	0.8	7,181	24,061	33,650	40,749	70,398	93,754	101,573	101,627	440,862	377,353	342,867	318,268
			L = 15				L = 20				L = 25			
16	Receiver swaptions		7.80%	8.28%	7.57%	6.98%	9.71%	10.16%	9.30%	8.80%	11.67%	12.12%	11.29%	10.39%

Notes on the table above:

Row 1 should be completed showing the value of cash payments of £1,000,000 due n years after the valuation date.

Rows 2 to 15 inclusive should be completed for the appropriate asset classes showing the value of a put option on a portfolio worth £1,000,000 on the valuation date exercisable n years after the valuation date with strike price of  $K * £1,000,000 * (1+r*p)^n$ .

All references to 15-year bonds mean rolling bonds traded to maintain the 15 year duration at all future dates. The corporate bonds should be assumed to be rolling AA rated zero coupon bonds.

Row 16 should be completed showing the value of sterling receiver swaptions with a strike of 5% exercisable n years after the valuation date with swap durations on exercise of L years. The values should be expressed as a percentage of nominal.

The property put options should be assumed to relate to a well diversified portfolio of UK commercial property.

A zero trend growth in property prices should be assumed where this is relevant.

In each case the options should be valued with reinvestment of any dividend income into the FTSE All Share index and reinvestment of any rental or other property income into UK property.

Tax should be ignored in all calculations.

All options should be assumed to be European-style.

*Commentary on the results:*

This is a combined table for 6.4.a.iii and 6.4.b.iii.

Our maturity value and no-MVR guarantees that are priced through this process have a discounted mean term of around 8 years. Results produced for guarantees longer than 20 years are of less relevance.

For GAOs our model is calibrated to the discounted mean term of the GAO liability and the strike price of the GAOs (around 9%). The results produced by the model at 5% strike are not relevant to our valuation of GAO.

For the gilt portfolio pricing we are asked to base these results on a 15-year rebalancing portfolio. Our philosophy is to hold fixed-interest assets with duration matching to the discounted mean term of the liability (i.e. the portfolio shortens over time). Similar to the comments above, results produced incorporating a 15-year rebalancing rule have little practical relevance to the cost of our guarantees.

6.4.(a)(iv) Initial Equity and Property Rental Yields

Not applicable. The model assumes risk-neutral approach with drift of the total expected return equal to the risk free rate.

6.4.(a)(v) UK risk free rates are applied throughout.

6.4.(a)(vi) **Duration of significant guarantees**

The following tables show the durations of significant guarantees and promises for the with-profits funds. Duration is calculated as weighted average of projected maturity years with weights equal to the cost of guarantees.

**CGNU Life – Duration of guarantees**

	Duration (yrs)	%																			
		2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2021-2030	2031+	
Conventional Life																					
Base guarantee / smoothing	9.7	1	2	2	3	2	3	6	7	16	13	14	10	6	5	3	2	3	2	-	
Mortgage promise	13.5	-	0	0	0	0	1	1	3	4	6	8	10	12	13	12	6	7	18	0	
Conventional Pensions																					
Base guarantee / smoothing	9.2	6	4	5	6	7	7	8	7	6	5	5	4	4	4	3	3	3	12	0	
GAR option	6.6	17	9	8	9	8	7	5	6	4	3	4	2	3	2	2	1	2	7	1	
Unitised Life: Retained																					
Base guarantee	5.7	5	5	4	9	16	28	16	1	4	2	4	2	1	0	0	0	0	2	-	
Unitised Pensions excl Stk: Retained																					
Base guarantee	4.1	25	19	10	14	10	3	3	3	2	2	1	1	1	1	1	1	1	4	-	
Stakeholder: Retained																					
Base guarantee	11.5	-	1	3	5	6	7	7	8	7	6	6	5	5	4	4	3	3	21	-	

UWP Life and Pensions business has been partially reassured with CULAC since 1998 and NUL&P WP between 2000 and 2003 inclusive. The figures shown above exclude the proportions reassured across.

6.4.(a)(vii) **Nature of validations of asset model**

The model projects total return credited to asset share, not income and gains on assets. Therefore no explicit comparison of the NPV of the projection of income / gains has been made. Instead, the table below shows the discounted value of £1 invested on the valuation date and projected forward t years (t=5, 10, 15, 20). For a risk-neutral model, the result would be 1. The table shows how the results depend on the number of simulations used.

t (years from valuation date)	5	10	15	20
100 Sims result	1.023	1.069	1.071	1.084
1000 Sims result	1.003	1.003	1.001	1.005
5000 Sims result	1.002	0.997	0.997	0.994
10000 Sims result	1.001	1.000	1.003	1.003
Distribution result	1.000	1.001	1.004	1.005

The final line shows the results based on using the actual distribution required by our matrix approach to the calculation of the costs of guarantees. This table implies that the number of simulations (as used by the model) is sufficient for convergence

Further validation involves comparing the results of the model with Black-Scholes prices.

The output of the matrix approach has been compared to that of the Black-Scholes pricing formula (given appropriate portfolio volatility levels). The output of the matrix approach will only do this when management action is not incorporated. A selection of the results is shown below:

ROW	t (Continuous)	p	K=0.75				K=1				K=1.5			
			5	15	25	35	5	15	25	35	5	15	25	35
2	FTSE AllShare: matrix approach	1	49,685	135,334	195,416	244,069	161,347	275,366	348,440	409,269	538,863	646,032	727,183	794,371
2	FTSE AllShare: Black-Scholes valuation	1	49,486	135,468	196,844	245,756	161,679	276,219	351,790	410,694	541,600	647,420	728,897	795,260
	Difference / MV(0)		0.0%	0.0%	-0.1%	-0.2%	0.0%	-0.1%	-0.3%	-0.1%	-0.3%	-0.1%	-0.2%	-0.1%
4	Property: matrix approach	1	34,215	95,744	145,233	186,563	134,285	225,616	287,410	339,588	524,846	596,905	660,794	714,783
4	Property: Black-Scholes valuation	1	31,238	98,141	148,381	189,401	133,185	228,546	292,339	342,745	522,417	599,620	664,328	718,888
	Difference / MV(0)		0.3%	-0.2%	-0.3%	-0.3%	0.1%	-0.3%	-0.5%	-0.3%	0.2%	-0.3%	-0.4%	-0.4%
10	65% FTSE AllShare, 35% Property: matrix approach	1	28,691	87,173	134,420	172,526	126,533	213,017	271,421	322,501	517,175	584,423	643,171	696,537
10	65% FTSE AllShare, 35% Property: B-S valuation	1	26,667	88,136	135,130	173,787	125,383	215,386	275,794	323,680	518,020	587,178	646,980	697,991
	Difference / MV(0)		0.2%	-0.1%	-0.1%	-0.1%	0.1%	-0.2%	-0.4%	-0.1%	-0.1%	-0.3%	-0.4%	-0.1%

The table above shows that the model is capable of producing Black-Scholes prices. The table also implies that the number of simulations used and the width of the banding within the matrix approach do not distort the results.

	Put Option Price	Parameter – risk free rate	Parameter - volatility
<b>Market Price</b>	9.27	4.97%	16.8%
<b>(1) adjust RFR</b>	9.92	4.63%	16.8%
<b>(2) adjust Volatility</b>	10.96	4.63%	18.3%
<b>NU Asset Model Price</b>	<b>10.96</b>	<b>4.63%</b>	<b>18.3%</b>

The table above shows the actual market price and the price generated using our asset model (for a 5-year at the money put option). As demonstrated above, the model produces a higher price (18.3%) for this specimen contract because:

- We make a credit risk adjustment relative to the risk free rate that maintains put/call parity
- We calibrate volatility to around 12 years rather than 5.

- viii) 10,000 projections of asset share returns have been made to construct the probability distribution used to value the guarantees.

**6.4.(b) Market costs of hedging - Description of guarantees, options or smoothing**

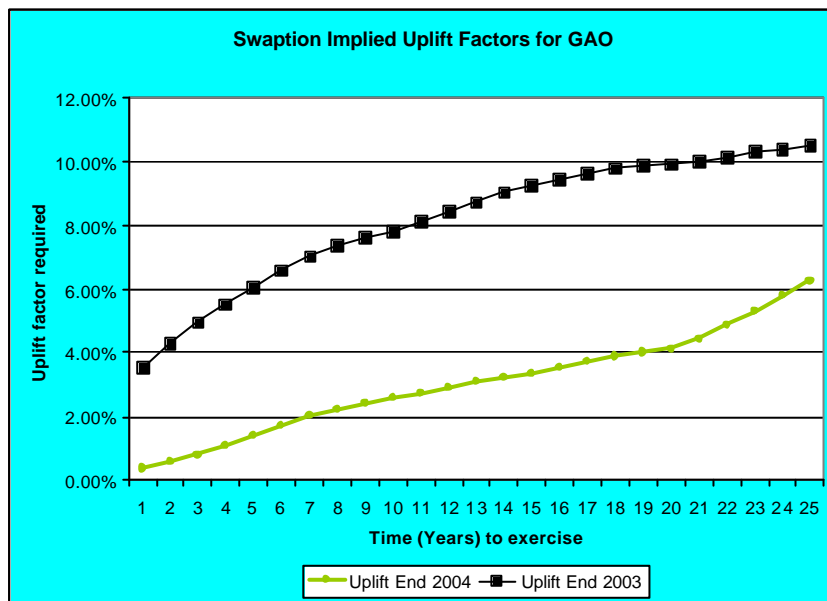
The approach used to value Guaranteed Annuity Options on conventional pensions increases the deterministic (intrinsic cost) of the option to allow for the limited option value. The increase is based on the implied option value of swaptions with similar characteristics to the liabilities.

Valuation of the GAO is based on the intrinsic value (i.e. the value implied from the forward risk-free rate curve) plus an uplift for option value (that is the value derived as the policyholder has an option not to take the GAO).

The option not to take the GAO is only worth something when interest rates rise to such an extent that the open market option could purchase a larger annuity stream.

Revision to the uplift factors has been considered at the end of 2004 to reflect the current option value of swaptions with similar characteristics.

The graphic below illustrates the uplift factors implied by swaptions at end 2003 and end 2004.



The graph implies that option value has decreased over the year; this is consistent with the observed fall in the swap curve.

In practice the uplift factor has been set at 10% at all points.

For CGNU a small reserve for Section 32 policies arises. The reserve has been calculated as the statutory provision with a 10% uplift. These costs have been included in the figures quoted in 6.4.a.i.

**CGNU Life Fund: 31/12/2004.**

**Costs of Financial Options**

This represents the cost of the guaranteed annuity option (GAO) attaching to conventional deferred cash pensions. Contracts provide for a basic cash amount plus



accrued regular bonus and a final bonus. The policyholder then has the option to take this cash amount or to convert this into income at guaranteed rates written into the policy conditions. There is also a small cost from guaranteed cash options on deferred annuity contracts.

The cost of the GMP guarantee on S32 pensions policies is also shown below.

<b>Cost of annuity rate guarantees</b>	£m
Base GAO cost	15.8
Uplift (10%)	1.6
Expense reserve	1.0
<b>Total</b>	<b>18.4</b>
Base cost of GMP gtee on S32	8.0
Uplift (10%)	0.8
<b>Total</b>	<b>8.8</b>

The duration of all guarantees is shown in the table given in 6.4.a.vi (where significant).

#### 6.4.(c) **Deterministic projections - Description of guarantees, options or smoothing**

No guarantees, options or smoothing costs have been valued using this method.

#### 6.5. **Management Actions**

- 6.5.(a) There are various allowances and limitations for management actions in the stochastic model. Details of the key decisions are set out below.

##### **Projected Equity Backing Ratio**

Management is assumed to intervene and carry out switches (in addition to any impact from market movements) of investments supporting asset shares when investment returns are particularly strong or weak.

The logic for this is that the main aim of investment policy is to provide the highest long-term returns given acceptable levels of solvency risk.

A substantial amount of our fixed interest portfolio is intended to be held to maturity. Therefore investment performance above or below expectation is largely a function of simulated performance for equity and property.

If equity/property performance is poor, then solvency would deteriorate, hence management action would be to reduce the equity/property. The converse is also true; however, increasing the EBR within the simulation is constrained to the extent that there are bonds held for trading to sell.

The table below sets out the EBR movement due to switching to apply within the simulation, based on the cumulative annualised return for the fund from the start of the simulation. Given the sizes of the fund the maximum switches are limited to 5%.

Lower Bound	Upper Bound	EBR movement
18.0%	(>18%)	5.0%
17.0%	18.0%	5.0%
16.0%	17.0%	5.0%
15.0%	16.0%	5.0%
14.0%	15.0%	5.0%
13.0%	14.0%	5.0%
12.0%	13.0%	4.0%
11.0%	12.0%	4.0%
10.0%	11.0%	4.0%
9.0%	10.0%	3.0%
8.0%	9.0%	3.0%
7.0%	8.0%	3.0%
6.0%	7.0%	2.0%
5.0%	6.0%	0.0%
4.0%	5.0%	0.0%
3.0%	4.0%	-1.0%
2.0%	3.0%	-2.0%
1.0%	2.0%	-3.0%
0.0%	1.0%	-4.0%
-1.0%	0.0%	-4.0%
-2.0%	-1.0%	-4.0%
-3.0%	-2.0%	-5.0%
-4.0%	-3.0%	-5.0%
-5.0%	-4.0%	-5.0%
-6.0%	-5.0%	-5.0%
(<-6%)	-6.0%	-5.0%

### Maximum Cuts in payout

The model assumes bonus is reviewed annually (in practice reviewed at least semi-annually). Final bonus is set to deliver target payout ratio subject to change of no more than 15% in payout compared to equivalent policy maturing 1 year earlier. Annual bonus is pre-determined at outset to deliver sufficient final bonus margin, subject to gradual reduction to this level by limiting annual change by (generally) no more than 1%.

### Target level of payout

Prospective individual payout targets at maturity are set at 99% of asset share. This results in a small but positive impact on the estate from future smoothing policy.

### Regular Bonus Assumptions

In reality regular bonus rates would alter depending on achieved and prospective investment returns (as well as statutory solvency). The model used at present does not use dynamic bonus rates.

CWP regular bonus

	Declared 31/12/2004		Declared 31/12/2005 +	
	SA	Bonus	SA	Bonus
Business				
CGNU Endowments	0.5	1.0	0.5	1.0
CGNU Pensions	0.0	0.0	0.0	0.0

Unitised regular bonus

Business	Applying 2005	Applying 2006	Applying 2007+
CGNU explicit Bond	4.25	4.25	4.25
CGNU explicit Pension	4.0	4.0	4.0
CGNU implicit Bond (pre 94 units)	3.0	3.0	3.0
CGNU implicit Bond (post 94 units on pre 98 policies)	2.5	2.5	2.5
CGNU implicit Bond (post 98 policies)	2.0	1.5	1.5
CGNU implicit Pension	3.0	2.0	2.0

Business	Applying 2005	Applying 2006	Applying 2007+
CGNU explicit Bond	4.25	4.25	4.25
CGNU explicit Pension	4.0	4.0	4.0
CGNU implicit Bond (pre 94 units)	3.0	3.0	3.0
CGNU implicit Bond (post 94 units on pre 98 policies)	2.5	2.5	2.5
CGNU implicit Bond (post 98 policies)	2.0	1.5	1.5
CGNU implicit Pension	3.0	2.0	2.0
CU Bond	2.5	2.5	2.5
CU Pensions	3.0	3.0	3.0

Business	Applying 2005	Applying 2006	Applying 2007+
CGNU explicit Bond	4.25	4.25	4.25
CGNU explicit Pension	4.0	4.0	4.0
CGNU implicit Bond (pre 94 units)	3.0	3.0	3.0
CGNU implicit Bond (post 94 units on pre 98 policies)	2.5	2.5	2.5
CGNU implicit Bond (post 98 policies)	2.0	1.5	1.5
CGNU implicit Pension	3.0	2.0	2.0

Rates broadly assume that bonus rates are reduced to levels that allow suitable final bonus margins to emerge.

#### **Guarantee Charges on asset shares**

The model uses no charge in respect of guarantees for CGNU Life written business. Under the stress scenarios any change in guarantee charge is assumed to take effect from the valuation date.

#### **Allocation of non-profit profits to asset share**

It is assumed that future non-profit profits are allocated to asset shares in line with the current rates. That is:

- 0.5% p.a. for CGNU Life business written pre-1st October 2000
- 0% p.a. for all CGNU Life business written from 1st October 2000

#### **Shareholder Transfers and tax**

The model assumes that transfers to shareholders continue at the rate of 10% of the cost of bonus.

It is assumed that only the tax on Shareholder transfers will be charged to the estate. The shareholder transfers themselves will be charged to asset share.

#### **Mortality costs**

Mortality profits and losses are passed on to the asset shares in line with the PPFM. For implicit-charge business, the deduction made is sum at risk times actual proportion

of deaths. The sum at risk is death benefit less asset share. The actual proportion is a proportion that varies by year of a standard mortality table. Explicit charge UWP business and implicit charge UWP business sold from 1<sup>st</sup> October 2001 deducts the actual policy charges made from the asset share.

#### **Surrender costs**

##### *Conventional Business*

Surrender profits and losses in the model are recycled to asset shares for business written by CGNU Life.

##### *UWP Business*

Surrender profits and losses in the model are recycled to asset shares for business written by CGNU Life

#### 6.5.(b) **Best estimate of future proportions of assets backing the WPBR.**

- The projection allows for future EBR management action as discussed earlier in this document. The results reflect an average of the simulated positions.
- Regular bonus rates quoted are those that have been assumed in the production of the central set of results for Form 19 (not for the stress tests). Assumptions about regular bonus in the stress tests are quoted elsewhere in this document.

#### 6.5.(b)(i) **Projection at risk free rate**

##### *UWP Bonus Rates*

<b>Product</b>	<b>31 December 2004</b>	<b>31 December 2009</b>	<b>31 December 2014</b>
UWP Life (Implicitly charged): Units purchased on policies written pre 1/10/1998	2.50%	2.50%	2.50%
UWP Life (Implicitly charged): Units purchased on policies written post 30/09/1998	2.00%	1.50%	1.50%
UWP Life (Explicitly charged):	4.25%	4.25%	4.25%
UWP Pensions (Implicitly charged):	3.00%	2.00%	2.00%
UWP Pensions (Explicitly charged):	4.00%	3.00%	3.00%
UWP Pensions (Stakeholder):	3.50%	2.50%	2.50%

Further notes on bonus rates:

- Units purchased on Life policies before 1/2/1994 have either
  - a) a guaranteed regular bonus rate of 3% pa
  - b) a guaranteed addition to regular bonus of 0.5% pa. Most policyholders fall into this second category.
- Units purchased on Pensions policies before 22/1/1996 have a guaranteed regular bonus rate of 4% pa.
- Policyholders in the Income-based Life products receive additional regular bonus (amount depends on entry-year).

<b>Asset class</b>	<b>31 Dec 2004</b>	<b>31 Dec 2004</b>	<b>31 Dec 2009</b>	<b>31 Dec 2014</b>
UK equities	4,196	46.8%	41.4%	36.1%
Overseas equities	601	6.7%	5.9%	5.2%
Land and buildings	1,150	12.8%	11.6%	10.0%
Approved fixed interest securities	2,169	24.2%	29.5%	35.0%
Other fixed interest securities	724	8.1%	9.8%	11.7%
All other assets	129	1.4%	1.8%	2.1%
<b>Total assets</b>	<b>8,969</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
EBR		66.3%	58.9%	51.2%

*Assets Backing With-Profit Benefits Reserve*

#### 6.5.(b)(ii) **Projection at risk free rate plus 17.5%**

*Assets Backing With-Profit Benefits Reserve*

Asset class	31 Dec 2004	31 Dec 2004	31 Dec 2009	31 Dec 2014
UK equities	4,196	46.8%	42.4%	38.3%
Overseas equities	601	6.7%	6.1%	5.5%
Land and buildings	1,150	12.8%	11.9%	10.8%
Approved fixed interest securities	2,169	24.2%	28.4%	32.6%
Other fixed interest securities	724	8.1%	9.5%	10.9%
All other assets	129	1.4%	1.7%	1.9%
<b>Total assets</b>	<b>8,969</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
EBR		66.3%	60.4%	54.6%

6.5.(b)(iii) **Projection at risk free rate minus 17.5%**

*Assets Backing With-Profit Benefits Reserve*

Asset class	31 Dec 2004	31 Dec 2004	31 Dec 2009	31 Dec 2014
UK equities	4,196	46.8%	40.3%	33.7%
Overseas equities	601	6.7%	5.8%	4.8%
Land and buildings	1,150	12.8%	11.2%	9.2%
Approved fixed interest securities	2,169	24.2%	30.6%	37.6%
Other fixed interest securities	724	8.1%	10.2%	12.5%
All other assets	129	1.4%	1.8%	2.2%
<b>Total assets</b>	<b>8,969</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
EBR		66.3%	57.3%	47.7%

6.6. **Persistency and Mortality Assumptions**

The lapse rates assumed in the projection of the asset shares and guaranteed benefits are based on own experience adjusted for anticipated trends.

