

Norwich Union Life (RBS) Limited

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

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



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 **Norwich Union Life (RBS) Limited**

Global Business

Financial year ended **31st December 2004**

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

Global business

Financial year ended **31st December 2004**

Solo solvency calculation

	Company registration number	GL/UK/CM	Period ended			Units	
			day	month	year		
	R2	1117445	GL	31	12	2004	£000
			As at end of this financial year		As at end of the previous year		
			1		2		

Capital resources

Capital resources arising within the long-term insurance fund	11		
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	12	42836	
Capital resources available to cover long-term insurance business capital resources requirement (11+12)	13	42836	

Guarantee Fund

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

Minimum capital requirement (MCR)

Long-term insurance capital requirement	31	31924	
Resilience capital requirement	32		
Base capital resources requirement	33	2087	
Minimum capital requirement	34	31924	
Excess (deficiency) of available capital resources to cover 50% of MCR	35	26874	
Excess (deficiency) of available capital resources to cover 75% of MCR	36	18893	

Enhanced capital requirement

With-profits insurance capital component	37		
Enhanced capital requirement	38	31924	

Capital resources requirement (CRR)

Capital resources requirement (greater of 34 and 38)	41	31924	
Excess (deficiency) of available capital resources to cover long-term insurance business CRR (13-41)	42	10912	

Contingent liabilities

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

Covering page to form 2

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

Global business

Financial year ended **31st December 2004**

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

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

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

23 March 2005

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

Global business

Financial year ended **31st December 2004**

	Company registration number	GL/UK/CM	Period ended			Units	
			day	month	year		
	R3	1117445	GL	31	12	2004	£000
	General insurance business 1	Long-term insurance business 2	Total as at the end of this financial year 3		As at the end of the previous year 4		

Core tier one capital

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

Tier one waivers

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

Other tier one

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

Total tier one capital before deductions (19+24+25+26+27+28)	31		43336	43336	
Investments in own shares	32				
Intangible assets	33				
Amounts deducted from technical provisions for discounting	34				
Other negative valuation differences	35				
Deductions in related undertakings	36				
Deductions from tier one (32 to 36)	37				
Total tier one capital after deductions (31-37)	39		43336	43336	

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

Global business

Financial year ended **31st December 2004**

	Company registration number	GL/UK/CM	Period ended			Units	
			day	month	year		
	R3	1117445	GL	31	12	2004	£000
	General insurance business 1	Long-term insurance business 2	Total as at the end of this financial year 3			As at the end of the previous year 4	

Tier two capital

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

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

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

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

Global business

Financial year ended **31st December 2004**

	Company registration number	GL/UK/CM	Period ended			Units
			day	month	year	
R3	1117445	GL	31	12	2004	£000
	General insurance Business 1	Long-Term insurance Business 2	Total as at the end of this financial year 3			As at the end of the previous year 4

Total capital resources

Positive adjustments for regulated non-insurance related undertakings	71				
Total capital resources before deductions (39+69+71)	72		43336	43336	
Inadmissible assets other than intangibles and own shares	73				
Assets in excess of market risk and counterparty limits	74		500	500	
Deductions for related ancillary services undertakings	75				
Deductions for regulated non-insurance related undertakings	76				
Total deductions of ineligible surplus	77				
Total capital resources after deductions (72-73-74-76-77)	79		42836	42836	

Available capital resources for PRU tests

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

Financial engineering adjustments

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

Analysis of admissible assetsName of insurer **Norwich Union Life (RBS) Ltd**

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	1117445	GL	31	12	2004	£000	1
						day	month	year	
Investments						As at the end of this financial year	As at the end of the previous year		
						1	2		
Land and buildings						11			
Investments in group undertakings and participating interests	UK insurance business dependants	Shares				21			
		Debt securities issued by, and loans to, dependants				22			
	Other insurance dependants	Shares				23			
		Debt securities issued by, and loans to, dependants				24			
	Non-insurance dependants	Shares				25			
		Debt securities issued by, and loans to, dependants				26			
	Other group undertakings and participating interests	Shares				27			
		Debt securities issued by, and loans to, group undertakings				28			
		Participating interests				29			
		Debt securities issued by, and loans to, undertakings in which the insurer has a participating interest				30			
Total sheet 1 (11 to 30)						39			

