

CGU | **Life**



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DOCUMENT DELIVERED
UNDER THE INSURANCE
ACT 1982

The British and European Reinsurance Company Limited

Registered office: St Helen's, 1 Undershaft, London, EC3P 3DQ

**Annual FSA Insurance Returns for the year ended
31st December 1999**



Accounts and statements pursuant to the Insurance Companies
Act 1982 and the Insurance Companies (Accounts and
Statements) Regulations 1996 (as amended)

(Schedules 1, 3, 4 and 6)

LONG TERM BUSINESS

THE BRITISH AND EUROPEAN REINSURANCE COMPANY LIMITED

*Return to the Insurance Directorate of
HM Treasury under the
Insurance Companies Act 1982*

Schedules 1, 3, 4 and 6 as at 31st December 1999

CONTENTS

<i>Forms</i>	<i>Page</i>
Schedule 1	
9 Statement of solvency	1
10 Statement of net assets	3
13 Analysis of admissible assets	4
14 Long term business liabilities and margins	7
Schedule 3	
40 Revenue account	8
41 Analysis of premiums and expenses	9
42 Analysis of claims	10
Supplementary notes to Schedules 1, 3 and 6	11
Schedule 6	
Certificate by directors	15
Auditor's report	17
Certificate by appointed actuary	19
Statement of information on appointed actuary	20
Schedule 4	
Valuation report	22
46 Summary of changes in ordinary long term business	32
47 Analysis of new ordinary long term business	35
48 Expected income from admissible assets not held to match liabilities in respect of linked benefits	40
49 Analysis of admissible fixed interest and variable yield securities not held to match liabilities in respect of linked benefits	41
51 Valuation summary of non-linked contracts (other than accumulating with-profit policies)	42
53 Valuation summary of property linked contracts	53
55 Analysis of units in internal linked funds and direct holdings of assets matching liabilities in respect of property linked benefits	55
58 Valuation result and distribution of surplus	56
60 Required minimum margin	57
Notes to Schedule 4	58

Statement of solvencyName of company **The British & European Reinsurance Company Limited**

Global business

Financial year ended **31st December 1999**

R9	Company registration number	GL/UK/CM	Period ended			Units
			day	month	year	
	100367	GL	31	12	1999	£000
		As at the end of this financial year	As at the end of the previous year		Source	
		1	2		Form	Line
						Column

GENERAL BUSINESS**Available assets**

Other than long term business assets allocated towards general business required minimum margin	11			See instructions 1 and 2
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Required minimum margin

Required minimum margin for general business	12			12 . 49
Excess (deficiency) of available assets over the required minimum margin (11-12)	13			

LONG TERM BUSINESS**Available assets**

Long term business admissible assets	21	13677	63815	10 . 11
Other than long term business assets allocated towards long term business required minimum margin	22			See instructions 1 and 3
Total mathematical reserves (after distribution of surplus)	23		39844	See instruction 4
Other insurance and non-insurance liabilities	24	7136	6950	See instruction 5
Available assets for long term business required minimum margin (21+22-23-24)	25	6541	17021	

Implicit Items admitted under regulation 23(5) of the Insurance Companies Regulations 1994

Future profits	31			
Zillmerising	32			
Hidden reserves	33			

Total of available assets and implicit items (25+31+32+33)	34	6541	17021	
--	----	------	-------	--

Required minimum margin

Required minimum margin for long term business	41	1793	2571	60 . 69
Explicit required minimum margin (1/6 x 41, or minimum guarantee fund if greater)	42	511	564	
Excess (deficiency) of available assets over explicit required minimum margin (25-42)	43	6030	16457	
Excess (deficiency) of available assets and implicit items over the required minimum margin (34-41)	44	4748	14450	

CONTINGENT LIABILITIES

Quantifiable contingent liabilities in respect of other than long term business as shown in a supplementary note to Form 15	51			See instruction 6
Quantifiable contingent liabilities in respect of long term business as shown in a supplementary note to Form 14	52			See instruction 6

Covering sheet to Form 9

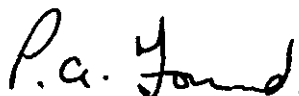
Name of company **The British & European Reinsurance Company Limited**

Global business

Financial year ended **31st December 1999**



Director



Director



Secretary

**AUTHORISED SIGNATORY
FOR AND ON BEHALF OF
CGU COMPANY
SECRETARIAL SERVICES LIMITED**

26 th June 2000

Financial year ended **31st December 1999**

Balance brought forward at the beginning of the financial year	61			10 . 56 . 2
Retained profit/(loss) for the financial year	62			16 . 59 . 1
Movement in asset valuation differences	63			See instruction 2
Decrease/(increase) in the provision for adverse changes	64			See instruction 3
Other movements (particulars to be specified by way of supplementary note)	65			
Balance carried forward at the end of the financial year (61 to 65)	69			

Analysis of admissible assets

Name of company **The British & European Reinsurance Company Limited**

Global business

Financial year ended **31st December 1999**Category of assets **Total**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R13	100367	GL	31	12	1999	£000	10
Investments					As at the end of this financial year 1			As at the end of the previous year 2	
Land and buildings					11				
Investments in group undertakings and participating interests	UK insurance dependants	Shares			21				
		Debt securities issued by, and loans to, dependants			22				
	Other insurance dependants	Shares			23				
		Debt securities issued by, and loans to, dependants			24				
	Non-insurance dependants	Shares			25				
		Debt securities issued by, and loans to, dependants			26				
	Other group undertakings and participating interests	Shares			27				
		Debt securities issued by, and loans to, group undertakings			28				
		Participating interests			29				
Debt securities issued by, and loans to, undertakings in which the company has a participating interest			30						
Total sheet 1 (11 to 30)					39				

Analysis of admissible assets

Name of company **The British & European Reinsurance Company Limited**

Global business

Financial year ended **31st December 1999**Category of assets **Total**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R13	100367	GL	31	12	1999	£000	10
Investments (continued)					As at the end of this financial year 1		As at the end of the previous year 2		
Deposits with ceding undertakings									
Assets held to cover linked liabilities									
Other financial investments	Equity shares			41	252		983		
	Other shares and other variable yield securities			42					
	Holdings in collective investment schemes			43	87		1323		
	Rights under derivative contracts			44					
	Debt securities and other fixed income securities	Fixed interest	Approved securities	45	11755		39639		
			Other	46	347		1036		
		Variable interest	Approved securities	47					
			Other	48					
	Participation in investment pools			49					
	Loans secured by mortgages			50					
	Other loans	Loans to public or local authorities and nationalised industries or undertakings		51					
		Loans secured by policies of insurance issued by the company		52					
		Other		53					
	Deposits with approved credit institutions and approved financial institutions	Withdrawal subject to a time restriction of one month or less		54			1650		
		Withdrawal subject to a time restriction of more than one month		55					
	Other			56					
Deposits with ceding undertakings				57					
Assets held to match linked liabilities	Index linked			58					
	Property linked			59			15701		
Reinsurers' share of technical provisions	Provision for unearned premiums			60					
	Claims outstanding			61					
	Provision for unexpired risks			62					
	Other			63					
Total sheet 2 (41 to 63)				69	12441		60332		