CGNU Life – Lapse Rates		Policy Year												
Product Class		0	1	2	3	4	5	6	7	8	9	10	11	12+
Conventional Whole Life		3.5	3	3	3.5	3	3	3	2	2	2	2	2	2
Conventional Life Endowment	25-yr term	5	12	12	12	12	12	12	10	8	6	4	3	2
Conventional Pensions	Lapses	1	1	1	1	1	1	1	1	1	1	1	1	1
Conventional Pensions	PUPs	5	5	5	5	5	5	5	5	5	5	5	5	5
UWP Life Portfolio Bond no MVR gtee		1	1.5	2	3	4	16	7	7	7	7	75	7	7
UWP Life Mortgage Endowment		8	10	12	12	12	12	12	12	12	12	12	12	12
UWP Overseas Irish Portfolio Bond		2.5	3	3.5	4.5	5.5	17.5	8	8	8	8	8	8	8
UWP Pensions (inc stghldr)	Lapses	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
UWP Stakeholder	PUP	10	10	10	10	10	10	10	10	10	10	10	10	10
UWP Pensions (excl stghldr)	PUP	13	13	13	13	13	13	13	13	13	13	13	13	13
UWP Pension Bonds		2	2	2	4	6	30	20	10	10	10	10	10	10

**At no-MVR date:**

Assume 75% lapses at the first no-MVR date and 25% on the second.

Automatic partial withdrawals on bonds have no MVRs applied (subject to certain limits). The assumed Automatic Partial Withdrawal rates are 1.5%pa. A higher rate of 4% is assumed for the Life Income funds.

**Mortality Assumptions**

Mortality assumptions for the Realistic Balance sheet are generally best-estimate.

**Unitised With-Profit Mortality**

Unitised pensions and life bonds - 80% AM80 Sel 2 / AF80 Sel 2

Unitised mortgage endowments based on percentages of AM80 Sel 2 / AF80 Sel 2

### Conventional Assurance Mortality

CGNU Life endowments based on standard tables AM92 Sel2 and AF92 Sel 2 adjusted to allow for actual and expected experience. Policies with critical illness options have morbidity rates based on reinsurer's rates.

CGNU Life Whole life based on percentages of TM92 Sel 5 and TF92 Sel 5.

Additional AIDS mortality is based on 25% of Projection R6B of the Institute of Actuaries working party with allowance for the continuance of the additional mortality rates at peak levels

### Conventional Pensions

In deferment – 50%AM80/AF80 Ult  
In payment – see annuitant mortality.

### Annuitant Mortality

Immediate annuities and deferred annuities in payment we use assumptions based on standard tables pma80, pfa80, im80, and if80. These tables have been substantially altered to reflect our experience with a considerable reduction to table mortality.

The proportions of the amended tables used for Regulatory valuation and best-estimate value purposes are as follows.

	Regulatory Valuation	Best-estimate
Males	81%	86%
Females	98%	103%

For the realistic balance sheet, CGNU Life uses the best-estimate assumptions in the valuation of the GAO. CGNU deferred annuities are valued using Regulatory Valuation assumptions.

### Guaranteed Annuity Option take-up rate

The following proportions of policyholders are assumed to take the GAO options attaching to their pensions. A fixed take up rate is assumed irrespective of how in the money the option is.

Fund	Take-up
CGNU	75%

Date of maturity: Age 65

#### 6.7. Policyholder Actions

Policyholder actions are primarily covered by the static persistency and GAO take-up rates in the previous section. There is no dynamic linking of these decisions relative to the value of the options under each particular scenario.

### Financing Costs

7. There are no financing costs.

### Other long-term insurance liabilities

8.

#### CGNU Life @31/12/2004

Product Class	Any other liabilities related to treating customers fairly	Any other long-term insurance liabilities
Conventional Life	0	42
Conventional Pensions	0	4
UWP Life	0	15
UWP Pensions	0	5
UWP Stakeholder	0	0

UWP Overseas	0	0
Miscellaneous	0	178
<b>Total</b>	<b>0</b>	<b>245</b>

**Any other liabilities related to treating customers fairly**

No liability is held in respect of any other liabilities related to treating customers fairly.

**Any other long-term insurance liabilities**

The product split gives a breakdown of the £66m held in respect of the future tax due on shareholder transfers which are charged to the estate.

The following liabilities are held under the miscellaneous category.

£3m is held in respect of future pension transfer review costs.

£4m is held in respect of the funding for the Aviva staff pension scheme deficit.

£49m is included for the cost of investigation and redress of mortgage endowment mis-selling complaints.

A reserve of £35m is held to cover future development expenses and audit/regulatory fees.

£66m is held in respect of the value of the potential subsidy for future new business. This represents the value of the future shareholder transfers on a 90/10 basis that may not be charged to asset shares.

Profits from non-profit business are assumed to be credited to asset shares in line with current practice. £68m is included from the present value of the future credits of 0.5% p.a. for CGNU Life business written pre-1st October 2000.

A credit of £92m is held in respect of the difference between the present value of charges to be deducted from UWP asset shares on a charges basis versus the future renewal expenses charged to the fund. This credit implicitly includes an allowance for recovery of initial expenses already incurred on this business.

An additional liability of £25m is held as a contingency.

£21m is included for the realistic reserve for the potential shortfall arising from the reinsurance of policies from Norwich Union Linked Life (NULL) written in the unit-linked Guaranteed fund.

**Realistic current liabilities**

9.

The realistic current liabilities include the following:

- Provisions for deferred taxation
- Provisions for inter company transfers from internal reinsurance
- Outstanding Claims
- Other creditors
- Accruals and deferred income
- Unrealised Capital Gains tax provision

The realistic current liabilities at 31<sup>st</sup> December 2004 are £702m. The Regulatory and realistic balance sheet current liabilities are the same.

**Risk Capital Margin**

10.(a)

Fund	RCM (£m)
CGNU Life	333

10.(a)(i)

Changes in asset values under stress scenarios for equities and real estate (property)

Asset Class	Fall in market values
UK Equities	20%
OS Equities	22.5%
Property	12.5%

The overseas equity fall is set such that it has the same probability as UK equities falling 20%.

For CGNU Life the fall in market values of equity and property is more onerous than the rise in market values. This is because of the knock-on increase in guarantee costs and the estates being partially invested in equities and property.

10.(a)(ii)

Asset Class	Rise in FI yields	Fall in FI yields
Nominal change in yields	+80bps	-80bps
long-term yield – level post-stress	5.46%	3.86%
long-term yield - % movement post-stress	+17.5%	-17.5%

For CGNU Life the fall in fixed-interest yield scenarios are more onerous.

10.(a)(iii)

Fund	Average Increase in credit spread	Change in FI asset value
CGNU Life	0.26%	-2.07%

The average increase in credit spread is weighted by current market value of fixed interest.

The change in FI asset values is from the increase in credit spreads from the credit-risk test.

10.(a)(iv)

For the persistency test a 32.5% decrease in lapse rates is tested as this increases the fund's exposure to maturity guarantees.

p.a. % reduction in average lapse rate	=	0.4%
% increase in realistic liabilities	=	1.4%

10.(a)(v) Not applicable

10.(b) **Management Actions under the stress tests**

The following changes in management actions are assumed to be made under the stress tests.

Guarantee Charges

Under the stress tests the guarantee charges will be assumed to change to:

- 0% for CGNU UWP new business sold from 1/1/2002, and 0.5% otherwise (including all conventional business).



### Change in asset mix

Under the stress tests it is assumed that management would change the asset mix of the fund in line with the same investment management rules governing the projection of assets in the stochastic model.

### Cuts in payouts

It is assumed that management would make additional cuts in payout where the payouts implied from the movements in asset shares under the stress tests exceeded the 15% maximum cut assumed in the central basis. Any cuts in excess of the 15% would assumed to be made over the two six-monthly bonus declarations following the valuation date with the same percentage cut in each.

It is assumed that the long-term payout target as a percentage of asset share would be such that the smoothing cost was neutral allowing for costs incurred to the valuation date.

### Regular Bonuses

Following the asset value falls under the stress test, a 1% reduction in UWP annual bonus is assumed to better maintain final bonus margins. All future conventional regular bonus rates other than the with-profit immediate annuities are assumed to be zero. The with-profit immediate annuity bonus rates are assumed to reduce such that the bonus reserve valuation for the business is unchanged under the stress test.

Business	Applying 2005	Applying 2006	Applying 2007
CGNU explicit Bond	4.25	3.25	3.25
CGNU explicit Pension	4.0	3.0	3.0
CGNU implicit Bond	2.0	1.0	0.5
CGNU implicit Pension	3.0	2.0	1.0
All conventional business	0	0	0

10.(c)(i) The assets backing the risk capital margin are set out in the following table

Assets backing RCM	£m	%
UK equities	40	12%
Overseas equities	19	6%
Land and buildings	0	0%
Approved fixed interest securities	222	67%
Other fixed interest securities	53	16%
All other assets	0	0%
<b>Total</b>	<b>333</b>	<b>100.0%</b>

10.(c)(ii) All assets backing the RCM are within the WP funds.

## **Tax**

### 11.(i) **Tax treatment in the with-profits benefit reserves**

Asset shares are credited with net of tax investment returns allowing for actual tax rates.

For 2004 the tax rates are:

Income Tax	20%
Franked Income Tax	0%
Withholding Tax	15%

### 11.(ii) Tax treatment in future policy related liabilities

Current tax rates are assumed to continue in the future for all projections.

Corporation Tax	30%
Income Tax	20%
Franked Income Tax	0%
Withholding Tax	15%

Turnover Rates (for CGT calculation) as for the EV assumptions:

UK Equity	20%
Overseas Equity	40%
Property	12.5%
CGT indexation	1.85% (2/3rds of the RPI assumption)

Average BLAGAB tax rate applying to asset shares:

CGNU Life	12.17%
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Average tax rate applying to non-profit liabilities = 20% assuming all backed by fixed-interest.

### 11.(iii) Tax treatment in the realistic current liabilities

The realistic and regulatory current liabilities are equal, hence the treatment of deferred tax liabilities is the same.

## ***Derivatives***

12.

Security	Value at 31/12/2004 (£m)
Equity futures	-325
Other futures	-253
Swaptions	0
Swaps	0

The exposure to futures is part of the company's portfolio management strategy.

## ***Analysis of working capital***

13. This is the first valuation under the PSB. Analysis of working capital will follow for future valuations.

## ***Optional Disclosure***

14. The split and determination of what is classified as contractual and non-contractual obligations are covered in section 6.

**Long term insurance business : Summary of changes in ordinary long term business**Name of insurer **CGNU Life Assurance Limited**

Global business

United Kingdom business

Non-linked

Financial year ended **31st December 2004**

		Company registration number		GL/UK/CM		Period ended			Units	UK/OS	NL/LN
		R46	226742	GL	31	12	2004	day			
		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>	1126361	285921	58372	8659	171219	16177				
New business and increases	<b>12</b>	20827	2061	1123	30	2609	235				
Net transfers and other alterations 'on'	<b>13</b>										
Total 'on' (12+13)	<b>19</b>	20827	2061	1123	30	2609	235				
Deaths	<b>21</b>	3933	1404	999	36	49	14				
Other insured events	<b>22</b>	362	115			175	35				
Maturities	<b>23</b>	8491	3168	988	385	25					
Surrenders	<b>24</b>	30623	11929								
Forfeitures	<b>25</b>	53674	9878	399	211	20629	2154				
Conversions to paid-up policies for reduced benefits	<b>26</b>										
Net transfers, expiries and other alterations 'off'	<b>27</b>	16486	3419	341	208	323	101				
Total 'off' (21 to 27)	<b>29</b>	113569	29913	2727	840	21201	2304				
In force at end of year (11+19-29)	<b>39</b>	1033619	258069	56768	7849	152627	14108				

**Long term insurance business : Summary of changes in ordinary long term business**Name of insurer **CGNU Life Assurance Limited**

Global business

United Kingdom business

Linked

Financial year ended **31st December 2004**

		Company registration number		GL/UK/CM	Period ended			Units	UK/OS	NL/LN
		R46	226742		GL	day	month			
		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>	537566	33899	509551	555883					
New business and increases	<b>12</b>	41163	114	110566	195381					
Net transfers and other alterations 'on'	<b>13</b>	10	359							
Total 'on' (12+13)	<b>19</b>	41173	473	110566	195381					
Deaths	<b>21</b>	5965	64	533	441					
Other insured events	<b>22</b>	29	32							
Maturities	<b>23</b>	161	120	2840	835					
Surrenders	<b>24</b>	47972	4346	7853	1994					
Forfeitures	<b>25</b>	505	233		11					
Conversions to paid-up policies for reduced benefits	<b>26</b>		487		77508					
Net transfers, expiries and other alterations 'off'	<b>27</b>			10048	49654					
Total 'off' (21 to 27)	<b>29</b>	54632	5282	21274	130443					
In force at end of year (11+19-29)	<b>39</b>	524107	29090	598843	620821					

**Long term insurance business : Summary of changes in ordinary long term business**Name of insurer **CGNU Life Assurance Limited**

Global business

Overseas business

Non-linked

Financial year ended **31st December 2004**

		Company registration number		GL/UK/CM	Period ended			Units	UK/OS	NL/LN
		R46	226742		GL	day	month			
		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>	12748	4285			1935	50			
New business and increases	<b>12</b>	1187	16					10		
Net transfers and other alterations 'on'	<b>13</b>					1	2			
Total 'on' (12+13)	<b>19</b>	1187	16			1	2	10		
Deaths	<b>21</b>	30	10			1				
Other insured events	<b>22</b>	2				2				
Maturities	<b>23</b>	49	64			2				
Surrenders	<b>24</b>	173	145							
Forfeitures	<b>25</b>	881	247			225	20			
Conversions to paid-up policies for reduced benefits	<b>26</b>		1							
Net transfers, expiries and other alterations 'off'	<b>27</b>	138	47							
Total 'off' (21 to 27)	<b>29</b>	1273	514			230	20			
In force at end of year (11+19-29)	<b>39</b>	12662	3787			1706	32	10		

**Long term insurance business : Summary of changes in ordinary long term business**Name of insurer **CGNU Life Assurance Limited**

Global business

Overseas business

Linked

Financial year ended **31st December 2004**

	Company registration number	GL/UK/CM	Period ended			Units	UK/OS	NL/LN	
			day	month	year				
	<b>R46</b>	<b>226742</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>OS</b>	<b>LN</b>
	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>	25051	15639						
New business and increases	<b>12</b>	969	2317						
Net transfers and other alterations 'on'	<b>13</b>								
Total 'on' (12+13)	<b>19</b>	969	2317						
Deaths	<b>21</b>	68	12						
Other insured events	<b>22</b>								
Maturities	<b>23</b>	49	39						
Surrenders	<b>24</b>	2028	581						
Forfeitures	<b>25</b>	4							
Conversions to paid-up policies for reduced benefits	<b>26</b>		463						
Net transfers, expiries and other alterations 'off'	<b>27</b>	246	1715						
Total 'off' (21 to 27)	<b>29</b>	2395	2810						
In force at end of year (11+19-29)	<b>39</b>	23625	15146						

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

Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2004**

Type of insurance	Single premium contracts			Regular premium contracts			Units
	No of contracts	Premiums	Sums assured, annuities per annum or other measures of benefit	No of contracts	Annual premiums	Sums assured, annuities per annum or other measures of benefit	
1	2	3	4	5	6	7	
<b>UK DIRECT WRITTEN INSURANCE BUSINESS</b>							
<b>Life Assurance &amp; General Annuity Insurance Business</b>							
<b>Non-Linked With-Profits Policies</b>							
Whole Life Assurance	12	445	720	1683	1205	25513	
Endowment Assurance				43	198	3214	
<b>Sub total: Non-Linked With-Profits Policies</b>	<b>12</b>	<b>445</b>	<b>720</b>	<b>1726</b>	<b>1403</b>	<b>28727</b>	
<b>Non-Linked Non-Profit Policies</b>							
Term Assurance: Level				25	40	15748	
Term Assurance: Decreasing	12	137	1479	1611	324	52182	
Term Assurance: Income Benefits				351	91	64290	
Group Term Assurance	47904	12005	2189427	89286	3164	93580	
Annuity in payment	1	23	2 pa				
Group Annuity in payment	2	27	1 pa				
<b>Sub total: Non-Linked Non-Profit Policies</b>	<b>47919</b>	<b>12192</b>	<b>2190906</b>	<b>91273</b>	<b>3619</b>	<b>225800</b>	
<b>Other Linked Contracts</b>							
Kaleidoscope 1992					49	334	
Lifetrack 1991					48	147	
Investment Bond additional		476	476				

Company  
registration  
number

GL/UK/CM

Period ended

day month year

Units

R47

226742

GL

31

12

2004

£000

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

Name of insurer **CGNU Life Assurance Limited**

Global business

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

GL/UK/CM

Period ended

day month year

Units

<b>R47</b>	<b>226742</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>
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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>
Swedish Personal Investment Plan Single	155	6237	6237			
NU Bond	2	1943	2619			
NU Bond Level	21245	731974	731974			
NU Bond Step Down	19696	1006878	1006878			
NU Flexibond	1	70	70			
NU Flexibond additional		939	939			
NU Homemaker Plus				14	17	478
NU Flexibond (LTC)	50	1620	1620			
<b>Sub total: Other Linked Contracts</b>	<b>41149</b>	<b>1750137</b>	<b>1750813</b>	<b>14</b>	<b>114</b>	<b>959</b>
<b>Total: Life Assurance &amp; General Annuity Insurance Business</b>	<b>89080</b>	<b>1762774</b>	<b>3942439</b> 3 pa	<b>93013</b>	<b>5136</b>	<b>255486</b>



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

Name of insurer **CGNU Life Assurance Limited**

Global business

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

GL/UK/CM

Period ended

day month year

Units

<b>R47</b>	<b>226742</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>
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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>Pension Insurance Business</b>						
<b>Accumulating With-Profits Policies</b>						
Retirement Annuity					30	66 pa
Retirement Annuity additional		746	64 pa			
<b>Sub total: Accumulating With-Profits Policies</b>		<b>746</b>	<b>64 pa</b>		<b>30</b>	<b>66 pa</b>
<b>Non-Linked With-Profits Policies</b>						
Group Cash On Retirement		131	87	6	36	161
Group Deferred Life Annuity		195	67 pa	1	20	
<b>Sub total: Non-Linked With-Profits Policies</b>		<b>326</b>	<b>87 67 pa</b>	<b>7</b>	<b>56</b>	<b>161</b>
<b>Non-Linked Non-Profit Policies</b>						
Annuity in payment	948	26102	2549 pa			
Group Annuity in Payment	229	2429	189 pa			
Reversionary Annuity	175		378 pa			
Group Reversionary Annuity	112		64 pa			
Group Term Assurance				1	16	1473
<b>Sub total: Non-Linked Non-Profit Policies</b>	<b>1464</b>	<b>28531</b>	<b>3180 pa</b>	<b>1</b>	<b>16</b>	<b>1473</b>

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

Name of insurer **CGNU Life Assurance Limited**

Global business

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

GL/UK/CM

Period ended

day month year

Units

<b>R47</b>	<b>226742</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>
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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>Other Linked Contracts</b>						
Personal Pension Scheme		2099	2099	981	7062	36
Personal Pension Scheme additional		20823	20823			
Free-Standing AVC Plan		14	14		40	
Free-Standing AVC Plan additional		131	131			
Self Invested Pension Plan additional		233	233			
GA Group Money Purchase Scheme				3	30	
Executive Pension Plan		3585	3585		788	
Pension Transfer Plan		64	64			
Group Pension Investment Bond		226	226			
Flexible Retirement Plan		118	118			
CGU Your Pension	36	387	387	195	909	
CGU Your Pension additional		2309	2309			
NU Your Pension	274	6413	6413	1921	7042	
NU Your Pension additional		22679	22679			
NU Your Pension Select	15	240	240	99	245	
NU Your Pension Select additional		968	968			
NU Optimiser Personal Pension		213	213		306	112
NU Optimiser Personal Pension additional		2434	2434			
NU Executive & Directors Personal Pension	66	13424	13424	921	10895	715