Analysis of admissible assetsName of insurer **Norwich Union Life (RBS) Ltd**

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	1117445	GL	31	12	2004	£000	1	
					day	month	year			
Investments (continued)					As at the end of this financial year			As at the end of the previous year		
Deposits with ceding undertakings					1			2		
Assets held to cover linked liabilities										
Other financial investments	Equity shares			41						
	Other shares and other variable yield securities			42						
	Holdings in collective investment schemes			43			29031		23396	
	Rights under derivative contracts			44						
	Debt securities and other fixed income securities	Fixed interest	Approved securities		45			10848		7451
			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			3888		3300
		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			43767		34147		

Analysis of admissible assetsName of insurer **Norwich Union Life (RBS) Ltd**

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			
	R13	1117445	GL	31	12	2004	£000	1
Debtors								
Other assets								
						As at the end of this financial year		As at the end of the previous year
						1		2
Debtors arising out of direct insurance operations	Policyholders			71				
	Intermediaries			72				
Salvage and subrogation recoveries				73				
Debtors arising out of reinsurance operations	Due from ceding insurers and intermediaries under reinsurance business accepted			74				
	Due from reinsurers and intermediaries under reinsurance contracts ceded			75				
Other debtors	Due from dependants	Due in 12 months or less after the end of the financial year		76				
		Due more than 12 months after the end of the financial year		77				
	Other	Due in 12 months or less after the end of the financial year		78		868		1157
		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		271		115
	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		428		243
	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		1567		1515
Grand total of admissible assets after deduction of market risk and counterparty limits (39+69+88)				89		45334		35662
Reconciliation to asset values determined in accordance with the insurance accounts rules								
Total admissible assets after deduction of market risk and counterparty limits (as per line 89 above)				91		45334		35662
Assets in excess of market and counterparty limits				92		500		
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		45834		35662
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance				100				

Analysis of admissible assets

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

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	1117445	GL	31	12	2004	£000	10
					day	month	year		
Investments					As at the end of this financial year 1		As at the end of the previous year 2		
Land and buildings					11				
Investments in group undertakings and participating interests	UK insurance business dependants	Shares			21				
		Debt securities issued by, and loans to, dependants			22				
	Other insurance dependants	Shares			23				
		Debt securities issued by, and loans to, dependants			24				
	Non-insurance dependants	Shares			25				
		Debt securities issued by, and loans to, dependants			26				
	Other group undertakings and participating interests	Shares			27				
		Debt securities issued by, and loans to, group undertakings			28				
		Participating interests			29				
		Debt securities issued by, and loans to, undertakings in which the insurer has a participating interest			30				
Total sheet 1 (11 to 30)					39				

Analysis of admissible assetsName of insurer **Norwich Union Life (RBS) Ltd**

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	1117445	GL	31	12	2004	£000	10
					day	month	year		
Investments (continued)					As at the end of this financial year		As at the end of the previous year		
Deposits with ceding undertakings					1		2		
Assets held to cover linked liabilities									
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				
			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		1512		2061
		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			1512		2061	

Analysis of admissible assetsName of insurer **Norwich Union Life (RBS) Ltd**

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			
	R13	1117445	GL	31	12	2004	£000	10
Debtors							As at the end of this financial year	As at the end of the previous year
Other assets							1	2
Debtors arising out of direct insurance operations	Policyholders			71	5358			
	Intermediaries			72				
Salvage and subrogation recoveries				73				
Debtors arising out of reinsurance operations	Due from ceding insurers and intermediaries under reinsurance business accepted			74				
	Due from reinsurers and intermediaries under reinsurance contracts ceded			75	1014			31
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	176			750
		Due more than 12 months after the end of the financial year		79				
Tangible assets				80				
Cash at bank and in hand	Deposits not subject to time restriction on withdrawal, with approved credit institutions and approved financial institutions and local authorities			81				
	Cash in hand			82				
Other assets (particulars to be specified by way of supplementary note)				83				
Prepayments and accrued income	Accrued interest and rent			84				
	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	6548			781
Grand total of admissible assets after deduction of market risk and counterparty limits (39+69+88)				89	8060			2842
Reconciliation to asset values determined in accordance with the insurance accounts rules								
Total admissible assets after deduction of market risk and counterparty limits (as per line 89 above)				91	8060			2842
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	8060			2842
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance				100				31

Long term insurance business liabilities and marginsName of insurer **Norwich Union Life (RBS) Ltd**

