

CGNU plc
Worldwide long-term savings new business
Nine months to 30 September 2001

25 October 2001

- **Record worldwide long-term new business of £10.4 billion, including life and pension sales up 18%, for nine months to 30 September**
- **UK life and pension sales up 9% at £5.3 billion (up 26% on an APE basis to £915 million)**
- **Continental European life and pension sales up 33% to £3.6 billion, representing 39% of total life and pension sales**
- **Strong sales contribution from our bancassurance agreements in Spain and Italy at £0.9 billion**
- **Worldwide new business contribution increased by 20% to £399 million**
- **Worldwide new business margin at 24.6% (full year 2000: 23.9%)**

Richard Harvey, Group Chief Executive, commented:

“The Group has made strong progress with record worldwide new business sales of £10.4 billion for the nine months to 30 September, against the backdrop of volatile equity markets and the recent tragic events in the United States.

“In the UK, where we have a total market share of some 11%, we have achieved record new life and pension sales of £5.3 billion. In the new stakeholder pensions market, we have so far achieved a share of over 25% in the important IFA stakeholder market, helped by our brand leadership position.

“Our continental European operations achieved growth of 33% in life and pensions new business. Our bancassurance agreements in both Spain and Italy have produced excellent sales and demonstrate the success of our European strategy. Margins were maintained in our continental European businesses and our excellent multi-distribution capabilities ensure we are well-positioned to make further progress in markets, with significant long-term potential.”

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There will be a conference call today for wire services at 7.45 am on +44(0)20 8240 8248. This conference call will be hosted by Mike Biggs, Group Finance Director.

There will be a conference call today for analysts and investors at 8.30am (UK time) on +44(0)20 8240 8245. This conference call will be hosted by Mike Biggs, Group Finance Director.

Replay will be available for 2 weeks until 8 November. The dial in number for replay is +44(0)20 8288 4459 and the pass code 632772.

GROUP CHIEF EXECUTIVE'S STATEMENT

As the UK's leading insurer and one of Europe's top-five life companies, we are pleased to report that the Group has achieved a strong set of new business sales figures for the nine months to 30 September 2001. Our total new business sales increased to £10.4 billion, with total worldwide life and pension sales increasing significantly by 18% to £9.4 billion. Total worldwide investment sales of £1 billion (2000: £1.9 billion) reflect the current lack of consumer confidence in equity-backed investment products.

The current level of volatility in investment markets is having an adverse effect on the sales of equity-backed products and this is likely to continue as long as these conditions prevail. Investors will continue to favour companies with balanced product offerings, financial strength, strong brand and excellent multi-distribution capabilities. The Group is well-positioned having all of these attributes.

United Kingdom

We continue to see strong growth in our life and pension sales, achieving record sales of £5.3 billion (2000: £4.8 billion). Following the introduction of stakeholder pensions in April 2001, we achieved total sales of £143 million to date. We have established the leading position in this new market and achieved over 25% market share in the important IFA stakeholder distribution channel. Total pension sales were £1.9 billion (2000: £1.3 billion) an increase of 37%. We continue to build our multi-distribution capability with further products launched by The Royal Bank of Scotland Group (RBSG) in late August 2001 and more product launches are planned for early 2002.

Continental Europe

Our continental European businesses produced total life and pension sales up 33% to £3.6 billion (2000: £2.7 billion), representing 39% of our total group life and pension sales. Contribution from our bancassurance agreements in Spain and Italy remain strong with total sales of some £0.9 billion. The agreements with Unicaja and Caixa Galicia in Spain will contribute to sales for the first time in the fourth quarter of 2001. These, together with Bancaja, give us the fourth largest banking network in Spain and access to nearly 2,500 branches. The French result was strong in the context of a contracting market with total sales of £1.5 billion (2000: £1.4 billion) and our business in the Netherlands also returned strong growth of total life and pension sales of £515 million (2000: £381 million) through increased pension sales.