Analysis of admissible assets

Name of company **The British & European Reinsurance Company Limited**

Global business

Financial year ended **31st December 1999**Category of assets **Total**

Category of assets		Total	Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
					day	month	year			
			R13	100367	GL	31	12	1999	£000	10
Debtors						As at the end of this financial year 1			As at the end of the previous year 2	
Other assets										
Debtors arising out of direct insurance operations	Policyholders				71					
	Intermediaries				72					
Salvage and subrogation recoveries					73					
Debtors arising out of reinsurance operations	Due from ceding insurers and intermediaries under reinsurance business accepted				74				2450	
	Due from reinsurers and intermediaries under reinsurance contracts ceded				75					
Other debtors	Due from dependants	Due in 12 months or less after the end of the financial year			76					
		Due more than 12 months after the end of the financial year			77					
	Other	Due in 12 months or less after the end of the financial year			78	262			154	
		Due more than 12 months after the end of the financial year			79					
Tangible assets					80					
Cash at bank and in hand	Deposits not subject to time restriction on withdrawal, with approved credit institutions and approved financial institutions and local authorities				81	690			44	
	Cash in hand				82					
Other assets (particulars to be specified by way of supplementary note)					83					
Prepayments and accrued income	Accrued interest and rent				84	284			835	
	Deferred acquisition costs				85					
	Other prepayments and accrued income				86					
Deductions (under regulations 57(2)(b) and 57(3) of the Insurance Companies Regulations 1994) from the aggregate value of assets					87					
Total sheet 3 (71 to 86 less 87)					88	1236			3483	
Grand total of admissible assets (39+69+88)					89	13677			63815	
Reconciliation to asset values determined in accordance with the shareholder accounts rules										
Total admissible assets (as per line 89 above)					91	13677			63815	
Total assets in excess of the admissibility limits of Schedule 12 of the Insurance Companies Regulations 1994, (as valued in accordance with those Regulations before applying admissibility limits)					92	2812			35	
Solvency margin deduction for insurance dependants					93					
Other differences in the valuation of assets (other than for assets not valued above)					94	510			(4813)	
Assets of a type not valued above, (as valued in accordance with the shareholder accounts rules)					95					
Total assets determined in accordance with the shareholder accounts rules (91 to 95)					99	16999			59037	
Amounts included in line 89 attributable to debts due from related companies, other than those under contracts of insurance or reinsurance					100					

Long term business liabilities and margins

Name of company **The British & European Reinsurance Company Limited**

Global business

Financial year ended **31st December 1999**Category of assets **Total**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets		
		R14	100367	GL	31	12	1999	£000	10	
				As at the end of this financial year 1	As at the end of the previous year 2		Source			
Mathematical reserves, after distribution of surplus		11			39594		See Instruction 2			
Cash bonuses which had not been paid to policyholders prior to end of the financial year		12					See Instruction 3			
Balance of surplus/(valuation deficit)		13		6541	17021		See Instruction 4			
Long term business fund carried forward (11 to 13)		14		6541	56615		See Instruction 5			
Claims outstanding which had fallen due for payment before the end of the financial year	Gross amount	15								
	Reinsurers' share	16								
	Net (15-16)	17								
Provisions for other risks and charges	Taxation	21								
	Other	22								
Deposits received from reinsurers		23								
Creditors and other liabilities	Arising out of insurance operations	Direct business	31							
		Reinsurance accepted	32		1233					
		Reinsurance ceded	33							
	Debenture loans	Secured	34							
		Unsecured	35							
	Amounts owed to credit institutions		36							
	Other creditors	Taxation	37		5710	4063				
		Other	38		1426	1654				
Accruals and deferred income		39								
Provision for adverse changes (calculated in accordance with regulation 61 of the Insurance Companies Regulations 1994)		41								
Total other insurance and non-insurance liabilities (17 to 41)		49		7136	6950					
Excess of the value of net admissible assets		51			250		See Instruction 6			
Total liabilities and margins		59		13677	63815					
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance		61		586	109					
Amounts included in line 59 attributable to liabilities in respect of property linked benefits		62			14465					
Amount of any additional mathematical reserves included in line 51 which have been taken into account in the appointed actuary's certificate		63			250		See Instruction 7			

Long term business : Revenue account

Name of company **The British & European Reinsurance Company Limited**

Global business

Ordinary business

Financial year ended **31st December 1999**Name and number of fund **Ordinary Long Term 1**

	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund	
			day	month	year					
	R40	100367	GL	31	12	1999	£000	OB	1	0
Items to be shown net of reinsurance ceded							The financial year	Previous year		
							1	2		
Earned premiums						11	(30490)	2995		
Investment income receivable before deduction of tax						12	2612	3134		
Increase (decrease) in the value of non-linked assets brought into account						13	(3619)	5917		
Increase (decrease) in the value of linked assets						14	137	1371		
Other income						15				
Total income (11 to 15)						19	(31360)	13417		
Claims incurred						21	2145	3814		
Expenses payable						22	736	857		
Interest payable before deduction of tax						23				
Taxation						24	1717	(673)		
Other expenditure						25				
Transfer to (from) non technical account						26	14116	1000		
Total expenditure (21 to 26)						29	18714	4998		
Increase (decrease) in fund in financial year (19-29)						39	(50074)	8419		
Fund brought forward						49	56615	48196		
Fund carried forward (39+49)						59	6541	56615		

Long term business : Analysis of premiums and expenses

Name of company **The British & European Reinsurance Company Limited**

Global business

Ordinary business

Financial year ended **31st December 1999**Name and number of fund **Ordinary Long Term 1**

		Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund	
		R41	100367	GL	31	12	1999	£000	OB	1	0
					Gross		Payable to or recoverable from reinsurers		Net of reinsurance (1-2)		
					1		2		3		
Earned premiums in the financial year	Life assurance and general annuity contracts	Single premium			11	(129)		24398		(24527)	
		Regular premium			12	1983		971		1012	
	Pension business contracts	Single premium			13			1540		(1540)	
		Regular premium			14	130		14		116	
	Permanent health contracts	Single premium			15			5734		(5734)	
		Regular premium			16	192		9		183	
	Other contracts	Single premium			17						
		Regular premium			18						
	Total premiums	Single premium			19	(129)		31672		(31801)	
		Regular premium			29	2305		994		1311	
Total premiums at lines 19 and 29 attributable to	UK contracts			31	1724		29228		(27504)		
	Overseas contracts			32	452		3438		(2986)		
Expenses payable in the financial year	Commission payable in connection with acquisition of business				41	69		39		30	
	Other commission payable				42	106		44		62	
	Management expenses in connection with acquisition of business				43	13				13	
	Management expenses in connection with maintenance of business				44	508				508	
	Other management expenses				45	123				123	
	Total expenses (41 to 45)				49	819		83		736	
	Total expenses at line 49 attributable to	UK contracts			51	596		39		557	
		Overseas contracts			52	223		44		179	

Long term business : Analysis of claims

Name of company **The British & European Reinsurance Company Limited**

Global business

Ordinary business

Financial year ended **31st December 1999**Name and number of fund **Ordinary Long Term 1**

		Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund	
		R42	100367	GL	31	12	1999	£000	OB	1	0
Claims incurred in the financial year					Gross		Recoverable from reinsurers		Net of reinsurance (1-2) 3		
					1		2				
Life assurance and annuity contracts	On death				11	1348		463		885	
	By way of lump sums on maturity				12	603				603	
	By way of annuity payments				13	26		19		7	
	By way of payments arising from other insured events				14						
	On surrender or partial surrender				15	124		79		45	
	Total life assurance and annuity claims (11 to 15)				19	2101		561		1540	
Pension business contracts	On death				21	167				167	
	By way of lump sums on vesting				22						
	By way of vested annuity payments				23						
	On surrender or partial surrender				24						
	Total pension business claims (21 to 24)				29	167				167	
Permanent health contracts	By way of lump sums				31	43		21		22	
	By way of periodical payments				32	597		181		416	
	Total permanent health claims (31+32)				39	640		202		438	
Other contracts	By way of lump sums				41						
	By way of periodical payments				42						
	Total claims (41+42)				49						
Total claims (19+29+39+49)					59	2908		763		2145	
Total claims at line 59 attributable to	UK contracts				61	2112		602		1510	
	Overseas contracts				62	796		161		635	

The British and European Reinsurance Company Limited

Supplementary notes to Schedules 1, 3 and 6

0901 Section 68 orders

The Secretary of State for Trade and Industry, on the application of the company, issued to the company in February 1997 an order under section 68 of the Insurance Companies Act 1982 which allows for The British and European Reinsurance Company Limited, and for the purpose of Schedule 4 of the Regulations:

- (i) UK reinsurance contracts to be considered as reinsurance contracts made by the UK head office of other UK establishment of the ceding company (which should be taken to include Lloyds);
- (ii) bulk business may be reported in the same manner as, but separately from, group contracts provided that the nature of such business is described and that such business does not exceed 15% of the total net long term business liabilities; and
- (iii) when the risk reinsured under a linked contract is confined to the mortality risk and/or risk under any supplementary rider, such reinsurance may be reported as non-linked business.