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	1117445	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						See Instruction 2
Cash bonuses which had not been paid to policyholders prior to end of the financial year		12						See Instruction 3
Balance of surplus/(valuation deficit)		13						See Instruction 4
Long term insurance business fund carried forward (11 to 13)		14						See Instruction 5
Claims outstanding which had fallen due for payment before the end of the financial year	Gross amount	15	741		1373			
	Reinsurers' share	16	741		1373			
	Net (15-16)	17						
Provisions for other risks and charges	Taxation	21						
	Other	22						
Deposits received from reinsurers		23						
Creditors and other liabilities	Arising out of insurance operations	Direct insurance business	31	3079		1895		
		Reinsurance accepted	32					
		Reinsurance ceded	33	382				
	Debenture loans	Secured	34					
		Unsecured	35					
	Amounts owed to credit institutions	36	4599		478			
	Other creditors	Taxation	37					
		Other	38			469		
Accruals and deferred income		39						
Provision for "reasonably foreseeable adverse variations"		41						
Total other insurance and non-insurance liabilities (17 to 41)		49	8060		2842			
Excess of the value of net admissible assets		51					See Instruction 6	
Total liabilities and margins		59	8060		2842			
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance		61			470			
Amounts included in line 59 attributable to liabilities in respect of property linked benefits		62						
Amount of any additional mathematical reserves included in line 51 which have been taken into account in the appointed actuary's certificate		63					See Instruction 7	

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

Global business

Financial year ended **31st December 2004**

		Company registration number	GL/UK/CM	Period ended			Units		
		R15	1117445	GL	31	12	2004	£000	
				As at the end of this financial year			As at the end of the previous year		
				1			2		
Technical provisions (gross amount)	Provision for unearned premiums			11					
	Claims outstanding			12					
	Provision for unexpired risks			13					
	Equalisation provisions	Credit business			14				
		Other than credit business			15				
	Other			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	1735		1479	
		Recommended dividend			48				
		Other			49	763		1537	
Accruals and deferred income				51					
Total (19 to 51)				59	2498		3016		
Provision for "reasonably foreseeable adverse variations"				61					
Cumulative preference share capital				62					
Subordinated loan capital				63					
Total (59 to 63)				69	2498		3016		
Amounts included in line 69 attributable to liabilities to related insurers, other than those under contracts of insurance or reinsurance				71			787		

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

Global business

Financial year ended **31st December 2004**

		Company registration number	GL/UK/CM	Period ended			Units	
		R16	1117445	GL	31	12	2004	£000
		This financial year		Previous year		Source		
		1		2		<	>	?
Transfer (to)/from the general insurance business technical account	From Form 20	11				20 . 59		
	Equalisation provisions	12						
Transfer from the long term insurance business revenue account		13				40 . 26		
Investment income	Income	14	2424		1145			
	Value re-adjustments on investments	15	2165		1719			
	Gains on the realisation of investments	16						
Investment charges	Investment management charges, including interest	17	48		10			
	Value re-adjustments on investments	18						
	Loss on the realisation of investments	19	116		5			
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	197		803			
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)		29	4622		3652			
Tax on profit or loss on ordinary activities		31	1132		1002			
Profit or loss on ordinary activities after tax (29-31)		39	3490		2650			
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	3490		2650			
Dividends (paid and proposed)		51						
Profit or loss retained for the financial year (49-51)		59	3490		2650			

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

Global business

Ordinary insurance business

Financial year ended **31st December 2004**Name and number of fund/Summary **Ordinary Long Term Fund 1**

	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/Summary	No of part of Fund	
			day	month	year					
	R42	1117445	GL	31	12	2004	£000	OB	1	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	12811		12811			
	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	33182		33182			
	Total life assurance and annuity claims (11 to 15)			19	45993		45993			
Pension business contracts	On death			21						
	By way of lump sums on vesting			22						
	By way of vested annuity payments			23						
	On surrender or partial surrender			24						
	Total pension business claims (21 to 24)			29						
Permanent health contracts	By way of lump sums			31						
	By way of periodical payments			32						
	Total permanent health claims (31+32)			39						
Other contracts	By way of lump sums			41						
	By way of periodical payments			42						
	Total claims (41+42)			49						
Total claims (19+29+39+49)				59	45993		45993			
Total claims at line 59 attributable to	UK contracts			61	45993		45993			
	Overseas contracts			62						

Abstract of the Valuation Report - Appendix 9.4

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

Financial year ended **31 December 2004**

- 1 The date to which the investigation relates is 31 December 2004.
- 2 The previous investigation under Rule 5.6 of the IPRU(INS) related to 31 December 2003.
- 3 This valuation is in conformity with PRU rule 7.3.10R.

