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Norwich Union Life Insurance Society Founded 1808

Norwich Union Holdings p.l.c.

Norwich Union Fire Insurance Society Limited Founded 1797

Scottish Union and National Insurance Company Maritime Insurance Company Limited

Directors

Chairman

Michael G Falcon, CBE, DL

Vice-Chairman

The Marquess Townshend of Raynham

Vice-Chairman

Sir James Cleminson, MC

Neil Cardoe

Francis Cator

G H C Copeman

D C H Crouch

K Gould, CBE, TD

P G Holmes

V W Hughff

J S Peel, MC, DL

B Robarts

P W Sharman

Management

Chief General Manager

P W Sharman, MA, FIA

General Manager and Actuary
and Deputy Chief General Manager

V W Hughff, FIA

General Manager and Secretary

H H Scurfield, MA, FIA

General Manager

J Campbell

Life Society

Deputy Actuary

R Elven, MA, FIA, FPMI

Assistant General Managers

D P B Bower

J P Barnard, LL B, ACII

Fire Society

Assistant General Managers

B H Bannock, FCII

F J Kennedy, FCCA

Group

Assistant General Managers

E W Allaway, FCII, MIPM

A Bridgewater, ACII, FIPM

D P Lister, FIA

Chief Estates Manager

M B Olley, FRICS

Chief Investment Manager

G Mills, FFA

Chief Solicitor

C N A Hill

Auditors

Ernst & Whinney

Chairman's Statement and Review for 1982

by Michael G Falcon, CBE, DL

For the Norwich Union, 1982 was a year of unusual ups and downs in a flat and depressed economic environment. The first half of the year was dull for new annual premium life business in the United Kingdom, but the second half saw a healthy recovery and the year ended with good figures. Group pensions business suffered throughout the year as a direct result of smaller salary increases and redundancies, and new annual premiums for this class were down compared with the previous year. The level of single premium business, particularly for immediate annuities, was excellent. Overseas the production of new business held up well.

The Fire Society wrote total premiums which were very similar to those of the previous year. The bad weather in January got our claims experience off to a poor start, and severe competition was the predominant factor throughout the year; pre-tax profit was about two-thirds of that achieved in 1981.

The fact that we have not achieved an increased level of business in all sectors might give rise to the impression that for some of our staff 1982 was an inactive year. Nothing could be further from the truth; indeed, in some areas it proved to be extremely hard work to maintain our position, and the level of activity throughout has never been higher.

Paradoxically, the most favourable aspect of the year involved little effort on our part in 1982. The market values of our assets increased substantially following the fall in interest rates in mid-year. The Life Society, which has assets valued at £4,638m, has taken advantage of the situation to strengthen its liability reserves by a transfer from investment reserve, whilst the free reserves of the Fire Society have increased significantly over the year to £312m.

Whilst we take justifiable pride in the size of our assets, it must never be forgotten that they exist to cover very substantial liabilities to our policyholders. Security is what we sell, and that security is amply demonstrated in our 1982 Report and Accounts, and in our bonus record.

LIFE SOCIETY

New Business for the year began very slowly in the U.K. for a number of reasons, which included the general uncertainty in the economy, and sluggishness in the housing market. A great deal of groundwork was in the meantime being carried out on new presentations and new types of policy. The pace of new business increased dramatically in the fourth quarter supported by an interim increase in our Additional Bonus rates, and we finished on a high note.

Within that overall pattern wide variations occurred, particularly in pensions, where self-employed and small discretionary schemes set a cracking pace throughout the year but the group schemes languished. Surrenders of existing policies continued at a high level but the rate of increase was distinctly lower by the end of the year and we now seem to have passed the peak. While a considerable amount of effort has been put into ensuring that companies with contracted out schemes are aware of the revised terms from April 1983 and their implications, present indications are that few will change their scheme. Our market share of pensions in course of payment continues to mount.

Increases in premium income to group pension schemes were limited in 1982 because of the state of the economy. Few companies increased staff numbers and many made staff redundant or relied on natural wastage to achieve reductions. Salary increases were either non-existent or much smaller than in previous years. In the circumstances £14m of new annual premiums was an achievement.

The number of schemes discontinued because of company insolvencies was thankfully still small, but higher than in 1981. Frequently insolvency results in worry for ex-employees, already distressed at losing their jobs, because of the delay in advising them of their remaining benefits from the scheme. The delays for which we are often blamed occur either because of the problems of tracing the Trustees and getting the necessary decisions and authority required to apportion benefits, or the reluctance on the part of Receivers or Liquidators to give priority to that part of their duties that covers pension schemes. Our self-employed pension contracts showed an increase in both new regular premiums and new single premiums of 80%. The unit linked version, issued for the first time in October 1981, accounted for almost 30% of new regular premiums for self-employed policies. These premiums, together with those from our group unit linked pensions contracts, go into our Pensions Management subsidiary which has an excellent all-round investment record and was handling funds exceeding £240m at the year-end. The non-pensions unit linked funds reached £95m and have since topped £100m for the first time.

We continued to be very successful in attracting capital sums available from other funds for the purchase of Norwich Union pensions at retirement. At £30m this figure was almost 50% up on the previous year. Of similar capital sums arising from our own client's policies we retained almost 100%.

Our overseas portfolios produced a wide variety of results amounting to an increase of 11% in total new annual premiums, 15% when converted into sterling terms having taken account of exchange rates. Economic recession is worldwide and in such circumstances we regard this result as satisfactory.

INVESTMENT

Significant features in the UK have been the steep fall in rates of inflation and interest, and the optimism apparent in the ordinary share market. We have seen the basis of growth, increasing earnings, being resumed, justifying our continued concentration on equity investments. Similarly, in real estate, rental growth has been strong, although rises in market value have been more restrained. This is to be expected, since, apart from the wild period in the early 1970s, property values have traditionally been less volatile than those of more marketable assets. Finding tenants for new and renovated premises has become increasingly difficult. However we have not had the embarrassment on a large scale of buildings standing empty for long periods, nor have we been disappointed by the initial rents on our developments and the results of rent reviews. The wisdom of concentrating our investments into prime locations and top quality properties has been more than usually apparent in today's conditions.

Net new investments for the year amounted to £387m, of which the UK fund accounted for £318m. Principal categories were

£93m in Real Estate, almost all in developments, £163m in Ordinary Shares and £65m in British Government Stock. The latter was all invested in the first half of the year at an average yield approaching 15%.

The performance of our unit linked funds has been excellent as can be judged by the regular publication of unit bid and offer prices, which virtually constitutes the 'shop window' of our investing departments. The same teams are responsible for our main funds and their first rate results lie behind our ability to maintain bonuses which keep us constantly amongst the leaders in payment of benefits.

We are generally more restricted as to the scope and availability of assets in which we can invest the funds of our overseas policyholders, but within the constraints imposed we believe we have served those policyholders well.

VALUATION AND BONUSES

During 1982, with investment values rising strongly, we raised the scales of Additional Bonus in the UK. At the end of the year we again raised the rates of Annual Reversionary Bonus payable on our ordinary and pensions business, both for the current series of policies with compound bonus and the older, closed series with simple bonuses. Our Additional Bonus (which is not confirmed until a claim actually arises), enables us to distribute more surplus to claimants without disturbing the stability of the fund. Nonetheless, that bonus had become a large proportion of the total benefit payable, so we yet again made a special distribution of extra bonus that attaches permanently to policies as a right. Under company pension plans the special distribution was in the form of a supplementary Periodic Review Bonus, no doubt a welcome relief to many companies under financial pressure.

Falling rates of interest and rising bonus rates prompted our actuary to change some of the assumptions in his valuation of our liabilities as compared with last year. The consequent rise in our book liabilities has been met by a transfer from Investment Reserve, the size of which has been considerably enhanced by increases in market values since the low point in 1974, and which remains of such strength that the underpinning of our bonus prospects can readily be appreciated.

Overseas we tailor our bonus system to the local conditions. In many countries we are controlled by rigid statutory valuation bases which cannot be expected always to reflect investment conditions nor to assist in the fair distribution of bonuses. In nearly all cases we have now introduced a terminal bonus in some form or other and this is a great help. Improved bonuses have been declared this year for Australia, France and the Republic of Ireland.

FIRE SOCIETY

1982 witnessed a continuation of the strong competitive pressures of earlier years with consequent further erosion of market discipline worldwide. Against this background we have maintained a resolve to seek premium levels adequate to support our service to policyholders and yet remain relatively competitive. Inevitably and with reluctance we have had to allow some business to pass to other markets. The consequence has been that worldwide premium income did not advance on 1981.

Pre-tax profits fell by 33% to £26.2m, the increase in our investment income having been more than absorbed by a deterioration in the underwriting performance. The net dividend paid to the Life Society has been maintained at £10m. A return to healthier market conditions is likely to be slow, but indications are emerging of improved underwriting standards and provide a glimmer of hope for prospects in the longer term.

UNITED KINGDOM AND REPUBLIC OF IRELAND

In the Accident Department we saw a modest recovery in premium income over 1981. However, the continued increase in incidence of burglaries and other thefts and the severe weather at the beginning of the year increased claims costs at a rate well in excess of the rate of inflation. The Personal Insurance portfolio was particularly affected.