0902 Implicit Items

Not applicable

1001 Reconciliation to shareholder accounts

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

1002 Line 65 - Other movements

Not applicable.

1003 Subordinated loan capital - section 68 order

Not applicable

1301, 1302, 1303, 1304, 1305, 1306, 1307, 1314, 1315, 1501, 1502, 1503

As the shareholder funds of the company are included in the company's general business return the aforementioned notes are not applicable.

1308 Aggregate value of unlisted investments, etc. - other than long term business

The long term fund held £87,000 in unlisted securities. There were no holdings in unregulated collective investment schemes, listed securities which are not readily realisable, or reversionary interests or remainders in property.

1309 Aggregate value of hybrid securities

Not applicable.

1310 Statement of amounts set off

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

1311 Counterparty limits during the year

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

Deposits

The maximum permitted exposure to counterparties is set out in the lending limit list approved quarterly by the Life Investment Committee.

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

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

Equities

For listed investments, the maximum of a company's equity held by a particular fund is limited to 5% in the UK, and 2.5% overseas. The maximum of a company's equity held by all funds managed by the CGU Investment Managers is limited to 10%, except by prior agreement with senior CGU Life management.

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

Fixed

No investment in non-government stock is allowed.

Derivatives

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

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

1312 Counterparty exposure at the year end

Exposure to any counterparties at the end of the financial year which exceeded 5% of the long term business amount were as follows:

	% of the LTBA
Reliance Unit Managers authorised unit trusts	120.4%
Nat West deposits	19.2%
Citibank deposits	17.6%
Malaysian government fixed interest stock	17.6%
Glaxo Wellcome equity shares	12.5%
Allied Zurich equity shares	8.8%
Poland government fixed interest stock	8.4%
Diageo equity shares	6.0%
South Africa government fixed interest stock	5.9%
Land Securities equity shares	5.3%

1313 Fully secured rights

Not applicable.

1316 Tangible lease assets

Not applicable.

1317 Other assets

Not applicable.

1318 Financial Statements

The financial statements of the company had not been signed by the 30th June 2000. The reconciliation in lines 91 to 99 is to the draft financial statements.

1401 Provision for adverse changes

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

1402 Contingent liabilities, etc.

There are no charges over any assets of the Company.

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

There are no contingent liabilities not included on the form.

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

1600 Form omitted

This form has been omitted as it is included in the company's general business return.

1700 Form omitted

This form has been omitted as the Company held no derivative contracts.

4001, 4002, 4003 and 4004

Not applicable.

4005 Foreign currency conversion

Transactions denominated in currencies other than sterling are translated at the exchange rate at the date of the transaction.

4006 Apportionment of items between different long term business funds

Not applicable.

4007 Apportionment of items between different groups of policyholders

Not applicable.

4008 Provision of management services

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

4009 Earned premiums

Earned premiums on line 11 includes an exceptional premium of £31.7m in relation to the retrocession of all of the company's liabilities to World-Wide Reinsurance Company Limited.

4300, 4400, 4500 Forms omitted

Regulation 23 - Additional Information On Derivative Contracts

No derivative transactions were carried out in respect of the long term business of The British & European Reinsurance Company Limited.

Regulation 24 - Additional Information On Shareholder Controllers

The immediate shareholder controller is CGU International Insurance plc. CGU International Insurance plc is a 100% owned subsidiary of CGNU plc (formerly called CGU plc).

Returns under Insurance Companies Legislation

Certificate required by regulation 28(a) of the Insurance Companies (Accounts & Statements) Regulations 1996

The British and European Reinsurance Company Limited

Long term business

Financial year ended 31 December 1999

We certify:

1. (a) that in relation to the part of this return comprising Forms 9, 10, 13 to 17 and 40 to 45 (including the supplementary notes thereto) and the statements required by regulations 23 and 24 of the Insurance Companies (Accounts and Statements) Regulations 1996:
 - (i) the return has been prepared in accordance with the Regulations;
 - (ii) proper accounting records have been maintained and adequate information has been obtained by the company; and
 - (iii) an appropriate system of control has been established and maintained by the company over its transactions and records;
- (b) that in respect of the company's business which is not excluded by Regulation 32 of the Insurance Companies Regulations 1994, the assets held throughout the financial year enabled the company to comply with regulations 27 to 31 (matching and localisation) of those Regulations; and
- (c) in relation to the statement required by regulation 31 of the Insurance Companies (Accounts and Statements) Regulations 1996:
 - (i) that for the purpose of preparing the statement, proper accounts and records have been maintained; and
 - (ii) that the information given has been ascertained in conformity with that Regulation.
2. that the margin of solvency required by section 32 of the Insurance Companies Act 1982 has been maintained throughout the financial year.
3. (a) that the requirements of sections 28 to 31 of the Insurance Companies Act 1982 have been fully complied with and in particular that, subject to the provisions of section 29(2) to (4) and section 30, assets attributable to long term business, the income arising therefrom, the proceeds of any realisation of such assets and any other income or proceeds allocated to the long term business funds have not been applied otherwise than for the purpose of the long term business;
- (b) that any amount payable from or receivable by the long term business funds in respect of services rendered by or to any other business carried on by the company or by a person who, for the purposes of section 31 of the Insurance Companies Act 1982, is connected with it or is a subordinate company of it has been determined and where appropriate apportioned on terms which are believed to be no less than fair to those funds, and any exchange of assets representing such funds for other assets of the company have been made at fair market value;

- (c) that all guarantees given by the company of the performance by a related company of a contract binding on the related company which would fall to be met by any long term business fund have been disclosed in the return, and that the fund on which each such guarantee would fall has been identified therein;
- (d) that in respect of each internal linked fund, the investment policy and practice of the company was during the financial year consistent with any representations made to policy holders or potential policy holders of the company;
- (e) that the returns in respect of long term business are not distorted by agreements with any other company carrying on insurance business with which the company has financial, commercial or administrative links or by any arrangements which could affect the apportionment of expenses and income; and
- (f) that the company has fully complied with the requirements of section 31A of the Insurance Companies Act 1982.
- 4 (a) that the systems of control established and maintained by the company in respect of its business complied at the end of the financial year with the following published guidance:
- (i) Prudential Guidance Note 1994/6 "Systems of control over the investments (and counterparty exposure) of insurance companies with particular reference to the use of derivatives";
 - (ii) Money laundering - Guidance Notes for Insurance and Retail Products (revised June 1997) issued by the Joint Money Laundering Steering Group;
- and it is reasonable to believe that those systems continued to so comply subsequently and will continue to so comply in future;
- (b) that the return has been prepared in accordance with the following published guidance:
- (i) Prudential Guidance Note 1995/1 "Guidance for insurance companies and auditors on the Valuation of Assets Regulations";
 - (ii) Prudential Guidance Note 1995/3 "The use of derivatives in insurance funds"; and
 - (iii) Prudential Guidance Note 1998/1 "The preparation of annual returns to Insurance Directorate of HM Treasury".



Director



Director



Secretary

AUTHORISED SIGNATORY
FOR AND ON BEHALF OF
CGU COMPANY
SECRETARIAL SERVICES LIMITED

26 June 2000

Returns under Insurance Companies Legislation

Report of the auditors to the directors pursuant to regulation 29 of the Insurance Companies (Accounts & Statements) Regulations 1996

The British and European Reinsurance Company Limited

Financial year ended 31 December 1999

We have examined the following documents prepared by the company pursuant to section 17 of the Insurance Companies Act 1982 ('the Act') and the Insurance Companies (Accounts and Statements) Regulations 1996 ('the Regulations'):

Forms 9, 10, 13, 14 and 40 to 42 (including the supplementary notes thereto) ('the Forms');

the statement required by regulation 23 on page 14 ('the statement'); and

the certificate signed in accordance with regulation 28(a) on pages 15 and 16 ('the certificate').

In the case of the certificate, our examination did not extend to:

- (a) paragraph 1 in relation to the statements required by regulations 24 and 31 concerning shareholder controllers and the Appointed Actuary;
- (b) paragraph 3 concerning the investment policy and practice of internal linked funds, required by paragraph 4(d) of Schedule 6; and
- (c) paragraph 4 in so far as it relates to controls with respect to Money Laundering.