International

Total sales from our International businesses were £630 million (2000: £633 million). Unit trust sales in Australia were weaker compared to 2000, reflecting the change in market sentiment. Navigator type products saw excellent growth of 31% to £733 million (2000: £606 million).

In August, we completed the bancassurance agreement with the Development Bank of Singapore, one of the largest banks in South East Asia, and are in the process of recruiting and training the sales force. Total sales in the period from the new agreement were £11 million.

Other financial developments

Despite recent tragic events in the United States and global equity market weaknesses, the Group remains in a strong position with its excellent multi-distribution capability and brand strength. Equity markets have been volatile in recent weeks, falling in the latter part of September and partly recovering to end of August positions by mid-October. The estimated level of equity shareholders' funds was £12.3 billion at 19 October 2001.

On 2 August we announced our intention to raise additional capital to support the Group's future growth opportunities. We are now able to confirm that we anticipate raising up to £1 billion of subordinated debt in November, market conditions permitting.

We remain confident that the Group is on track to achieve its target of delivering a general insurance business capable of producing a combined operating ratio of 102% through the underwriting cycle by the end of 2001.

Richard Harvey
Group Chief Executive

	Life new business sales ¹					New business contribution ²	
	Single		Regular		Total	9 months to 30 September 2001 £m	Local currency growth ³
	9 months to 30 September 2001 £m	Local currency growth	9 months to 30 September 2001 £m	Local currency growth	Local currency growth		
Life and pensions							
United Kingdom	4,847	6%	430	59%	9%	242	17%
France	1,436	3%	26	(13%)	2%	50	5%
Ireland	340	13%	42	22%	13%	22	55%
Italy	565	263%	20	94%	253%	19	108%
Netherlands (including Belgium and Luxembourg)	448	34%	67	28%	33%	16	125%
Poland	5	(38%)	44	(75%)	(73%)	8	(80%)
Spain	449	522%	30	194%	481%	34	1,016%
Other Europe	123	8%	49	2%	6%	2	(16%)
International	421	20%	52	40%	22%	6	236%
Total life and pensions	8,634	18%	760	14%	18%	399	20%
Investment sales							
United Kingdom	707	2%	8	(53%)	1%		
Netherlands	69	(92%)	-	-	(92%)		
Other Europe	93	(41%)	-	-	(41%)		
International	157	(29%)	-	-	(29%)		
Total investment sales	1,026	(46%)	8	(53%)	(46%)		
Total long-term savings	9,660	5%	768	12%	6%		
Navigator sales (not included above)	733	31%	-	-	31%		

1. Life new business growth rates are calculated based on constant rates of exchange

2. Stated before the effect of solvency margin

3. New business contribution growth is calculated after restating the 2000 comparatives onto 2001 economic assumptions and constant rates of exchange

United Kingdom:

Norwich Union, the UK's leading life company with a market share of some 11%, achieved record sales in the first nine months of 2001. Total UK sales increased by 8% to £6.0 billion (2000: £5.5 billion), and on an annual premium equivalent (APE) basis grew 22% to £994 million (2000: £812 million). These figures demonstrate the strength of the Norwich Union brand in a market that continues to experience a flight to quality.

Since the launch of stakeholder pensions in April of this year, we have established the leading position in the stakeholder pensions market with a share of over 25% in the important IFA channel. Total pension sales accounted for approximately one-third of our UK long-term savings new business. Overall pension sales grew by 37% to £1.9 billion (2000: £1.3 billion) reflecting the continued stimulus given to the market by the stakeholder pension legislation, a strong product range and a strengthened brand presence following the high profile Norwich Union stakeholder pensions advertising campaign.

Individual pension sales at £1,215 million (2000: £744 million) showed an increase of 63%, including stakeholder sales of £120 million. Group pension sales increased to £635 million (2000: £602 million), reflecting strong growth in annual premiums, and include group stakeholder sales of £23 million. We are pleased with progress to date in the new stakeholder market.