Premium income in the Fire Department reduced in the face of competition and the general economic position. A welcome levelling off in national fire wastage was however largely offset by the cost of weather claims in the early part of the year and an underwriting loss has been incurred.

For the first time in many years the Motor Department suffered a reduction in premium income alongside an underwriting loss, features which all too clearly reflect the continuing competitive pressures particularly with regard to Fleet business.

Having last year reviewed our sales strategy in the Republic of Ireland it is pleasing to observe that the early signs indicate an improvement in the underwriting position. There is a clear need for continued caution particularly with Liability and Motor insurance.

MARINE AND AVIATION

An overriding problem facing the Hull market in 1982 was laid up tonnage which increased four-fold during the year. This feature combined with unprecedented claims costs is reflected in the absence of real growth and a substantial underwriting deficit.

The cargo section was inevitably subject to the same intense pressure of competition but the result represented an improvement on the previous year.

In the Aviation market jet losses were almost double the 1981 level, and cost a record amount. From 1st January 1983 we joined with the Phoenix Assurance and Guardian Royal Exchange to form the London Aviation Insurance Group which will write Aviation business for the three companies.

OVERSEAS

There has been little improvement in trading conditions and Government intervention in some countries, notably France and Greece, is a new factor making the position there even worse.

Whilst Holland again performed well the London Home Foreign result was disappointing and the overall underwriting loss was significantly higher than that of the previous year.

NORWICH WINTERTHUR GROUP

The joint venture operation with Winterthur Swiss Insurance Company and Chiyoda of Japan produced a pre-tax loss of £2.6m compared with £6.4m profit in 1981. The total premium volume in respect of reinsurance and direct business overseas increased from £172m in 1981 to £201m. Our shareholding of 45% is reflected in the accounts of the Fire Society.

Despite difficult trading conditions in all overseas markets where we operate, I am pleased to report an overall improvement in the results of the direct writing companies. In particular, New Zealand performed well but in Australia an improvement in the results of Norwich Winterthur Insurance (Australia) Ltd. was offset by a deterioration in Stronghold Insurance (Australia) Ltd.

Reinsurance has produced extremely poor results which are a direct reflection of the heavy underwriting losses experienced by the primary or direct underwriting companies. The results in particular carry losses emanating from the bad weather in the UK at the beginning of the year, subsequent storms in France and Japan and the impact of heavy liability claims in the United States dating back over many years and related to asbestosis. Conditions in the investment markets have been favourable in virtually all the territories in which Norwich Winterthur operates, and as a consequence the total net assets have shown a substantial increase over the year.

BANKING AND FINANCE

Although industrial output showed no sign of recovering in 1982, the demand for the financial services offered by Norwich General Trust was maintained. During the year 230 new advances were made for £19m, all of which were secured on either industrial or commercial property or on plant and machinery. The total of advances made now exceeds £75m. NGT's profits amounted to £2m after tax from which an unchanged dividend of £1.75m net (£2.50m gross) was paid to the Life Society. As announced last year, NGT was appointed an authorised operator of the Government's Loan Guarantee Scheme for small businesses, but we lent under that heading only £52,500.

Despite the competitive squeeze on banks everywhere AP Bank had a good year in 1982, and disclosed an increased after-tax profit amounting to £1.3m. The dividend was maintained at £875,000 net (£1.25m gross). The Bank's traditional international trade financial services continued to be in demand and there was a large increase in loans—made mainly as short to medium term advances in the UK. The turnover of the Foreign Exchange Department and its profits also showed a marked increase. Supported by £10m proceeds of an issue of subordinated Loan Stock taken up by the Life Society, the Bank's balance sheet total rose by over £100m to £368m during the year, including a rise in the level of outstanding acceptances.

AP Bank acquired two seats on The London International Financial Futures Exchange, which opened in September, and these new financial facilities should in due course provide a useful complement to the Bank's services for its customers.

Castle Finance Ltd., which provides equity capital for small unquoted companies made new investments during the year of almost £4m. The economic environment has been particularly difficult for some of the companies in which Castle invests and there have been casualties. Nevertheless its portfolio contains a

number of holdings which show enough promise to encourage us to continue our activities in this field of investment.

STAFF AND ADMINISTRATION

1982 saw further reductions in the numbers of staff employed in the United Kingdom; this was achieved with no compulsory redundancies. Over two years the staff have reduced by 500, 6% of the total, and this will reduce the impact of increasing expense ratios. At the same time there has been a drop in the number of staff who have left the organisation, with the consequence that we have seen a big reduction in the number of new recruits. Nevertheless, we were glad in 1982 to welcome as many as 386 new staff into the United Kingdom organisation. We also thank those who have completed their service with the Group during the year and wish them a long and happy retirement.

We continue to expand and improve services to our policyholders and intermediaries through the use of computers. A number of new major business systems using computer terminals in our branches throughout the United Kingdom and at Norwich were introduced in the year. These facilities are proving most successful and plans are in hand for further major developments.

EXECUTIVE

During the year Mr V W Hughff was appointed Deputy Chief General Manager whilst retaining his position of General Manager and Actuary. On his appointment as Chief Executive Designate of Norwich Winterthur Holdings, Mr G C Larn, who was instrumental in developing our diversification into NGT and AP Bank, relinquished his executive role in both these companies from the end of the year. Amongst the retirements during the year, were Mr J A Darby, Chief Estates Manager, and Mr D A Weyer, Estates Manager. They made a major contribution to the development of our Real Estate portfolio. Mr M B Olley was appointed Chief Estates Manager from the beginning of 1983.

CONCLUSION

The year under review was in some respects one of the most testing which the Group has experienced for a considerable number of years. The difficult market conditions have impinged on many areas of our activities with consequent pressures and frustrations falling on particular groups and individuals within the organisation. Nonetheless, I have been impressed by the enthusiasm and dedication of the many members of our staff whom I have been able to meet at Head Office and in the Branches at Home and Overseas. I believe that everyone in the Group knows the importance of maintaining our high standards of quality and service, and on behalf of the Board I thank them for their hard work in achieving those ends. I am confident that we are equipped to go on from strength to strength.

Directors' Report

to the 175th Annual General Meeting 10th May 1983

Norwich Union Life Insurance Society

The directors have pleasure in presenting to the members of the Society their report on the operations of the Group during the year ended 31st December 1982, together with the group accounts.

Principal activities

The principal activities of the Group are the transaction in the United Kingdom and overseas of all classes of insurance business with the exception of industrial assurance, the business of banking (by A P Bank Limited) and the provision of finance.

Premium income and payments to policyholders

An indication of the sources of the premium income of the Group after deducting reinsurances is shown below:

	Long-term, consolidated		Short-term, consolidated	
United Kingdom	£367.6m	78.1%	£214.5m	85.3%
Republic of Ireland	13.4	2.9	13.7	5.5
Other E.E.C. States	12.3	2.6	16.1	6.4
Africa	36.3	7.7	1.6	0.6
Asia	0.4	0.1	2.6	1.0
Australia and New Zealand	27.6	5.9	0.2	0.1
Canada	8.2	1.7	0.6	0.3
Remainder	4.9	1.0	2.0	0.8
	<u>470.7</u>	<u>100.0</u>	<u>251.3</u>	<u>100.0</u>

Total payments to policyholders, net of
reinsurances

£241.4m

£189.8m

Long-term business consolidated

New business

	Annual premiums 1981		Single premiums 1981	
Individual policies	£38.0m	£32.1m	£59.6m	£33.1m
Group life and pension policies	38.7	43.4	59.2	41.7

Annual valuation and bonus distribution

A summary of the report of the Actuary to the directors appears on page 9. The directors have declared special reversionary bonuses in the United Kingdom and some other territories and some annual reversionary bonus rates have been increased. Amendments have also been made to some scales of additional bonus.

A full list of bonus rates declared appears on pages 25 to 27.

Short-term business consolidated

	Fire and accident	Marine and aviation	Total
Premium income	£239.8m	£11.5m	£251.3m
Investment income			51.8
Share of associated companies' losses			1.2
Claims	179.7	10.1	189.8
Underwriting losses	19.2	1.6	20.8

Results

The consolidated profit for the year is set out in the consolidated profit and loss account on page 17.

Appropriation

Dividend for the year

£10.0m

Banking and provision of finance

Turnover

Turnover is not required to be stated in respect of banking services. The net increase in instalment credit loans made by Norwich General Trust Limited amounted to £5.1m. Profit for the year attributable to instalment credit business amounted to £1.5m after tax.

Results

Consolidated net profit for the year, after taxation

£3.3m

Appropriations

Dividends for the year

£2.6m

Subsidiary company

On 13th December 1982 the Life Society transferred its entire holding of shares in the Norwich Union Fire Insurance Society Limited comprising 19,050,000 fully paid Ordinary Shares of £1 each to Norwich Union Holdings p.l.c. in exchange for the allotment of 52,632,060 fully paid Ordinary Shares of £1 each in Holdings. The nominal value of the shares in Holdings allotted to the Life Society represents the cost to the Life Society of the Fire Society shares.

Employees

The average number of persons employed in the United Kingdom by the Society and its subsidiaries in each week of 1982 was 8,874 of whom 1,119 were part-time employees. The aggregate remuneration paid or payable in respect of those employees during the year was £59.3m.