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

Name of insurer **CGNU Life Assurance Limited**

Global business

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

GL/UK/CM

Period ended

day month year

Units

<b>R47</b>	<b>226742</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</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>
NU Free Standing AVC Plan	8	792	792	90	517	
NU Free Standing AVC Plan additional		150	150			
NU Personal Transfer Plan	283	14523	14523			
NU Self Invested Personal Pension	1517	224709	224709			
NU Self Invested Personal Pension additional		8041	8041			
NU Group Pension Investment Bond	444	71491	71491			
NU Designer Personal Pension	11521	44825	44825	20000	69174	
NU Designer Personal Pension additional		80903	80903			
Stakeholder NU Your Pension	17490	425645	425645	26858	61390	
Stakeholder NU Your Pension additional		191375	191375			
NU Your Pension Select (Post 6/4/01)	5126	246041	246041	8489	27745	
NU Your Pension Select (Post 6/4/01) additional		97087	97087			
Stakeholder NU Designer Personal Pension	6158	21671	21671	9505	20951	
Stakeholder NU Designer Personal Pension additional		24841	24841			
NU Group AVC	1027	4489	4489	651	2453	
NU Variable Money Purchase Plan	4837	58482	58482	11562	28206	
<b>Sub total: Other Linked Contracts</b>	<b>48802</b>	<b>1591425</b>	<b>1591425</b>	<b>81275</b>	<b>237753</b>	<b>863</b>
<b>Total: Pension Insurance Business</b>	<b>50266</b>	<b>1621028</b>	<b>1591512</b> <b>3311 pa</b>	<b>81283</b>	<b>237855</b>	<b>2497</b> <b>66 pa</b>

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

Name of insurer **CGNU Life Assurance Limited**

Global business

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

GL/UK/CM

Period ended

day month year

Units

R47	226742	GL	31	12	2004	£000
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Type of insurance  1	Single premium contracts			Regular premium contracts		
	No of contracts  2	Premiums  3	Sums assured, annuities per annum or other measures of benefit  4	No of contracts  5	Annual premiums  6	Sums assured, annuities per annum or other measures of benefit  7
<b>Permanent Health Insurance Business</b> <b>Non-Linked Non-Profit Policies</b> Group Disability NU Your Pension Protector	29701	1914	81851	2080	172	341
<b>Sub total: Non-Linked Non-Profit Policies</b>	<b>29701</b>	<b>1914</b>	<b>81851</b>	<b>2080</b>	<b>172</b>	<b>341</b>
<b>Total: Permanent Health Insurance Business</b>	<b>29701</b>	<b>1914</b>	<b>81851</b>	<b>2080</b>	<b>172</b>	<b>341</b>
<b>Total: UK Direct Written Insurance Business</b>	<b>169047</b>	<b>3385716</b>	<b>5615802</b> <b>3314 pa</b>	<b>176376</b>	<b>243163</b>	<b>258324</b> <b>66 pa</b>

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

Name of insurer **CGNU Life Assurance Limited**

Global business

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

GL/UK/CM

Period ended

day month year

Units

R47	226742	GL	31	12	2004	£000
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Type of insurance  1	Single premium contracts			Regular premium contracts		
	No of contracts  2	Premiums  3	Sums assured, annuities per annum or other measures of benefit  4	No of contracts  5	Annual premiums  6	Sums assured, annuities per annum or other measures of benefit  7
<b>UK REINSURANCE ACCEPTED</b>						
<b>Life Assurance &amp; General Annuity Insurance Business</b>						
<b>Accumulating With-Profits Policies</b>						
Joint Venture Bond	8197	104257	104257			
<b>Sub total: Accumulating With-Profits Policies</b>	<b>8197</b>	<b>104257</b>	<b>104257</b>			
<b>Non-Linked Non-Profit Policies</b>						
Term Assurance : Level				6259	90	43159
Term Assurance : Decreasing				2633	113	17360
<b>Sub total: Non-Linked Non-Profit Policies</b>				<b>8892</b>	<b>203</b>	<b>60519</b>
<b>Total: Life Assurance &amp; General Annuity Insurance Business</b>	<b>8197</b>	<b>104257</b>	<b>104257</b>	<b>8892</b>	<b>203</b>	<b>60519</b>

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

Name of insurer **CGNU Life Assurance Limited**

Global business

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

GL/UK/CM

Period ended

day month year

Units

R47	226742	GL	31	12	2004	£000
-----	--------	----	----	----	------	------

Type of insurance  1	Single premium contracts			Regular premium contracts		
	No of contracts  2	Premiums  3	Sums assured, annuities per annum or other measures of benefit  4	No of contracts  5	Annual premiums  6	Sums assured, annuities per annum or other measures of benefit  7
<b>Permanent Health Insurance Business</b>						
<b>Non-Linked Non-Profit Policies</b>						
Term Assurance : With Critical Illness				173	33	7103
Decreasing Term Assurance : With Critical Illness				356	30	4302
<b>Sub total: Non-Linked Non-Profit Policies</b>				<b>529</b>	<b>63</b>	<b>11405</b>
<b>Total: Permanent Health Insurance Business</b>				<b>529</b>	<b>63</b>	<b>11405</b>
<b>Total: UK Reinsurance Accepted</b>	<b>8197</b>	<b>104257</b>	<b>104257</b>	<b>9421</b>	<b>266</b>	<b>71924</b>

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

Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2004**

Type of insurance	Single premium contracts			Regular premium contracts			Units
	No of contracts	Premiums	Sums assured, annuities per annum or other measures of benefit	No of contracts	Annual premiums	Sums assured, annuities per annum or other measures of benefit	
1	2	3	4	5	6	7	
<b>OVERSEAS DIRECT WRITTEN INSURANCE BUSINESS</b>							
<b>Life Assurance &amp; General Annuity Insurance Business</b>							
<b>Non-Linked With-Profits Policies</b>							
Whole Life Assurance				12	13	168	
Endowment Assurance				1	2	13	
<b>Sub total: Non-Linked With-Profits Policies</b>				<b>13</b>	<b>15</b>	<b>181</b>	
<b>Non-Linked Non-Profit Policies</b>							
Term Assurance : Decreasing				6	1	115	
Annuity in Payment	3	299	29 pa				
Group Annuity In Payment	1	8	1 pa				
Reversionary Annuity	1		6 pa				
Group Reversionary Annuity	1		1 pa				
<b>Sub total: Non-Linked Non-Profit Policies</b>	<b>6</b>	<b>307</b>	<b>37 pa</b>	<b>6</b>	<b>1</b>	<b>115</b>	
<b>Other Linked Contracts</b>							
Personal Pension Scheme		417	417		219		
Personal Pension Scheme additional		465	465				
International Investment Plan		6	6		36		
International Investment Plan additional		682	682				
Self Invested Personal Pension additional		18	18				

Company  
registration  
number

GL/UK/CM

Period ended

day month year

Units

R47

226742

GL

31

12

2004

£000

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

Name of insurer **CGNU Life Assurance Limited**

Global business

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

GL/UK/CM

Period ended

day month year

Units

R47	226742	GL	31	12	2004	£000
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Type of insurance  1	Single premium contracts			Regular premium contracts		
	No of contracts  2	Premiums  3	Sums assured, annuities per annum or other measures of benefit  4	No of contracts  5	Annual premiums  6	Sums assured, annuities per annum or other measures of benefit  7
Group Pension Investment Bond		20	20			
Executive Pension Plan		23	23		21	
NU Optimiser Personal Pension	102	6720	6720	700	1898	
NU Optimiser Personal Pension additional		512	512			
NU International Investment Plan	33	2286	2286	6	8	
NU International Investment Plan additional		56	56			
NU Self Invested Personal Pension	3	301	301			
NU Self Invested Personal Pension additional		87	87			
NU Executive & Directors Personal Pension	1	641	641	346	1047	213
Multi Portfolio	107	7877	7956			
German GALA					124	
German DIVA					14	
Irish Portfolio Pension	9	52	52	9	18	
<b>Sub total: Other Linked Contracts</b>	<b>255</b>	<b>20163</b>	<b>20242</b>	<b>1061</b>	<b>3385</b>	<b>213</b>
<b>Total: Life Assurance &amp; General Annuity Insurance Business</b>	<b>261</b>	<b>20470</b>	<b>20242</b> <b>37 pa</b>	<b>1080</b>	<b>3401</b>	<b>509</b>
<b>Total: Overseas Direct Written Insurance Business</b>	<b>261</b>	<b>20470</b>	<b>20242</b> <b>37 pa</b>	<b>1080</b>	<b>3401</b>	<b>509</b>



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

Name of insurer **CGNU Life Assurance Limited**

Global business

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

GL/UK/CM

Period ended

day month year

Units

<b>R47</b>	<b>226742</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>
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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>OVERSEAS REINSURANCE ACCEPTED</b>						
<b>Life Assurance &amp; General Annuity Insurance Business</b>						
<b>Accumulating With-Profits Policies</b>						
NU International Bond	1048	63841	63841			
NU International Core Funds Bond	116	4348	4348			
<b>Sub total: Accumulating With-Profits Policies</b>	<b>1164</b>	<b>68189</b>	<b>68189</b>			
<b>Total: Life Assurance &amp; General Annuity Insurance Business</b>	<b>1164</b>	<b>68189</b>	<b>68189</b>			

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

Name of insurer **CGNU Life Assurance Limited**

Global business

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

GL/UK/CM

Period ended

day month year

Units

R47	226742	GL	31	12	2004	£000
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Type of insurance  1	Single premium contracts			Regular premium contracts		
	No of contracts  2	Premiums  3	Sums assured, annuities per annum or other measures of benefit  4	No of contracts  5	Annual premiums  6	Sums assured, annuities per annum or other measures of benefit  7
<b>Other Insurance Business</b>						
<b>Accumulating With-Profits Policies</b>						
NU International Core Funds Bond	10	675	675			
<b>Sub total: Accumulating With-Profits Policies</b>	<b>10</b>	<b>675</b>	<b>675</b>			
<b>Total: Other Insurance Business</b>	<b>10</b>	<b>675</b>	<b>675</b>			
<b>Total: Overseas Reinsurance Accepted</b>	<b>1174</b>	<b>68864</b>	<b>68864</b>			

**Long term insurance business : Expected income from admissible assets not held to match liabilities in respect of linked benefits**Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2004**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>R48</b>	<b>226742</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>10</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>		1404997	89498	6.37			
Fixed interest securities	Approved securities	<b>12</b>	3089310	137019	4.44			
	Other	<b>13</b>	1285242	69898	5.44			
Variable interest and variable yield securities (excluding items shown at line 16)	Approved securities	<b>14</b>	38282	716	1.87			
	Other	<b>15</b>	18820	988	5.25			
Equity shares and holdings in collective investment schemes	<b>16</b>		6151490	247905	4.03			
Loans secured by mortgages	<b>17</b>		96					
All other assets	Producing income	<b>18</b>	443384	23302	5.26			
	Not producing income	<b>19</b>	346622					
Total (11 to 19)	<b>29</b>		12778243	569326	4.46			

**Long term insurance business : Expected income from admissible assets not held to match liabilities in respect of linked benefits**Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2004**Category of assets **Life and Annuity**

	Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			day	month	year			
	<b>R48</b>	<b>226742</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>11</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>	1404997	89498	6.37			
Fixed interest securities	Approved securities	<b>12</b>	3061552	135781	4.44			
	Other	<b>13</b>	1285242	69898	5.44			
Variable interest and variable yield securities (excluding items shown at line 16)	Approved securities	<b>14</b>	38282	716	1.87			
	Other	<b>15</b>	18820	988	5.25			
Equity shares and holdings in collective investment schemes		<b>16</b>	6151490	247905	4.03			
Loans secured by mortgages		<b>17</b>	96					
All other assets	Producing income	<b>18</b>	427597	22663	5.30			
	Not producing income	<b>19</b>	345835					
Total (11 to 19)		<b>29</b>	12733911	567449	4.46			

**Long term insurance business : Expected income from admissible assets not held to match liabilities in respect of linked benefits**Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2004**Category of assets **Permanent Health**

Type of asset	Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			day	month	year			
	<b>R48</b>	<b>226742</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>12</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>	27758		1238		4.46	
	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>	15787		639		4.05	
	Not producing income	<b>19</b>	787					
Total (11 to 19)		<b>29</b>	44332		1877		4.23	

**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 **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2004**Category of assets **Total long term insurance business assets**Company  
registration  
number

GL/UK/CM

Period ended

day month year

Units

Category  
of assets

<b>R49</b>	<b>226742</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>10</b>
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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	82519	3.25	2326	Variable interest and variable yield approved securities excluding equities			
More than one year but not more than five years	<b>12</b>		255216	3.63					
More than five years but not more than ten years	<b>13</b>		232740	4.45					
More than ten years but not more than fifteen years	<b>14</b>		1104151	4.54			38282	1.87	
More than fifteen years but not more than twenty years	<b>15</b>		398721	4.65					
More than twenty years but not more than twenty five years	<b>16</b>		387892	4.63					
More than twenty five years	<b>17</b>		628071	4.47	301				
Irredeemable	<b>18</b>								
Total (11 to 18)	<b>19</b>		3089310	4.44	2627		38282	1.87	
One year or less	<b>21</b>	Other fixed interest securities	4650	0.98	2872	Other variable interest and variable yield securities excluding equities			
More than one year but not more than five years	<b>22</b>		164334	5.03	35747				
More than five years but not more than ten years	<b>23</b>		312972	5.26	13721				
More than ten years but not more than fifteen years	<b>24</b>		176159	5.49	11400				
More than fifteen years but not more than twenty years	<b>25</b>		114708	4.98	7644				
More than twenty years but not more than twenty five years	<b>26</b>		124356	5.89	9322		314	3.09	
More than twenty five years	<b>27</b>		214875	5.58	2069		698	0.36	
Irredeemable	<b>28</b>		173188	6.02	915		17808	5.48	862
Total (21 to 28)	<b>29</b>		1285242	5.44	83690		18820	5.25	862

**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 **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2004**Category of assets **Life and Annuity**Company  
registration  
number

GL/UK/CM

Period ended

day month year

Units

Category  
of assets

<b>R49</b>	<b>226742</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>11</b>
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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	80075	3.23	2326	Variable interest and variable yield approved securities excluding equities			
More than one year but not more than five years	<b>12</b>		253769	3.63					
More than five years but not more than ten years	<b>13</b>		230388	4.45					
More than ten years but not more than fifteen years	<b>14</b>		1099874	4.54			38282	1.87	
More than fifteen years but not more than twenty years	<b>15</b>		394856	4.65					
More than twenty years but not more than twenty five years	<b>16</b>		386686	4.63					
More than twenty five years	<b>17</b>		615904	4.47	301				
Irredeemable	<b>18</b>								
Total (11 to 18)	<b>19</b>		3061552	4.44	2627		38282	1.87	
One year or less	<b>21</b>	Other fixed interest securities	4650	0.98	2872	Other variable interest and variable yield securities excluding equities			
More than one year but not more than five years	<b>22</b>		164334	5.03	35747				
More than five years but not more than ten years	<b>23</b>		312972	5.26	13721				
More than ten years but not more than fifteen years	<b>24</b>		176159	5.49	11400				
More than fifteen years but not more than twenty years	<b>25</b>		114708	4.98	7644				
More than twenty years but not more than twenty five years	<b>26</b>		124356	5.89	9322		314	3.09	
More than twenty five years	<b>27</b>		214875	5.58	2069		698	0.36	
Irredeemable	<b>28</b>		173188	6.02	915		17808	5.48	862
Total (21 to 28)	<b>29</b>		1285242	5.44	83690		18820	5.25	862

**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 **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2004**Category of assets **Permanent Health**Company  
registration  
number

GL/UK/CM

Period ended

day month year

Units

Category  
of assets

<b>R49</b>	<b>226742</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>12</b>
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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	2444	3.98		Variable interest and variable yield approved securities excluding equities			
More than one year but not more than five years	<b>12</b>		1447	4.51					
More than five years but not more than ten years	<b>13</b>		2352	4.56					
More than ten years but not more than fifteen years	<b>14</b>		4277	4.59					
More than fifteen years but not more than twenty years	<b>15</b>		3865	4.59					
More than twenty years but not more than twenty five years	<b>16</b>		1206	4.50					
More than twenty five years	<b>17</b>		12167	4.44					
Irredeemable	<b>18</b>								
Total (11 to 18)	<b>19</b>		27758	4.46					
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 **CGNU Life Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2004**

Type of business **Life Assurance & General Annuity Insurance Business**      Company registration number **R51**      GL/UK/CM **GL**      Period ended **31 12 2004**      Units **£000**      UK/OS **UK**      Type of business **L&GA**      Category of surplus **11**

Category of surplus **With Profit**

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>With-Profits Policies</b>											
Whole Life Assurance	3.4%	O	37514	927681	28706			542818	342347	328750	214068
Endowment Insurance	3.4%	O	177593	2456619	93105			1833488	719817	691164	1142324
Economy Endowment Insurance	3.4%	O	19530	434327	15034			321621	114310	110291	211330
Endowment with Critical Illness	3.4%	N	32740	563234	27128			357650	300178	290189	67461
Miscellaneous:											
- Pure Endowment insurance	3.4%	O	2	18				18			18
- Parents Life	3.4%	O	18	236	4			226	5	4	222
- Other assurance	-	-	4	138	1	1	0.531	80	10	5	75
Extra Premiums					755			755			755
Group Whole Life assurance	3.4%	O	3	58				44			44
Group Endowment insurance	3.4%	O	120	164				151	1	1	150
Group Miscellaneous:											
- Group Other Assurance	-	-	24	1628	31			1468			1468
Group Deferred Annuity	4.3%/4.3%	D	37	16 pa				237			237
Miscellaneous Reserve								86900			86900
<b>Sub total: With-Profits Policies</b>			<b>267585</b>	<b>4384103</b> <b>16 pa</b>	<b>164764</b>	<b>1</b>		<b>3145456</b>	<b>1476668</b>	<b>1420404</b>	<b>1725052</b>

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

Name of insurer **CGNU Life Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2004**

Type of business **Life Assurance & General Annuity Insurance Business** Company registration number **R51 226742** GL/UK/CM **GL** Period ended **31 12 2004** Units **£000** UK/OS **UK** Type of business **L&GA** Category of surplus **11**

Category of surplus **With Profit**

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>Non-Profit Policies</b>											
Whole Life Assurance	3.2%	O	14287	90742	1632			54730	14868	12376	42354
Life Cover Plus	3.2%	H	2075	5369	327			3457	3449	3052	405
Endowment Insurance	3.2%	O	547	1699	34	32	0.056	1487	125	118	1369
Term Assurance:											
- Level	3.2%	P	112170	11003542	36418			302121	236299	224905	77216
- Level With Critical Illness	3.2%	N	19830	1621745	3105			51757	33499	32807	18950
- Decreasing Mortgage Protection	3.2%	Q	85308	3198602	15237			126315	130057	118633	7682
- Decreasing	3.2%	O	179262	3278945	19927			286472	197154	193752	92720
- Decreasing With Critical Illness	3.2%	B	8468	522225	943			14171	11399	10533	3638
- Income Benefits	3.2%	Q	9538	349404	1589			7840	8492	7820	20
- Income Benefits	3.2%	C	2131	187405	462			4536	4842	4501	35
- Increasing Income Benefits	3.2%	Q	1429	73818	316			1180	1257	1176	4
- Increasing	3.2%	O	1537	102579	323	178	0.431	2401	1786	1016	1385
- Decreasing with Critical Illness	3.2%	N	50431	1594840	7242			109523	87953	83329	26194
- Other	-	-	321	6247	9			34			34
- Serious Illness Contract	3.2%	J	29	829	5	2	0.490	10	8	4	6
Miscellaneous:											
- Pure Endowment	3.2%	O	4	1				1			1
- Other Assurance	3.2%	O	19530	357007	1311			15472	10036	9859	5613

**Long term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit policies)**Name of insurer **CGNU Life Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2004**

Type of business **Life Assurance & General Annuity Insurance Business**      Company registration number **R51**      GL/UK/CM **GL**      Period ended **31 12 2004**      Units **£000**      UK/OS **UK**      Type of business **L&GA**      Category of surplus **11**

Category of surplus **With Profit**

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
- Other Assurance	-	-	404	18738	22	14	0.138	1632	111	96	1536
Extra Premiums					969			969			969
Group Whole Life Assurance	3.2%	O	21	19			0.406	16			16
Group Endowment Insurance	3.2%	O	455	122			0.124	112			112
Group Pure Endowment Insurance	3.2%	O	68	35				27			27
Group Term Assurance : Level	3.2%	P	298	103	1			20	2	1	19
Group Term Assurance : Decreasing	-	-	1534040	2055341	300			12845			12845
Group Term Assurance : By RSP	-	-	73101	411058				2388			2388
Reserve for Options								3000			3000
Additional AIDS Reserve for Options								3167			3167
Annuity in Payment	4.9%	F	2514	925 pa				7378			7378
Deferred Life Annuity	4.0%/4.0%	D	7	3 pa				40			40
Reversionary Annuity	4.9%	F	98	78 pa	1			127			127
Miscellaneous Annuity	-	-	11	14 pa				30			30
Group Annuity in Payment	4.9%	F	31	5 pa				18			18
Group Deferred Life Annuity	4.0%/4.0%	D	13287	236 pa	1			2691	2	2	2689
Group Deferred Reversionary Annuity	4.0%/4.0%	E	5	1 pa				2			2
Group Miscellaneous Annuity	-	-	14					23			23
<b>Sub total: Non-Profit Policies</b>			<b>2131251</b>	<b>24880415</b> <b>1262 pa</b>	<b>90174</b>	<b>226</b>		<b>1015992</b>	<b>741339</b>	<b>703980</b>	<b>312012</b>