Single premium bond sales remained strong at £2.6 billion (2000: £2.6 billion) in a competitive market and sales have held up well in the period following the tragedy on 11 September. Our mortgage product sales and other life product sales were £240 million (2000: £226 million) underlining the strength of Norwich Union's product offering.

Annuity single premiums were £549 million (2000: £612 million) as a result of the continuing policy of pricing annuities for profit.

Single premium investment sales increased by 2% to £707 million (2000: £692 million), reflecting the strong growth seen in the first six months of the year. However, sales have been particularly difficult since 11 September and are expected to remain so until consumer confidence in the equity market returns.

IFAs continue to represent the dominant source of new business for Norwich Union, providing around 75% in this period. Norwich Union operates on a multi-distribution basis that also includes a salaried direct salesforce, a telesales operation, an online service, and partnerships including those with The Royal Bank of Scotland Group (RBSG), Tesco Personal Finance and more than 20 building societies.

Our online wealth management service, norwichunion.com, has generated over 500,000 unique visitors leading to over 50,000 registrations, a significant increase since June. Following the launch of interactive financial planning tools in May we remain on track to introduce a fund supermarket and share dealing service by the year-end. We are also planning to introduce a range of banking services in 2002.

New business sales from the partnership with RBSG have begun to build momentum following the introduction of further new products styled on the Norwich Union product portfolio. The partnership has seen improved sales in the three month period to 30 September, and since the start of the year has produced total single premium sales of £277 million and regular premium sales of £17 million. In addition to a stakeholder pensions product, Royal Scottish Assurance launched five new savings and protection products in late August to mirror those introduced earlier this year by the other partnership brand, NatWest Life. Further major product launches are planned in early 2002. In reporting our numbers we have included our 50% share of total sales from the RBSG partnership.

New business contribution increased to £242 million (2000: £207 million based on 2001 economic assumptions) and represents a new business margin (the ratio of new business contribution to sales measured on an annual premium equivalent basis) of 26.5% (full year 2000: 28.6%, at 2001 economic assumptions). Whilst our total new business contribution has increased, we have experienced margin pressure as a result of the higher proportion of lower margin stakeholder sales and the impact of an increasingly competitive bond market.

France:

Our business in France, the second largest in the CGNU Group, has produced strong sales ahead of last year at £1.5 billion (2000: £1.4 billion) and against a contraction in the French market of some 8% as at the end of August.

Single premium "French Franc" AFER sales grew 28% to £674 million (2000: £518 million), reflecting continued consumer preference for fixed interest investments, AFER's position as the largest savings organisation in France and a competitive investment yield in 2000. By comparison, unit-linked sales were £659 million (2000: £779 million). In September, sales of unit-linked and AFER products were lower than the previous two months, following the events of 11 September. Protection business has increased to £129 million (2000: £113 million).

Our new business contribution amounted to £50 million (2000: £47 million, at 2001 economic assumptions and rates of exchange). Margins were in line with the first half of 2001.

Victoire Asset Management, our French asset management business, has continued to receive recognition in the asset management market by winning the prestigious "Corbeille Assurances" award. This award recognised Victoire's investment performance across all funds for 2000.

Ireland:

Total new business premiums for Hibernian increased by 13% to £382 million (2000: £333 million), supporting our position as a top-five provider of life and pensions products. Sales of single premium with-profit Celebration Bonds were particularly strong, increasing by 48% to £170 million (2000: £113 million), reflecting the continuing popularity with investors of this form of investment in volatile investment markets and a low interest rate environment. Unit-linked bond sales have been held back reflecting the trend seen elsewhere.

New single premium pension sales showed excellent growth of 123% to £110 million (2000: £49 million), following strong sales in the first six months of 2001.