Disabled persons

The policy of the Society and its subsidiaries continues to be to:

- (i) give full and fair consideration to applications for employment made by disabled persons taking into account their disability
- (ii) retain if possible in its employment any staff member who becomes disabled, if necessary by providing appropriate training for an alternative job;
- (iii) provide equal opportunity to disabled persons regarding their consideration for training, career development and promotion, only taking into account their disability as outlined in (i) above.

Charitable contributions

The Society and its subsidiaries donated £101,000 in the United Kingdom for charitable purposes.

Directors

The names of the directors are given on page 2.

Dr N Cardoe was appointed a director with effect from 1st April 1982. In addition Mr D E Longe was a director from 1st January 1982 until his retirement on 11th May 1982.

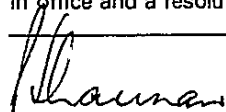
The Marquess Townshend of Raynham, Mr B Roberts, Mr P G Holmes and Mr D C H Crouch retire by rotation and, being eligible, offer themselves for re-election.

According to the register kept under Section 29 of the Companies Act 1967, one director, Mr P W Sharman, held beneficially throughout the year one ordinary share in Norwich Properties (Belgium) S. A., a subsidiary of the Society.

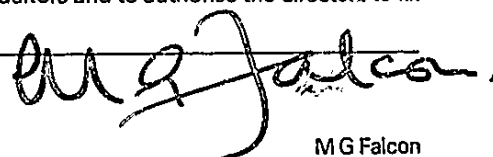
Auditors

Ernst & Whinney have expressed their willingness to continue in office and a resolution will be submitted at the meeting to

reappoint them as auditors and to authorise the directors to fix their remuneration.



P W Sharman
Chief General Manager
Norwich 15th April 1983



M G Falcon
Chairman

Summary of the report of the Actuary to the directors for the year ended 31st December 1982

Norwich Union Life Insurance Society

Valuation of liabilities

The valuation of liabilities has been carried out on the following bases:

1. United Kingdom, New Zealand, Republic of Ireland and miscellaneous sterling portfolios:

Mortality:

Standard tables of mortality were used, i.e.:

Insurances A 67/70 ultimate
Annuities a(90), PA(90) and a(55)

Interest:

Insurances 4%
Annuities and
pension business: with profits 6%
 without profits 6% to 9%

The premiums valued were the net premiums on the valuation basis adjusted in the case of insurances for initial expenses of 3% of the sums insured. The cost of change from the bases used in 1981 has been met by a transfer from investment reserve to the fund at the end of the year.

2. Principal overseas portfolios have been valued in accordance with local statutory regulations.
3. Minor portfolios and classes of business have been valued on bases containing adequate margins.
4. Further reserves of £166m are held against contingencies and fluctuations.



V W Hughff
General Manager and Actuary

Valuation of assets

The assets have been valued at midmarket prices in the case of securities listed on the Stock Exchanges of London and other capital cities. Holdings of real estate were valued by the Society's Chief Estates Manager at 31st December 1982. Wholly owned subsidiaries have been valued at net asset value; other unlisted securities and mortgages are included at values which, in the opinion of the directors, would have been realisable on 31st December 1982.

There is an investment reserve as shown in the balance sheet.

The annual rate of investment income before tax related to the average aggregate value of the fund during 1982 was 13.12%, 1981-12.99%.

Surplus

		1981
Fund at the end of the year	£2,827.8m	£2,275.7m
Reserved for liabilities to policyholders	2,634.2	2,172.3
Surplus available for distribution	193.6	103.4
Cost of annual bonuses declared	112.6	85.7
Cost of special bonuses declared	61.3	—
Surplus carried forward	19.7	17.7

Commentary

Interest rates fell rapidly in the United Kingdom towards the end of the year, accompanied by a significant reduction in inflation. Hence the fall in yields on investments may well prove more durable than the falls seen in earlier years. The consequent rise in market value of investments puts the Society in a very strong capital position.

A reduction from 5% to 4% in the net rate of interest used in valuing the insurance policies takes into account the above investment factors and the increased bonus commitments. The payment of the special bonus in the U.K., the annual reversionary bonuses and other bonuses declared were all fully justified.

Accounting policies

Norwich Union Insurance Group

A. Basis of consolidation

The group accounts of the Norwich Union Life Insurance Society (the parent Society) comprise:

- (i) Consolidated accounts dealing with long-term insurance transacted by the Norwich Union Life Insurance Society and certain of its subsidiaries.
- (ii) Consolidated accounts dealing with banking transacted by A P Bank Limited together with provision of finance transacted by Norwich General Trust Limited and its subsidiary.
- (iii) Consolidated accounts of Norwich Union Holdings p.l.c. incorporating the accounts of the Norwich Union Fire Insurance Society Limited and its subsidiaries dealing with short-term insurance. The comparative figures for 1981 have been amended to reflect this change.

These accounts have been prepared in compliance with sections 149A and 152A of and Schedule 8A to the Companies Act 1948 and incorporate information on the bases applicable to insurance and banking companies. In particular, the insurance companies do not disclose the aggregate cost and depreciation of fixed assets, aggregate amounts of listed and unlisted investments and movements on reserves and A P Bank does

not disclose interest paid, charges for taxation, the aggregate cost and depreciation of fixed assets, the contingency reserve and movements thereon.

The appropriate proportion of the consolidated results of the Fire Society's principal associated companies, Norwich Winterthur Holdings Limited and Winterthur-Norwich Reinsurance Corporation has been incorporated in the consolidated short-term insurance profit and loss account and of the net tangible assets in the consolidated short-term insurance balance sheet. The results of all other associated companies have only been included to the extent of dividends received, as the amounts involved are immaterial.

The accounts of one small subsidiary have been made up to 30th June 1982 in accordance with practice in its country of incorporation.

The accounts of one wholly owned subsidiary have not been consolidated as the directors are of the opinion that it would be of no real value to do so in view of the insignificant amounts involved and further that the aggregate value of the shares in and amounts owing by that subsidiary, including loans, is not less than the aggregate of the amount at which this asset is included in the balance sheet.

B. Valuation of investments

In the balance sheets investments other than equipment on lease are stated at market value (increased by an allowance for acquisition costs where they relate to unit-linked policies and this is provided for in those policies). For this purpose (a) listed securities are included at middle market value and unlisted securities at market values estimated by the directors, (b) mortgages and loans subject to fixed rates of interest payable throughout have been valued at interest rates prevailing on 31st December 1982, (c) real estate (subject to paragraph (d) following) has been valued by the Chief Estates Manager, a Fellow of the Royal Institution of Chartered Surveyors, at open market value, making due allowance for purchasers' acquisition costs and (d) the real estate investments of the long-term funds of Norwich Union Insurance Group (Managed Funds) Limited and Norwich Union Insurance Group (Pensions

Management) Limited have been valued on the same bases by independent firms of Chartered Surveyors. The value of leasehold interests is amortised over the unexpired term where this is 20 years or less.

Equipment on lease, being investments of the equipment leasing subsidiaries is included at cost after deduction of depreciation. Depreciation, which is charged against rental income, is spread over the leasing period on a rising scale by valuing the assets at the discounted present value of future rentals.

Subsidiary companies and the Fire Society's principal associated companies are stated at the values of their individual tangible assets on the foregoing bases, less liabilities, including, in the case of A P Bank, a reserve for contingencies.

C. Reserves

Investment reserves include credits from revenue, unrealised appreciation and depreciation of investments, profits and losses (after taxation) on realisation of investments, profits and

losses on exchange and profits and losses on disposal by the Fire Society of certain overseas interests.

D. Plant, machinery and other office equipment

Expenditure is charged to revenue over an appropriate period. The Fire Society makes purchases in the United Kingdom on behalf of most of the Group companies. Rentals and payments for use thereof received by the Fire Society have been credited

to its expenses of management. In the consolidated short-term insurance balance sheet the written down balances are stated separately and in the Life Society's balance sheet they have been eliminated by application of investment reserve.

E. Rates of exchange

Assets, liabilities and revenue items in currencies other than sterling have been translated into sterling at approximate rates of exchange ruling at 31st December 1982, except for certain categories of short-term business where it is considered more appropriate to translate revenue items at the rates of exchange prevailing during the year. An adjustment has been made to the long-term business fund brought forward from 1981 for

the change in value of the net assets at 31st December 1981 in currencies other than sterling arising from their translation at the rates of exchange ruling at 31st December 1982. Similar adjustments have also been made for changes in value of the unearned premium and outstanding claim reserves in the short-term business revenue accounts.

F. Deferred taxation

Deferred taxation is provided at current rates of taxation on all net timing differences which are considered likely to materialise in the foreseeable future. In particular no provision is made for deferred taxation on unrealised appreciation of investments

(including subsidiary companies) where it is considered unlikely that any material liability will arise in the foreseeable future.

G. Pension plans

Contributions to pension funds in respect of present staff and other current pension payments have been charged to revenue.

H. Current cost accounting

Statement of Standard Accounting Practice No. 16 does not apply to insurance business. Consolidated current cost information is not given in respect of those subsidiaries to which

the standard would otherwise apply as the amounts involved are not material in relation to the Group as a whole.

J. Unearned premiums and outstanding claims — fire and accident

- (i) Unearned premiums at the balance sheet date have been calculated principally on the basis of 40% of gross premiums written in the year less reserves applicable to reinsurance.
- (ii) Outstanding claims comprise the estimated cost of all claims incurred but not settled at the balance sheet date whether reported or not.