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

Name of insurer **CGNU Life Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2004**

Type of business **Life Assurance & General Annuity Insurance Business**      Company registration number **R51 226742**      GL/UK/CM **GL**      Period ended **31 12 2004**      Units **£000**      UK/OS **UK**      Type of business **L&GA**      Category of surplus **11**

Category of surplus **With Profit**

Type of insurance or name of contract  <b>1</b>	Valuation basis		No of contracts  <b>4</b>	Amount of sums assured or annuities per annum, including vested reversionary bonuses  <b>5</b>	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits  <b>8</b>	Value of sums assured or annuities per annum, including vested reversionary bonuses  <b>9</b>	Value of annual premiums		Amount of mathematical reserves  <b>12</b>
	Rate of interest  <b>2</b>	Mortality or morbidity table  <b>3</b>			Office premiums  <b>6</b>	Net premiums  <b>7</b>			Office premiums  <b>10</b>	Net premiums  <b>11</b>	
<b>Sub total: Direct Written Insurance Business</b>			<b>2398836</b>	<b>29264518</b> <b>1278 pa</b>	<b>254938</b>	<b>227</b>		<b>4161448</b>	<b>2218007</b>	<b>2124384</b>	<b>2037064</b>
<b>REASSURANCE ACCEPTED</b>											
<b>With-Profits Policies</b>											
Whole Life Assurance	3.4%	O	31	1100	6			762	40	37	725
<b>Sub total: With-Profits Policies</b>			<b>31</b>	<b>1100</b>	<b>6</b>			<b>762</b>	<b>40</b>	<b>37</b>	<b>725</b>
<b>Non-Profit Policies</b>											
Whole Life Assurance	3.2%	O	28	174	2			131	15	14	117
Term Assurance:											
- Level	3.2%	P	93767	455423	856			22651	13363	7197	15454
- Level With Critical Illness	3.2%	N	31660	91348	200			2865	2370	1559	1306
- Decreasing Mortgage Protection	3.2%	Q	29316	181948	1552			12374	14513	11811	563
- Decreasing With Critical Illness	3.2%	B	60771	137719	575			6076	7046	5251	825
- Income Benefits	3.2%	Q	1	89	1			2	2	2	
- Other	-	-	1528	20186	71			77			77
Miscellaneous Assurance	-	-	3005	35568	193		0.379	115	1	1	114
Extra Premiums					8			8			8
Group Miscellaneous Assurance	-	-	1	15				1			1
Annuity in Payment	4.9%	F	2	28 pa				338			338

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

Name of insurer **CGNU Life Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2004**

Type of business **Life Assurance & General Annuity Insurance Business** Company registration number **R51 226742** GL/UK/CM **GL** Period ended **31 12 2004** Units **£000** UK/OS **UK** Type of business **L&GA** Category of surplus **11**

Category of surplus **With Profit**

Type of insurance or name of contract <b>1</b>	Valuation basis		No of contracts <b>4</b>	Amount of sums assured or annuities per annum, including vested reversionary bonuses <b>5</b>	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits <b>8</b>	Value of sums assured or annuities per annum, including vested reversionary bonuses <b>9</b>	Value of annual premiums		Amount of mathematical reserves <b>12</b>
	Rate of interest <b>2</b>	Mortality or morbidity table <b>3</b>			Office premiums <b>6</b>	Net premiums <b>7</b>			Office premiums <b>10</b>	Net premiums <b>11</b>	
Reversionary Annuity	-	-	2	26 pa				121			121
Miscellaneous Annuity	-	-	8	2 pa				2			2
Group Miscellaneous Annuity	-	-	1					13			13
<b>Sub total: Non-Profit Policies</b>			<b>220090</b>	<b>922470</b> 56 pa	<b>3458</b>			<b>44774</b>	<b>37310</b>	<b>25835</b>	<b>18939</b>
<b>Sub total: Reassurance Accepted</b>			<b>220121</b>	<b>923570</b> 56 pa	<b>3464</b>			<b>45536</b>	<b>37350</b>	<b>25872</b>	<b>19664</b>
<b>REASSURANCE CEDED</b>											
<b>With-Profits Policies</b>											
Whole Life Assurance	3.4%	O		1646	7			1231	43	41	1190
Endowment Insurance	3.4%	O		113575	7367			78233	67755	65678	12555
Endowment with Critical Illness	3.4%	N		94258	4986			61010	60339	58575	2435
Extra Premiums					146			146			146
<b>Sub total: With-Profits Policies</b>				<b>209479</b>	<b>12506</b>			<b>140620</b>	<b>128137</b>	<b>124294</b>	<b>16326</b>
<b>Non-Profit Policies</b>											
Whole Life Assurance	3.2%	O		580	12			448	76	72	376
Life Cover Plus	3.2%	H		2664	145			1715	1529	1513	202

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

Name of insurer **CGNU Life Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2004**

Type of business **Life Assurance & General Annuity Insurance Business**      Company registration number **R51**      GL/UK/CM **GL**      Period ended **31 12 2004**      Units **£000**      UK/OS **UK**      Type of business **L&GA**      Category of surplus **11**

Category of surplus **With Profit**

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
Term Assurance:											
- Level	3.2%	P		10175594	34057			278829	220214	214998	63831
- Level With Critical Illness	3.2%	N		1504168	2838			47875	31255	30399	17476
- Decreasing Mortgage Protection	3.2%	Q		3007255	14013			113990	117145	107138	6852
- Decreasing	3.2%	O		1352219	12336			178710	129732	125514	53196
- Decreasing With Critical Illness	3.2%	B		522225	943			14171	11399	10533	3638
- Income Benefits	3.2%	Q		2820	11			65	68	65	
- Income Benefits	3.2%	C		187405	462			4536	4842	4501	35
- Increasing Income Benefits	3.2%	Q		1669	5			27	28	27	
- Increasing	3.2%	O		3722	11	7	0.367	105	74	47	58
- Decreasing with Critical Illness	3.2%	N		944345	4269			59480	53461	52078	7402
- Other	-	-		148802	852			864			864
- Serious Illness Contract	3.2%	J		130			0.431	2	1		2
Miscellaneous Assurance	-	-		5456	1		0.649	71			71
Extra Premiums					963			963			963
Group Whole Life Assurance	3.2%	O		2				2			2
Group Term Assurance : Level	3.2%	P		336	1			16	16	16	
Group Term Assurance : Decreasing	-	-		1980995				12544			12544
Group Term Assurance : By RSP	-	-		409445				2380			2380
Annuity in Payment	4.9%	F		12 pa				47			47

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

Name of insurer **CGNU Life Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2004**

Type of business **Life Assurance & General Annuity Insurance Business**      Company registration number **R51 226742**      GL/UK/CM **GL**      Period ended **31 12 2004**      Units **£000**      UK/OS **UK**      Type of business **L&GA**      Category of surplus **11**

Category of surplus **With Profit**

Type of insurance or name of contract <b>1</b>	Valuation basis		No of contracts <b>4</b>	Amount of sums assured or annuities per annum, including vested reversionary bonuses <b>5</b>	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits <b>8</b>	Value of sums assured or annuities per annum, including vested reversionary bonuses <b>9</b>	Value of annual premiums		Amount of mathematical reserves <b>12</b>
	Rate of interest <b>2</b>	Mortality or morbidity table <b>3</b>			Office premiums <b>6</b>	Net premiums <b>7</b>			Office premiums <b>10</b>	Net premiums <b>11</b>	
Reversionary Annuity	-	-		3 pa							
<b>Sub total: Non-Profit Policies</b>				<b>20249832</b> <b>15 pa</b>	<b>70919</b>	<b>7</b>		<b>716840</b>	<b>569840</b>	<b>546901</b>	<b>169939</b>
<b>Sub total: Reassurance Ceded</b>				<b>20459311</b> <b>15 pa</b>	<b>83425</b>	<b>7</b>		<b>857460</b>	<b>697977</b>	<b>671195</b>	<b>186265</b>
<b>Net total: Life Assurance &amp; General Annuity Insurance Business</b>			<b>2618957</b>	<b>9728777</b> <b>1319 pa</b>	<b>174977</b>	<b>220</b>		<b>3349524</b>	<b>1557380</b>	<b>1479061</b>	<b>1870463</b>

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

Name of insurer **CGNU Life Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2004**Type of business **Pension Insurance Business**Category of surplus **With Profit**Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of  
businessCategory  
of surplus

<b>R51</b>	<b>226742</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>UK</b>	<b>Pens</b>	<b>11</b>
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Type of insurance or name of contract  <b>1</b>	Valuation basis		No of contracts  <b>4</b>	Amount of sums assured or annuities per annum, including vested reversionary bonuses  <b>5</b>	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits  <b>8</b>	Value of sums assured or annuities per annum, including vested reversionary bonuses  <b>9</b>	Value of annual premiums		Amount of mathematical reserves  <b>12</b>
	Rate of interest  <b>2</b>	Mortality or morbidity table  <b>3</b>			Office premiums  <b>6</b>	Net premiums  <b>7</b>			Office premiums  <b>10</b>	Net premiums  <b>11</b>	
<b>DIRECT WRITTEN INSURANCE BUSINESS</b>											
<b>With-Profits Policies</b>											
Group Cash on Retirement	4.3%/4.3%	D	1487	83408	854			82252	5934	5694	76558
Group Cash on Retirement	4.3%	A	283	750				1534	1		1534
Group Term	4.3%	O	91	649				30			30
Group Deferred Annuity	4.3%/4.3%	D	3415	8377 pa	574			83427	3574	3574	79853
Group Deferred Reversionary Annuity	4.3%/4.3%	E	615	844 pa	8	5	0.304	3088	31	22	3066
Group Miscellaneous Annuity	-	-	86	39 pa				143			143
Immediate Annuity	2.0%	S	749	3090 pa				30584			30584
Miscellaneous Reserve								1000			1000
<b>Sub total: With-Profits Policies</b>			<b>6726</b>	<b>84807 12350 pa</b>	<b>1436</b>	<b>5</b>		<b>202058</b>	<b>9540</b>	<b>9290</b>	<b>192768</b>
<b>Non-Profit Policies</b>											
Term Assurance : Level	4.0%	P	9029	778206	3386			24718	19039	17683	7035
Term Assurance : Level	4.0%	C	77	6871	36			364	330	310	54
Term Assurance : Decreasing	4.0%	O	315	11500	72	34	0.471	272	360	190	82
Term Assurance : Income Benefits	4.0%	O	265	9024	45	17	0.488	85	147	75	10
Term Assurance : Increasing	4.0%	P	173	23688	58			552	291	270	282
Annuity in Payment	4.9%	S	23863	36074 pa				424952			424952



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

Name of insurer **CGNU Life Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2004**Type of business **Pension Insurance Business**Category of surplus **With Profit**

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
Retirement Annuity	4.0%/4.0%	D	169	5 pa				111			111
Deferred Annuity	4.0%/4.0%	E	3	5 pa				65			65
Reversionary Annuity	4.9%	S	3838	5301 pa				21878			21878
Extra Premiums					17			17			17
Group Cash on Retirement	4.0%	A	1618	3170				1854			1854
Group Term: By AP level	4.0%	C	3064	104891	676			5050	3189	3106	1944
Group Term: By RSP	-	-	1153	15141				18			18
Group Term: Other	-	-	14	355	2			2			2
Group Miscellaneous Assurance	-	-	107	12067	5			24			24
Group Annuity in Payment	4.9%	R	1749	321 pa				2169			2169
Group Annuity in Payment	4.9%	S	354	191 pa				3131			3131
Group Retirement Annuity	4.0%/4.0%	D	805	328 pa				3067			3067
Group Deferred Life Annuity	4.0%/4.0%	D	10915	6590 pa	1			61443	3	3	61440
Group Deferred Reversionary Annuity	4.0%/4.0%	E	2061	1918 pa				5093			5093
Group Miscellaneous Annuity	-	-	1432	1034 pa	8	6	0.176	356	39	32	324
Extra Premiums					18			18			18
Premiums not yet allocated								175			175
<b>Sub total: Non-Profit Policies</b>			<b>61004</b>	<b>964913 51767 pa</b>	<b>4324</b>	<b>57</b>		<b>555414</b>	<b>23398</b>	<b>21669</b>	<b>533745</b>



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

Name of insurer **CGNU Life Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2004**Type of business **Pension Insurance Business**Category of surplus **With Profit**

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>Non-Profit Policies</b>											
Term Assurance : Level	4.0%	P		749140	3271			24438	18294	18190	6248
Term Assurance : Level	4.0%	C		6871	36			364	330	310	54
Term Assurance : Decreasing	4.0%	O		95	1	1	0.478	2	3	2	
Term Assurance : Income Benefits	4.0%	O		2			0.979				
Term Assurance : Increasing	4.0%	P		69				3	1	1	2
Annuity in Payment	4.9%	S		9 pa				40			40
Reversionary Annuity	4.9%	S		4 pa				7			7
Extra Premiums					25			25			25
Group Term: By AP level	4.0%	C		26538	222			920	967	565	355
Group Term: By RSP	-	-		3969				6			6
Group Miscellaneous Assurance	-	-		296							
Group Miscellaneous Annuity	-	-		94 pa	4	3	0.285	25	10	7	18
Extra Premiums											
<b>Sub total: Non-Profit Policies</b>				<b>786980</b> <b>107 pa</b>	<b>3559</b>	<b>4</b>		<b>25830</b>	<b>19605</b>	<b>19075</b>	<b>6755</b>
<b>Sub total: Reassurance Ceded</b>				<b>786980</b> <b>107 pa</b>	<b>3559</b>	<b>4</b>		<b>25830</b>	<b>19605</b>	<b>19075</b>	<b>6755</b>

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

Name of insurer **CGNU Life Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2004**Type of business **Pension Insurance Business**Category of surplus **With Profit**

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>Net total: Pension Insurance Business</b>			<b>68166</b>	<b>269679 64190 pa</b>	<b>2219</b>	<b>58</b>		<b>734239</b>	<b>13440</b>	<b>11980</b>	<b>722259</b>

Company registration number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of business

Category of surplus

**R51****226742****GL****31****12****2004****£000****UK****Pens****11**

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

Name of insurer **CGNU Life Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2004**Type of business **Permanent Health Insurance Business**Category of surplus **With Profit**Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of  
businessCategory  
of surplus

<b>R51</b>	<b>226742</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>UK</b>	<b>PHI</b>	<b>11</b>
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Type of insurance or name of contract  <b>1</b>	Valuation basis		No of contracts  <b>4</b>	Amount of sums assured or annuities per annum, including vested reversionary bonuses  <b>5</b>	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits  <b>8</b>	Value of sums assured or annuities per annum, including vested reversionary bonuses  <b>9</b>	Value of annual premiums		Amount of mathematical reserves  <b>12</b>
	Rate of interest  <b>2</b>	Mortality or morbidity table  <b>3</b>			Office premiums  <b>6</b>	Net premiums  <b>7</b>			Office premiums  <b>10</b>	Net premiums  <b>11</b>	
<b>REASSURANCE ACCEPTED</b>											
<b>Non-Profit Policies</b>											
Term Assurance: With Critical Illness	4.0%	N	31660	91348	393		5416	4462	2858	2558	
Decreasing Term Assurance: With Critical Illness	4.0%	B	60771	137719	946		9576	11031	8188	1388	
Critical Illness Level attaching to Decreasing Term	4.0%	B	398	527	8		155	89	89	66	
<b>Sub total: Non-Profit Policies</b>			<b>92829</b>	<b>229594</b>	<b>1347</b>		<b>15147</b>	<b>15582</b>	<b>11135</b>	<b>4012</b>	
<b>Sub total: Reassurance Accepted</b>			<b>92829</b>	<b>229594</b>	<b>1347</b>		<b>15147</b>	<b>15582</b>	<b>11135</b>	<b>4012</b>	
<b>Net total: Permanent Health Insurance Business</b>			<b>92829</b>	<b>229594</b>	<b>1347</b>		<b>15147</b>	<b>15582</b>	<b>11135</b>	<b>4012</b>	
<b>Net total: United Kingdom Insurance Business</b>			<b>2779952</b>	<b>10228050</b> <b>65509 pa</b>	<b>178543</b>	<b>278</b>	<b>4098910</b>	<b>1586402</b>	<b>1502176</b>	<b>2596734</b>	

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

Name of insurer **CGNU Life Assurance Limited**

Global business

Overseas business

Financial year ended **31st December 2004**

Type of business **Life Assurance & General Annuity Insurance Business**      Company registration number **R51**      GL/UK/CM **GL**      Period ended **31 12 2004**      Units **£000**      UK/OS **OS**      Type of business **L&GA**      Category of surplus **11**

Category of surplus **With Profit**

Type of insurance or name of contract <b>1</b>	Valuation basis		No of contracts <b>4</b>	Amount of sums assured or annuities per annum, including vested reversionary bonuses <b>5</b>	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits <b>8</b>	Value of sums assured or annuities per annum, including vested reversionary bonuses <b>9</b>	Value of annual premiums		Amount of mathematical reserves <b>12</b>
	Rate of interest <b>2</b>	Mortality or morbidity table <b>3</b>			Office premiums <b>6</b>	Net premiums <b>7</b>			Office premiums <b>10</b>	Net premiums <b>11</b>	
<b>DIRECT WRITTEN INSURANCE BUSINESS</b>											
<b>With-Profits Policies</b>											
Whole Life Assurance	3.4%	O	150	3652	161			2634	2122	2060	574
Endowment Insurance	3.4%	O	1105	28903	1189			21300	9095	8831	12469
Economy Endowment Insurance	3.4%	O	154	5891	228			4253	1876	1826	2427
Endowment with Critical Illness	3.4%	N	246	6917	337			4510	3532	3438	1072
Extra Premiums					23			23			23
Group Miscellaneous Assurance	-	-	51	573	8			439	39	36	403
Group Deferred Annuity	4.3%/4.3%	D	152	1339 pa	368			13336	2997	2997	10339
Group Deferred Reversionary Annuity	4.3%/4.3%	E	22	88 pa	12	8	0.413	235	70	41	194
<b>Sub total: With-Profits Policies</b>			<b>1880</b>	<b>45936</b> <b>1427 pa</b>	<b>2326</b>	<b>8</b>		<b>46730</b>	<b>19731</b>	<b>19229</b>	<b>27501</b>
<b>Non-Profit Policies</b>											
Whole Life Assurance	3.2%	O	64	1235	20			806	204	193	613
Endowment Insurance	3.2%	O	7	12				10	1	1	9
Term Assurance:											
- Level	3.2%	P	972	150065	493			4411	3394	3262	1149
- Level With Critical Illness	3.2%	N	185	24799	47			697	448	440	257
- Decreasing Mortgage Protection	3.2%	Q	1530	148519	440			4712	4618	4300	412

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

Name of insurer **CGNU Life Assurance Limited**

Global business

Overseas business

Financial year ended **31st December 2004**

Type of business **Life Assurance & General Annuity Insurance Business**      Company registration number **R51**      GL/UK/CM **GL**      Period ended **31 12 2004**      Units **£000**      UK/OS **OS**      Type of business **L&GA**      Category of surplus **11**

Category of surplus **With Profit**

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
- Decreasing	3.2%	O	895	22127	92			1265	874	859	406
- Decreasing With Critical Illness	3.2%	B	202	19274	32			503	395	374	129
- Income Benefits	3.2%	Q	26	1063	4			22	24	22	
- Income Benefits	3.2%	C	21	1273	4			23	25	23	
- Increasing Income Benefits	3.2%	Q	21	1172	6			17	18	17	
- Increasing	3.2%	O	20	4182	10	6	0.411	65	41	24	41
- Decreasing with Critical Illness	3.2%	N	642	47845	217			3106	2745	2625	481
- Other	-	-	2	16				1			1
- German	-	-	237	20392	116			116			116
- Irish	-	-	70	12515	61			61			61
Miscellaneous Assurance	3.2%	O	154	5443	17			270	146	143	127
Miscellaneous Assurance	-	-	2	851				2			2
Extra Premiums					25			25			25
Group Whole Life Assurance	3.2%	O	28	123				108			108
Group Term Assurance : Level	3.2%	P	69	1884	12			102	97	87	15
Group Term Assurance : By RSP	-	-	5	84							
Extra Premiums											
Annuity in Payment	4.9%	F	235	817 pa				9913			9913
Reversionary Annuity	4.9%	F	39	97 pa				271			271
Group Deferred Life Annuity	4.0%/4.0%	D	1	3 pa				23			23

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

Name of insurer **CGNU Life Assurance Limited**

Global business

Overseas business

Financial year ended **31st December 2004**

Type of business **Life Assurance & General Annuity Insurance Business**      Company registration number **R51**      GL/UK/CM **GL**      Period ended **31 12 2004**      Units **£000**      UK/OS **OS**      Type of business **L&GA**      Category of surplus **11**