4 (1) **Non linked contracts**

(a) **Unitised With Profit Life and Unitised With Profit Income**

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 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.

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.

There are no restrictions on increases in charges within the implicitly charged funds. For the explicitly charged funds, the charges may be increased but the Company will give the Policyholder at least one month's notice of the increase.

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%

Abstract of the Valuation Report - Appendix 9.4

Name of insurer **Norwich Union Life (RBS) Limited**
Financial year ended **31 December 2004**

Benefits can be linked to the Unitised With Profit Life Fund, the Unitised With Profit Income Fund or a combination of both. Policies cannot invest in both implicitly charged funds and explicitly charged funds.

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.

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 Profit 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.

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.

The price of units in the Unitised With Profit Life Funds is guaranteed never to fall.

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.

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.

(b) There are no policies that provide for benefits on the basis of interest accrued.

(c) There are no policies that fall under this category.

5 (1) There are no linked contracts offered by the Company.

(2) Not applicable.

(3) Not applicable.

(4) Not applicable.

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

(6) Not applicable.

Abstract of the Valuation Report - Appendix 9.4

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

Financial year ended **31 December 2004**

6 (1) The general principles and methods adopted in the valuation were as follows.

With Profit Bond

The With Profit bond policies are wholly reassured, and the basis and method adopted by the reassurers are outlined as below.

(a) Not applicable.

(b) For Unitised With Profit Business, the prospective valuation projects future benefits on the assumption that a future bonus rate of zero will also be used, consistent with PRU(INS) 7.3.31G. This is a change from end-2003 when current rates for 2004 were reduced to zero at a rate consistent with policyholder's reasonable expectations.

Bonus reserve valuations were carried out for broad categories of contract to determine the rates of reversionary bonus that could be supported by the published reserves. For this purpose, realistic but prudent assumptions were made as to future experience except for surrenders which were ignored. No provision was made for final bonus.

The reversionary bonuses which could be supported were considered reasonable having regard to the current interim rates, the smoothing policy adopted by the Company and the rates supported by new business.

(c) Not applicable.

(d) There are no negative reserves.

(e) No allowance has been made for future bonuses in respect of the Unitised With Profit business in the determination of reserves.

(f) Not applicable.

(g) Not applicable.

(h) The With Profit Bond policies are wholly reassured. Principles adopted by the reassurers in the valuation of With Profit Bond contracts were:

The 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 there will be no future regular or final bonuses and then discounts to the valuation date.

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.

6 (2) Not applicable as the With Profit Bond policies are wholly reassured.

7 (1) The rates of interest and mortality tables are shown on Forms 52.

(2) Not Applicable.

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

(4) Not applicable.

Abstract of the Valuation Report - Appendix 9.4

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

Financial year ended **31 December 2004**

- (5) The margins in the published mortality bases are considered sufficient to provide for adverse deviations in experience.
- No additional reserves are therefore held.
- (6) Not applicable as the With Profit Bond policies are wholly reassured.
- (7) Not applicable as the With Profit Bond policies are wholly reassured.
- (8) Not applicable as the With Profit Bond policies are wholly reassured.
- (9) Not applicable.
- 8 (a) See Forms 52.
- (b) Not applicable as the With Profit Bond policies are wholly reassured.
- (c) A prospective method of valuation has been used for all types of contract.
- (d) Not applicable
- 9 (a) There are no linked contracts offered by the Company.
- (b) Not applicable.
- 10 (1) An explicit allowance was made by the reinsurers for expense inflation at 3.5% per annum.
- (2) The aggregate allowance for expenses during 2005 arising from With Profit Bond contracts was nil.
- (3) Not applicable as the With Profit Bond policies are wholly reassured.
- (4) Not applicable as the With Profit Bond policies are wholly reassured.
- 11 All the assets and liabilities of the Company are denominated in sterling.
- 12 (1) The company has no policies that are ceded on a facultative basis to a reinsurer who is not authorised to carry on insurance business in the United Kingdom.
- (2) There were two reinsurance treaties where the Company was the ceding insurer and under which business was in force at the valuation date: -
- I (a) CGNU Life Assurance Limited, Commercial Union Life Assurance Company Limited and Norwich Union Life & Pensions Limited.
- (b) The reinsurers are authorised to carry on insurance business in the United Kingdom.
- (c) The Company is connected with the reinsurers.
- (d) The treaty provides cover for Unitised With Profit Bond on a quota share original terms basis. The proportion of the risk are 45% (Commercial Union Life Assurance Company Limited), 10% (Norwich Union Life & Pensions) and 45% (CGNU Life). The total proportion of the risk ceded is 100% and the bonus philosophy follows that of the reinsurers. The expenses (both initial and renewal) and commission are refunded by the reinsurers in full.
- (e) The premium payable by the Company during 2004 was nil.
- (f) Not applicable.
- (g) Not applicable.
- (h) The treaty is closed to new business.