Any difference between the provisions at the balance sheet date and settlements and provisions in the following year is included in the revenue account for that year.

K. Marine fund

The marine fund is calculated by formula and takes into consideration both an unearned premium reserve and provisions

for all claims incurred but not settled at the balance sheet date, whether reported or not.

L. Closed accounts

The Fire Society retains responsibility for claims arising prior to the transfer of certain interests to Norwich Winterthur Holdings Limited and to Norwich Winterthur Reinsurance Corporation Limited. Profits and losses on these claims have been dealt with in the consolidated short-term insurance revenue accounts.

Profits and losses arising on the disposal of certain overseas interests to Norwich Winterthur Holdings Limited are dealt with in the investment reserve account shown in the consolidated short-term insurance balance sheet.

Long-term insurance

Revenue accounts for the year ended 31st December 1982

Incorporating income and expenditure account

Norwich Union Life Insurance Society

Notes	Income	Society		Consolidated	
		1981		1981	
		£334.4m	£306.2m	£351.9m	£320.0m
	Annual premiums	99.7	64.9	118.8	74.8
9	Singla premiums	305.6	259.5	326.1	275.0
8	Interest, dividends and rents	0.2	0.2	0.2	0.2
	Assignment fees and fines	—	—	60.1	10.2
	Change in value of managed fund investments	739.9	630.8	857.1	680.2
Outgo					
	Claims paid and outstanding:				
	by death and disability	41.2	36.3	42.2	37.0
	by maturity	66.5	67.0	67.7	67.2
	Annuities	44.5	35.0	44.6	35.1
	Surrenders	40.5	30.3	47.2	36.5
9	Return of pension scheme contributions	43.6	50.0	39.0	34.3
	Bonuses in cash	0.7	0.7	0.7	0.7
	Commission	37.1	29.8	37.8	30.2
10, 11	Expenses of management	63.2	54.9	65.7	55.9
	Contributions to staff pension funds	6.8	6.0	6.8	6.0
7	Taxation	14.4	12.7	18.2	12.2
		358.5	322.7	369.9	315.1
	Net income	381.4	308.1	487.2	365.1
	Funds at the beginning of the year	2,275.7	1,930.0	2,509.1	2,105.0
	Adjustment for exchange	8.7	37.6	8.7	37.6
		2,284.4	1,967.6	2,517.8	2,142.6
	Long-term fund of Fidelity Life Assurance Limited	—	—	—	2.9
		2,284.4	1,967.6	2,517.8	2,145.5
	Add: net income	381.4	308.1	487.2	365.1
		2,665.8	2,275.7	3,005.0	2,510.6
	Transfer from investment reserve	162.0	—	163.7	Dr1.5
	Funds at the end of the year	2,827.8	2,275.7	3,168.7	2,509.1

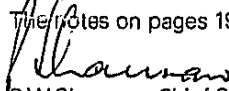
Long-term insurance

Balance sheets at 31st December 1982

Norwich Union Life Insurance Society


Notes 1	Investments	Society		Consolidated	
		1981		1981	
	Ordinary stocks and real estate	£2,422.2m	£1,943.8m	£2,713.0m	£2,110.2m
	Fixed interest, including equipment on lease	1,390.5	989.7	1,562.4	1,161.0
		<u>3,812.7</u>	<u>2,933.5</u>	<u>4,275.4</u>	<u>3,271.2</u>
5	Subsidiary companies				
	Shares:				
	subsidiary companies not consolidated	345.8	238.6	345.8	238.6
	other subsidiaries	29.7	28.3	—	—
	Secured loans	4.6	—	—	—
	Unsecured loans	72.0	65.8	10.0	—
	Deposit	2.0	2.0	2.0	2.0
		<u>454.1</u>	<u>334.7</u>	<u>357.8</u>	<u>240.6</u>
	Total investments	4,266.8	3,268.2	4,633.2	3,511.8
	Current assets				
	Agents and debtors	106.2	114.6	118.4	126.7
	Due from subsidiary companies	25.0	6.4	33.4	17.6
	Cash in hand and on current account	6.9	5.0	7.1	5.1
		<u>138.1</u>	<u>126.0</u>	<u>158.9</u>	<u>149.4</u>
	Total assets	4,404.9	3,394.2	4,792.1	3,661.2
	Liabilities and provisions				
	Outstanding claims and annuities	12.9	12.9	12.9	12.9
	Creditors	50.1	54.1	61.9	64.5
	Due to subsidiary companies	25.2	26.6	20.2	15.9
	Bank loans and overdrafts	11.5	11.3	11.5	11.4
7	Deferred taxation	7.8	9.8	47.3	43.6
		<u>107.5</u>	<u>114.7</u>	<u>153.8</u>	<u>148.3</u>
	Net assets	4,297.4	3,279.5	4,638.3	3,512.9
	Representing:				
	Funds at the end of the year	2,827.8	2,275.7	3,168.7	2,509.1
	Investment reserve	1,469.6	1,003.8	1,469.6	1,003.8
		<u>4,297.4</u>	<u>3,279.5</u>	<u>4,638.3</u>	<u>3,512.9</u>

The notes on pages 19-23 form an integral part of these accounts


P W Sharman, Chief General Manager


V W Hughff, General Manager and Actuary

Norwich, 15th April 1983


M G Falcon, Chairman


B Roberts, Director

Banking and provision of finance
 Consolidated profit and loss account for the year ended
 31st December 1982

AP Bank Limited and Norwich General Trust Limited

Notes	1981	
	£3.3m	£3.4m
7, 8, 10 Net profit for the year after taxation		
Consolidated balance of previous year's account	<u>7.7</u>	<u>6.9</u>
Total available for appropriation	11.0	10.3
Dividends for the year:		
A P Bank Limited	0.9	0.9
Norwich General Trust Limited	<u>1.7</u>	<u>1.7</u>
	<u>2.6</u>	<u>2.6</u>
Balance as per balance sheet	<u>8.4</u>	<u>7.7</u>

Banking and provision of finance

Consolidated balance sheet at 31st December 1982

APBank Limited and Norwich General Trust Limited

Notes	Assets	1981
	Cash with banks at call and short notice	£94.0m
	Certificates of deposit	9.9
	Bills discounted	0.7
	Investments:	
	British government and other public securities	19.3
	listed securities	13.2
	Due from Norwich Union Life Insurance Society	—
	Due from fellow subsidiaries	1.0
	Deposit with Bank of England	0.2
7	Deferred taxation	0.1
	Advances to customers and other accounts	252.6
		391.0
	Liability of customers for acceptances	94.3
	Total assets	485.3
	Liabilities and provisions	
	Due to Norwich Union Life Insurance Society:	
	deposit	2.0
	loan	10.0
	current account	—
	Due to fellow subsidiaries:	
	deposit	14.0
	current account	1.6
	Short-term bank loans, Norwich General Trust	23.6
	Current, deposit and other accounts including	
	reserve for contingencies of A P Bank	305.6
		356.8
	Acceptances	94.3
		451.1
	Net assets	34.2
2	Share capital	20.4
	Reserves and undistributed profits	
	Capital reserve	5.4
	Profit and loss account	8.4
	Total interest of shareholders	34.2

The notes on pages 19-23 form an integral part of these accounts

Short-term insurance

Consolidated revenue accounts for the year ended 31st December 1982

of Norwich Union Holdings p.l.c. including its principal subsidiary

Norwich Union Fire Insurance Society Limited

Fire and accident business

1981

Premiums written	£239.8m	£239.8m
Add:		
unearned premiums at the beginning of the year	97.2	91.6
exchange and portfolio premium adjustments	—	0.1
	<u>337.0</u>	<u>332.0</u>
Less:		
exchange and portfolio premium adjustments	0.1	—
unearned premiums at the end of the year	<u>97.0</u>	<u>97.2</u>
	<u>97.1</u>	<u>97.2</u>
Premiums earned	<u>239.9</u>	<u>234.8</u>
Claims paid and outstanding	179.7	165.0
Commission	33.5	32.0
Expenses of management	41.1	38.1
Contributions to staff pension funds	4.8	4.3
	<u>259.1</u>	<u>239.4</u>
Loss transferred to profit and loss account	<u>19.2</u>	<u>4.6</u>

Marine and aviation business

Fund at the beginning of the year	10.7	9.1
Premiums written	11.5	9.9
Exchange and portfolio premium adjustments	0.8	0.8
	<u>23.0</u>	<u>19.8</u>
Claims paid	10.1	7.9
Expenses of management	1.2	1.2
Contributions to staff pension funds	0.2	0.2
Fund at the end of the year	<u>13.1</u>	<u>10.7</u>
	<u>24.6</u>	<u>20.0</u>
Loss transferred to profit and loss account	<u>1.6</u>	<u>0.2</u>