Category of surplus **With Profit**

Type of insurance or name of contract  <b>1</b>	Valuation basis		No of contracts  <b>4</b>	Amount of sums assured or annuities per annum, including vested reversionary bonuses  <b>5</b>	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits  <b>8</b>	Value of sums assured or annuities per annum, including vested reversionary bonuses  <b>9</b>	Value of annual premiums		Amount of mathematical reserves  <b>12</b>
	Rate of interest  <b>2</b>	Mortality or morbidity table  <b>3</b>			Office premiums  <b>6</b>	Net premiums  <b>7</b>			Office premiums  <b>10</b>	Net premiums  <b>11</b>	
Group Deferred Reversionary Annuity	4.0%/4.0%	E	10	4 pa				14			14
Group Miscellaneous Annuity	-	-	3	11 pa			0.056	8	3	3	5
<b>Sub total: Non-Profit Policies</b>			<b>5440</b>	<b>462874 932 pa</b>	<b>1596</b>	<b>6</b>		<b>26551</b>	<b>13033</b>	<b>12373</b>	<b>14178</b>
<b>Sub total: Direct Written Insurance Business</b>			<b>7320</b>	<b>508810 2359 pa</b>	<b>3922</b>	<b>14</b>		<b>73281</b>	<b>32764</b>	<b>31602</b>	<b>41679</b>
<b>REASSURANCE ACCEPTED</b>											
<b>Non-Profit Policies</b>											
Term Assurance:											
- Level	3.2%	P	771	4624	11			183	103	40	143
- Level With Critical Illness	3.2%	N	341	1282	2			40	21	13	27
- Decreasing Mortgage Protection	3.2%	Q	1141	4914	33			310	394	292	18
- Decreasing With Critical Illness	3.2%	B	1364	4553	16			181	191	151	30
<b>Sub total: Non-Profit Policies</b>			<b>3617</b>	<b>15373</b>	<b>62</b>			<b>714</b>	<b>709</b>	<b>496</b>	<b>218</b>
<b>Sub total: Reassurance Accepted</b>			<b>3617</b>	<b>15373</b>	<b>62</b>			<b>714</b>	<b>709</b>	<b>496</b>	<b>218</b>



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

Name of insurer **CGNU Life Assurance Limited**

Global business

Overseas business

Financial year ended **31st December 2004**

Type of business **Life Assurance & General Annuity Insurance Business**      Company registration number **R51**      GL/UK/CM **GL**      Period ended **31 12 2004**      Units **£000**      UK/OS **OS**      Type of business **L&GA**      Category of surplus **11**

Category of surplus **With Profit**

Type of insurance or name of contract <b>1</b>	Valuation basis		No of contracts <b>4</b>	Amount of sums assured or annuities per annum, including vested reversionary bonuses <b>5</b>	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits <b>8</b>	Value of sums assured or annuities per annum, including vested reversionary bonuses <b>9</b>	Value of annual premiums		Amount of mathematical reserves <b>12</b>
	Rate of interest <b>2</b>	Mortality or morbidity table <b>3</b>			Office premiums <b>6</b>	Net premiums <b>7</b>			Office premiums <b>10</b>	Net premiums <b>11</b>	
<b>REASSURANCE CEDED</b>											
<b>With-Profits Policies</b>											
Endowment Insurance	3.4%	O		1301	79			895	722	706	189
Endowment with Critical Illness	3.4%	N		935	50			612	612	598	14
Extra Premiums					3			3			3
<b>Sub total: With-Profits Policies</b>				<b>2236</b>	<b>132</b>			<b>1510</b>	<b>1334</b>	<b>1304</b>	<b>206</b>
<b>Non-Profit Policies</b>											
Term Assurance:											
- Level	3.2%	P		141708	456			4156	3224	3166	990
- Level With Critical Illness	3.2%	N		23176	44			648	417	406	242
- Decreasing Mortgage Protection	3.2%	Q		139050	403			4516	4157	4119	397
- Decreasing	3.2%	O		2456	21			315	236	236	79
- Decreasing With Critical Illness	3.2%	B		19274	32			503	395	374	129
- Income Benefits	3.2%	Q		19							
- Income Benefits	3.2%	C		1273	4			23	25	23	
- Increasing Income Benefits	3.2%	Q		81	1			2	2	2	
- Increasing	3.2%	O		428	1		0.283	3	1	1	2
- Decreasing with Critical Illness	3.2%	N		36542	159			2150	2075	1974	176
- Other	-	-		3306	15			15			15

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

Name of insurer **CGNU Life Assurance Limited**

Global business

Overseas business

Financial year ended **31st December 2004**

Type of business **Life Assurance & General Annuity Insurance Business**      Company registration number **R51**      GL/UK/CM **GL**      Period ended **31 12 2004**      Units **£000**      UK/OS **OS**      Type of business **L&GA**      Category of surplus **11**

Category of surplus **With Profit**

Type of insurance or name of contract <b>1</b>	Valuation basis		No of contracts <b>4</b>	Amount of sums assured or annuities per annum, including vested reversionary bonuses <b>5</b>	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits <b>8</b>	Value of sums assured or annuities per annum, including vested reversionary bonuses <b>9</b>	Value of annual premiums		Amount of mathematical reserves <b>12</b>
	Rate of interest <b>2</b>	Mortality or morbidity table <b>3</b>			Office premiums <b>6</b>	Net premiums <b>7</b>			Office premiums <b>10</b>	Net premiums <b>11</b>	
- Irish Extra Premiums	-	-		2383	9 27			9 27			9 27
<b>Sub total: Non-Profit Policies</b>				<b>369696</b>	<b>1172</b>			<b>12367</b>	<b>10532</b>	<b>10301</b>	<b>2066</b>
<b>Sub total: Reassurance Ceded</b>				<b>371932</b>	<b>1304</b>			<b>13877</b>	<b>11866</b>	<b>11605</b>	<b>2272</b>
<b>Net total: Life Assurance &amp; General Annuity Insurance Business</b>			<b>10937</b>	<b>152251 2359 pa</b>	<b>2680</b>	<b>14</b>		<b>60118</b>	<b>21607</b>	<b>20493</b>	<b>39625</b>

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

Name of insurer **CGNU Life Assurance Limited**

Global business

Overseas business

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

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>REASSURANCE ACCEPTED</b>											
<b>Non-Profit Policies</b>											
Term Assurance: With Critical Illness	4.0%	N	341	1282	4			79	42	22	57
Decreasing Term Assurance: With Critical Illness	4.0%	B	1364	4553	28			298	314	242	56
Critical Illness Level attaching to Decreasing Term	4.0%	B	1								
<b>Sub total: Non-Profit Policies</b>			<b>1706</b>	<b>5835</b>	<b>32</b>			<b>377</b>	<b>356</b>	<b>264</b>	<b>113</b>
<b>Sub total: Reassurance Accepted</b>			<b>1706</b>	<b>5835</b>	<b>32</b>			<b>377</b>	<b>356</b>	<b>264</b>	<b>113</b>
<b>Net total: Permanent Health Insurance Business</b>			<b>1706</b>	<b>5835</b>	<b>32</b>			<b>377</b>	<b>356</b>	<b>264</b>	<b>113</b>
<b>Net total: Overseas Insurance Business</b>			<b>12643</b>	<b>158086</b> <b>2359 pa</b>	<b>2712</b>	<b>14</b>		<b>60495</b>	<b>21963</b>	<b>20757</b>	<b>39738</b>

Company registration number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of business

Category of surplus

R51

226742

GL

31

12

2004

£000

OS

PHI

11

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

Name of insurer **CGNU Life Assurance Limited**

Global business

United Kingdom business

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

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of  
businessCategory  
of surplus

<b>R51</b>	<b>226742</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>UK</b>	<b>PHI</b>	<b>13</b>
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Type of insurance or name of contract  <b>1</b>	Valuation basis		No of contracts  <b>4</b>	Amount of sums assured or annuities per annum, including vested reversionary bonuses  <b>5</b>	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits  <b>8</b>	Value of sums assured or annuities per annum, including vested reversionary bonuses  <b>9</b>	Value of annual premiums		Amount of mathematical reserves  <b>12</b>
	Rate of interest  <b>2</b>	Mortality or morbidity table  <b>3</b>			Office premiums  <b>6</b>	Net premiums  <b>7</b>			Office premiums  <b>10</b>	Net premiums  <b>11</b>	
<b>DIRECT WRITTEN INSURANCE BUSINESS</b>											
<b>Non-Profit Policies</b>											
Sickness Benefits	3.75%	T	8241	1081 omb	1442			18437	11307	6579	11858
Income Replacement Plan	3.75%	T	3371	525 omb	785			11722	10165	6804	4918
Accident Benefits	-	-	596	3178	6			65			65
Term Assurance: Serious Illness Contract	3.2%	J	29	446	3	1	0.490	5	4	2	3
Term Assurance: Critical Illness Contract	4.0%	K	7055	390948	2340			39426	21946	20370	19056
Term Assurance: With Critical Illness	4.0%	N	20015	1646544	5430			88072	55694	52285	35787
Decreasing Term Assurance: With Critical Illness	4.0%	B	8670	541499	1712			24668	19639	18188	6480
Occupational Extras					94			94			94
Group Disability			338530	327316				46713			46713
NU Your Pension Protector	-	-	11798	1922	948			948			948
Group Sickness Benefits	-	-	2	378 omb				499			499
Sickness Claims in Payment	4.0%	T						16563			16563
<b>Sub total: Non-Profit Policies</b>			<b>398307</b>	<b>2911853</b> <b>1984 omb</b>	<b>12760</b>	<b>1</b>		<b>247212</b>	<b>118755</b>	<b>104228</b>	<b>142984</b>
<b>Sub total: Direct Written Insurance Business</b>			<b>398307</b>	<b>2911853</b> <b>1984 omb</b>	<b>12760</b>	<b>1</b>		<b>247212</b>	<b>118755</b>	<b>104228</b>	<b>142984</b>

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

Name of insurer **CGNU Life Assurance Limited**

Global business

United Kingdom business

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

Type of insurance or name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table			Office premiums	Net premiums			Office premiums	Net premiums	
1	2	3	4	5	6	7	8	9	10	11	12
<b>REASSURANCE ACCEPTED</b>											
<b>Non-Profit Policies</b>											
Sickness Benefits	3.75%	T	23	1 omb	1			4	4		4
<b>Sub total: Non-Profit Policies</b>			<b>23</b>	<b>1 omb</b>	<b>1</b>			<b>4</b>	<b>4</b>		<b>4</b>
<b>Sub total: Reassurance Accepted</b>			<b>23</b>	<b>1 omb</b>	<b>1</b>			<b>4</b>	<b>4</b>		<b>4</b>
<b>REASSURANCE CEDED</b>											
<b>Non-Profit Policies</b>											
Sickness Benefits	3.75%	T		255 omb	334			4271	2619	1524	2747
Income Replacement Plan	3.75%	T		485 omb	726			10830	9391	6287	4543
Term Assurance: Serious Illness Contract	3.2%	J		70			0.430	1			1
Term Assurance: Critical Illness Contract	4.0%	K		308178	1873			32380	17879	16663	15717
Term Assurance: With Critical Illness	4.0%	N		1646544	5430			88072	55694	52285	35787
Decreasing Term Assurance: With Critical Illness	4.0%	B		541499	1712			24668	19639	18188	6480
Occupational Extras					76			76			76
Group Disability	-	-		316187				44432			44432
NU Your Pension Protector	-	-		1922	948			948			948
Sickness Claims in Payment	4.0%	T						4459			4459

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

Name of insurer **CGNU Life Assurance Limited**

Global business

United Kingdom business

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

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of  
businessCategory  
of surplus

<b>R51</b>	<b>226742</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>UK</b>	<b>PHI</b>	<b>13</b>
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Type of insurance or name of contract  <b>1</b>	Valuation basis		No of contracts  <b>4</b>	Amount of sums assured or annuities per annum, including vested reversionary bonuses  <b>5</b>	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits  <b>8</b>	Value of sums assured or annuities per annum, including vested reversionary bonuses  <b>9</b>	Value of annual premiums		Amount of mathematical reserves  <b>12</b>
	Rate of interest  <b>2</b>	Mortality or morbidity table  <b>3</b>			Office premiums  <b>6</b>	Net premiums  <b>7</b>			Office premiums  <b>10</b>	Net premiums  <b>11</b>	
<b>Sub total: Non-Profit Policies</b>				<b>2814400</b> <b>740 omb</b>	<b>11099</b>			<b>210137</b>	<b>105222</b>	<b>94947</b>	<b>115190</b>
<b>Sub total: Reassurance Ceded</b>				<b>2814400</b> <b>740 omb</b>	<b>11099</b>			<b>210137</b>	<b>105222</b>	<b>94947</b>	<b>115190</b>
<b>Net total: Permanent Health Insurance Business</b>			<b>398330</b>	<b>97453</b> <b>1245 omb</b>	<b>1662</b>	<b>1</b>		<b>37079</b>	<b>13537</b>	<b>9281</b>	<b>27798</b>
<b>Net total: United Kingdom Insurance Business</b>			<b>398330</b>	<b>97453</b> <b>1245 omb</b>	<b>1662</b>	<b>1</b>		<b>37079</b>	<b>13537</b>	<b>9281</b>	<b>27798</b>

## Long term insurance business : Valuation summary of accumulating with-profit policies

Name of insurer **CGNU Life Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2004**Type of business **Life Assurance & General Annuity Insurance  
Business  
With Profit**Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of  
businessCategory  
of surplus

Category of surplus		R52		226742		GL		31 12 2004			£000		UK		L&GA		11	
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	Liability in respect of current benefits including vested bonuses		Other liabilities		Amount of mathematical reserves				
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees					
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15				
<b>DIRECT WRITTEN INSURANCE BUSINESS</b>																		
Unitised With Profit	3.70%	C		8731528	8731528	8731528				8251964	8251964			8251964				
Income Fund	3.70%	C		962350	962350	962350				900088	900088			900088				
Swedish UWP	3.70%	C		100262	100262					94258	94258			94258				
<b>Sub total: Direct Written Insurance Business</b>				<b>9794140</b>	<b>9794140</b>	<b>9693878</b>				<b>9246310</b>	<b>9246310</b>			<b>9246310</b>				
<b>REASSURANCE ACCEPTED</b>																		
Joint Venture Bond	3.70%	C	31715	375024	375024	375024				356864	356864			356864				
Joint Venture Bond	3.70%	C	4453	76999	76999	76999				71388	71388			71388				
Income fund																		
<b>Sub total: Reassurance Accepted</b>			<b>36168</b>	<b>452023</b>	<b>452023</b>	<b>452023</b>				<b>428252</b>	<b>428252</b>			<b>428252</b>				
<b>REASSURANCE CEDED</b>																		
Unitised With Profit	3.70%	C		5181554	5181554	5181554				4831820	4831820			4831820				
Income Fund	3.70%	C		683144	683144	683144				637867	637867			637867				
<b>Sub total: Reassurance Ceded</b>				<b>5864698</b>	<b>5864698</b>	<b>5864698</b>				<b>5469687</b>	<b>5469687</b>			<b>5469687</b>				
<b>Net total: Life Assurance &amp; General Annuity Insurance Business</b>			<b>36168</b>	<b>4381465</b>	<b>4381465</b>	<b>4281203</b>				<b>4204875</b>	<b>4204875</b>			<b>4204875</b>				

## Long term insurance business : Valuation summary of accumulating with-profit policies

Name of insurer **CGNU Life Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2004**Type of business **Pension Insurance Business**Category of surplus **With Profit**Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of  
businessCategory  
of surplus

<b>R52</b>	<b>226742</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>UK</b>	<b>Pens</b>	<b>11</b>
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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	Liability in respect of current benefits including vested bonuses		Other liabilities		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
<b>DIRECT WRITTEN INSURANCE BUSINESS</b>														
Unitised With Profit - Individual	4.30%	C		1777480	1777480	1777480				1727383	1727383			1727383
Unitised With Profit - Group	4.30%	C		498689	498689					479726	479726			479726
Retirement Annuity	4.30%/4.30%	D	17876	199532	199532	57358 pa	4221				412886			412886
Additional Reserve														2990
<b>Sub total: Direct Written Insurance Business</b>			<b>17876</b>	<b>2475701</b>	<b>2475701</b>	<b>1777480 57358 pa</b>	<b>4221</b>			<b>2207109</b>	<b>2619995</b>			<b>2622985</b>
<b>REASSURANCE CEDED</b>														
Unitised With Profit - Individual	4.30%	C		778965	778965	778965				745118	745118			745118
Unitised With Profit - Group	4.30%	C		236719	236719					223735	223735			223735
<b>Sub total: Reassurance Ceded</b>				<b>1015684</b>	<b>1015684</b>	<b>778965</b>				<b>968853</b>	<b>968853</b>			<b>968853</b>
<b>Net total: Pension Insurance Business</b>			<b>17876</b>	<b>1460017</b>	<b>1460017</b>	<b>998515 57358 pa</b>	<b>4221</b>			<b>1238256</b>	<b>1651142</b>			<b>1654132</b>
<b>Net total: United Kingdom Insurance Business</b>			<b>54044</b>	<b>5841482</b>	<b>5841482</b>	<b>5279718 57358 pa</b>	<b>4221</b>			<b>5443131</b>	<b>5856017</b>			<b>5859007</b>



## Long term insurance business : Valuation summary of accumulating with-profit policies

Name of insurer **CGNU Life Assurance Limited**

Global business

Overseas business

Financial year ended **31st December 2004**Type of business **Life Assurance & General Annuity Insurance**Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of  
businessCategory  
of surplus

Category of surplus

**Business  
With Profit**

<b>R52</b>	<b>226742</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>OS</b>	<b>L&amp;GA</b>	<b>11</b>
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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	Liability in respect of current benefits including vested bonuses		Other liabilities		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
<b>DIRECT WRITTEN INSURANCE BUSINESS</b>														
Valeur Plus	3.70%	C		185210	185210					166691	166691			166691
German UWP	3.70%	C		4168	4168					4168	4168			4168
Irish UWP	3.70%	C		187589	187589					169780	169780			169780
Unitised With Profit - Individual	4.30%	C		261416	261416	261416				256512	256512			256512
Unitised With Profit - Group	4.30%	C		10294	10294					10197	10197			10197
Retirement Annuity	4.30%/4.30%	D	135	4452	4452	1338 pa	203				9694			9694
<b>Sub total: Direct Written Insurance Business</b>			<b>135</b>	<b>653129</b>	<b>653129</b>	<b>261416 1338 pa</b>	<b>203</b>			<b>607348</b>	<b>617042</b>			<b>617042</b>
<b>REASSURANCE ACCEPTED</b>														
NU International Bond	4.30%	C	1814	104508	104508	104508				96934	96934			96934
NU International Core Funds Bond	4.30%	C	117	4571	4571	4571				4150	4150			4150
<b>Sub total: Reassurance Accepted</b>			<b>1931</b>	<b>109079</b>	<b>109079</b>	<b>109079</b>				<b>101084</b>	<b>101084</b>			<b>101084</b>
<b>REASSURANCE CEDED</b>														
Unitised With Profit - Individual	4.30%	C		85135	85135	85135				82015	82015			82015
Unitised With Profit - Group	4.30%	C		4374	4374					4283	4283			4283

## Long term insurance business : Valuation summary of accumulating with-profit policies

Name of insurer **CGNU Life Assurance Limited**

Global business

Overseas business

Financial year ended **31st December 2004**Type of business **Life Assurance & General Annuity Insurance**Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of  
businessCategory  
of surplus

Category of surplus

**Business  
With Profit**

<b>R52</b>	<b>226742</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>OS</b>	<b>L&amp;GA</b>	<b>11</b>
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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	Liability in respect of current benefits including vested bonuses		Other liabilities		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Sub total: Reassurance Ceded				89509	89509	85135				86298	86298			86298
Net total: Life Assurance & General Annuity Insurance Business			2066	672699	672699	285360 1338 pa	203			622134	631828			631828

## Long term insurance business : Valuation summary of accumulating with-profit policies

Name of insurer **CGNU Life Assurance Limited**

Global business

Overseas business

Financial year ended **31st December 2004**Type of business **Other Insurance Business**Category of surplus **With Profit**Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of  
businessCategory  
of surplus

<b>R52</b>	<b>226742</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>OS</b>	<b>Other</b>	<b>11</b>
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Type of insurance or name of contract <b>1</b>	Valuation basis		No of contracts <b>4</b>	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 <b>10</b>	Liability in respect of current benefits including vested bonuses		Other liabilities		Amount of mathematical reserves <b>15</b>
	Rate of interest <b>2</b>	Mortality or morbidity table <b>3</b>		Guaranteed on death <b>5</b>	Current on death <b>6</b>	Guaranteed on maturity <b>7</b>	Office premiums <b>8</b>	Net premiums <b>9</b>		Current benefit value <b>11</b>	Discounted value <b>12</b>	Mortality and expenses <b>13</b>	Options and guarantees other than investment performance guarantees <b>14</b>	
REASSURANCE ACCEPTED NU International Core Funds Bond	4.30%	C	10			656				603	603			603
Sub total: Reassurance Accepted			10			656				603	603			603
Net total: Other Insurance Business			10			656				603	603			603
Net total: Overseas Insurance Business			2076	672699	672699	286016 1338 pa	203			622737	632431			632431