Respective responsibilities of the company and its auditors

The company is responsible for the preparation of an annual return (including the Forms, statement and certificate) under the provisions of the Act and Regulations. The requirements of the Regulations have been modified by an Order issued under section 68 of the Act in February 1997. Under regulation 5 the Forms and statement are required to be prepared in the manner specified by the Regulations and to state fairly the information provided on the basis required by the Regulations.

It is our responsibility to form an independent opinion as to whether the Forms and statement meet these requirements, and in the case of the certificate whether it was or was not unreasonable for the persons giving the certificate to have made the statements therein, and to report our opinions to you.

Bases of opinions

We conducted our work in accordance with Practice Note 20; 'The audit of insurers in the United Kingdom' issued by the Auditing Practices Board. Our work included examination, on a test basis, of evidence relevant to the amounts and disclosures in the Forms and statement. It also included an assessment of the significant estimates and judgements made by the company in the preparation of the Forms and statement.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Forms and statement are free from material misstatement, whether caused by fraud or other irregularity or error, and comply with regulation 5.

In the case of the certificate, the work performed involved a review of the procedures undertaken by the signatories to enable them to make the statements therein, and does not extend to an evaluation of the effectiveness of the company's internal control systems.

In giving our opinion we have relied on the certificate of the actuary on page 19 with respect to the mathematical reserves and the required minimum margin.

Opinions

In our opinion:

- (a) the Forms and statement fairly state the information provided on the basis required by the Regulations and have been properly prepared in accordance with the provisions of those Regulations; and
- (b) according to the information and explanations received by us:
 - (i) the certificate has been properly prepared in accordance with the provisions of the Regulations; and
 - (ii) it was not unreasonable for the persons giving the certificate to have made the statements therein.

PricewaterhouseCoopers.

PricewaterhouseCoopers
Registered Auditors
London
30 June 2000

Returns under Insurance Companies Legislation

Certificate by appointed actuary

The British and European Reinsurance Company Limited

Long Term Business

Financial year ended 31st December 1999

I certify -

- (a)
 - (i) that in my opinion proper records have been kept by the Company adequate for the purpose of the valuation of the liabilities of the long term business;
 - (ii) that the mathematical reserves as shown on Form 14, constitute proper provision as at 31st December 1999 for the liabilities (other than liabilities which had fallen due before the end of the financial year) arising under or in connection with contracts for long term business including the increase in those liabilities arising from a distribution of surplus as a result of the investigation as at that date into the financial condition of the long term business; and
 - (iii) that for the purposes of sub-paragraph (ii) above, the liabilities have been assessed in accordance with Part IX of the Insurance Companies Regulations, in the context of assets valued in accordance with Part VIII of those Regulations, as shown in Form 13;
 - (iv) that the current versions of Guidance Notes issued by the Institute of Actuaries and the Faculty of Actuaries, numbered GN1 and GN8, have been complied with; and
 - (v) that in my opinion premiums for contracts entered into during the financial year and the income earned thereon are sufficient, on reasonable actuarial assumptions, and taking into account the other financial resources of the Company that are available for the purpose, to enable the Company to meet its commitments in respect of those contracts and, in particular, to establish adequate mathematical reserves; and
- (b) the amount of the required minimum margin applicable to the Company's long term business immediately following the end of the financial year (including the amounts resulting from the increase in liabilities arising from a distribution of surplus as a result of the investigation into the financial condition of the long term business) is £1,793,000.



M N Urmston
Appointed Actuary

22nd June 2000

Returns under Insurance Companies Legislation

The British and European Reinsurance Company Limited

Statement of Information on Appointed Actuary

M N Urmston was Appointed Actuary of the Company during the whole of 1999. He has furnished the Company, as required by Regulation 31 of the Insurance Companies (Accounts and Statements) Regulations 1996, with the following information in accordance with Company records:-

- (a) 4089 ordinary shares were held at 31 December 1999 in CGU plc
7407 ordinary shares were held at 31 December 1998

In addition, 14,684 ordinary shares are held under the integration incentive Plan; these shares will only vest in the year 2000 upon the satisfaction of certain performance criteria.

Options were held at 31 December 1999 to subscribe for 113,436 ordinary shares in CGU plc under UK Employees Savings Related and Executive Share Option schemes.

Options held at 31 December 1998	113,922
Options granted during the year	15,233
Options exercised or lapsed during the year	15,719

- (b) Four with profits low cost endowment policies with CGU Life Assurance Limited, with aggregate sums assured of £67,924 and annual premiums of £1,868. One non-profit term assurance policy with CGU Life Assurance Limited with sum assured of £75,000 and annual premiums of £332. In addition the actuary held general insurance policies with subsidiaries of CGU plc for which total premiums of £1094 were paid in the year to 31 December 1999.

- (c) The aggregate amount of remuneration, emoluments and the value of other benefits (excluding pension rights) under the actuary's contract of employment with CGU Life Services Limited for 1999 was £194,332. Under the contract he was *appointed actuary and director of:-*

CGU Life Assurance Limited
CGU Linked Life Assurance Limited
General Accident Managed Pension Funds Limited, and
Commercial Union Life Assurance Company Limited
(appointed actuary from 1.10.98 and director from 10.10.98)

appointed actuary of:-

General Accident Fire and Life Assurance Corporation plc, and
The Yorkshire Insurance Company Limited
The Northern Assurance Company Limited
The British & European Reinsurance Company Limited

And a director of:-

CGU Life Services Limited
Commercial Union Financial Services Limited
Commercial Union Trustees Limited
English Assurance Limited
GA Unit Trust Managers Limited
General Accident Pensions Management Limited
General Accident PEP Managers Limited
Provident Mutual Developments Limited
Provident Mutual Investment Advisors Limited
Provident Mutual Life Assurance Limited
Provident Mutual Life Services Limited
Provident Mutual Nominees Limited
Provident Mutual Plan Managers Limited
Provident Mutual Stevenage Estates Limited
Provident Mutual Unit Trust Managers Limited

- (d) Pensions and life assurance benefits as provided to all employees under the terms and conditions of the CGU Companies' UK Pensions Scheme. Sickness and accident benefits as provided to all employees under the terms and conditions of these schemes.

THE BRITISH AND EUROPEAN REINSURANCE COMPANY LIMITED

SCHEDULE 4

VALUATION REPORT PREPARED BY THE APPOINTED ACTUARY on the LONG-TERM FUND of THE
BRITISH & EUROPEAN REINSURANCE COMPANY LIMITED - GLOBAL BUSINESS

1. The investigation was made at 31st December 1999.
2. The previous investigation under section 18 of the Act was made at 31st December 1998.
3. The valuation has been made in conformity with regulation 64 of the Insurance Companies Regulations.
4. Non-linked contracts
 - (1) The long-term business of the Company consists wholly of reinsurances from other offices. Throughout this valuation report reinsurances accepted from other offices are referred to as 'assurances'. Retrocessions made by the Company to other offices are referred to as 'reinsurances'. Except where stated assurances are accepted on the same basis as the original contracts.
 - a) There are no accumulating with-profits contracts.
 - b) There are no policies where the benefits are determined on the basis of interest accrued.
 - c) Categories that are not sufficiently described by the entry in column 1 of Form 51 are described below:

Increasing Assurances

These are contracts where the Company has a liability to follow the bonuses declared by the ceding office.

Bulk

The term 'Bulk' is used where information is not available for each individual contract reinsured, but the aggregate data for an entire portfolio is supplied by the ceding office. This concession is given by the Section 68 Order described in the Notes.

Risk Premium

Only the mortality risk under the original contract is passed to the Company, by recurrent single premium.

Options

Convertible term assurances contain the option to convert to whole life or endowment assurances (or in some cases to term assurances or further convertible term assurances) with limited or no evidence of health.

Certain assurances have an option to effect further such policies without further evidence of health subject to the terms and conditions then current.