Short-term insurance

Consolidated profit and loss account for the year ended 31st December 1982

of Norwich Union Holdings p.l.c. including its principal subsidiary

Norwich Union Fire Insurance Society Limited

Notes

	1981	
	£51.8m	£44.7m
8 Interest, dividends and rents		
Losses transferred from revenue accounts:		
fire and accident	19.2	4.6
marine and aviation	1.6	0.2
	20.8	4.8
	31.0	39.9
Expenses not charged to other accounts	2.0	2.0
Pensions	1.6	1.6
	3.6	3.6
	27.4	36.2
6 Share of losses of principal associated companies	1.2	profit 2.9
Profit before taxation	26.2	39.2
7 Taxation:		
the company and subsidiaries	10.8	16.1
6 associated companies	Cr0.5	1.4
	10.3	17.5
Profit after taxation	15.9	21.7
Profit attributable to outside shareholders	0.2	0.1
Net profit for the year	15.7	21.6
(Dealt with in the accounts of the company £6,200 1981-£2,800)		
Balance of previous year's account	71.6	62.0
	87.3	83.6
Transfers from investment reserve in respect of subsidiary and associated companies	0.6	Dr2.0
	87.9	81.6
Dividend for the year (paid by Fire Society to Life Society)	10.0	10.0
Retained profits	77.9	71.6

Short-term insurance

Consolidated balance sheet at 31st December 1982

of Norwich Union Holdings p.l.c. including its principal subsidiary

Norwich Union Fire Insurance Society Limited

		1981
Notes 1 Investments		
Ordinary stocks and real estate	£235.1m	£191.6m
Fixed interest	338.4	242.1
Deposit with fellow subsidiary	14.0	14.0
Principal associated companies:		
shares	29.0	21.6
unsecured loan stock	5.4	5.4
	<u>621.9</u>	<u>474.7</u>
Plant, machinery and other office equipment	13.0	12.5
Current assets		
Agents and debtors	104.3	110.1
Due from Norwich Union Life Insurance Society	0.1	7.7
Due from associates and their subsidiaries	18.5	11.5
Cash in hand and on current account	3.9	3.8
	<u>126.8</u>	<u>133.1</u>
Total assets	<u>761.7</u>	<u>620.3</u>
Liabilities and provisions		
Due to Norwich Union Life Insurance Society	5.8	—
Due to other group members	7.0	7.9
Due to associates and their subsidiaries	40.1	43.6
Creditors and short-term loans	38.5	37.3
Bank loans and overdrafts	0.9	0.7
7 Deferred taxation	8.3	8.6
	<u>100.6</u>	<u>98.1</u>
	661.1	522.2
Insurance funds		
Unearned premiums: fire and accident	97.0	97.2
Claims outstanding: fire and accident	237.2	208.9
Marine and aviation fund	13.1	10.7
	<u>347.3</u>	<u>316.8</u>
	313.8	205.4
Minority interests		
of outside shareholders in subsidiary companies	2.2	0.2
Net assets	<u>311.6</u>	<u>205.2</u>
2 Share capital		
Norwich Union Holdings p.l.c.	52.7	0.1
Norwich Union Fire Insurance Society Limited	—	19.0
	<u>52.7</u>	<u>19.1</u>
Reserves		
Share premium account	—	29.1
Investment reserve	181.0	86.4
Profit and loss account	77.9	71.6
Total interest of shareholders	<u>311.6</u>	<u>205.2</u>

The notes on pages 19-23 form an integral part of these accounts

P. W. Sharman
P. W. Sharman, Chief General Manager

J. Campbell
J. Campbell, General Manager

Norwich 15th April 1983

M. G. Falcon
M. G. Falcon, Chairman

B. Roberts
B. Roberts, Director

Notes on the accounts

Norwich Union Insurance Group

1. Investments

The investments of the Group comprise:

	Life Society	Long-term insurance consolidated		Short-term insurance consolidated	
	1981	1981	1981	1981	1981
British government and other public securities	£768.5m	£507.3m	£821.8m	£568.8m	£184.6m
Overseas government and other public securities	208.4	133.7	208.4	133.7	59.0
Debenture and loan stocks	108.6	71.8	116.8	76.4	43.9
Preference stocks	6.0	5.2	6.0	5.2	34.0
Ordinary stocks	1,127.4	807.9	1,325.6	901.5	216.0
Real estate	1,294.8	1,135.9	1,387.4	1,208.7	19.1
Mortgages and loans	272.9	244.3	274.3	244.8	7.9
Deposits	26.1	27.4	46.1	49.5	9.0
Equipment and aircraft on lease less depreciation	—	—	89.0	82.6	—
Deposit with fellow subsidiary	—	—	—	—	14.0
Principal associated companies of Fire Society: shares	—	—	—	—	29.0
unsecured loan stock	—	—	—	—	5.4
Investments	3,812.7	2,933.5	4,275.4	3,271.2	621.9

Certain of these investments were on loan to firms of stock jobbers under a stock lending scheme authorised by the Bank of England.

The investments of the banking and provision of finance business of the Group are set out in the appropriate consolidated balance sheet on page 15.

dated balance sheet on page 15.

Certain of the assets are specifically deposited under local laws in various places out of the United Kingdom as security to holders of policies there issued.

2. Share Capital, Banking and Short-term insurance subsidiaries

	1981			1981	
A P Bank Limited			Norwich Union Holdings p.l.c.		
Authorised: £20,000,000			Authorised: £200,000,000		
Issued and fully paid:			Issued and fully paid:		
10,000,000 shares of £1	£10.0m	£10.0m	52,732,060 1981-100,000 shares of £1	£52.7m	£0.1m
Norwich General Trust Limited			Norwich Union Fire Insurance Society Limited		
Authorised: £10,750,000			Authorised: £19,050,000		
Issued and fully paid:			Issued and fully paid:		
10,388,681 shares of £1	10.4	10.4	19,050,000 shares of £1	19.0	19.0

3. Contingent liabilities

There are contingent liabilities in respect of staff pension funds arising from future service and future increases in remuneration although the funds, when last valued, were adequate to provide all pensions to members in respect of their service to date calculated by reference to their current remuneration.

There are also contingent liabilities in respect of uncalled capital

on certain shares, levies to meet liabilities arising from the insolvencies of other insurance companies, indemnities given to an associated company in respect of the sale to it of two former subsidiaries and a guarantee given in respect of a former subsidiary company.

4. Capital commitments

Contracts exist at 31st December 1982 for capital expenditure amounting to approximately £13.3m 1981-£18.8m for which provision has not been made in the accounts.

In addition, the directors have authorised capital expenditure amounting to approximately £0.1m 1981-nil which has not yet been contracted for.

5. Principal subsidiary companies

Principal subsidiary companies are stated below. None of those subsidiary companies which have been omitted materially affects the profits or assets of the group.

Unless otherwise stated, the companies are incorporated in Great Britain and registered in England and have share capital comprising shares of one class only.

Norwich Union Holdings p.l.c. is an investment holding company; A P Bank Limited is engaged in banking; Norwich General Trust Limited in the provision of finance; Norwich Union Insurance Group (Equipment Leasing) Limited and Eastlease Limited in equipment leasing. All the other subsidiary companies listed are insurance companies.

Subsidiaries of Norwich Union Life Insurance Society		Subsidiaries of Norwich Union Fire Insurance Society Limited	
	Proportion of issued share capital held:		Proportion of issued share capital held:
Norwich Union Holdings p.l.c.	100%	Scottish Union and National Insurance Company unregistered	
A P Bank Limited	100	'A' shares of £5 each (50p paid)	100%
Norwich General Trust Limited	100	ordinary shares of £1 each	100
Norwich Union Insurance Group (Equipment Leasing) Limited	100	Maritime Insurance Company Limited	100
Norwich Union Insurance Group (Managed Funds) Limited	100	Canada Security Assurance Company incorporated: Canada	99.8
Norwich Union Insurance Group (Pensions Management) Limited	100	N.V. Verzekering Maatschappij Schiedam van 1866, incorporated: Netherlands	58.1
Subsidiary of Norwich Union Holdings p.l.c.		Subsidiary of Norwich Union Insurance Group (Equipment Leasing) Limited	
Norwich Union Fire Insurance Society Limited	100	Eastlease Limited	100

6. Associated and other companies

At 31st December 1982 the Life Society and its subsidiaries held shares exceeding one-tenth in nominal value of the issued shares of at least one class of the equity capital of 39 companies, but to provide details of all of them would result in

particulars of excessive length.

Those holdings which principally affect the amount of the profit and of the assets of the Group are as follows.

Name of Company	Class of shares	Proportion of issued shares held:	
		by Life Society:	by subsidiaries:
Norwich Winterthur Holdings Limited	'A' Ordinary	—	45%
Winterthur-Norwich Reinsurance Corporation	Ordinary	—	45
Central Holdings p.l.c.	Ordinary	29.7%	—
Imry Property Holdings p.l.c.	Ordinary	30.2	—
Land Investors p.l.c.	Ordinary	9.9	0.2

All of these companies are incorporated in Great Britain, with the exception of Winterthur-Norwich Reinsurance Corporation which is incorporated in Switzerland.

The unaudited results of the Fire Society's principal associated companies, Norwich Winterthur Holdings Limited and Winterthur-Norwich Reinsurance Corporation and their principal subsidiaries and associated companies, engaged in the transaction of short-term insurance business including reinsurance, are set out in this note. The appropriate proportion, 45%, of the results for the year has been included in the consolidated short-term insurance profit and loss account.