Abstract of the Valuation Report - Appendix 9.4

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

Financial year ended **31 December 2004**

- II (a) CGNU Life Assurance Limited and Commercial Union Life Assurance Company
 (b) The reassurers are authorised to carry on insurance business in the United Kingdom.
 (c) The Company is connected with the reassurers.
 (d) The treaty provides cover for Unitised With Profit Bond on a quota share original terms basis. The proportion of the risk are 45% (Commercial Union Life Assurance Company Limited) and 55% (CGNU Life). The total proportion of the risk ceded is 100% and the bonus philosophy follows that of the reassurers. The expenses (both initial and renewal) and commission are refunded by the reassurers in full.
 (e) The premium payable by the Company during 2004 was £189,559,028.
 (f) Not applicable.
 (g) Not applicable.
 (h) The treaty is open to new business.

(3) There are no financing arrangements.

(4) Not applicable.

13 The liabilities and benefits under the Unitised With Profit contracts are wholly reassured and there is no other With Profit product available. Hence there is no entitlement to participate in profits of any part of the long term business fund.

14 Not applicable as the With Profit Bond policies are wholly reassured. The principles are defined by the reassurers and practices of reassurers.

15 Regular bonuses on unitised with profit benefits are allocated 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.

Rates of regular bonus are dependent upon the date of premium payment. Rates of regular bonus do not depend on the original term or the age of the life assured. All regular bonuses vest immediately they are declared.

Unitised With Profit Bond – Implicitly Charged	Rates of Bonus in 2004
	1/1/2004 – 31/12/2004
With Profit Life Fund	3.25%pa
With Profit Income Fund	3.50%pa
Unitised With Profit Bond – Explicitly Charged	Rates of Bonus in 2004
	1/1/2004 – 31/12/2004
With Profit Life Fund	4.25%pa
With Profit Income Fund	5.00%pa

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:

Unitised With Profit Bond – Implicitly Charged	Rates of Interim Bonus in 2005
	1/1/2005 until further notice
With Profit Life Fund	3.25%pa
With Profit Income Fund – Units Purchased During 2002	3.00%pa
With Profit Income Fund – Units Purchased During 2003	4.00%pa
With Profit Income Fund – Units Purchased During 2004	3.00%pa
With Profit Income Fund – Units Purchased During 2005	3.00%pa

Unitised With Profit Bond – Explicitly Charged	Rates of Interim Bonus in 2005
	1/1/2005 until further notice
With Profit Life Fund	4.25%pa
With Profit Income Fund – Units Purchased During 2004	5.00%pa
With Profit Income Fund – Units Purchased During 2005	5.00%pa

Final bonuses are payable until further notice on death, maturity, and on unit cancellations on a Life unitised with profit contract. This does not include the Unitised With Profit Income Funds. An allowance for final bonus is made on surrender.

Abstract of the Valuation Report - Appendix 9.4Name of insurer **Norwich Union Life (RBS) Limited**Financial year ended **31 December 2004**

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 bid value of units for the Unitised With Profit contracts.

Calendar Year Units Purchased	Life Unitised With Profit Benefits (implicitly charged)	Life Unitised With Profit Benefits (explicitly charged)
2005	0.00%	1.75%*
2004	3.00%	3.00%
2003	5.00%	5.00%
2002	0.00%	0.00%

* Final bonus rate to be applied pro-rata during 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) Form 48 is appended.