5. Linked contracts
 - (1) There are two categories of linked contract.
 - a) WHOLE LIFE - LINKED TO RELIANCE BRITISH LIFE UNITS
 - b) This category of business is whole life assurance, non profit, reinsurance accepted, life assurance and general annuity business, written in the UK.
 - c) Premiums are payable quarterly.
 - d) Death benefits
 - For the purpose of calculating the death benefit, units are 'credited' over a specified investment term depending on the age at entry and the premium payment term.
 - The nominal sum assured is the total of the amounts due to be credited throughout the term of the policy.
 - The benefit on death is the bid value of units credited at the date of death, less a deduction made to cover Capital Gains Tax, plus any outstanding amounts due to be credited during the remainder of the investment term. This is subject to a minimum of the nominal sum assured.

Guarantees

- The Company is also liable for the capital guarantees in respect of the share of the contracts retained by the ceding company.
- e) There are no investment return guarantees, other than the capital guarantee described in sub-paragraph (d) above and (h) below.

f) Recovery of costs

The charging structure reflects the underlying contract issued by the ceding office, adjusted to reflect the balance of costs agreed between the companies.

Specimen percentages of premium invested are as follows:

Age 40 at entry	
Nominal sum assured £4000	
Premiums throughout life (Investment term 40 years)	Premiums limited age 65 (Investment term 35 years)
115	105

- The income from the units is retained by the Company.
- A deduction from the value of units is made on death or surrender to cover a charge for Capital Gains Tax.
- g) The company has no discretion to alter charges.
- h) Surrender benefits
 - For the purpose of defining surrender benefits units are allocated according to a different scale from that used for death benefits.
 - The surrender value is the bid value of units allocated at the date of settlement, less a deduction made to cover Capital Gains Tax, plus any sum due to be applied in respect of any premium paid for which such allocation has not been made.
 - Surrender values are not guaranteed except for those contracts where premium payments are limited to age 65. For these contracts the surrender value at age 65 is guaranteed to be equal to the value of the units credited, less a deduction made to cover Capital Gains Tax.
- i) The benefits are linked to the Reliance Unit Managers Ltd. British Life Unit Trust, an authorised unit trust. The relationship between the value of units and the benefits payable to policyholders is described in sub-paragraphs (d) and (h) above.
- j) There are no other features of the contract which are material to the method and basis of valuation.
- k) The contract was closed to new business in 1974.
- l) There were no increases in rates of charges during the reporting period.

(2)

a) ENDOWMENT - LINKED TO RELIANCE BRITISH LIFE UNITS

- b) This category of business is endowment assurance, non profit, reinsurance accepted, life assurance and general annuity business, written in the UK.
- c) Premiums are payable quarterly.
- d) Death and maturity benefits

- For the purpose of calculating the death and maturity benefits, units are 'credited' over a specified investment term depending on the age at entry and the premium payment term.
- The nominal sum assured is the total of the amounts due to be credited throughout the term of the policy.
- The benefit on death or maturity is the bid value of units credited at the date of claim, less a deduction made to cover Capital Gains Tax, plus any outstanding amounts due to be credited during the remainder of the investment term. This is subject to a minimum of the nominal sum assured.

Guarantees

- The Company is liable for the capital guarantees in respect of the share of the contracts retained by the ceding company.
- e) There are no investment return guarantees, other than the capital guarantee described in sub-paragraph (d) above.

f) Recovery of costs

The charging structure reflects the underlying contract issued by the ceding office, adjusted to reflect the balance of costs agreed between the companies.

Specimen percentages of premium invested are as follows:

Nominal sum assured £2,500	
Term	Age 30 at entry
15	112
25	124
35	132

- The income from the units is retained by the Company.
- A deduction from the value of units is made on death, maturity, or surrender to cover a charge for Capital Gains Tax.

g) The company has no discretion to alter charges.

h) Surrender benefits

- For the purpose of defining surrender benefits units are allocated according to a different scale from that used for death and maturity benefits.
 - The surrender value is the bid value of units allocated at the date of settlement, less a deduction made to cover Capital Gains Tax, plus any sum due to be applied in respect of any premium paid for which such allocation has not been made.
- i) The benefits are linked to the Reliance Unit Managers Ltd. British Life Unit Trust, an authorised unit trust. The relationship between the value of units and the benefits payable to policyholders is described in sub-paragraphs (d) and (h) above.
- j) There are no other features of the contract which are material to the method and basis of valuation.
- k) The contract was closed to new business in 1974.
- l) There were no increases in rates of charges during the reporting period
- (3) Neither category of linked contract contains a with-profits option.
- (4) Not applicable.
- (5) There are no internal linked funds.
- (6) The office pays benefits to the ceding office net of deductions from benefits in respect of Capital Gains Tax.
- (7) No discounts, commission, or other allowance is made to the Company.

6. Valuation Principles

- (1) A Net Premium Valuation has been used (except where mentioned below). The mathematical reserve is found by deducting the value of the net premiums calculated on the valuation basis from the value of the benefits.

- a) No derivative contracts are held.
- b) All business written by the Company is non-profit inwards reinsurance business.

Where the Company has a liability to follow the bonuses declared by the ceding office, explicit allowance is made for future reversionary and terminal bonus. In addition, a margin is taken in the valuation rate of interest.

- c) Where a net premium valuation has been used net premiums have been limited to 90% of the office yearly premiums, on a per policy basis. No zillmer adjustment has been used. The following adjustments are made in respect of contracts where the mortality or morbidity risk is higher than average.
- Where cases are rated by an addition to age the rated-up age is used in the valuation.
 - Where a debt is imposed it is ignored in the valuation.
 - Where an extra premium is charged the extra yearly premium is held as a mathematical reserve.

Where a net premium valuation has not been used, the valuation methods are as follows.

Business not valued prospectively

Multiples of the office premium and multiples of claim are used as specified below.

	Percentage of Premium		Percentage of Claim	
	Annual	Single	Individual	Group
Life Assurance				
Level Term	430%	85%	n/a	n/a
Decreasing Term	230%	85%	n/a	n/a
Risk Premium	n/a	100%	n/a	n/a
Group Life	430%	100%	n/a	n/a
Pensions Business				
Level Term	1410%	n/a	n/a	n/a
Decreasing Term	360%	n/a	n/a	n/a
Risk Premium	n/a	100%	n/a	n/a
Group Pension	1410%	100%	n/a	n/a
PHI Business				
Income Benefits	950%	100%	n/a	n/a
Waiver of Premium	950%	100%	n/a	n/a
Lump Sum Benefits	950%	n/a	n/a	n/a
Claims in Payment	n/a	n/a	920%	750%

- In some cases the mathematical reserve for the claims in payment is taken as the value placed on the claim by the ceding office. The multiple above is not applied.
- Any extra premiums for contracts carrying higher than average mortality or morbidity risks are included when the multiple, as above, is applied.
- Recurrent risk premiums are valued by taking a mathematical reserve equal to 100% of the current risk premium.

Additional Reserves

- An incurred but not reported claims reserve is held as follows:
 - UK Life Assurances & Pension Business 0.15 per mille of Sum at Risk
 - Overseas Life Assurances 1.4 per mille of Sum at Risk
 - Group PHI Business 100% of Single Premiums
- A reserve to provide for any outstanding instalments of income benefit claims and other amounts due to be paid.

Linked Business

Each contract has been valued individually by a prospective cash flow method. The mathematical reserves are the sum of:

- The value of units allocated to policies (calculated by reference to the unit bid values at the valuation date). The number of units valued is the greater of:
 - The units allocated, that would be used to determine the surrender value.
 - The units credited, that would be used to determine the death or maturity value, discounted using the assumed gross dividend yield and valuation mortality table.
 - A sterling reserve to cover future mortality and expenses.
 - A negative reserve in respect of the amounts deductible from surrenders and claims in respect of Capital Gains Tax.
- d) Negative reserves arising from the net premium valuation method have been individually eliminated by reducing the value of future net premiums. No other negative reserves arose.
- e) Allowance has been made for future bonuses within the net premium valuation method applied to Increasing Assurances. The following are included in the valuation.
- Accrued bonuses to the date of valuation
 - The vested bonuses to date as advised to the Company by the ceding office.
 - Any interim bonuses to date at the ceding office's interim rate of bonus
 - Future reversionary bonus

- A bonus rate of 2% p.a. compound has been assumed in valuing the benefits.
 - The net premiums valued include allowance for this increase in benefits.
 - Terminal Bonus
 - A reserve is also held in respect of possible terminal bonuses.
- f) There is no prospective liability to taxation on unrealised capital gains.
- g) There are no contracts falling within sub-paragraphs (a) and (b) of paragraph 4(1) above.