	1981	
	£201.5m	£172.1m
Premiums written		
Underwriting loss	27.9	13.8
Investment income	28.6	23.3
	0.7	9.5
Expenditure not charged to other accounts	3.3	3.1
Loss before taxation	2.6	profit 6.4
Taxation	Cr 1.1	3.1
Net loss for the year	1.5	profit 3.3

7. Taxation

Provision has been made in the accounts for corporation tax on assessable profit and income for the year on the bases appropriate to the various classes of business. The charge for tax on franked investment income represents imputed tax credits appropriate to that income less the relevant reliefs. Group relief relates to amounts payable or receivable where losses

are surrendered. The composition of the taxation charges in the long-term insurance revenue accounts and the consolidated short-term insurance profit and loss account is given below. Details of the taxation charge made in arriving at the net profit of the banking and finance business, excluding the charge applicable to A P Bank are also given below.

	Long-term insurance				Short-term insurance consolidated		Banking and Finance consolidated	
	Life Society		consolidated		consolidated		consolidated	
	1981	1981	1981	1981	1981	1981	1981	1981
	£1.9m	£0.6m	£4.1m	£1.6m	£0.7m	£0.7m	£2.2m	£0.8m
U.K. corporation tax	0.8	0.5	0.9	0.5	0.7	0.7	—	—
Less double taxation relief	1.1	0.1	3.2	1.1	—	—	2.2	0.8
Net charge for U.K. corporation tax	11.2	9.8	11.6	10.1	4.9	4.2	—	—
Tax on franked investment income	Cr0.5	Cr0.2	Cr8.4	Cr10.8	3.7	6.8	—	1.7
Group relief	5.5	4.2	5.5	4.3	0.9	0.9	—	—
Overseas taxation	Cr2.1	1.1	7.1	9.8	1.2	3.8	—	0.1
Deferred taxation transfer	15.2	15.0	19.0	14.5	10.7	15.7	2.2	2.6
Adjustment in respect of prior years including deferred taxation	Cr0.8	Cr2.3	Cr0.8	Cr2.3	0.1	0.4	—	—
	14.4	12.7	18.2	12.2	10.8	16.1	2.2	2.6
Tax attributable to associated companies	—	—	—	—	Cr0.5	1.4	—	—
	<u>14.4</u>	<u>12.7</u>	<u>18.2</u>	<u>12.2</u>	<u>10.3</u>	<u>17.5</u>	<u>2.2</u>	<u>2.6</u>

The deferred taxation transfer in the consolidated long-term insurance revenue account would have been £1.1m 1981-£2.6m higher if full provision had been made for accelerated capital

allowances and for unrealised appreciation of managed fund investments. Details of the full potential liability for deferred taxation are given below.

	Long-term insurance				Short-term insurance consolidated		Banking and Finance consolidated	
	Life Society		consolidated		consolidated		consolidated	
	1981	1981	1981	1981	1981	1981	1981	1981
Provided in accounts:								
Accelerated capital allowances	£0.4m	£0.3m	£36.0m	£32.5m	£5.1m	£5.1m	—	—
Unrealised appreciation of investments	—	—	6.3	3.1	—	—	—	—
Short term timing differences	6.1	6.2	3.7	4.7	3.2	3.5	Dr£0.1m	£0.2m
Advance corporation tax	—	—	—	—	—	—	—	Dr0.3
Annuity profits reserved	1.3	3.3	1.3	3.3	—	—	—	—
	7.8	9.8	47.3	43.6	8.3	8.6	Dr0.1	Dr0.1
Not provided in accounts:								
Accelerated capital allowances	—	—	10.6	10.7	—	—	—	—
Unrealised appreciation of investments	217.0	158.0	220.2	159.7	95.0	47.0	—	—
	<u>224.8</u>	<u>167.8</u>	<u>278.1</u>	<u>214.0</u>	<u>103.3</u>	<u>55.6</u>	<u>Dr0.1</u>	<u>Dr0.1</u>

8. Interest payable

Interest payable, excluding that payable by A P Bank, deducted in the accounts from interest dividends and rents receivable, is as follows:

On bank loans and overdrafts
On short-term deposits and other current balances

	Life Society		Group	
	1981	1981	1981	1981
	£0.5m	£0.2m	£3.2m	£2.0m
	3.9	3.3	12.0	10.2
	<u>4.4</u>	<u>3.5</u>	<u>15.2</u>	<u>12.2</u>

9. Transfer of pensions business to subsidiary

Certain pension schemes formerly insured by the Life Society were transferred to Norwich Union Insurance Group (Pensions Management) Limited. An amount representing the return of contributions by the Life Society of £9.7m 1981-£16.6m was paid by the trustees of the schemes concerned to Norwich Union

Insurance Group (Pensions Management) Limited as initial premiums. Premiums and Return of pension scheme contributions have been adjusted in the consolidated long-term insurance revenue account.

10. Auditors' remuneration

Auditors' remuneration charged in the revenue or trading accounts during 1982, including amounts paid to local auditors overseas, amounted to:

		1981
Life Society	£201,000	£160,000
Group	460,000	380,000

11. Emoluments of directors and senior employees

The total emoluments of the directors of the Society for the year including amounts paid by subsidiaries and by other companies to directors holding office by virtue of the Society's nomination comprised fees £106,903 1981-£97,121 and other emoluments £145,845 1981-£131,074

The following tables show the number of directors and senior U.K. employees whose emoluments fall within the bands stated. Employees' emoluments include sums received as directors of subsidiaries where relevant.

	Emoluments	Number of directors	
		1981	
The emoluments of the Chairman, included in this total were £24,750 1981-£24,358 of which £9,078 was in respect of the previous Chairman.	(i) Directors		
	Nil to £5,000	2	1
	£5,001 to £10,000	8	7
	£10,001 to £15,000	—	1
	£15,001 to £20,000	1	2
	£20,001 to £25,000	1	—
	£45,001 to £50,000	1	1
The emoluments of the highest paid director were £71,244 1981-£65,287 including remuneration for management services.	£65,001 to £70,000	—	1
	£70,001 to £75,000	1	—
One director waived fees amounting to £3,750 1981-£3,000			
A supplement to a past director's pension, in respect of services as a director, but not payable out of the non-executive directors' pension fund, amounted to £331 1981-nil			
Other emoluments do not include pension contributions in respect of the executive directors who are members of a staff pension plan funded by contributions made by the Group and which cannot be attributed to individual members of the plan.	(ii) Employees		
	£30,000 to £35,000	6	5
	£35,001 to £40,000	2	2
	£40,001 to £45,000	2	—
	£45,001 to £50,000	—	—
	£50,001 to £55,000	—	—
		Employees of the Life Society	Employees of other Group companies
		1981	1981
		6	7
		2	1
		2	1
		—	—
		—	1

12. Loans to directors and officers

(i) The following loans to directors subsisted during the year ended 31st December 1982. The stated principal and rates of interest applied also at 1st January 1982 and represented the maximum liability during the year. All house purchase loans are secured by charges on the property and are repayable by collateral life insurance policies.

There is no unpaid interest in respect of these loans and no provision in the accounts for non-payment of either principal or interest.

(a) Loans to a non-executive director, granted in the normal course of business on terms then applicable to persons unconnected with the Society:

D E Longe

House purchase loan £6,050 @ 5% (granted 1953 and 1959)
£13,950 @ 9% (granted 1972)
repayable 1984

(b) Loans to executive directors, granted on terms identical to those applicable to staff generally:

P W Sharman

House purchase loan £4,750 @ 3% (granted 1967)
£9,250 @ 6% (granted 1967 to 1974)
repayable 1984

V W Hughff

House purchase loan £10,000 @ 4% (granted 1978)
repayable 1991

Policy loans £1,320 @ 6% (granted 1966 and 1975)
£1,660 @ 11% (granted 1980)

(ii) Loans to officers, granted on terms identical to those applicable to staff generally:

At 31st December 1982 the aggregate amount of loans outstanding in respect of 2 1981-2 General Managers being officers but not directors, amounted to £56,012 1981-£56,012 in respect of house purchase and policy loans.

13. Transactions with directors

During the year, directors or their connected persons paid premiums to the Society and its subsidiaries under insurance policies, all of which had been effected either under terms available to the public generally, subject to agency commission where applicable, or on terms available to staff generally. Details, where the value exceeds £5,000 in respect of any director, are as follows:

	Gross premiums
Marquess Townshend of Raynham	£63,216
F Cator	6,633
D C H Crouch	171,746
K Gould	9,495
P G Holmes	19,676
V W Hughff	5,802
J S Peel	8,506

In addition, Edwards and Holmes Limited, a connected person of Mr P G Holmes, leases a property from the Society (for a period of 63 years from 1922) at an annual rental of £2,800.

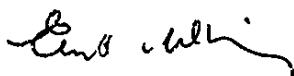
Auditors' report

to the members of the

Norwich Union Life Insurance Society

We have examined the accounts of the Norwich Union Life Insurance Society and its subsidiaries set out on pages 10 to 23 which together comprise the group accounts. Our audit has been carried out in accordance with approved auditing standards.

In our opinion the accounts comply with the provisions of the Companies Acts 1948 to 1981 applicable to insurance companies, other than the information given with regard to A P Bank Limited which, as stated in Accounting policy A, is included in the manner applicable to banking companies.