Regular premium sales rose by 22% to £42 million (2000: £34 million). This reflected the significant increase in life regular premiums, up 57% to £16 million (2000: £10 million), benefiting from £11 million of sales from the Government's Special Savings Incentive Account (SSIA) launched during May 2001. Total new business contribution amounted to £22 million (2000: £14 million, at 2001 economic assumptions and rates of exchange) benefiting from the increase in sales.

Italy:

Sales in Italy benefited from our bancassurance agreements, growing strongly by 253% to reach £585 million (2000: £164 million). Our relationship with UniCredito Italiano, to provide life and savings products to its subsidiary Cassa di Risparmio di Torino (CRT), contributed strong sales with total new business premiums of £402 million (2000: £nil). Sales in the last three months were £176 million benefiting from the launch of a new unit-linked savings product in July. Following the introduction of new products, sales through our agreement with Banca Popolare di Lodi also increased significantly to £34 million (2000: £9 million), with sales of £23 million in the three months to 30 September, and approximately half of the 1,200 branches now on stream.

Individual pension products designed to take advantage of the new Italian fiscal incentives for retirement savings were introduced with our distribution partners at the end of September. These products will offer further opportunities in a market with excellent long-term growth potential.

New business contribution from our Italian business was £19 million (2000: £9 million, at 2001 economic assumptions and rates of exchange) with a margin of 24.8% (full year 2000: 34.3%, at 2001 economic assumptions and rates of exchange). This is attributable to the strong growth in sales from the bancassurance agreement with CRT.

Netherlands (including Belgium and Luxembourg):

Our top-five business in the Netherlands, Delta Lloyd, reported a 33% increase in new life and pensions business to £515 million (2000: £381 million), further building on the progress made in the first six months of the year. New business contribution amounted to £16 million (2000: £7 million, at 2001 economic assumptions and rates of exchange). The margin of 14.3% is in line with the first half of 2001.

Total pension sales were up 47% at £309 million (2000: £206 million), which was primarily driven by an increase of 68% in group schemes business, with total premiums of £176 million. Total life sales rose 17% to £206 million (2000: £175 million), despite new tax reforms, which were expected to reduce the attractiveness of such products.

We announced in July Delta Lloyd's acquisition of Bank Nagelmackers, a medium sized Belgian bank, which provides further asset accumulation opportunities in one of Delta Lloyd's target markets.

The volatility in investment markets has seen investors continue to favour traditional deposit-based savings over equity-backed products and this has been reflected in investments sales of £69 million (2000: £813 million). Approval has now been obtained to market the majority of all Delta Lloyd and Ohra funds across borders, particularly in the target markets of Germany and Belgium.

Poland:

CU Polska is the leading provider of individual life assurance and private pensions in Poland, and has total assets under management of £1.8 billion.

Life new business premiums of £30 million (2000: £39 million) were lower than the corresponding period last year, as a result of the ongoing difficult market conditions. New regular premium pension sales of £19 million (2000: £125 million) in the nine month period fell due to the relatively small number of new entrants to the employment market eligible to buy a private pension, following the effects of the one-off pension privatisation in 1999 which flowed into 2000.

Spain:

In Spain, where we have a top-five life market position in this key European growth market, total new sales increased by 481% to £479 million (2000: £81 million). Our partnership with Bancaja has continued to produce strong growth with new business reaching £441 million (2000: £25 million), and sales of £172 million in the three months to 30 September. Sales at Plus Ultra, our Spanish subsidiary, were lower at £38 million (2000: £56 million) as demand for unit-linked products declined in the difficult investment environment.

New business contribution grew to £34 million (2000: £3 million, at 2001 economic assumptions and rates of exchange) benefiting from the strong contribution from the Bancaja agreement. The new business margin of 45.4% is in line with the trend reported in the first half of the year.

Our recently completed agreements with Unicaja and Caixa Galicia, together with Bancaja, have provided access to the fourth-largest banking network in Spain with nearly 2,500 branches. The two new agreements will contribute to sales for the first time in the fourth quarter and we are in the process of developing a product range for the new networks with an anticipated launch early in 2002.