For the capital guarantee liability in respect of assurances linked to Reliance British Life units an explicit reserve is held, calculated using the method recommended by the Institute and Faculty of Actuaries Maturity Guarantees Working Party. In the simulations performed, mortality and withdrawals have been ignored and allowance has been made for future guarantee premiums.

The parameters used were as follows :-

Dividend growth mean	0.04
Standard deviation of dividend growth	0.13
Yield mean	0.04
Standard deviation of yield	0.20
Yield stabiliser	0.60
Initial yield	0.0210
Discount rate	0.035
Tax rate on dividends	0.20
No. of simulations	10,000

The reserve taken is that corresponding to a ruin probability of 1/100 as measured by the current year's simulation results.

- h) A reserve is made for the cost of options amounting to 10% of all premiums paid to date on those endowment, term and risk premium assurances in force on the valuation date which include such options.
- (2) Assets have not been brought into Form 58 at book value.

7. Valuation Basis

- (1) For non-linked business, the rates of interest and tables of mortality assumed in the valuation are shown in Form 51. All mortality tables used are ultimate.

For linked assurances, the rates of interest and tables of mortality assumed in the valuation are shown in paragraph 9 below.

- (2) All tables of mortality used in the valuation have been published.
- (3) All mortality tables used are based on UK data.
- (4) In establishing the mortality tables to be used for the valuation of annuity business, a margin has been included for future reductions in the rates of mortality.

(5) Excess mortality reserves

Reserves have been made to allow for the impact of A.I.D.S., approximating for both males and females, to those implied by 33% of Projection R6A (without reduction after the peak is reached) in the reports from the Institute of Actuaries Working Party. For permanent health policies Projection F has been used.

The reserves for non-linked business are shown as "Excess Mortality" or "Excess Morbidity" in Form 51 and amount to £802,000 before reinsurance ceded (nil net of reinsurance ceded).

The reserves for linked business are shown as "Excess Mortality" in Form 53 and amount to £5,000 before reinsurance ceded (nil net of reinsurance ceded).

The reserves have been determined taking into account any options and the nature of any premium rate guarantees. Policies with options to extend the term were assumed to be converted to whole life assurances.

(6) Changes in the values of assets

Total mathematical reserves net of reinsurance ceded, and hence total matching assets, are zero. All scenarios of future changes in the value of assets have no effect.

(7) Total mathematical reserves net of reinsurance ceded, and hence total matching assets, are zero. No additional reserve is required pursuant to regulation 75(a), in excess of that held pursuant to regulation 75(b).

(8) Total mathematical reserves net of reinsurance ceded, and hence total matching assets, are zero. For the purposes of the Actuary's certificate, no addition to the mathematical reserves on the Schedule 4 basis, is considered necessary on account of mismatching.

(9) Total mathematical reserves net of reinsurance ceded, and hence total matching assets, are zero. Liabilities, before reinsurance ceded, in currencies other than sterling are less than 20% of the total and in any single currency (other than sterling) are less than 4% of the total. The rates of interest assumed have not taken into account the currency of the liabilities.

8. Additional Information

- a) Where the net premium valuation method has been used the proportion of office premiums implicitly reserved for expenses is shown in Form 51.
- b) The liabilities are 100% reinsured and all administration services are being provided by World-Wide Reassurance Company Limited. No explicit allowance has therefore been made for expenses.
- c) The following tests have been carried out to demonstrate the adequacy of reserves where a prospective method has not been used:

Level Term Assurances

For level term assurances not valued using the net premium method, the adequacy of the reserves established has been tested by reference to the level term assurance business which has been valued by that method.

Decreasing Term Assurances

Tests carried out on annual premium decreasing term assurances within Life Assurance business, using mortality of 80% A67-70 at 2.5% interest, have indicated that a reserve of 230% of the office premium is adequate to cover the liabilities. This multiple of premium provides an adequate reserve for a valuation at 3.5% interest.

PHI annual premium business and claims in payment

The adequacy of the reserves has been tested by reference to the reserves calculated for the Commercial Union Life Assurance Company Ltd. Permanent Health fund.

- d) Where future premiums are brought into account in the valuation, they are in accordance with regulation 67(1) of the Insurance Companies Regulations.

9. For both categories of linked contract:

a) The valuation assumptions are as follows.

Expenses	£3.00 per policy p.a.
Unit Fund Growth Rate	2.50% p.a.
Expense Inflation	4.00% p.a.
Mortality	AM80/AF80 With allowance for A.I.D.S. on 33% of Projection R6A (without maintaining the peak level).
Gross Interest	3.50% p.a.
Taxation	Nil
Gross Dividend Yield	3.30%

b) Explicit provision has been made for future expenses in the valuation of linked contracts.

10. Expenses

- (1) The assumed level of inflation of expenses is 4.5% per annum. This is applied directly to the per policy expense loadings for annuity and linked contracts.
- (2) The liabilities are 100% reinsured and all administration services are being provided by World-Wide Reassurance Company Limited. No explicit allowance has therefore been made for expenses arising in 2000.
- (3) No reserve is deemed necessary to cover the costs of transacting new business in the year following the valuation date. Any new business is 100% reinsured and all administration services are being provided by World-Wide Reassurance Company Limited.
- (4) No reserve is necessary to provide for the costs of closure to new business should the company cease to transact new business twelve months after the valuation date. All new business is 100% reinsured and there would be no costs associated with closing the Fund completely to new business.

11. Currency Matching

- (1) Total mathematical reserves net of reinsurance ceded, and hence total matching assets, are zero.

12. Reinsurance Treaties

- (1) In the following, reference to authorised companies indicates companies authorised to carry on insurance business in the U.K., and reference to unauthorised companies indicates companies not so authorised.
- a) The total retrocession premiums payable by the Company under facultative arrangements during 1999 are as follows :-

Authorised companies				Unauthorised companies			
Connected companies		Other companies		Connected companies		Other companies	
Number of Companies	Amount £'000	Number of Companies	Amount £'000	Number of Companies	Amount £'000	Number of Companies	Amount £'000
3	49	38	142	1	3	32	207

An insignificant amount of these premiums arises from arrangements which are not of a facultative nature.

- b) The total amount deposited under deposit-back arrangements is £2,386, none of which applies to connected companies.
- (2) There are eleven principal groupings of reinsurance treaties, most consisting of treaties with more than one reinsurer but relating to the same business.

Treaty Grouping		Reinsurers	Premiums Payable	Open/Closed
(i)	Authorised	Munich Re (UK), Swiss Re L&H, ERC Frankona (UK).	£126,000	Closed
	Unauthorised	Gerling, Hannover, Le Mans Re, R&V Vers, Rhein Re, Safr, SCOR Vie, Tryg.	£57,000	
(ii)	Unauthorised	Cologne Re, Gerling, Hannover, Le Mans Re, R&V Vers, Safr, SCOR Vie, Secura, Zurich Re.	£41,000	Open
(iii)	Authorised	ERC Frankona (UK).	£12,000	Closed
	Unauthorised	R&V Vers.	£12,000	
(iv)	Authorised	CGU Linked Life	£36,000	Open
	Unauthorised	Delta Lloyd.	£40,000	
(v)	Authorised	Abbey Life, ERC Frankona (UK), Swiss Re L&H, Zurich Life.	£15,000	Closed
(vi)	Unauthorised	Munich Re (Germany), Swiss Re L&H, Delta Lloyd	£26,000	Open
(vii)	Authorised	CULAC, CGU Linked Life.	£13,000	Closed
	Unauthorised	Delta Lloyd.	£3,000	
(viii)	Unauthorised	Isle of Man Assurance Ltd.	£72,000	Open
(ix)	Unauthorised	Munich Re (Germany), Swiss Re L&H.	£101,000	Open
(x)	Unauthorised	Swiss Re L&H.	£78,000	Open
(xi)	Authorised	World-Wide Re	£31,688,000	Open