Ernst & Whinney
Chartered Accountants
15th April 1983

Bonus distribution

Norwich Union Life Insurance Society

Annual Reversionary Bonuses

Annual reversionary bonuses on policies participating in profits have been declared by the directors for the year ended 31st December 1982 at the following rates:

	§ Whole life with full profits	Endowment insurances with profits	Approved pensions business
Insurances			
United Kingdom and miscellaneous sterling:			
Closed series	9.5%	8.5%	10.5%
Current series, compound	4.75	4.75	6
Republic of Ireland:			
Closed series	9.5	8.5	10.5
Closed series, compound	4.75	4.75	6
Current series, compound	4.1	4.1	5.8
Australia:			
Compound	2.4	2.4	2.85
Belgium:			
Closed series	2.5	2	—
Current series for 5th to 9th policy year	0.5	0.5	—
Current series for 10th to 14th policy year	0.75	0.75	—
Current series for 15th policy year	1	1	—
* Canada:			
Closed series	2.25	2.25	—
Current series, compound	2.3	2.3	—
France:			
1st policy year	3.7	3.2	—
For each year in excess of one, an extra	0.1	0.1	—
Jamaica	3	2.5	—
Kenya, Uganda and Malawi:			
Closed series	3.25	2.75	3.125
Closed series, compound	2.5	2.5	2.75
New Zealand:			
Closed series	3.5	3	—
Current series, compound	2.2	2.2	—
South Africa:			
Closed series	4	3.5	3.9
Closed series, with profit portion of equity linked policies, compound	—	2.5	—
Current series, compound	3.5	3.5	3.8
Sri Lanka: rupee policies	1.5	1	—
Tanzania:			
Closed series, shilling policies	3.125	2.625	3
Closed series, sterling policies	3.25	2.75	3.125
Closed series, compound	2.5	2.5	2.75
Zimbabwe:			
Closed series	3.1	2.6	—
Current series, compound	2.7	2.7	3

* Policies in the closed series in Canada receive bonuses at half these rates if terminated within the first five years. Bonuses in Canada vest on the 1983 policy anniversary. For policies in the closed series first participating in profits in 1964 or later, a bonus equal to 10% of the bonuses attaching is added at each decennial policy anniversary.

§ Whole life reduced premium profit policies receive 60% of the full profit rates.

Deferred annuities not yet vested

United Kingdom:

Pension Security and self-employed deferred annuity policies taken under Section 226 of the Income and Corporation Taxes Act 1970 and Pension Plus policies:

Closed series, Scottish Union, on annuity	10.5%
Current series, compound, on annuity	6
10% plan policies	
Closed series, Scottish Union, on sum insured or pension	5.25
Closed series, exempt approved pension scheme business, on sum insured or pension	5.85
Current series, compound, on sum insured or pension	5.4
Current series, exempt approved pension scheme business, compound, on sum insured or pension	6

Republic of Ireland:

Pension Security and Pension Plus policies, compound, on annuity	5.8
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Canada:

Group pension policies, compound, on annuity	5.8
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France:

Compound, on annuity	5.5
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Kenya and Uganda:

Compound, on annuity	2.75
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Immediate Annuities

France:

Compound, on annuity	9
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Special bonuses

Special bonuses added from 1st January 1983.

United Kingdom, miscellaneous sterling and Republic of Ireland closed series:

A special reversionary bonus calculated upon the sum insured or annuity and varying according to the year in which the policy first participated in profits. Specimen bonuses are as follows:

Year of entry	Ordinary business	Approved pensions business
1979 and later	nil	nil
1978	0.5%	1%
1973	5	6.5
1968	10	13
1963	16	21
1958	23.5	30.5
1953	31	40.5
1948	41	53
1943	51	66.5
1931 and earlier	77	100

Cash bonuses and bonuses not based on the sum insured.

United Kingdom and Republic of Ireland:

With profit deferred annuities or cash benefit policies effected in conjunction with approved funds or schemes will receive a periodic review cash bonus payable by deduction from the 1983 premium of 9% of the total premiums due and paid prior to the 1983 policy anniversary in respect of members not yet retired on that date, plus a special bonus of 5% of premiums making 14% in all, and a maturity bonus of £15 in respect of each £100 of benefit maturing in 1983.

Australia:

Individual investment account policies will receive an interest rate of 10% for ordinary and 15.3% for superannuation policies. Under the provisions of the Australian Life Insurance Act 1945 (as amended) only 6% for ordinary and 9.3% for superannuation shall form part of the surplus for the year.

Group pure endowment policies will have a bonus of 10% of the premium paid in 1982 as a deduction from the 1983 premium.

Canada:

With profit individual deferred annuity policies will receive a cash bonus payable on the 1983 policy anniversary, based on the surrender value of the policy at the following rates:

Closed series Barvest	5%
Closed series excluding Barvest	7.5
Current series single premium	7.5
Current series annual premium	5.5

France:

Planor pure endowment policies will have a cash bonus added on the 1983 policy anniversary, which will accumulate with the policy moneys, equal to 5.5% of the surrender value.

Additional Bonuses

Additional bonuses payable from 1st January 1983 until further notice.

United Kingdom, miscellaneous sterling and Republic of Ireland closed series:

An additional bonus to be payable on claims by death or maturity calculated upon the sum insured or annuity and varying according to the year in which the policy first participated in profits. Specimen bonuses are as follows:

Year of entry	Ordinary business	Approved pensions business
1979 and later	nil	nil
1978	4.5%	5.5%
1973	25	32.5
1968	45.5	59
1963	68	88.5
1958	94.5	122.5
1953	119.5	155.5
1948	142.5	185.5
1943	165	214.5
1935 and earlier	201	261.5

Republic of Ireland current series:

An additional bonus to be payable on claims by death or maturity for policies that have participated in profits at least five years at the date of claim, calculated upon the sum insured or annuity and varying according to the year in which the policy first participated in profits. Specimen bonuses are as follows:

Year of entry	Ordinary business	Approved pensions business
1979 and later	nil	nil
1978	4%	5%
1973	23	30
1969	38.5	50

Australia:

An additional bonus to be payable on claims by death or maturity calculated upon the sum insured, on the following scale until further notice.

Year of entry	Ordinary business	Superannuation business
1974	2%	3%
1973	4	6
1972	6	9
1971	8	12
1970	10	15
	increasing by equal amounts for each year up to	
1965	25	35
	and then up to	
1955 and earlier	55	85

Belgium:

20% of the sum insured to be paid on claims arising in 1983 under all individual temporary insurances with a sum insured greater than F300,000 which have been in force at least 4 years, and 27.5% of the sum insured to be paid under all group temporary insurances becoming claims in 1983.

Canada:

For policies in the closed series first participating in profits in 1964 or later, and in force at least 5 years, a bonus on claims by death or maturity of 1% of bonuses attaching for each complete year since the last decennial bonus was added.

An additional bonus at the rate of 25% of bonuses attaching at the time of claim to be payable in respect of claims arising by maturity only in 1983.

An additional bonus at the rate of 250% of bonuses attaching at the time of claim to be payable in respect of claims arising by death only in the year after the 1983 policy anniversary.

For with profit temporary insurances 115% of the sum insured on death in the year after the 1983 policy anniversary.

France:

An additional bonus to be payable on claims by death or maturity calculated upon the sum insured and varying according to the year in which the policy was taken out. For policies effected in 1979 the addition is 1% increasing by 1% per annum in respect of each earlier year up to a maximum addition of 30% for policies effected in 1950 or earlier.

For Planor pure endowment policies, an additional cash bonus payable on claims by death or maturity equal to that which would have been paid in the previous year increased by 14.5% interest plus 4.5% of the surrender value.

For group deferred annuities, a maturity bonus of 50% of the bonuses attaching when the annuity vests.

New Zealand:

An additional bonus at the rate of 50% of bonuses attaching at the time of claim to be payable in respect of claims arising by death or maturity for simple series policies. For compound series policies the rate is 20% of bonuses attaching before the 1975 bonus declaration plus 45% of bonuses attaching which were added on or after the 1975 bonus declaration.

South Africa:

An additional bonus to be payable on claims by death or maturity calculated upon the sum insured plus bonuses attaching and varying according to the year in which the policy was taken out. For policies effected in 1982 the addition is 1.6% increasing by 1.6% per annum in respect of each earlier year up to a maximum addition of 52.8% for policies effected in 1950 or earlier.

Zimbabwe:

An additional bonus to be payable on claims by death or maturity calculated upon the sum insured plus bonuses attaching and varying according to the year in which the policy was taken out. For policies effected in 1966 the addition is 1.5% increasing by 1.5% per annum in respect of each earlier year up to a maximum addition of 9% for policies effected in 1961 or earlier.

Intermediate bonuses

Intermediate bonuses, where applicable, will be paid on claims at the foregoing rates until further notice, except for individual investment account policies in Australia which will have an interest rate of 15% for superannuation business.