**19 (2),
(3)&(4)** The information provided under IPRU (INS) rule 9.29 is sufficiently complete.

20 (1) Valuation summary statements are set out in Form 52. There is no business falling under Forms 51, 53 and 54.

(2) Not applicable.

(3) Not applicable as there are no property-linked funds offered by the Company.

21 (1) Not applicable.

(2) Not applicable.

(3) Not applicable.

22 Form 58 is appended.

23 (1) Form 60 is appended.

(2) Not applicable

Long term insurance business : Summary of changes in ordinary long term businessName of insurer **Norwich Union Life (RBS) Ltd**

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
		1117445			day	month	year			
		R46			31	12	2004			
	Life assurance and general annuity		Pensions business		Permanent health		Other business			
	No of contracts	Annual premiums	No of contracts	Annual premiums	No of contracts	Annual premiums	No of contracts	Annual premiums		
	1	2	3	4	5	6	7	8		
In force at beginning of year	11	29764								
New business and increases	12	8197								
Net transfers and other alterations 'on'	13									
Total 'on' (12+13)	19	8197								
Deaths	21	351								
Other insured events	22									
Maturities	23									
Surrenders	24	939								
Forfeitures	25									
Conversions to paid-up policies for reduced benefits	26									
Net transfers, expiries and other alterations 'off'	27	503								
Total 'off' (21 to 27)	29	1793								
In force at end of year (11+19-29)	39	36168								

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

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

Global business

Financial year ended **31st December 2004**Company
registration
number

GL/UK/CM

Period ended

day month year

Units

R47	1117445	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
UK DIRECT WRITTEN INSURANCE BUSINESS Life Assurance & General Annuity Insurance Business Accumulating With-Profits Policies	8197	189559	189559			
Sub total: Accumulating With-Profits Policies	8197	189559	189559			
Total: Life Assurance & General Annuity Insurance Business	8197	189559	189559			
Total: UK Direct Written Insurance Business	8197	189559	189559			

Long term insurance business : Expected income from admissible assets not held to match liabilities in respect of linked benefitsName of insurer **Norwich Union Life (RBS) Ltd**

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			
	R48	1117445	GL	31	12	2004	£000	10
Type of asset			Value of admissible assets as shown on Form 13 1	Expected income from admissible assets 2	Yield % 3			
Land and buildings	11							
Fixed interest securities	Approved securities	12						
	Other	13						
Variable interest and variable yield securities (excluding items shown at line 16)	Approved securities	14						
	Other	15						
Equity shares and holdings in collective investment schemes	16							
Loans secured by mortgages	17							
All other assets	Producing income	18	1512	67	4.40			
	Not producing income	19	6548					
Total (11 to 19)	29		8060	67	0.83			

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

Global business

Financial year ended **31st December 2004**Company
registration
number

GL/UK/CM

Period ended
day month year

Units

	R60	1117445	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%					
Classes I, II and IX	12	0.15%		0.50			
Classes I, II and IX	13	0.3%	78032			117	
Classes III, VII and VIII	14	0.3%		0.00			
Total	15		78032			117	

Insurance health risk capital component

Class IV and supplementary classes 1 and 2	21						
--	----	--	--	--	--	--	--

Insurance expense risk capital component

Classes I, II and IX	31	1%	935504		0.85	7952	
Classes III, VII and VIII (investment risk)	32	1%			0.00		
Classes III, VII and VIII (expenses fixed 5 yrs +)	33	1%			0.00		
Classes III, VII and VIII (other)	34	25%					
Class IV	35	1%			0.00		
Class V	36	1%					
Class VI	37	1%			0.00		
Total	38					7952	

Insurance market risk capital component

Classes I, II and IX	41	3%	935504		0.85	23855	
Classes III, VII and VIII (investment risk)	42	3%			0.00		
Classes III, VII and VIII (expenses fixed 5 yrs +)	43	0%					
Classes III, VII and VIII (other)	44	0%					
Class IV	45	3%			0.00		
Class V	46	0%					
Class VI	47	3%			0.00		
Total	48		935504			23855	

Long term insurance capital requirement	51					31924	24882
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Supplementary notes

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

Financial year ended **31st December 2004**

Code

0301 Reconciliation of net admissible assets to total CR

	£'000
i) Net admissible assets	
Form 13 Line 89 (Long term business)	8,060
Form 13 Line 89 (Other than long term business)	45,334
Form 14 Lines 11, 12 and 49	(8,060)
Form 15 Line 69	<u>(2,498)</u>
	42,836
ii) Components of Capital resources that are treated as a liability	-
iii) Components of capital resources not included in ii) that arise as a result of a waiver and are not represented by admissible assets included in Form 13	-
iv) Any other items	-
Total i) to iv) above	42,836
Form 3, line 79	42,836

1301

1308 Aggregate value of unlisted investments etc.

The other than long-term business fund held £29m of units and the long term business fund held £Nil in authorised collective investment schemes. There were no holdings in unlisted securities or listed companies, which are not readily realisable, or reversionary interests or remainders in property.