Note - The companies referred to in the table above by abbreviations are:

Authorised Companies

- | | |
|---------------------|--|
| - Abbey Life | Abbey Life Assurance Company Ltd. |
| - CULAC | Commercial Union Life Assurance Company Ltd. |
| - ERC Frankona (UK) | ERC Frankona Reassurance Company Ltd. |
| - Munich Re (UK) | Munich Reinsurance Company (UK) Life Branch |
| - CGU Linked Life | CGU Linked Life Assurance Ltd. |
| - Swiss Re L&H | Swiss Re Life & Health Ltd. |
| - Zurich Life | Zurich Life Assurance Company Ltd. |
| - World-Wide Re | World-Wide Reassurance Company Ltd. |

Unauthorised Companies

- | | |
|-----------------------|---|
| - Cologne Re | Koelnische Ruckversicherungs Gesellschaft |
| - Delta Lloyd | Delta Lloyd Levenshervzekering B.V. |
| - Gerling | Gerling-Konzern Globale |
| - Hannover | Hannover Ruckversicherungs AG. |
| - Munich Re (Germany) | Munchener Ruckversicherungs-Aktiengesellschaft |
| - R&V Vers | R&V Versicherung AG. |
| - Rhein Re | Rhein Ruckversicherungs-Gesellschaft AG |
| - Safr | Societe Anonyme Francaise de Reassurances |
| - Secura | Secura Herverzekerings Maatschappij. |
| - Tryg | Tryg-Baltica Insurance |
| - Zurich Re | Zurich Ruckversicherung (Koln) Aktiengesellschaft |

- a) The reinsurers for each treaty grouping are shown above.
- b) Whether each reinsurer is authorised to carry on insurance business in the United Kingdom is shown above.

- c) The Company is connected to the following reinsurers:-
 - Commercial Union Life Assurance Company Ltd
 - CGU Linked Life Assurance Ltd
 - Delta Lloyd Levensherv verzekering B.V.
 - d) The cover provided under each treaty grouping is as follows:
 - i) The reinsurance relates to life business received from one ceding office and provides retrocession capacity of 3.409 times the combined retention of the ceding office and this Company.
 - ii) The reinsurance relates to life business received from ceding offices and provides retrocession capacity of ten times the retention of this Company.
 - iii) The reinsurance relates to life business received from one ceding office and is a quota share arrangement whereby 50% of the business received by the Company is retroceded.
 - iv) The reinsurance relates to life business received from ceding offices other than those in (i) and (iii), and provides retrocession capacity of 1.538 times the retention of this Company.
 - v) The reinsurance relates to life business received from one ceding office and is a quota share arrangement whereby 74.995% of the business received by the company is retroceded
 - vi) The reinsurance relates to life business received from one ceding office and is a quota share arrangement whereby 58.33% of the business received by the company is retroceded.
 - vii) The reinsurance relates to life business received from one ceding office and is a quota share arrangement whereby 75% of the business received by this Company is retroceded.
 - viii) The reinsurance relates to life business received from one ceding office of which 50% is retroceded.
 - ix) The reinsurance relates to life business received from one ceding office and is a quota share arrangement whereby 60% of the business received by this Company is retroceded.
 - x) The reinsurance relates to life business received from one ceding office and is a quota share arrangement whereby 40% of the business received by this company is retroceded.
 - xi) The reinsurance relates to all business in-force as at 1/10/99 and not already reinsured and any new business written after 1/10/99 not subject to an existing reinsurance arrangement.
 - e) For each treaty grouping, the premiums payable by the Company during the report period are shown above.
 - f) There are no deposit back arrangements.
 - g) No provision has been made nor is necessary for any refunds of retrocession commissions due in the event of lapse or surrender of the underlying contracts.
 - h) Whether each treaty is open to new business is shown above.
- (3) There are no financing arrangements in force.
- (4) Not applicable.
13. There are no policies that participate in profits.
 14. There are no policies that participate in profits. Profit from the Fund is distributed to shareholders in accordance with the Articles and Memorandum of Association.
 15. There are no policies that participate in profits.
 16. There are no policies that participate in profits.
 17. The statement summarising changes in ordinary long-term business is set out in Form 46.
 18. The statement analysing new ordinary long-term business is set out in Form 47.
 19. The statements of the assets other than those held to match liabilities in respect of linked business are set out in Forms 48 and 49. There are no derivative contracts in force.

20. The valuation summary is set out in Forms 51 and 53 and the analysis of unit liabilities is set out in Form 55.
21. Total mathematical reserves net of reinsurance ceded, and hence total matching assets, are zero. Form 57 has therefore not been completed.
22. The statement of the results of the valuation is set out in Form 58.
23. The statement of the required minimum margin for the long term business of the Company is set out in Form 60. Form 61 has not been completed since the gross annual office premiums for Supplementary Accident and Sickness Insurance, £1,356, do not exceed 1% of the gross annual office premiums in force and the entry in line 51 of Form 60 exceeds the amount that would be obtained if Form 61 were to be completed. The entry has been estimated as 18% of the gross annual office premiums in force at the valuation date.

M.N. Urmston

Appointed Actuary

Long term business : Summary of changes in ordinary long term business

Name of company **The British & European Reinsurance Company Limited**

Global business

United Kingdom business

Non-linked

Financial year ended **31st December 1999**

		Company registration number		GL/UK/CM		Period ended			Units	UK/OS	NL/LN
						day	month	year			
		R46	100367	GL		31	12	1999	£000	UK	NL
		Life assurance and general annuity		Pensions business		Permanent health		Other business			
		No of contracts	Annual premiums	No of contracts	Annual premiums	No of contracts	Annual premiums	No of contracts	Annual premiums		
		1	2	3	4	5	6	7	8		
In force at beginning of year	11	63110	1188	2065	236	7179	236				
New business and increases	12	19	17								
Net transfers and other alterations 'on'	13										
Total 'on' (12+13)	19	19	17								
Deaths	21	34	3	8	1	2					
Other insured events	22										
Maturities	23										
Surrenders	24	19	2								
Forfeitures	25	102	39	48	14	58	10				
Conversions to paid-up policies for reduced benefits	26										
Net transfers, expiries and other alterations 'off'	27	7436	350	329	57	760	33				
Total 'off' (21 to 27)	29	7591	394	385	72	820	43				
In force at end of year (11+19-29)	39	55538	811	1680	164	6359	193				

Long term business : Summary of changes in ordinary long term business

Name of company **The British & European Reinsurance Company Limited**

Global business

United Kingdom business

Linked

Financial year ended **31st December 1999**

		Company registration number		GL/UK/CM		Period ended			Units	UK/OS	NL/LN
		R46	100367	GL	31	12	1999	£000	UK	LN	
		Life assurance and general annuity		Pensions business		Permanent health		Other business			
		No of contracts	Annual premiums	No of contracts	Annual premiums	No of contracts	Annual premiums	No of contracts	Annual premiums		
		1	2	3	4	5	6	7	8		
In force at beginning of year	11	4615	94								
New business and increases	12										
Net transfers and other alterations 'on'	13										
Total 'on' (12+13)	19										
Deaths	21	9									
Other insured events	22										
Maturities	23	226	6								
Surrenders	24	53	1								
Forfeitures	25										
Conversions to paid-up policies for reduced benefits	26										
Net transfers, expiries and other alterations 'off'	27	5	1								
Total 'off' (21 to 27)	29	293	8								
In force at end of year (11+19-29)	39	4322	86								