Other Europe:

Total life and pensions sales from our other European businesses grew by 6% to £172 million (2000: £158 million). In Germany total new business premiums increased by 16% to £69 million (2000: £59 million), reflecting strong individual pension sales of £30 million (2000: £18 million). In Turkey new sales of £16 million (2000: £17 million) have been achieved despite difficult economic conditions. We are currently implementing plans, which will enable us to benefit from the new opportunities in Turkey arising from the introduction of private pensions in 2002.

Challenging conditions in international stock markets have impacted single premium sales of £68 million (2000: £68 million) from our Dublin-based offshore life and savings business. In addition, sales of Luxembourg UCITS were down 41% at £93 million (2000: £157 million).

In Hungary, following completion of our acquisition of the sixth-largest life business, Magyar Elet es Nyugdijbiztosito (Mébit), we are in the process of building on the product range and distribution capacity already in place. On 11 October 2001, Commercial Union Asigurari de Viata SA, our business in Romania, was granted by the new Insurance Supervisory Commission the first license to conduct business under the newly enacted insurance law.

International:

Total International life and pension sales were 22% higher at £473 million (2000: £391 million). Our United States business contributed total new business premiums of £250 million (2000: £151 million), up 54%, as a result of continuing strong single and regular premium annuity sales.

In Australia, total life and pension sales of £202 million (2000: £202 million) and unit trust sales of £157 million (2000: £242 million) continue to reflect the market trend towards multi-manager products. Whilst not included in the new business figures, sales of Navigator, a market-leading master trust, increased 31% to £733 million (2000: £606 million).

In July we announced a bancassurance partnership with DBS Group Holdings Ltd (DBS), one of the largest banks in South East Asia, and the acquisition of The Insurance Corporation of Singapore, DBS's life and general insurance subsidiary. This transaction completed in late August and total sales in the period to 30 September were £11 million. We are currently in the process of recruiting and training a financial adviser salesforce to operate within the bank branches from early next year, and plan to launch before the year-end a number of new life products following a review of the existing product range.

In the first half of 2001 we disposed of our two Canadian life businesses, which contributed single premium sales of £4 million (2000: £25 million) and regular premium sales of £3 million (2000: £11 million).

Other financial developments:

The volatility in the global equity markets impacts our business in terms of our net asset value, our general insurance solvency ratio and our life free asset ratios. In addition, we have made an assessment of the potential level of claims from the terrorist attacks that will affect our results for 2001.

Taking into account the market levels and our trading to 19 October, we estimate the value of equity shareholders' funds to be £12.3 billion. At the same date, the estimated solvency cover, representing the regulatory value of excess net assets over the required minimum margin, for our combined UK general insurance regulated entities is 2.3 times. The cover for our combined Dutch non-life operations is 1.4 times. The solvency cover for Abeille Assurances, our principal French general insurance business, calculated using the historic cost value of assets, is estimated to be 3.0 times.

Assuming market conditions as at 19 October prevail at the end of 2001, the estimated average free asset ratio which could be published in the FSA returns for the three large UK life companies at 31 December 2001 will be around 8%. The valuation basis assumed allows for implicit items, but includes an allowance for a further fall of 20% in the market value of equities and properties under the resilience test. The solvency cover

of our principal French life business, Abeille vie, which would be reported at 31 December 2001 is estimated at 120%. This represents the local regulatory value of excess net assets, based on historic cost, expressed as a percentage of the local required minimum margin. As the locally reported cover is based on assets calculated on historic cost, it has not fluctuated significantly throughout the year. The solvency cover of our combined Delta Lloyd life operations, which would be reported at 31 December 2001, is estimated at 231%. This represents the local regulatory value of excess net assets expressed as a percentage of the local required minimum margin.