Group representation

United Kingdom

Channel Islands and Isle of Man

England

Aylesbury
Barnstaple
Bath
Bedford
Birmingham
Blackpool
Boston
Bournemouth
Brighton
Bristol
Bromley
Burnley
Bury St Edmunds
Cambridge
Canterbury
Carlisle
Chelmsford
Chester
Chippenham
Colchester
Coventry
Crewe
Croydon
Derby
Dereham
Doncaster
Dorchester
Enfield
Exeter
Gloucester
Great Yarmouth
Grimsby
Guildford

Harlow
Hastings
Hereford
Huddersfield
Hull
Ipswich
Kendal
Kettering
King's Lynn
Kingston-upon-Thames
Leeds
Leicester
Lincoln
Liverpool

London:
City
Elephant and Castle
Fleet Street
Hendon
Mansion House
Stratford
West End

Luton
Maidstone
Manchester
Middlesbrough
Newcastle upon Tyne
Northallerton
Northampton
North Walsham
Norwich

Nottingham
Oxford
Peterborough
Plymouth
Portsmouth
Preston
Reading
Romford
Salisbury
Scunthorpe
Sheffield
Shrewsbury
Slough
Southampton
Southend-on-Sea
Southport
Spalding
Stockport
Stoke-on-Trent
Sunderland
Swindon
Taunton
Torquay
Truro
Tunbridge Wells
Uxbridge
Watford
Wigan
Wisbech
Wolverhampton
Worcester
Yeovil
York

Scotland

Aberdeen
Ayr
Dumfries
Dundee
Edinburgh
Glasgow
Hamilton
Inverness
Kirkcaldy
Stirling
Wick

Wales

Cardiff
Colwyn Bay
Newport (Gwent)
Swansea

Northern Ireland

Belfast
Coleraine
Londonderry
Portadown

Channel Islands

St Helier
St Peter Port

Isle of Man

Douglas

Overseas

Australia

Norwich House, 457 St Kilda Road, Melbourne, Victoria 3004
General Manager for Australia: J D Stanforth, ACII (NU Life)

F R G Strickland, OBE (Chairman)
P B Cooper
P A L Reid
J O Wicking, AM

Belgium

Avenue de Tervuren 158, Bte. 2, 1150 Brussels
Manager for Belgium: A Wrigley, BA (NU Life)
Manager Delegate for Belgium: R C J Bernachin (NU Life)
Nationalestraat 4, 2000 Antwerp
Manager for Belgium: J de Clippeleir (NU Fire)

Canada

Norwich Union Building, 60 Yonge Street, Toronto, Ontario M5E1H5
President for Canada: H Taylor (NU Life)
Marine Manager for Canada: P F Atkinson, ACII (NU Fire/Maritime)

V N Stock (Chairman)
W R Allen
G L Crawford
L K Lodge
W L N Somerville

France

36 rue de Châteaudun, 75441 Paris Cedex 09
Directeurs pour la France: A Wrigley, BA (NU Life) J A Gilmour, FCII (NU Fire)

D P M G Hua (Chairman)
M J L Barbier de Chalais
J P Lacoste
G D Park, OBE
C D N Walker, MM
S P Wickham

New Zealand

Norwich Insurance House, Hunter Street, Wellington
General Manager for New Zealand: A C Keegan (NU Life)

P T Norman, OSM (Chairman)
Sir George Chapman
Sir Alan Danks, KBE
J MacFarlane
D D A Reese

Pakistan

P.O. Box 332 Press Trust House, I.I. Chundrigar Road, Karachi 2
Manager for Pakistan: M Akram Qureshi (NU Fire)

Republic of Ireland

Norwich Union House, 60/63 Dawson Street, Dublin 2
Managers for the Republic of Ireland: R J Burke, FCII (NU Life) J B Forde, FCII (NU Fire)

M D Corbett (Chairman)
J McCabe
Dr D E Mellon
G G Overend
A Spain

South Africa

Norwich House, Heerengracht, Cape Town 8001
General Manager for South Africa: P A Garthwaite, BComm, ACII (NU Life)

J Garlick (Chairman)
E E Grubb
H C Kuiper
R S Napier
J S Peel, MC, DL
P W Sharman
A G W Williamson

Zimbabwe

Norwich Union Building, 22 Gordon Avenue, Harare
Managers for Zimbabwe: C G Clarke (NU Life) C A White (NU Fire)

P T Ellis, MC, MM

Principal subsidiary companies

A P Bank Limited

DIRECTORS

Chairman
The Marquess Townshend of Raynham
Deputy Chairman
L J Walton
P M Bunce
Charles J J Clay
M Jenkins
G C Larn
C H Moore
B Rowntree
P W Sharman
S Wild, CBE

Managing Director
B Rowntree
Chief Manager and Secretary
P G Moss

Norwich General Trust Limited

DIRECTORS

Chairman
P G Holmes
V W Hughff
G C Larn
G Mills
P W Sharman

General Manager
J Pullinger, FCI
Secretary
D A Dorling, FCI

Norwich Union Insurance Group (Equipment Leasing) Limited

Eastlease Limited

DIRECTORS

Chairman
J S Peel, MC, DL
R Elven
V W Hughff
G Mills

General Manager
G Mills, FFA
Secretary
D A Dorling, FCI

Norwich Union Insurance Group (Managed Funds) Limited

DIRECTORS

Chairman
Francis Cator
V W Hughff
G Mills
M B Olley

General Manager and Actuary
V W Hughff, FIA
Secretary
D A Dorling, FCI

Norwich Union Insurance Group (Pensions Management) Limited

DIRECTORS

Chairman
Sir James Cleminson, MC
V W Hughff
G Mills
M B Olley

General Manager and Actuary
V W Hughff, FIA
Secretary
D A Dorling, FCI

N.V. Verzekering Maatschappij Schiedam van 1866 (Netherlands)

DIRECTORS

Chairman
B K Buurman (Netherlands)
J Campbell
Sir James Cleminson, MC
J Fernhout (Netherlands)
F J Kennedy
J Nouvel (Netherlands)
J de Valon (Netherlands)

Principal associated companies

Norwich Winterthur Holdings Limited

DIRECTORS

Chairman
P W Sharman
Deputy Chairman
Dr H Braunschweiler (Switzerland)
J Campbell
M G Falcon, CBE, DL
Dr H Fehlmann (Switzerland)
R Henggeler (Switzerland)
G C Larn
T Tejima (Japan)
alternate T Toyabe (Japan)
Dr H-J Vollenweider (Switzerland)
K H Williams
Chief Executive
K H Williams, FCII
Deputy Chief Executive
G C Larn, ACIS, FCII, ASCA

Winterthur-Norwich Reinsurance Corporation

DIRECTORS

Chairman
Dr H Braunschweiler (Switzerland)
Vice-Chairman
G C Larn
Managing Director
Dr H Fehlmann (Switzerland)

Subsidiaries and associated companies of Norwich Winterthur Holdings Limited include:

Norwich Winterthur Reinsurance Corporation Limited
Stronghold Insurance Company Limited
The Parcels & General Assurance Association Limited
Stronghold Insurance (Aust.) Limited
Norwich Winterthur Insurance (Australia) Limited
Norwich Winterthur Insurance (N.Z.) Limited
Norwich Winterthur Insurance (Far East) Pte Limited
Norwich Winterthur Insurance (International) Limited
Norwich Winterthur Insurance (Gulf) Limited
Norwich Winterthur Insurance (Malaysia) Sdn. Bhd.
Aegis Insurance Company Limited
The Heritage Insurance Company Limited
Norwich Winterthur Insurance (Arabia) Limited
The Guinea Insurance Company Limited
The Jamaica General Insurance Company Limited
Central Reinsurance Corporation Limited
United Reinsurance Corporation of New York

Ten-year review

Norwich Union Insurance Group

Consolidated long-term business

	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
Premiums	£131.1m	£121.8m	£146.6m	£183.5m	£210.4m	£262.5m	£298.8m	£352.8m	£394.8m	£470.7m
Payments to policyholders	66.5	77.5	92.4	106.3	106.4	131.8	131.1	164.7	210.8	241.4
Investment income	68.7	76.0	92.4	114.9	134.2	161.1	198.3	226.8	275.0	326.1
*§ Cost of bonus	38.9	22.8	27.9	33.7	69.6	46.6	97.8	71.9	85.7	173.9
* Total funds	918.3	825.4	947.6	1114.7	1282.9	1492.7	1794.1	2105.0	2509.1	3168.7
Market value of net assets	1037.8	857.2	1224.2	1382.1	1896.9	2144.6	2433.3	3023.6	3512.9	4638.3

*The figures for cost of bonus and total funds are not strictly comparable throughout the ten-year period due to changes in the bases of valuation of liabilities in 1974 and 1982 and of assets in 1974.

§The cost of the special bonuses declared in 1973, 1977, 1979 and 1982 have been included in those years.

Consolidated short-term business

	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
Premiums	£129.8m	£151.0m	£150.8m	£139.4m	£125.9m	£154.4m	£198.5m	£232.8m	£250.2m	£251.3m
Claims	79.4	100.7	96.0	85.6	73.9	95.1	126.1	153.3	172.9	189.8
Underwriting profit (loss)	3.2	(4.0)	1.3	5.0	5.5	1.6	2.6	(3.2)	(4.8)	(20.8)
Investment income	8.5	12.8	16.7	18.2	20.2	23.6	32.5	37.6	44.7	51.8
Net profit	7.3	5.0	9.4	13.0	14.1	15.7	21.2	18.2	21.6	15.7
§ Value of net assets	26.7	61.0	89.9	93.4	157.1	159.4	157.8	203.1	205.2	311.6
Insurance funds	135.1	164.2	166.7	161.9	157.9	189.3	235.1	275.1	316.8	347.3

§Investments have been taken at cost prior to 1975 and at market value thereafter.