**Long term insurance business : Valuation summary of accumulating with-profit policies**Name of insurer **CGNU Life Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2004**Type of business **Pension Insurance Business**Category of surplus **Stakeholder**Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of  
businessCategory  
of surplus

<b>R52</b>	<b>226742</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>UK</b>	<b>Pens</b>	<b>12</b>
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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	Liability in respect of current benefits including vested bonuses		Other liabilities		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees	
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>	<b>11</b>	<b>12</b>	<b>13</b>	<b>14</b>	<b>15</b>
<b>DIRECT WRITTEN INSURANCE BUSINESS</b> Unitised With Profit - Individual	4.30%	C		597120	597120	597120				597734	597734	1984		599718
<b>Sub total: Direct Written Insurance Business</b>				<b>597120</b>	<b>597120</b>	<b>597120</b>				<b>597734</b>	<b>597734</b>	<b>1984</b>		<b>599718</b>
<b>REASSURANCE CEDED</b> Unitised With Profit - Individual	4.30%	C		372894	372894	372894				373234	373234	1984		375218
<b>Sub total: Reassurance Ceded</b>				<b>372894</b>	<b>372894</b>	<b>372894</b>				<b>373234</b>	<b>373234</b>	<b>1984</b>		<b>375218</b>
<b>Net total: Pension Insurance Business</b>				<b>224226</b>	<b>224226</b>	<b>224226</b>				<b>224500</b>	<b>224500</b>			<b>224500</b>
<b>Net total: United Kingdom Insurance Business</b>				<b>224226</b>	<b>224226</b>	<b>224226</b>				<b>224500</b>	<b>224500</b>			<b>224500</b>

## Long term insurance business : Valuation summary of property linked contracts

Name of insurer **CGNU Life Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2004**Type of business **Life Assurance & General Annuity Insurance  
Business  
With Profit**Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of  
businessCategory  
of surplus

Category of surplus			R53	226742	GL	31	12	2004	£000	UK	L&GA	11		
Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Category of unit link	Unit liability		Other liabilities		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death/current payable per annum	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
<b>DIRECT WRITTEN INSURANCE BUSINESS Non-Profit Policies</b>														
Equity Endowment Assurance	-	-	11	27	241	27	1		Authorised	241	241			241
Maturity Guarantee Reserve									Unit Trust					3
Investment Bond	3.5%	C	27223	38334	130638				Internal fund	103522	103522	1247		104769
Portfolio Bond	3.5%	C	175981	819325	1079229				Internal fund	802847	802847	25172		828019
Kaleidoscope 1992	3.5%	C	9179	853334	853371		4871		Internal fund	7125	7125	220		7345
Lifetrack 1991	3.5%	I	3525	281418	281419		2352		Internal fund	2281	2281	367		2648
Homemaker Plus	3.5%	C	12358	495383	495383		13225		Internal fund	12964	12964	409		13373
Swedish Personal Investment Plan, Single	3.5%	C	3209		4931				Internal fund	3891	3891	13		3904
Swedish Personal Investment Plan, Regular	3.5%	C	783		2180		714		Internal fund	2127	2127	5		2132
NU Bond	3.5%	C	191019	896119	1040755				Internal fund	911111	911111	(25427)		885685
NU Bond 2000	3.5%	C	24225	114986	136590				Internal fund	121793	121793	(4006)		117788
NU Flexibond	3.5%	C	11737	116259	130773				Internal fund	115951	115951	(1176)		114775
NU Homemaker Plus	3.5%	C	3019	161798	161798		4378		Internal fund	6242	6242	74		6316
NU Bond Step Down Option	3.5%	C	27463	1188325	1294283				Internal fund	1274865	1274865	(61320)		1213545
NU Bond Level Option	3.5%	C	29308	719371	773944				Internal fund	759493	759493	(30443)		729050

## Long term insurance business : Valuation summary of property linked contracts

Name of insurer **CGNU Life Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2004**Type of business **Life Assurance & General Annuity Insurance  
Business  
With Profit**Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of  
businessCategory  
of surplus

Category of surplus		R53		226742		GL		31 12 2004			£000		UK		L&GA		11	
Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Category of unit link	Unit liability		Other liabilities		Amount of mathematical reserves				
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death/current payable per annum	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees					
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15				
Miscellaneous:																		
Kaleidoscope	3.5%	C	2780	262205	262235		1471		Internal fund	5047	5047	107		5153				
Lifetrack	3.5%	I	259	14613	14613		117		Internal fund	328	328	24		352				
Stepping Stone	3.5%	C	1721	50962	50971		1095		Internal fund	11974	11974	253		12227				
Low Start Stepping Stone	3.5%	C	268	9784	9812		241		Internal fund	2373	2373	59		2432				
GA Maximum Investment Plan	3.5%	C	39	332	404		32		Internal fund	318	318	1		319				
Rider Benefits	-	-	11761		22715 12514 pa		270					11		11				
Death Benefit Guarantee Reserve														10700				
Guarantee Fund Reserve														43200				
<b>Sub total: Non-Profit Policies</b>			<b>535868</b>	<b>6022575</b>	<b>6746285</b> <b>12514 pa</b>	<b>27</b>	<b>28767</b>			<b>4144493</b>	<b>4144493</b>	<b>(94410)</b>		<b>4103987</b>				
<b>Sub total: Direct Written Insurance Business</b>			<b>535868</b>	<b>6022575</b>	<b>6746285</b> <b>12514 pa</b>	<b>27</b>	<b>28767</b>			<b>4144493</b>	<b>4144493</b>	<b>(94410)</b>		<b>4103987</b>				
<b>REASSURANCE ACCEPTED Non-Profit Policies</b>																		
Risk Premium				114603	117185		323					13		13				

## Long term insurance business : Valuation summary of property linked contracts

Name of insurer **CGNU Life Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2004**Type of business **Life Assurance & General Annuity Insurance  
Business  
With Profit**Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of  
businessCategory  
of surplus

Category of surplus		R53		226742		GL		31 12 2004			£000		UK		L&GA		11	
Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Category of unit link	Unit liability		Other liabilities		Amount of mathematical reserves				
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death/current payable per annum	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees					
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15				
<b>Sub total: Non-Profit Policies</b>				114603	117185		323					13		13				
<b>Sub total: Reassurance Accepted</b>				114603	117185		323					13		13				
<b>REASSURANCE CEDED Non-Profit Policies</b>																		
Investment Bond	3.5%	C		16647	117757				Internal fund	103522	103522	6		103529				
Portfolio Bond	3.5%	C		17498	819432				Internal fund	802847	802847	(413)		802434				
Kaleidoscope 1992	3.5%	C		853334	853371		2521		Internal fund	7125	7125	220		7345				
Lifetrack 1991	3.5%	I		281418	281419		1308		Internal fund	2281	2281	367		2648				
Homemaker Plus	3.5%	C		495383	495383		10384		Internal fund	12964	12964	395		13359				
Swedish Personal Investment Plan, Single	3.5%	C			3891				Internal fund	3891	3891			3891				
Swedish Personal Investment Plan, Regular	3.5%	C			2127		253		Internal fund	2127	2127	5		2132				
NU Bond	3.5%	C		10614	919259				Internal fund	911111	911111	(25452)		885659				
NU Bond 2000	3.5%	C		2415	124006				Internal fund	121793	121793	(4008)		117785				
NU Flexibond	3.5%	C		185	116133				Internal fund	115951	115951	(1179)		114772				
NU Homemaker Plus	3.5%	C		161798	161798		3658		Internal fund	6242	6242	74		6316				
NU Bond Step Down Option	3.5%	C			1279057				Internal fund	1274865	1274865	(61324)		1213541				

## Long term insurance business : Valuation summary of property linked contracts

Name of insurer **CGNU Life Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2004**Type of business **Life Assurance & General Annuity Insurance  
Business  
With Profit**Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of  
businessCategory  
of surplus

Category of surplus		R53		226742		GL		31 12 2004		£000		UK		L&GA		11	
Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Category of unit link	Unit liability		Other liabilities		Amount of mathematical reserves			
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death/current payable per annum	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15			
NU Bond Level Option	3.5%	C			761888				Internal fund	759493	759493	(30446)		729048			
Miscellaneous:																	
Kaleidoscope	3.5%	C		262205	262235		1352		Internal fund	5047	5047	107		5153			
Lifetrack	3.5%	I		14613	14613		107		Internal fund	328	328	24		352			
Stepping Stone	3.5%	C		50962	50971		1007		Internal fund	11974	11974	253		12227			
Low Start Stepping Stone	3.5%	C		9784	9812		221		Internal fund	2373	2373	59		2432			
GA Maximum Investment Plan	3.5%	C		332	404		22		Internal fund	318	318	1		319			
Rider Benefits	-	-			22715 12514 pa		270					11		11			
<b>Sub total: Non-Profit Policies</b>				<b>2177188</b>	<b>6296271 12514 pa</b>		<b>21103</b>			<b>4144252</b>	<b>4144252</b>	<b>(121300)</b>		<b>4022953</b>			
<b>Sub total: Reassurance Ceded</b>				<b>2177188</b>	<b>6296271 12514 pa</b>		<b>21103</b>			<b>4144252</b>	<b>4144252</b>	<b>(121300)</b>		<b>4022953</b>			
<b>Net total: Life Assurance &amp; General Annuity Insurance Business</b>			<b>535868</b>	<b>3959990</b>	<b>567199</b>	<b>27</b>	<b>7987</b>			<b>241</b>	<b>241</b>	<b>26903</b>		<b>81047</b>			



## Long term insurance business : Valuation summary of property linked contracts

Name of insurer **CGNU Life Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2004**Type of business **Pension Insurance Business**Category of surplus **With Profit**Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of  
businessCategory  
of surplus

<b>R53</b>	<b>226742</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>UK</b>	<b>Pens</b>	<b>11</b>
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Name of contract  <b>1</b>	Valuation basis		No of contracts  <b>4</b>	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Category of unit link  <b>10</b>	Unit liability		Other liabilities		Amount of mathematical reserves  <b>15</b>
	Rate of interest  <b>2</b>	Mortality or morbidity table  <b>3</b>		Guaranteed on death  <b>5</b>	Current on death/current payable per annum  <b>6</b>	Guaranteed on maturity  <b>7</b>	Office premiums  <b>8</b>	Net premiums  <b>9</b>		Current benefit value  <b>11</b>	Discounted value  <b>12</b>	Mortality and expenses  <b>13</b>	Options and guarantees other than investment performance guarantees  <b>14</b>	
<b>DIRECT WRITTEN INSURANCE BUSINESS Non-Profit Policies</b>														
Personal Pension Scheme	4.3%	C	102981	90616	660325		62236	Internal fund	581787	581787	30486			612273
Free Standing AVC Plan	4.3%	C	2404	646	14095		1848	Internal fund	13640	13640	706			14346
Self Invested Pension Plan	4.3%	C	2000		107414			Internal fund	107414	107414	2653			110066
Flexible Retirement Plan	4.3%	C	1617		32949			Internal fund	32949	32949	654			33602
Pension Transfer Plan	4.3%	C	1280		21076			Internal fund	21076	21076	(185)			20891
GA Group Money Purchase Scheme	4.3%	C	739		480		297	Internal fund	480	480	63			543
Executive Pension Plan	4.3%	C	5498	30112	134490		11962	Internal fund	111670	111670	1870			113540
Group Pension Investment Bond	4.3%		1985					Internal fund	30916	30916	768			31684
CGU Your Pension - Ind	4.3%	C	5606		32948		2699	Internal fund	32948	32948	976			33923
CGU Your Pension - Grp	4.3%	C	2121		16130		4196	Internal fund	16130	16130	437			16567
NU Your Pension - Ind	4.3%	C	30270		321034		19326	Internal fund	321034	321034	482			321516
NU Your Pension - Grp	4.3%	C	16954		104075		30774	Internal fund	104075	104075	282			104357
NU Your Pension Select - Ind	4.3%	C	1505		11710		1172	Internal fund	11710	11710	34			11744
NU Your Pension Select - Grp	4.3%	C	681		2751		893	Internal fund	2751	2751	16			2767
NU Optimiser Personal Pension	4.3%	C	3995	6753	68485		3534	Internal fund	62585	62585	223			62808

## Long term insurance business : Valuation summary of property linked contracts

Name of insurer **CGNU Life Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2004**Type of business **Pension Insurance Business**Category of surplus **With Profit**Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of  
businessCategory  
of surplus

<b>R53</b>	<b>226742</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>UK</b>	<b>Pens</b>	<b>11</b>
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Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Category of unit link	Unit liability		Other liabilities		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death/current payable per annum	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
NU Executive and Directors Personal Pension	4.3%	C	5324	14846	119241		29263		Internal fund	106816	106816	(393)		106423
NU Free Standing AVC Plan	4.3%	C	858		11487		2208		Internal fund	11487	11487	(51)		11436
NU Personal Transfer Plan	4.3%	C	2324		60850				Internal fund	60850	60850	(1655)		59195
NU Self Invested Personal Pension	4.3%	C	7246		871170				Internal fund	871170	871170	(31347)		839823
NU Group Pension Investment Bond	4.3%		1879						Internal fund	133247	133247	(6173)		127074
NU Designer Personal Pension	4.3%	M	82992		516791		121824		Internal fund	516791	516791	4004		520796
NU Group AVC Plan	4.3%	M	9984		50539				Internal fund	50539	50539	321		50860
NU Variable Money Purchase Plan	4.3%	M	54639		365931				Internal fund	365931	365931	5011		370942
NU Your Pension Select - Ind (post 6/4/01)	4.3%	C	42537		758306		48810		Internal fund	758306	758306	766		759072
NU Your Pension Select - Grp (post 6/4/01)	4.3%	C	21292		124772		39524		Internal fund	124772	124772	475		125247
NU Your Pension Select External Funds - Ind (post 6/4/01)	4.3%	C	2933		75809		5043		Internal fund	75809	75809	52		75861
NU Your Pension Select External Funds - Grp (post 6/4/01)	4.3%	C	379		4800		1142		Internal fund	4800	4800	9		4809
Stakeholder NU Your Pension - Ind	4.3%	C	170603		1649253		154677		Internal fund	1649253	1649253	3198		1652450

## Long term insurance business : Valuation summary of property linked contracts

Name of insurer **CGNU Life Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2004**Type of business **Pension Insurance Business**Category of surplus **With Profit**Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of  
businessCategory  
of surplus

<b>R53</b>	<b>226742</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>UK</b>	<b>Pens</b>	<b>11</b>
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Name of contract <b>1</b>	Valuation basis		No of contracts <b>4</b>	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Category of unit link <b>10</b>	Unit liability		Other liabilities		Amount of mathematical reserves <b>15</b>
	Rate of interest <b>2</b>	Mortality or morbidity table <b>3</b>		Guaranteed on death <b>5</b>	Current on death/current payable per annum <b>6</b>	Guaranteed on maturity <b>7</b>	Office premiums <b>8</b>	Net premiums <b>9</b>		Current benefit value <b>11</b>	Discounted value <b>12</b>	Mortality and expenses <b>13</b>	Options and guarantees other than investment performance guarantees <b>14</b>	
Stakeholder NU Your Pension - Grp	4.3%	C	54111		188935		79211		Internal fund	188935	188935	830		189765
Stakeholder NU Your Pension External Funds - Ind	4.3%	C	370		7658		442		Internal fund	7658	7658	6		7665
Stakeholder NU Your Pension External Funds - Grp	4.3%	C	41		435		132		Internal fund	435	435	1		436
Stakeholder NU Designer Personal Pension	4.3%	M	41743		170371		39043		Internal fund	170371	170371	3552		173924
Miscellaneous Rider Benefits	-	-	26066		50871 pa		2085					87		87
<b>Sub total: Non-Profit Policies</b>			<b>704957</b>		<b>142973</b>		<b>662341</b>			<b>6548335</b>	<b>6548335</b>	<b>18158</b>		<b>6566492</b>
<b>Sub total: Direct Written Insurance Business</b>			<b>704957</b>		<b>142973</b>		<b>662341</b>			<b>6548335</b>	<b>6548335</b>	<b>18158</b>		<b>6566492</b>
<b>REASSURANCE ACCEPTED Non-Profit Policies</b>														
Risk Premium					666		666							
<b>Sub total: Non-Profit Policies</b>					<b>666</b>		<b>666</b>							

## Long term insurance business : Valuation summary of property linked contracts

Name of insurer **CGNU Life Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2004**Type of business **Pension Insurance Business**Category of surplus **With Profit**Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of  
businessCategory of  
surplus

<b>R53</b>	<b>226742</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>UK</b>	<b>Pens</b>	<b>11</b>
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Name of contract <b>1</b>	Valuation basis		No of contracts <b>4</b>	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Category of unit link <b>10</b>	Unit liability		Other liabilities		Amount of mathematical reserves <b>15</b>
	Rate of interest <b>2</b>	Mortality or morbidity table <b>3</b>		Guaranteed on death <b>5</b>	Current on death/current payable per annum <b>6</b>	Guaranteed on maturity <b>7</b>	Office premiums <b>8</b>	Net premiums <b>9</b>		Current benefit value <b>11</b>	Discounted value <b>12</b>	Mortality and expenses <b>13</b>	Options and guarantees other than investment performance guarantees <b>14</b>	
<b>Sub total: Reassurance Accepted</b>				<b>666</b>	<b>666</b>		<b>2</b>							
<b>REASSURANCE CEDED</b>														
<b>Non-Profit Policies</b>														
Personal Pension Scheme	4.3%	C		90616	660325		45196		Internal fund	581787	581787	21649		603436
Free Standing AVC Plan	4.3%	C		646	14095		1283		Internal fund	13640	13640	(56)		13584
Self Invested Pension Plan	4.3%	C			107414				Internal fund	107414	107414	(96)		107318
Flexible Retirement Plan	4.3%	C			32949				Internal fund	32949	32949	(5)		32943
Pension Transfer Plan	4.3%	C			21076				Internal fund	21076	21076	(400)		20676
GA Group Money Purchase Scheme	4.3%	C			480		3		Internal fund	480	480			480
Executive Pension Plan	4.3%	C		30112	134490		9274		Internal fund	111670	111670	1130		112800
Group Pension Investment Bond	4.3%								Internal fund	30916	30916	(24)		30891
CGU Your Pension - Ind	4.3%	C			32948		2330		Internal fund	32948	32948	7		32955
CGU Your Pension - Grp	4.3%	C			16130		3687		Internal fund	16130	16130	38		16168
NU Your Pension - Ind	4.3%	C			321034		18594		Internal fund	321034	321034	482		321516
NU Your Pension - Grp	4.3%	C			104075		29227		Internal fund	104075	104075	282		104357
NU Your Pension Select - Ind	4.3%	C			11710		1117		Internal fund	11710	11710	34		11744
NU Your Pension Select - Grp	4.3%	C			2751		853		Internal fund	2751	2751	16		2767

## Long term insurance business : Valuation summary of property linked contracts

Name of insurer **CGNU Life Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2004**Type of business **Pension Insurance Business**Category of surplus **With Profit**Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of  
businessCategory  
of surplus

<b>R53</b>	<b>226742</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>UK</b>	<b>Pens</b>	<b>11</b>
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Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Category of unit link	Unit liability		Other liabilities		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death/current payable per annum	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
NU Optimiser Personal Pension	4.3%	C		6753	68485		3427		Internal fund	62585	62585	223		62808
NU Executive and Directors Personal Pension	4.3%	C		14846	119241		28370		Internal fund	106816	106816	(393)		106423
NU Free Standing AVC Plan	4.3%	C			11487		2143		Internal fund	11487	11487	(51)		11436
NU Personal Transfer Plan	4.3%	C			60850				Internal fund	60850	60850	(1655)		59195
NU Self Invested Personal Pension	4.3%	C			871170				Internal fund	871170	871170	(31347)		839823
NU Group Pension Investment Bond	4.3%								Internal fund	133247	133247	(6173)		127074
NU Designer Personal Pension	4.3%	M			516791		115344		Internal fund	516791	516791	4004		520796
NU Group AVC Plan	4.3%	M			50539				Internal fund	50539	50539	321		50860
NU Variable Money Purchase Plan	4.3%	M			365931				Internal fund	365931	365931	5011		370942
NU Your Pension Select - Ind (post 6/4/01)	4.3%	C			758306		48810		Internal fund	758306	758306	766		759072
NU Your Pension Select - Grp (post 6/4/01)	4.3%	C			124772		36957		Internal fund	124772	124772	475		125247
NU Your Pension Select External Funds - Ind (post 6/4/01)	4.3%	C			75809		5043		Internal fund	75809	75809	52		75861
NU Your Pension Select External Funds - Grp (post 6/4/01)	4.3%	C			4800		1142		Internal fund	4800	4800	9		4809