1304

1310 Statement of amounts set off

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

1305

1311 Counterparty limits during the year

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

Deposits

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

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

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

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

Equities

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

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

Fixed

Supplementary notes

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

Financial year ended **31st December 2004**

Code

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

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

Derivatives

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

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

1306 Counterparty exposure at the year end

The counterparty exposure in excess of 5% consists of a cash deposit with HSBC for £3m.

1401 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.

1501 Provision for reasonably foreseeable adverse variations

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

1402 Contingent liabilities, etc.

There are no charges over any assets of the Company.

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

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

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

1502 Contingent liabilities, etc.

There are no charges over any assets of the Company.

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

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

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

1601 Basis of conversion of foreign currency

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

1603 Other income and charges

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

Supplementary notes

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

Financial year ended **31st December 2004**

Code

1700 Form omitted

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

4000 Form omitted

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

4008 Provision of management services

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 long-term insurance business amount were as follows:

1)	Connected party	Commercial Union Life Assurance Company Limited (CULAC)
	Nature of relationship	Fellow group undertaking
	Nature of transactions during the period	Reinsurance ceded
	Value of transactions during the period	Premiums £85.5m
		Claims £20.7m
		Commission £5.85m
2)	Connected party	CGNU Life Assurance Limited
	Nature of relationship	Fellow group undertaking
	Nature of transactions during the period	Reinsurance ceded
	Value of transactions during the period	Premiums £104.5m
		Claims £25.3m
		Commission £7.15m
3)	Connected party	Norwich Union Life Services Limited
	Nature of relationship	Fellow group undertaking
	Nature of transactions during the period	Supplies and charges for the provision of operational assets and staff to Norwich Union Life (RBS) Limited
	Value of transactions during the period	Less than 5% of LTBA

Returns under the Accounts and Statements Rules

Statement on derivatives required by IPRU (INS) 9.29

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

Global business

Financial year ended **31st December 2004**

It is not company policy to invest in financial derivatives or quasi-derivatives and no such investments have been made during the year ended 31 December 2004. There are no other matters to disclose in relation to Rule 9.29 of the Interim Prudential Sourcebook for Insurers.

Returns under the Accounts and Statements Rules

Statement on controllers required by IPRU (INS) 9.30

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

Global business

Financial year ended **31st December 2004**

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

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

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

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

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

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

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

All shares are voting shares.

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

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

	No. of shares
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 **Norwich Union Life (RBS) 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, together with any amount specified at line 63 of Form 14 (being part of the excess of the value of the admissible assets representing the long-term insurance funds over the amount of those funds 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 **Norwich Union Life (RBS) 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, 13 to 16, 41, 42, 48 and 60 (including the supplementary notes) ("the Forms");
- the statement required by rule 9.29 ("the statement"); and
- 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").

We are not required to examine and do not express an opinion on the following ("the unaudited items"):

- a) Forms 46, 47 and 52 (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; and
- d) the valuation report required by rule 9.31(a) except as set out above.

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. Under rule 9.11 the Forms, the statement and the 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 prepared in accordance with rule 9.31 are required to reflect appropriately the requirements of PRU 7.3.

It is our responsibility to form an independent opinion as to whether the Forms, the statement and the 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 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 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 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 **Norwich Union Life (RBS) Limited**

Global Business

Financial year ended **31st December 2004**

Opinion

In our opinion:

- (a) the Forms and the statement fairly state the information provided on the basis required by the Rules and have been properly prepared in accordance with the provisions of those Rules; and
- (b) the methods and assumptions determined by the insurer and used to perform the actuarial investigation as set out in the valuation report prepared in accordance with rule 9.31 appropriately reflect the requirements of PRU 7.3.

Ernst & Young LLP
Registered Auditor
London
30 March 2005