We previously announced that the estimated insurance claims arising from the terrorist attacks would not cost the group more than £35m after taking account of reinsurance protection. The Group confirms that this initial estimate remains unchanged, and that less than one-third of this amount relates to losses from aviation pool business.

We remain confident that the Group is on track to achieve its target of delivering a general insurance business capable of producing a combined operating ratio of 102% through the underwriting cycle by the end of 2001.

Notes to Editors

1. CGU and Norwich Union merged on 30 May 2000 to create CGNU plc the UK's largest insurance group and one of the top-five insurers in Europe with substantial positions in other markets around the world. CGNU is the world's seventh-largest insurer based on gross worldwide premiums.

CGNU's principal business activities are long-term savings, fund management and general insurance, with worldwide premium income and retail investment sales from ongoing business of over £27 billion for the year ended 31 December 2000, and assets under management of more than £200 billion as at 30 June 2001.

From 2 October 2000, the combined life and pensions, retail fund and general insurance businesses in the UK have operated under the Norwich Union brand, and the institutional investment business has operated under the Morley Fund Management brand.

2. New business figures have been translated at average exchange rates applying for the period.

			2001		2000
Australia	- dollars	£1 =	2.79	£1 =	2.58
Poland	- zloty	£1 =	5.90	£1 =	6.60
United States	- dollars	£1 =	1.44	£1 =	1.53

The average euro rates employed in this announcement are 1 euro=£0.62 (nine months to 30 September 2000: 1 euro=£0.61).

3. All growth rates are quoted in local currency.

New business contribution growth is calculated after restating the 2000 comparative on 2001 economic assumptions.

4. Definitions:

Annual premium equivalent (APE) is a UK industry standard for calculating life, pensions and investments new business levels. It is the total of new regular premiums and 10% of single premiums.

New business contribution is the present value of the projected stream of after-tax distributable earnings from new life and pensions sales. New business contribution before tax is calculated by grossing up the new business contribution after-tax at the full corporation tax rate for UK business and at appropriate rates of tax for other countries.

New business margin is a UK industry standard calculation based on new business contribution (before the effect of solvency margin) divided by APE.

5. Cautionary statements

The cautionary statements identify important factors that could cause our actual results to differ materially from those projected in forward looking statements made in this press release. Forward looking statements are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed.

Statistical supplement

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Detailed worldwide long-term savings new business analysis

	Single			Regular		
	9 months to 30 September 2001 £m	9 months to 30 September 2000 £m	Local currency growth	9 months to 30 September 2001 £m	9 months to 30 September 2000 £m	Local currency growth
United Kingdom						
Individual pensions	1,117	694	61%	98	50	96%
Group pensions	404	473	(15%)	231	129	79%
Mortgage	-	-	-	36	30	20%
Annuities	549	612	(10%)	-	-	-
Bonds	2,637	2,639	-	1	4	(75%)
Other life	140	139	1%	64	57	12%
Total life and pensions	4,847	4,557	6%	430	270	59%
Peps / Isas / unit trusts / Oeics	707	692	2%	8	17	(53%)
	5,554	5,249	6%	438	287	53%
France						
AFER (excluding unit-linked)	674	518	28%	-	-	-
Unit-linked & other savings	648	763	(16%)	11	16	(27%)
Protection business	114	99	14%	15	14	1%
	1,436	1,380	3%	26	30	(13%)
Ireland						
Life & savings	230	250	(9%)	16	10	57%
Pensions	110	49	123%	26	24	6%
	340	299	13%	42	34	22%
Italy						
Life & savings	565	154	263%	20	10	94%
	565	154	263%	20	10	94%
Netherlands (including Belgium and Luxembourg)						
Individual pensions	133	103	26%	-	-	-
Group pensions	157	90	72%	19	13	42%
Life	158	137	15%	48	38	23%
Total life and pensions	448	330	34%	67	51	28%
Unit trusts	69	813	(92%)	-	-	-
	517	1,143	(56%)	67	51	28%
Poland						
Life & savings	5	8	(38%)	25	31	(28%)
Pensions	-	-	-	19	125	(87%)
	5	8	(38%)	44	156	(75%)
Spain						
Life & savings	418	51	708%	20	8	158%
Pensions	31	20	50%	10	2	316%
	449	71	522%	30	10	194%
Other Europe						
Life & pensions	123	112	8%	49	46	2%
UCITS and other	93	157	(41%)	-	-	-
	216	269	(21%)	49	46	2%
International						
Life & pensions	421	354	20%	52	37	40%
Unit trusts	157	242	(29%)	-	-	-
	578	596	1%	52	37	40%
Total long-term savings	9,660	9,169	5%	768	661	12%
<i>Analysed:</i>						
Life & pensions	8,634	7,265	18%	760	644	14%
Investment sales	1,026	1,904	(46%)	8	17	(53%)
Total long-term savings	9,660	9,169	5%	768	661	12%
Navigator sales (not included above)	733	606	31%	-	-	-