## Long term insurance business : Valuation summary of property linked contracts

Name of insurer **CGNU Life Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 2004**Type of business **Pension Insurance Business**Category of surplus **With Profit**Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of  
businessCategory  
of surplus

<b>R53</b>	<b>226742</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>UK</b>	<b>Pens</b>	<b>11</b>
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Name of contract  <b>1</b>	Valuation basis		No of contracts  <b>4</b>	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Category of unit link  <b>10</b>	Unit liability		Other liabilities		Amount of mathematical reserves  <b>15</b>	
	Rate of interest  <b>2</b>	Mortality or morbidity table  <b>3</b>		Guaranteed on death  <b>5</b>	Current on death/current payable per annum  <b>6</b>	Guaranteed on maturity  <b>7</b>	Office premiums  <b>8</b>	Net premiums  <b>9</b>		Current benefit value  <b>11</b>	Discounted value  <b>12</b>	Mortality and expenses  <b>13</b>	Options and guarantees other than investment performance guarantees  <b>14</b>		
Stakeholder NU Your Pension - Ind	4.3%	C			1649253		138366		Internal fund	1649253	1649253	3198		1652450	
Stakeholder NU Your Pension - Grp	4.3%	C			188935		68109		Internal fund	188935	188935	830		189765	
Stakeholder NU Your Pension External Funds - Ind	4.3%	C			7658		442		Internal fund	7658	7658	6		7665	
Stakeholder NU Your Pension External Funds - Grp	4.3%	C			435		132		Internal fund	435	435	1		436	
Stakeholder NU Designer Personal Pension	4.3%	M			170371		36299		Internal fund	170371	170371	3552		173924	
Miscellaneous Rider Benefits	-	-			50871 pa		2085					87		87	
<b>Sub total: Non-Profit Policies</b>					<b>142973</b>		<b>598233</b>			<b>6548335</b>	<b>6548335</b>	<b>1973</b>		<b>6550308</b>	
<b>Sub total: Reassurance Ceded</b>					<b>142973</b>		<b>598233</b>			<b>6548335</b>	<b>6548335</b>	<b>1973</b>		<b>6550308</b>	
<b>Net total: Pension Insurance Business</b>			<b>704957</b>		<b>666</b>		<b>666</b>					<b>16185</b>		<b>16184</b>	
<b>Net total: United Kingdom Insurance Business</b>			<b>1240825</b>		<b>3960656</b>		<b>567865</b>	<b>27</b>		<b>72097</b>		<b>241</b>	<b>241</b>	<b>43088</b>	<b>97231</b>

## Long term insurance business : Valuation summary of property linked contracts

Name of insurer **CGNU Life Assurance Limited**

Global business

Overseas business

Financial year ended **31st December 2004**Type of business **Life Assurance & General Annuity Insurance  
Business  
With Profit**Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of  
businessCategory  
of surplus

<b>R53</b>	<b>226742</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>OS</b>	<b>L&amp;GA</b>	<b>11</b>
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Name of contract  <b>1</b>	Valuation basis		No of contracts  <b>4</b>	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Category of unit link  <b>10</b>	Unit liability		Other liabilities		Amount of mathematical reserves  <b>15</b>
	Rate of interest  <b>2</b>	Mortality or morbidity table  <b>3</b>		Guaranteed on death  <b>5</b>	Current on death/current payable per annum  <b>6</b>	Guaranteed on maturity  <b>7</b>	Office premiums  <b>8</b>	Net premiums  <b>9</b>		Current benefit value  <b>11</b>	Discounted value  <b>12</b>	Mortality and expenses  <b>13</b>	Options and guarantees other than investment performance guarantees  <b>14</b>	
<b>DIRECT WRITTEN INSURANCE BUSINESS Non-Profit Policies</b>														
Personal Pension Scheme	4.3%	C	3189		17762		4060		Internal fund	17762	17762	957		18718
Self Invested Pension Plan	4.3%	C	87		104				Internal fund	104	104	4		108
Executive Pension Plan	4.3%	C	128	477	1391		329		Internal fund	974	974	54		1028
International Investment Plan	4.3%	C	3131		6891		1529		Internal fund	5953	5953	5		5958
Group Pension Investment Bond	4.3%		45						Internal fund	274	274	2		276
Multi Portfolio	-	-	4697		27113		237		Internal fund	26139	26139			26139
Multi Portfolio Retraite	-	-	325		264		67		Internal fund	257	257			257
German GALA	-	-	652	10797	10905		997		Internal fund	804	804	1825		2630
German DIVA	-	-	104	1889	1889		102		Internal fund	62	62	177		239
Irish Portfolio Bond	3.5%	C	4870	8332	21137				Internal fund	21137	21137	490		21627
Irish Ulster Bank Bond	3.5%	C	869	16063	20339				Internal fund	17387	17387	591		17979
Irish Portfolio Pension	4.3%	C	892	2662	5797		1169		Internal fund	5797	5797	262		6059
Irish Executive Portfolio Pension	4.3%	C	260	1769	2713		734		Internal fund	2713	2713	272		2984
NU Optimiser Personal Pension	4.3%	C	4021		28505		6806		Internal fund	28505	28505	(5)		28500
NU Executives & Directors Personal Pension	4.3%	C	1133	916	7540		3280		Internal fund	6739	6739	26		6765

## Long term insurance business : Valuation summary of property linked contracts

Name of insurer **CGNU Life Assurance Limited**

Global business

Overseas business

Financial year ended **31st December 2004**Type of business **Life Assurance & General Annuity Insurance  
Business  
With Profit**Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of  
businessCategory  
of surplus

<b>R53</b>	<b>226742</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>OS</b>	<b>L&amp;GA</b>	<b>11</b>
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Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Category of unit link	Unit liability		Other liabilities		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death/current payable per annum	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
NU Self Invested Personal Pension	4.3%	C	86		1566				Internal fund	1566	1566	(29)		1537
NU Group Pension Investment Bond	4.3%		24						Internal fund	1522	1522	(69)		1453
NU International Investment Plan	4.3%	C	655		1678		122		Internal fund	973	973	(2)		971
Irish Pension Buy-Out Plan	4.3%	C	43		404				Internal fund	404	404	(5)		399
Miscellaneous Rider Benefits	-	-	1438		3051 pa		57					2		2
Guarantee Fund Reserve														4120
<b>Sub total: Non-Profit Policies</b>			<b>26649</b>		<b>42905</b>		<b>19489</b>			<b>139072</b>	<b>139072</b>	<b>4557</b>		<b>147749</b>
<b>Sub total: Direct Written Insurance Business</b>			<b>26649</b>		<b>42905</b>		<b>19489</b>			<b>139072</b>	<b>139072</b>	<b>4557</b>		<b>147749</b>
<b>REASSURANCE CEDED Non-Profit Policies</b>														
Personal Pension Scheme	4.3%	C			17762		2093		Internal fund	17762	17762	(105)		17657
Self Invested Pension Plan	4.3%	C			104				Internal fund	104	104			104
Executive Pension Plan	4.3%	C			477		1391		Internal fund	974	974	39		1012



## Long term insurance business : Valuation summary of property linked contracts

Name of insurer **CGNU Life Assurance Limited**

Global business

Overseas business

Financial year ended **31st December 2004**Type of business **Life Assurance & General Annuity Insurance  
Business  
With Profit**Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of  
businessCategory  
of surplus

Category of surplus		R53		226742		GL		31 12 2004		£000		OS		L&GA		11	
Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Category of unit link	Unit liability		Other liabilities		Amount of mathematical reserves			
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death/current payable per annum	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15			
International Investment Plan	4.3%	C			5953		231		Internal fund	5953	5953			5954			
Group Pension Investment Bond	4.3%								Internal fund	274	274			274			
Multi Portfolio	-	-			25503		54		Internal fund	25503	25503			25503			
Multi Portfolio Retraite	-	-			245		23		Internal fund	245	245			245			
German GALA	-	-		10797	10905		201		Internal fund	804	804	314		1119			
German DIVA	-	-		1889	1889		8		Internal fund	62	62	23		85			
Irish Portfolio Bond	3.5%	C			21137				Internal fund	21137	21137	(27)		21109			
Irish Ulster Bank Bond	3.5%	C			17387				Internal fund	17387	17387			17387			
Irish Portfolio Pension	4.3%	C		2662	5797		568		Internal fund	5797	5797	235		6032			
Irish Executive Portfolio Pension	4.3%	C		1769	2713		431		Internal fund	2713	2713	268		2981			
NU Optimiser Personal Pension	4.3%	C			28505		6088		Internal fund	28505	28505	(5)		28500			
NU Executives & Directors Personal Pension	4.3%	C		916	7540		2852		Internal fund	6739	6739	26		6765			
NU Self Invested Personal Pension	4.3%	C			1566				Internal fund	1566	1566	(29)		1537			
NU Group Pension Investment Bond	4.3%								Internal fund	1522	1522	(69)		1453			
NU International Investment Plan	4.3%	C			973		95		Internal fund	973	973	(2)		971			
Irish Pension Buy-Out Plan	4.3%	C			404				Internal fund	404	404	(10)		394			

## Long term insurance business : Valuation summary of property linked contracts

Name of insurer **CGNU Life Assurance Limited**

Global business

Overseas business

Financial year ended **31st December 2004**Type of business **Life Assurance & General Annuity Insurance  
Business  
With Profit**Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of  
businessCategory  
of surplus

<b>R53</b>	<b>226742</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>OS</b>	<b>L&amp;GA</b>	<b>11</b>
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Name of contract  <b>1</b>	Valuation basis		No of contracts  <b>4</b>	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Category of unit link  <b>10</b>	Unit liability		Other liabilities		Amount of mathematical reserves  <b>15</b>
	Rate of interest  <b>2</b>	Mortality or morbidity table  <b>3</b>		Guaranteed on death  <b>5</b>	Current on death/current payable per annum  <b>6</b>	Guaranteed on maturity  <b>7</b>	Office premiums  <b>8</b>	Net premiums  <b>9</b>		Current benefit value  <b>11</b>	Discounted value  <b>12</b>	Mortality and expenses  <b>13</b>	Options and guarantees other than investment performance guarantees  <b>14</b>	
Miscellaneous Rider Benefits	-	-			3051 pa		57					2		2
<b>Sub total: Non-Profit Policies</b>				<b>18510</b>	<b>149774</b> <b>3051 pa</b>		<b>12979</b>			<b>138424</b>	<b>138424</b>	<b>660</b>		<b>139084</b>
<b>Sub total: Reassurance Ceded</b>				<b>18510</b>	<b>149774</b> <b>3051 pa</b>		<b>12979</b>			<b>138424</b>	<b>138424</b>	<b>660</b>		<b>139084</b>
<b>Net total: Life Assurance &amp; General Annuity Insurance Business</b>			<b>26649</b>	<b>24395</b>	<b>6224</b>		<b>6510</b>			<b>648</b>	<b>648</b>	<b>3897</b>		<b>8665</b>
<b>Net total: Overseas Insurance Business</b>			<b>26649</b>	<b>24395</b>	<b>6224</b>		<b>6510</b>			<b>648</b>	<b>648</b>	<b>3897</b>		<b>8665</b>

## Long term insurance business : Valuation summary of index linked contracts

Name of insurer **CGNU Life Assurance Limited**

Global business

Overseas business

Financial year ended **31st December 2004**Type of business **Life Assurance & General Annuity Insurance  
Business  
With Profit**Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

UK/OS

Type of  
businessCategory  
of surplus

Category of surplus		R54		226742		GL		31 12 2004		£000		OS		L&GA		11	
Name of contract  1	Valuation basis		No of contracts  4	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Name of index link  10	Investment liability		Other liabilities		Amount of mathematical reserves  15			
	Rate of interest  2	Mortality or morbidity table  3		Guaranteed on death  5	Current on death/current payable per annum  6	Guaranteed on maturity  7	Office premiums  8	Net premiums  9		Current benefit value  11	Discounted value  12	Mortality and expenses  13	Options and guarantees other than investment performance guarantees  14				
DIRECT WRITTEN INSURANCE BUSINESS Non-Profit Policies																	
Portfolio Bond 1	-	-	4		71				CAC 40		71						71
Sub total: Non-Profit Policies			4		71						71						71
Sub total: Direct Written Insurance Business			4		71						71						71
Net total: Life Assurance & General Annuity Insurance Business			4		71						71						71
Net total: Overseas Insurance Business			4		71						71						71

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

Name of insurer **CGNU Life Assurance Limited**

(Sheet 1)

Global business

United Kingdom business

Financial year ended **31st December 2004**

Category of surplus **With Profit**

Internal linked fund

			Company registration number	GL/UK/CM	Period ended			Units	UK/OS	Category of surplus	IL/DH	
			R55	226742	GL	31	12	2004	£000	UK	11	ILH
Name of fund link or directly held asset	Name of unit type	Valuation price per unit or asset	Total actual number of units in force or directly held assets	Value of total actual units in force or directly held assets	Value of actual units held by other internal linked funds	Value of directly held assets and actual units in force excluding those held by other internal linked funds (5-6)	Value of units or directly held assets deemed allocated to contracts		Value of surplus units or directly held assets (7-8+9)			
							Gross	Reinsurance ceded				
1	2	3	4	5	6	7	8	9	10			
Wholly Reinsured							10692587	10692587				
<b>Sub total: Wholly Reinsured</b>							<b>10692587</b>	<b>10692587</b>				
<b>Total: With Profit</b>							<b>10692587</b>	<b>10692587</b>				

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

Name of insurer **CGNU Life Assurance Limited**

(Sheet 2)

Global business

United Kingdom business

Financial year ended **31st December 2004**

Category of surplus **With Profit**

Directly held assets

			Company registration number		GL/UK/CM		Period ended			Units	UK/OS	Category of surplus	IL/DH
			R55	226742	GL	31	12	2004	£000	UK	11	DHA	
Name of fund link or directly held asset  <b>1</b>	Name of unit type  <b>2</b>	Valuation price per unit or asset  <b>3</b>	Total actual number of units in force or directly held assets  <b>4</b>	Value of total actual units in force or directly held assets  <b>5</b>	Value of actual units held by other internal linked funds  <b>6</b>	Value of directly held assets and actual units in force excluding those held by other internal linked funds (5-6)  <b>7</b>	Value of units or directly held assets deemed allocated to contracts		Value of surplus units or directly held assets (7-8+9)  <b>10</b>				
							Gross  <b>8</b>	Reinsurance ceded  <b>9</b>					
UK Income & Growth	OEIC	3.32020	72628	241		241	241						

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

Name of insurer **CGNU Life Assurance Limited**

(Sheet 3)

Global business

Overseas business

Financial year ended **31st December 2004**

Category of surplus **With Profit**

Internal linked fund

	Company registration number	GL/UK/CM	Period ended			Units	UK/OS	Category of surplus	IL/DH	
			day	month	year					
	R55	226742	GL	31	12	2004	£000	OS	11	ILH
Name of fund link or directly held asset  1	Name of unit type  2	Valuation price per unit or asset  3	Total actual number of units in force or directly held assets  4	Value of total actual units in force or directly held assets  5	Value of actual units held by other internal linked funds  6	Value of directly held assets and actual units in force excluding those held by other internal linked funds (5-6)  7	Value of units or directly held assets deemed allocated to contracts		Value of surplus units or directly held assets (7-8+9)  10	
							Gross  8	Reinsurance ceded  9		
Wholly Reinsured							138424	138424		
<b>Sub total: Wholly Reinsured</b>							<b>138424</b>	<b>138424</b>		
French Vega Securite	Accumulation	2435.39413	238	580		580	648		(68)	
<b>Sub total: French Vega Securite</b>				<b>580</b>		<b>580</b>	<b>648</b>		<b>(68)</b>	
<b>Total: With Profit</b>				<b>580</b>		<b>580</b>	<b>139072</b>	<b>138424</b>	<b>(68)</b>	







## Long-term insurance business - analysis of valuation interest rates

Name of insurer **CGNU Life Assurance Limited**Financial year ended **31st December 2004**Category of surplus **Stakeholder**

	Company registration number	GL/UK/CM	Period ended			Units	Category of surplus	
			day	month	year			
	<b>R57</b>	<b>226742</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>12</b>
Product group		Net mathematical reserves	Net valuation interest rate			Gross valuation interest rate		Risk adjusted yield on matching assets
	<b>1</b>	<b>2</b>	<b>3</b>			<b>4</b>		<b>5</b>
UK Pens WP Form 52		231241				4.30		4.40
Total: Stakeholder		<b>231241</b>						

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

Name of insurer **CGNU Life Assurance Limited**

Global business

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

GL/UK/CM

Period ended

day month year

Units

Category  
of surplusCategory of surplus **With Profit**

<b>R58</b>	<b>226742</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2004</b>	<b>£000</b>	<b>11</b>
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Valuation result	Fund carried forward		11	9413753	
	Bonus payments made to policyholders in anticipation of a surplus		12	18197	
	Transfers out of fund/ parts of fund	Transfer to non-technical account	13	21786	
		Transfer to other funds/parts of funds	14		
	Net transfer out of funds/parts of funds (13+14)		15	21786	
	Total (11+12+15)		16	9453736	
	Mathematical reserves for accumulating with profit policies		17	6491438	
	Mathematical reserves for other non linked contracts		18	2636472	
	Mathematical reserves for property linked contracts		19	105896	
	Mathematical reserves for index linked contracts		20	71	
	Total (17 to 20)		21	9233877	
	Surplus including contingency and other reserves held towards the solvency margin (deficiency) (16-21)		29	219859	
Composition of surplus	Balance of surplus brought forward unappropriated from last valuation		31	20	
	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	219839	
Total (31+34+35)		39	219859		
Distribution of surplus	Bonus payments made to policyholders in anticipation of a surplus		41	18197	
	Allocated to policyholders by way of	Cash bonuses	42		
		Reversionary bonuses	43	179856	
		Other bonuses	44		
		Premium reductions	45		
	Total allocated to policyholders (41 to 45)		46	198053	
	Net transfer out of fund/part of fund		47	21786	
	Total distributed surplus (46+47)		48	219839	
	Balance of surplus (including contingency and other reserves held towards the solvency margin) carried forward unappropriated		49	20	
Total (48+49)		59	219859		
Percentage of distributed surplus allocated to policyholders of fund/part of fund			61	90.09	
Corresponding percentage at three immediately previous valuations	Latest	(year of valuation <b>2003</b> )	62	90.10	
	Earlier	(year of valuation <b>2002</b> )	63	90.07	
	Earliest	(year of valuation <b>2001</b> )	64	90.01	

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

Name of insurer **CGNU Life Assurance Limited**

Global business

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

GL/UK/CM

Period ended

Units

Category  
of surplus

Category of surplus

**Stakeholder**

R58	226742	GL	31	12	2004	£000	12
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		R58	226742	GL	31	12	2004	£000	12
Valuation result	Fund carried forward					11		231241	
	Bonus payments made to policyholders in anticipation of a surplus					12		(93)	
	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		231148	
	Mathematical reserves for accumulating with profit policies					17		224500	
	Mathematical reserves for other non linked contracts					18			
	Mathematical reserves for property linked contracts					19			
	Mathematical reserves for index linked contracts					20			
	Total (17 to 20)					21		224500	
	Surplus including contingency and other reserves held towards the solvency margin (deficiency) (16-21)					29		6648	
Composition of surplus	Balance of surplus brought forward unappropriated from last valuation					31			
	Transfers into fund/part of fund	Transfer from non-technical account				32			
		Transfer from other funds/parts of fund				33			
	Net transfer into fund/part of fund (32+33)					34			
	Surplus arising since the last valuation					35		6648	
	Total (31+34+35)					39		6648	
Distribution of surplus	Bonus payments made to policyholders in anticipation of a surplus					41		(93)	
	Allocated to policyholders by way of	Cash bonuses				42			
		Reversionary bonuses				43		6741	
		Other bonuses				44			
		Premium reductions				45			
	Total allocated to policyholders (41 to 45)					46		6648	
	Net transfer out of fund/part of fund					47			
	Total distributed surplus (46+47)					48		6648	
	Balance of surplus (including contingency and other reserves held towards the solvency margin) carried forward unappropriated					49			
Total (48+49)					59		6648		
Percentage of distributed surplus allocated to policyholders of fund/part of fund					61		100.00		
Corresponding percentage at three immediately previous valuations	Latest	(year of valuation )			62		100.00		
	Earlier	(year of valuation )			63		100.00		
	Earliest	(year of valuation )			64		100.00		

**Long term insurance business : Valuation result and distribution of surplus**Name of insurer **CGNU Life Assurance Limited**

Global business

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

GL/UK/CM

Period ended

Units

Category  
of surplus

Category of surplus

**Permanent Health****R58****226742****GL****31****12****2004****£000****13**

Valuation result	Fund carried forward		11	30178
	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	30178
	Mathematical reserves for accumulating with profit policies		17	
	Mathematical reserves for other non linked contracts		18	27798
	Mathematical reserves for property linked contracts		19	
	Mathematical reserves for index linked contracts		20	
	Total (17 to 20)		21	27798
	Surplus including contingency and other reserves held towards the solvency margin (deficiency) (16-21)		29	2380
Composition of surplus	Balance of surplus brought forward unappropriated from last valuation		31	2312
	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	68
Total (31+34+35)		39	2380	
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	2380
Total (48+49)		59	2380	
Percentage of distributed surplus allocated to policyholders of fund/part of fund			61	
Corresponding percentage at three immediately previous valuations	Latest (year of valuation )	62		
	Earlier (year of valuation )	63		
	Earliest (year of valuation )	64		