Analysis of UK long-term savings sales by distribution channel

	Single			Regular		
	9 months to 30 September 2001 £m	9 months to 30 September 2000 £m	Local currency growth	9 months to 30 September 2001 £m	9 months to 30 September 2000 £m	Local currency growth
IFA						
- life and pensions products	3,579	3,686	(3%)	354	214	65%
- investment products	451	503	(10%)	5	10	(50%)
	4,030	4,189	(4%)	359	224	60%
Partnerships / Direct						
- life and pensions products	1,268	871	46%	76	56	36%
- investment products	256	189	35%	3	7	(57%)
	1,524	1,060	44%	79	63	25%
Total UK long-term savings	5,554	5,249	6%	438	287	53%

Annual premium equivalent

Annual premium equivalent (APE) is an UK industry standard for calculating life, pensions and investments new business levels. It is the total of new regular premiums and 10% of single premiums.

	Life and pensions sales		Investment sales		Total worldwide sales	
	£m	Local currency growth	£m	Local currency growth	£m	Local currency growth
United Kingdom						
IFA	712	22%	50	(17%)	762	19%
Partnerships / Direct	203	42%	29	11%	232	37%
	915	26%	79	(9%)	994	22%
France	170	-	-	-	170	-
Ireland	76	17%	-	-	76	17%
Italy	76	195%	-	-	76	195%
Netherlands (including Belgium and Luxembourg)	112	30%	7	(92%)	119	(30%)
Poland	44	(75%)	-	-	44	(75%)
Spain	75	330%	-	-	75	330%
Other Europe	61	3%	9	(41%)	70	(6%)
International	94	30%	16	(29%)	110	16%
Total long-term savings	1,623	17%	111	(47%)	1,734	8%

Detailed analysis of new business contribution

(a) Before the effect of solvency margin

	Annual premium equivalent ⁽¹⁾		New business contribution ⁽²⁾			New business margin ⁽⁴⁾		
	9 months 2001 £m	9 months 2000 £m	9 months 2001 £m	Restated 9 months 2000 ⁽³⁾ £m	As reported 9 months 2000 £m	9 months 2001 %	Restated 9 months 2000 %	Full year 2000 ⁽³⁾ %
Life and pensions business								
United Kingdom	915	726	242	207	217	26.5%	28.5%	28.6%
Europe (excluding UK)								
France	170	168	50	47	52	29.5%	28.0%	25.7%
Ireland	76	64	22	14	16	28.9%	21.9%	24.0%
Italy	76	25	19	9	9	24.8%	35.4%	34.3%
Netherlands	112	84	16	7	13	14.3%	8.3%	6.9%
Poland – Life	25	32	6	9	9	23.5%	28.3%	25.6%
– Pensions	19	125	2	26	26	10.5%	20.8%	20.1%
Spain	75	17	34	3	3	45.4%	17.5%	38.9%
Other	61	57	2	2	2	3.3%	3.5%	2.1%
International	94	73	6	2	2	6.4%	2.8%	6.0%
	1,623	1,371	399	326	349	24.6%	23.8%	23.9%

(1) Annual premium equivalent represents regular premiums plus 10% of single premiums.

(2) Before effect of solvency margin.

(3) Restated using 2001 economic assumptions.

(4) New business margin represents the ratio of new business contribution to annual premium equivalent, expressed as a percentage.

(5) New business contribution before the effect of solvency margin includes minority interests in 2001 of £31 million (nine months to 30 September 2000: £14 million). This comprises minority interests in France of £3 million (nine months to 30 September 2000: £3 million), Italy £8 million (nine months to 30 September 2000: £3 million), Poland £1 million (nine months to 30 September 2000: £7 million) and Spain £19 million (nine months to 30 September 2000: £1 million).

(b) Including the effect of solvency margin ⁽¹⁾

	9 months 2001 £m	Restated 9 months 2000 ⁽²⁾ £m	As reported 9 months 2000 £m
Life and pensions business			
United Kingdom	233	197	207
Europe (excluding UK)			
France	29	27	32
Ireland	22	13	15
Italy	14	7	7
Netherlands	1	(5)	1
Poland – Life	3	4	4
– Pensions	2	21	21
Spain	28	2	2
Other	1	1	1
International	-	(3)	(3)
	333	264	287

(1) The effect of solvency margin represents the impact of holding the minimum European Union (EU) solvency margin (or equivalent for non-EU operations) and discounting to present value the projected future releases from the solvency margin to shareholders.

(2) Restated using 2001 economic assumptions.

Principal economic assumptions

New business contribution has been calculated using the economic assumptions set at the end of the previous year, as shown in the tables below.

	United Kingdom		France	
	31 December	31 December	31 December	31 December
	2000	1999	2000	1999
Risk discount rate	7.4%	7.8%	8.5%	8.7%
Pre-tax investment returns:				
Base government fixed interest	4.7%	5.2%	5.0%	5.5%
Ordinary shares	7.2%	7.7%	7.0%	7.5%
Property	6.2%	6.7%	6.5%	7.0%
Future expense inflation	3.7%	4.1%	2.5%	2.5%
Tax rate	30.0%	30.0%	37.8%	40.0%

	Ireland		Italy	
	31 December	31 December	31 December	31 December
	2000	1999	2000	1999
Risk discount rate	9.1%	9.0%	7.5%	7.7%
Pre-tax investment returns:				
Base government fixed interest	5.3%	5.6%	5.3%	5.6%
Ordinary shares	8.3%	8.6%	8.3%	8.6%
Property	6.8%	7.1%	6.8%	7.1%
Future expense inflation	5.0%	4.0%	3.3%	2.5%
Tax rate	20.0%	28.0%	43.0%	43.0%

	Netherlands		Poland – Life	
	31 December	31 December	31 December	31 December
	2000	1999	2000	1999
Risk discount rate	8.0%	8.3%	20.0%	19.8%
Pre-tax investment returns:				
Base government fixed interest	5.0%	5.5%	12.5%	12.5%
Ordinary shares	7.9%	8.4%	12.5%	12.5%
Property	6.5%	7.0%	n / a	n / a
Future expense inflation	2.5%	2.5%	9.2%	9.2%
Tax rate	25.0%	25.0%	28.0%	33.0%

	Poland – Pensions		Spain	
	31 December	31 December	31 December	31 December
	2000	1999	2000	1999
Risk discount rate	17.3%	17.1%	8.4%	9.1%
Pre-tax investment returns:				
Base government fixed interest	12.5%	12.5%	5.4%	5.6%
Ordinary shares	12.5%	12.5%	8.4%	8.6%
Property	n / a	n / a	6.9%	7.1%
Future expense inflation	9.2%	9.2%	4.0%	3.0%
Tax rate	28.0%	33.0%	35.0%	35.0%