**Long term insurance capital requirement**Name of insurer **CGNU Life Assurance Limited**

Global business

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

GL/UK/CM

Period ended  
day month year

Units

	R60	226742	GL	31	12	2004	£000
	LTICR factor	Gross reserves / capital at risk	Net reserves / capital at risk	Reinsurance factor	LTICR Financial year	LTICR Previous year	
	1	2	3	4	5	6	

**Insurance death risk capital component**

Classes I, II and IX	11	0.1%	427319	16291	0.500000	214	
Classes I, II and IX	12	0.15%					
Classes I, II and IX	13	0.3%	29235126	8221761		43853	
Classes III, VII and VIII	14	0.3%	3555077	734939	0.500000	5333	
<b>Total</b>	<b>15</b>		33217522	8972991		49400	

**Insurance health risk capital component**

Class IV and supplementary classes 1 and 2	21					5205	
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**Insurance expense risk capital component**

Classes I, II and IX	31	1%	3817999	3621992	0.948662	36220	
Classes III, VII and VIII (investment risk)	32	1%	14424301	6987775	0.850000	122607	
Classes III, VII and VIII (expenses fixed 5 yrs +)	33	1%	2450393	8837	0.850000	20828	
Classes III, VII and VIII (other)	34	25%				37	
Class IV	35	1%	147048	31857	0.850000	1250	
Class V	36	1%					
Class VI	37	1%	609	609	1.000000	6	
<b>Total</b>	<b>38</b>					180948	

**Insurance market risk capital component**

Classes I, II and IX	41	3%	3817999	3621992	0.948662	108660	
Classes III, VII and VIII (investment risk)	42	3%	14424301	6987775	0.850000	367820	
Classes III, VII and VIII (expenses fixed 5 yrs +)	43	0%	2450393	8837			
Classes III, VII and VIII (other)	44	0%	6940054	38866			
Class IV	45	3%	147048	31857	0.850000	3750	
Class V	46	0%					
Class VI	47	3%	609	609	1.000000	18	
<b>Total</b>	<b>48</b>		27780404	10689936		480248	

<b>Long term insurance capital requirement</b>	<b>51</b>					715801	701911
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**Supplementary notes**Name of insurer **CGNU Life Assurance Limited**Financial year ended **31st December 2004****Code****4601 Total number of group contracts in force**

The number of group contracts in force at the end of the report period is:

Contract type	Contracts with membership numbers		Contracts with no membership details
	Number of contracts	Number of members	Number of contracts
UK linked	12,831	76,184	3,864
UK non-linked	4,473	1,980,216	-
Overseas linked	237	1,521	69
Overseas non-linked	52	294	-

**4701** Although regular premiums are shown on Form 47 for NU Group AVC and NU Variable Money Purchase Plan they do not appear in Form 53 because these are variable premium policies.

**4801 Accrued interest**

The amounts of accrued interest included in the value of admissible assets is as follows:

		<b>£000's</b>
<b>Life and Annuity</b>		
Fixed Interest Securities	Approved securities	44,379
	Other	23,891
All Other Assets	Not producing income	3240
<b>Permanent Health</b>		
Fixed Interest Securities	Approved securities	185
	Other	-
All Other Assets	Not producing income	-

**4802 Treatment of expected income where interest in default**

The expected income from any asset shown in Form 48, where the payment of interest is in default is treated as zero. The aggregate amount excluded from line 13 is 117 (£000).

**5101 Double counting of contracts**

The number of contracts shown exceeds the actual number of contracts as follows:

Type of contract	Excess number
UK Life and Annuity	1,884,202
Overseas Life and Annuity	1,656
PHI	462,668

**5301 Double counting of contracts**

The total number of UK Life and Annuity contracts shown exceeds the actual number by 101,181.

The total number of overseas Life and Annuity contracts shown exceeds the actual number by 2,722.

**5302** For linked contracts which are also accumulating with-profit policies, with profit benefits and liabilities have been included on Form 52. The number of contracts, premiums and other liabilities have been included on this form.

**6001** The mathematical reserves after deduction for reinsurance as shown in Form 60, exceed the actual reserves as shown in Form 58 by 1,017,230 (£000). The excess represents the unit liabilities in respect of the UK Life, Irish Life, and Pensions Guaranteed Funds and the Irish Ulster Bank Protected Bond Fund,

**Supplementary notes**

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31st December 2004**

**Code**

which are reinsured to Norwich Union Linked Life Assurance. Although the unit liabilities are reinsured, the guarantee on the fifth anniversary of investment is retained by the Company. The presentation adopted in Form 60 ensures that the Company provides the required margin of solvency - first result in relation to these liabilities.

**Supplementary notes**Name of insurer **CGNU Life Assurance Limited**Financial year ended **31st December 2004****Code****0204 Section 148 waivers****Euroclear stock lending 355975**

The Financial Services Authority, on application of the firm, made a direction in December 2004 under section 148 of the Act. The effect of the direction is that paragraphs (2) and (3) of rule PRU 4.3.36R do not apply to the stock lending transactions entered into between the firm and Euroclear Bank SA/NV, which are made pursuant to the Euroclear Bank Securities Lending and Borrowing Program.

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

	<b>2004</b>
	<b>£000</b>
i) Net admissible assets	
Form 13 Line 89 (Long term business)	<b>12,779,918</b>
Form 13 Line 89 (Other than long term business)	<b>58,508</b>
Form 14 Lines 11, 12 and 49	<b>(10,388,552)</b>
Form 15 Line 69	<b>(3,742)</b>
	<b>2,446,132</b>
ii) Components of Capital resources that are treated as a liability	-
iii) Components of capital resources not included in ii) that arise as a result of a waiver and are not represented by admissible assets included in Form 13	-
iv) Any other items – Capital resources requirement of regulated related insurance undertakings	-
Total i) to iv) above	<b>2,446,132</b>
Form 3, line 79	<b>2,446,132</b>
Implicit item	-
Form 2, Line13	<b>2,446,132</b>

**0310 Calculation of valuation differences as required by instruction 9 to Form 3**

	<b>2004</b>
	<b>£000</b>
i) Positive valuation differences in respect of assets where valuation in PRU exceeds the valuation that the firm uses for external financial reporting purposes	-
ii) Positive valuation differences in respect of liabilities where valuation in PRU is lower than the valuation that the firm uses for external financial reporting purposes	<b>310</b>
iii) Negative valuation differences in respect of assets where valuation in PRU is lower than the valuation that the firm uses for external financial reporting purposes	-
iv) Negative valuation differences in respect of liabilities where valuation in PRU exceeds the valuation that the firm uses for external financial reporting purposes	<b>(19,558)</b>
<b>Net negative valuation difference included in line 14 /(35)</b>	<b>(19,248)</b>

The amounts included at line ii) and iv) represent the differences in respect of deferred taxation and technical provisions respectively.

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

The company held hybrid securities of £411m in the Life and Annuity Fund.

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

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

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

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



## Supplementary notes

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31st December 2004**

### Code

#### Deposits

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

Each Fund cannot hold more than 2% of funds under management (or £100m if less) with 'Tier 1' counterparties, 1.5% of funds under management (or £75m if less) with 'Tier 2' counterparties and 0.5% of funds under management (or £50m if less) with 'Tier 3' counterparties. Tier 1 represents AAA rated institutions, Tier 2 represents institutions rated AA- or better whilst Tier 3 represents institutions rated A- or better.

The absolute limit for a particular counterparty holding at the end of the financial year was £100m for Tier 1, £75m for Tier 2 and £50m for Tier 3.

#### Equities

The maximum of a company's equity held by all funds is limited to 10%. Unquoted holdings are limited to 2% of the fund.

#### Fixed

Exposure to non-government bonds is limited to holdings, which are deemed to be of a suitable investment grade determined by senior investment management. The maximum holding across all funds of a single issue is limited to 25% of the issue.

Private placements are limited to 3% of the non-government bond portfolio.

#### Derivatives

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

Equity Index Futures	10% of fund
UK Bond Futures	10% of fund
UK Swaps & Swaptions	10% of fund
Overseas Bond Futures	5% of fund
Overseas Swaps & Swaptions	20% of overseas fixed interest
FX forwards	Unlimited
-purchase/sale of investments	20% of fund
-asset allocation	100% of overseas assets
-other	
FX options	10% of overseas assets
Warrants	3% of equity portfolio
Equity underwriting	Lower of £150m or cash cover

#### 1306 Counterparty exposure at the year end

#### 1312 Counterparty exposure at the year end

Exposure to any one counterparty at the end of the financial year did not exceed 5% of the sum of the company's base capital resources requirement and its long-term insurance liabilities, excluding property linked assets and net of reinsurance ceded.

#### 1308 Aggregate value of unlisted investments, etc. - long term insurance business

The long-term fund held £251m in unlisted securities and £19m of units in unregulated collective investment schemes. There were no holdings in listed companies, which are not readily realisable, or reversionary interests or remainders in property.

#### 1314 Tangible lease assets

There are no tangible leased assets included in line 80.

#### 1316 Tangible lease assets

There are no tangible leased assets included in line 80.

#### 1401 Provision for reasonably foreseeable adverse variations

#### 1501 Provision for reasonably foreseeable adverse variations

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

## Supplementary notes

Name of insurer **CGNU Life Assurance Limited**

Financial year ended **31st December 2004**

### Code

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

There are no charges over any assets of the Company.

Included in deferred tax liabilities at line 21 of form 14 is an amount of £69m in respect of a full provision for potential capital gains tax on unrealised gains.

There are no contingent liabilities not included on the form.

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

#### 1404 **Implicit provision for derivative contracts**

Included in line 38 is £20,986k relating to provision required by PRU 4.3.17R(3)

#### 1502 **Contingent liabilities, etc.**

There are no charges over any assets of the Company.

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

There are no contingent liabilities not included on the form.

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

#### 1601 **Basis of conversion of foreign currency**

Assets and liabilities in currencies other than sterling have been translated into sterling at rates of exchange ruling at 31 December 2004. Revenue items in currencies other than sterling have been translated into sterling at an average rate of exchange for the year.

#### 1700 **Form omitted**

This form has been omitted for the Permanent Health fund and Other than long term fund as there are no derivatives in these funds.

#### 1701 **Variation margin**

The aggregate amount of excess variation margin which has been received by the Company is £nil. The variation margin is allocated to form 13 as follows:

	<b>£'000</b>
Form 13 line 44	268

No amounts included on Form 13 reflect the liability to repay any excess.

#### 4006 **Apportionment of items between different long term 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.

**Supplementary notes**Name of insurer **CGNU Life Assurance Limited**Financial year ended **31st December 2004****Code****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.

**4009 Related party transactions**

Related party transactions exceeding 5% of the sum of the company's base capital resources requirement and its long-term insurance liabilities, excluding property linked assets and net of reinsurance ceded were as follows:

1)	Connected Party	Norwich Union Linked Life Assurance Limited
	Nature of relationship	Fellow group undertaking
	Nature of transactions during the period	Reinsurance ceded
	Value of transactions during the period	Premiums £406m
		Claims £657m
		Commission £8m
		Expenses £9m
		Reinsurance accepted
	Value of transactions during the period	Premiums £17m
		Claims £5m
	Amounts unpaid at the end of the period	£15m owed by Norwich Union Linked Life Assurance Limited
	Amounts written off in the period	£nil
2)	Connected Party	Norwich Union Life & Pensions Limited
	Nature of relationship	Fellow group undertaking
	Nature of transactions during the period	Reinsurance ceded
	Value of transactions during the period	Premiums £3,198m
		Claims £369m
		Commission £133m
		Expenses £119m
	Amounts unpaid at the end of the period	£27m owed by Norwich Union Life & Pensions Limited
	Amounts written off in the period	£nil
3)	Connected Party	Commercial Union Life Assurance Company Limited
	Nature of relationship	Fellow group undertaking
	Nature of transactions during the period	Reinsurance ceded
	Value of transactions during the period	Premiums £308m
		Claims £536m
		Commission £14m
		Expenses £15m
	Amounts unpaid at the end of the period	£15m owed by Commercial Union Life Assurance Company Limited
	Amounts written off in the period	£nil

**4301 Basis of valuation in internal linked funds**

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

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

Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2004**

The following summarises investment policy for the use of derivatives: -

- Derivatives will only be used in accordance with FSA Guidelines for the purpose of efficient portfolio management or reduction in investment risk.
- Derivatives must not be used for speculative purposes.
- Derivatives must be fully covered by the assets of the fund and must not be used to 'gear up' a fund.
- Counterparty risk – for exchange traded contracts, the exchange must be classed as "regulated" by an investment committee. Over the counter contracts, transactions must only be transacted with approved counterparties. Counterparty limits are consistent, and monitored in line with the fund's aggregate exposure guidelines.
- Controls and Monitoring – delegated authorities exist for each member of staff using derivatives. Derivatives transactions are priced, settled and profit and losses reconciled in an area independent of the fund managers involved.

There are no specific guidelines for the use of contracts that were not reasonably likely to be exercised at the start of the contract. The speculative use of derivative contracts is prohibited.

The company was party to Stock Underwriting over the financial period, which falls into the description above. This is the only example of such contracts that were transacted during the financial period. However, none of the amounts recorded in Form 13 would have been materially changed if the insurer became obligated to purchase these assets.

The amounts recorded in Form 13 would not have significantly changed if contracts held had been exercised at the end of the financial year or at any point during the financial year.

The maximum loss in the event of failure by any one counterparty to fulfil its obligations at the end of the financial year would have been £18.7m. This would not have been materially greater at any one time during the year or under other foreseeable market conditions.

No derivative contracts were held at any time during the financial year that required a significant provision under PRU 4.3.17R, and where appropriate, all contracts held fell within the definition of a permitted derivative contract.

During the financial period, the company's use of derivatives included the granting of rights under derivative contracts for a fixed consideration. This was in the activity of Stock Underwriting. The fee income over the financial period was £0.1m.

Returns under the Accounts and Statements Rules

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

Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2004**

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

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

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

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

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

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

All shares are voting shares.

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

Name of insurer **CGNU Life Assurance Limited**  
Global business  
Financial year ended **31st December 2004**

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

- (a) (1) An interest in 10,310 ordinary shares at 31 December 2004 in Aviva plc, and an interest in 6,461 ordinary shares at 31 December 2003.
- (2) 39,324 ordinary shares are held in the Aviva Long Term Incentive Plan and 23,962 ordinary shares are held in the Aviva Deferred Bonus Plan.
- (3) Options were held at 31 December 2004 to subscribe for 21,936 ordinary shares in Aviva plc under the Executive Share Option Scheme:

	<b>No. of shares</b>
Options held at 31 December 2003	30,524
Options granted during the year	-
Options exercised or lapsed during the year	8,588

- (b) Two low cost endowment policies with CGNU Life Assurance Limited, with aggregate sums assured of £56,000 and monthly premiums of £259. The actuary also holds a number of investment products managed by Norwich Union Investment Funds Limited. In addition the actuary held general insurance policies with subsidiaries of Aviva plc for which total premiums of £2,000 were paid in the year to 31 December 2004.
- (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 2004 was £161,561. Under the contract he was:

*With-profits actuary of:-*  
Commercial Union Life Assurance Company Limited  
CGNU Life Assurance Limited  
Norwich Union Life (RBS) Limited  
Norwich Union Linked Life Assurance Limited  
Norwich Union Life & Pensions Limited  
Norwich Union Annuity Limited  
Fidelity Life Assurance Limited  
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.

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

Name of insurer **CGNU Life Assurance Limited**

Global business

Financial year ended **31st December 2004**

We certify that:

- 1 (a) the return has been properly prepared in accordance with the requirements in IPRU(INS) and PRU; and
- (b) the directors are satisfied that:
  - (i) throughout the financial year in question, the insurer has complied in all material respects with the requirements in SYSC and PRIN as well as the provisions of IPRU(INS) and PRU; and
  - (ii) it is reasonable to believe that the insurer has continued so to comply subsequently, and will continue so to comply in future.
  
- 2 (a) in the directors' opinion, premiums for contracts entered into during the financial year and the resulting income earned are sufficient, under reasonable actuarial methods and assumptions, and taking into account the other financial resources of the insurer that are available for the purpose, to enable the insurer to meet its obligations in respect of those contracts and, in particular, to establish adequate mathematical reserves;
- (b) the sum of the mathematical reserves and the deposits received from reinsurers as shown in Form 14, constitute proper provision at the end of the financial year in question for the long-term insurance business liabilities (including all liabilities arising from deposit back arrangements, but excluding other liabilities which had fallen due before the end of the financial year) including any increase in those liabilities arising from a distribution of surplus as a result of an actuarial investigation as at that date into the financial condition of the long-term insurance business;
- (c) the with-profits fund has been managed in accordance with the Principles and Practices of Financial Management, as established, maintained and recorded under COB 6.10; and
- (d) the directors have, in preparing the return, taken and paid due regard to:
  - (i) advice in preparing the return from every actuary appointed by the insurer to perform the actuarial function in accordance with SUP 4.3.13R; and
  - ii) if applicable, advice from every actuary appointed by the insurer to perform the with-profits actuary function in accordance with SUP 4.3.16R.

..... **GN WITHERS**  
Chief Executive

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

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

Returns under the Accounts and Statements Rules

**Independent auditors' report to the directors pursuant to rule 9.35 of the Accounts and Statements Rules**

Name of insurer **CGNU Life Assurance Limited**

Global Business

Financial year ended **31st December 2004**

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

- Forms 2, 3, 11 to 19, 40 to 45, 48, 49, 56, 58 and 60 (including the supplementary notes) ("the Forms");
- the statement required by rule 9.29 ("the statement");
- the methods and assumptions determined by the insurer and used to perform the actuarial investigation as set out in the valuation report required by rule 9.31(a) ("the methods and assumptions included in the valuation report"); and
- the report required by rule 9.31(b) except for paragraph 4(6) ("the realistic valuation report").

We are not required to examine and do not express an opinion on the following ("the unaudited items"):

- a) Forms 46, 47, 51 to 55 and 57 (including the supplementary notes);
- b) the statements required by rules 9.30 and 9.36;
- c) the certificate signed in accordance with rule 9.34;
- d) the valuation report required by rule 9.31(a) except as set out above; and
- e) paragraph 4(6) of the realistic valuation report.

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

**Respective responsibilities of the company and its auditors**

The insurer is responsible for the preparation of an annual return (including the unaudited items) under the provisions of the Rules. The requirements of the Rules have been modified by a waiver issued under section 148 of the Act on 31 December 2004. Under rule 9.11 the Forms, the statement, the valuation report and the realistic valuation report are required to be prepared in the manner set out in the Rules and to state fairly the information provided on the basis required by the Rules. The methods and assumptions determined by the insurer and used to perform the actuarial investigation as set out in the valuation report and the realistic valuation report prepared in accordance with rule 9.31 are required to reflect appropriately the requirements of PRU 7.3 and 7.4.

It is our responsibility to form an independent opinion as to whether the Forms, the statement and the methods and assumptions included in the valuation report meet these requirements, and to report our opinion to you. We also report to you if, in our opinion, the insurer has not kept proper accounting records or if we have not received all the information we require for our examination.

**Basis of opinion**

We conducted our work in accordance with Practice Note 20 "The audit of insurers in the United Kingdom" and Bulletin 2004/5 "Supplementary guidance for auditors of insurers in the United Kingdom" issued by the Auditing Practices Board. Our work included examination, on a test basis, of evidence relevant to the amounts and disclosures in the Forms, the statement and the realistic valuation report and the methods and assumptions included in the valuation report. The evidence included that previously obtained by us relating to the audit of the financial statements of the insurer for the financial year on which we reported on 30 March 2005. It also included an assessment of the significant estimates and judgements made by the insurer in the preparation of the Forms, the statement and the realistic valuation report and in determining the methods and assumptions included in the valuation report.

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

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



Returns under the Accounts and Statements Rules

**Independent auditors' report to the directors pursuant to rule 9.35 of the Accounts and Statements Rules**

Name of insurer **CGNU Life Assurance Limited**

Global Business

Financial year ended **31st December 2004**

**Opinion**

In our opinion:

- (a) the Forms, the statement and the realistic valuation report fairly state the information provided on the basis required by the Rules as modified and have been properly prepared in accordance with the provisions of those Rules; and
- (b) the methods and assumptions determined by the insurer and used to perform the actuarial investigation as set out in the valuation report and the realistic valuation report prepared in accordance with rule 9.31 appropriately reflect the requirements of PRU 7.3 and 7.4.

Ernst & Young LLP  
Registered Auditor  
London  
30 March 2005