Long term business : Summary of changes in ordinary long term business

Name of company **The British & European Reinsurance Company Limited**

Global business

Overseas business

Non-linked

Financial year ended **31st December 1999**

		Company registration number		GL/UK/CM		Period ended			Units		UK/OS		NL/LN				
						day month year											
		R46		100367		GL		31 12 1999		£000		OS		NL			
		Life assurance and general annuity		Pensions business		Permanent health		Other business									
		No of contracts		Annual premiums		No of contracts		Annual premiums		No of contracts		Annual premiums		No of contracts		Annual premiums	
		1		2		3		4		5		6		7		8	
In force at beginning of year	11	1071	58					489	5								
New business and increases	12	44															
Net transfers and other alterations 'on'	13		13														
Total 'on' (12+13)	19	44	13														
Deaths	21	5															
Other insured events	22																
Maturities	23	1	2														
Surrenders	24	1	2														
Forfeitures	25	81	24														
Conversions to paid-up policies for reduced benefits	26																
Net transfers, expiries and other alterations 'off'	27	17						42	1								
Total 'off' (21 to 27)	29	105	28					42	1								
In force at end of year (11+19-29)	39	1010	43					447	4								

Long term business : Analysis of new ordinary long term business

Name of company **The British & European Reinsurance Company Limited**

Global business

Financial year ended **31st December 1999**

Company registration number	GLUKJCM	Period ended			Units
		day	month	year	
R47	100367	GL	31	12	1999
					£000

Type of insurance	Single premium contracts			Regular premium contracts		
	No of contracts	Premiums	Sums assured, annuities per annum or other measures of benefit	No of contracts	Annual premiums	Sums assured, annuities per annum or other measures of benefit
1	2	3	4	5	6	7
UK REINSURANCE ACCEPTED						
Life Assurance & General Annuity Business						
Non-Linked Non-Profit Policies						
Term Assurance					17	24064
Risk Premium Assurance				16		320
Group Life (increments)				3	6	1471
Sub total: Non-Linked Non-Profit Policies				19	23	25855
Total: Life Assurance & General Annuity Business				19	23	25855

Returns under Insurance Companies Legislation

Long term business : Analysis of new ordinary long term business

Name of company **The British & European Reinsurance Company Limited**

Global business

Financial year ended **31st December 1999**

Company registration number	GL/UK/CM	Period ended			Units
		day	month	year	
R47	100367	GL	31	12	1999
					£000

Type of insurance	Single premium contracts			Regular premium contracts		
	No of contracts	Premiums	Sums assured, annuities per annum or other measures of benefit	No of contracts	Annual premiums	Sums assured, annuities per annum or other measures of benefit
1	2	3	4	5	6	7
Pension Business						
Non-Linked Non-Profit Policies						
Group Pension					1	65
Group Pension (increments)						
Sub total: Non-Linked Non-Profit Policies					1	65
Total: Pension Business					1	65

Long term business : Analysis of new ordinary long term business

Name of company **The British & European Reinsurance Company Limited**

Global business

Financial year ended **31st December 1999**

Company registration number	GLUK/CM			Period ended			Units
	day	month	year	day	month	year	
R47	100367	GL		31	12	1999	£000

Type of insurance	Single premium contracts				Regular premium contracts			
	No of contracts	Premiums	Sums assured, annuities per annum or other measures of benefit	No of contracts	Annual premiums	Sums assured, annuities per annum or other measures of benefit		
1	2	3	4	5	6	7		
Permanent Health Insurance								
Non-Linked Non-Profit Policies								
Income Benefits								
Group Income Benefits (increments)								
Sub total: Non-Linked Non-Profit Policies								
Total: Permanent Health Insurance								
Total: UK Reinsurance Accepted				19	24	25920		

Returns under Insurance Companies Legislation

Long term business : Analysis of new ordinary long term business

Name of company **The British & European Reinsurance Company Limited**

Global business

Financial year ended **31st December 1999**

Company registration number	GL/JUK/CM	Period ended			Units
		day	month	year	
R47	100367	GL	31	12	1999
					£000

Type of insurance	Single premium contracts				Regular premium contracts			
	No of contracts	Premiums	Sums assured, annuities per annum or other measures of benefit	No of contracts	Annual premiums	Sums assured, annuities per annum or other measures of benefit		
1	2	3	4	5	6	7		
OVERSEAS REINSURANCE ACCEPTED								
Life Assurance & General Annuity Business								
Non-Linked Non-Profit Policies								
Term Assurance	6	1	1378	1		59		
Risk Premium Assurance				37		3582	5	
Bulk Business				1		206	1	
Bulk Business (increments)						111892	281	
Sub total: Non-Linked Non-Profit Policies	6	1	1378	39	287	115739	287	115739
Total: Life Assurance & General Annuity Business	6	1	1378	39	287	115739	287	115739

Long term business : Analysis of new ordinary long term business

Name of company **The British & European Reinsurance Company Limited**

Global business

Financial year ended **31st December 1999**

Company registration number	GL/UK/CM	Period ended			Units
		day	month	year	
R47	GL	31	12	1999	£000

Type of insurance	Single premium contracts			Regular premium contracts		
	No of contracts	Premiums	Sums assured, annuities per annum or other measures of benefit	No of contracts	Annual premiums	Sums assured, annuities per annum or other measures of benefit
1	2	3	4	5	6	7
Permanent Health Insurance						
Non-Linked Non-Profit Policies						
Bulk Income Benefits					3	1710 pa
Bulk Income Benefits (increments)						
Sub total: Non-Linked Non-Profit Policies					3	1710 pa
Total: Permanent Health Insurance					3	1710 pa
Total: Overseas Reinsurance Accepted	6	1	1378	39	290	115739 1710 pa

Long term business : Expected income from admissible assets not held to match liabilities in respect of linked benefitsName of company **The British & European Reinsurance Company Limited**

Global business

Financial year ended **31st December 1999**Category of assets **Total**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R48	100367	GL	31 day	12 month	1999 year	£000	10
Type of asset			Value of admissible assets as shown on Form 13 1		Expected income from admissible assets 2		Yield % 3		
Land and buildings			11						
Fixed interest securities	Approved securities	12	12028	797	5.67				
	Other	13	358	36	8.98				
Variable interest and variable yield securities (excluding items shown at line 16)	Approved securities	14							
	Other	15							
Equity shares and holdings in collective investment schemes			16	339	14	4.13			
Loans secured by mortgages			17						
All other assets	Producing income	18	690	18	2.61				
	Not producing income	19	262						
Total (11 to 19)			29	13677	865	5.46			

Long term business : Analysis of admissible fixed interest and variable yield securities not held to match liabilities in respect of linked benefits

Name of company **The British & European Reinsurance Company Limited**

Global business

Financial year ended **31st December 1999**Category of assets **Total**

Financial year ended		31st December 1999		Company registration number		GLUK/CM		Period ended			Units		Category of assets				
Category of assets		Total		R49		100367		GL		day month year		1999		£000		10	
Redemption period in years		Value of admissible assets as shown on Form 13		Gross redemption yield %		Value of admissible higher yielding assets		Variable interest and variable yield approved securities excluding equities		Value of admissible assets as shown on Form 13		Gross redemption yield %		Value of admissible higher yielding assets		6	
		1		2		3				4		5		6			
One year or less	11	931	4.60														
More than one year but not more than five years	12	3384	5.63														
More than five years but not more than ten years	13	7713	5.82														
More than ten years but not more than fifteen years	14																
More than fifteen years but not more than twenty years	15																
More than twenty years but not more than twenty five years	16																
More than twenty five years	17																
Irredeemable	18																
Total (11 to 18)	19	12028	5.67														
One year or less	21																
More than one year but not more than five years	22	358	8.98	181													
More than five years but not more than ten years	23																
More than ten years but not more than fifteen years	24																
More than fifteen years but not more than twenty years	25																
More than twenty years but not more than twenty five years	26																
More than twenty five years	27																
Irredeemable	28																
Total (21 to 28)	29	358	8.98	181													

Returns under Insurance Companies Legislation

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

Name of company **The British & European Reinsurance Company Limited**

Global business

United Kingdom business

Financial year ended **31st December 1999**Type of business **Life Assurance & General Annuity Business**Category of surplus **Ordinary Long Term**

Company registration number															Period ended			Units		Type of business		Category of surplus		
Life Assurance & General Annuity Business															GL/UK/CM		year		UK/OS	Type of business		Category of surplus		
Ordinary Long Term															R51	100367	GL	31	12	1999	£000	UK	L&GA	11
Type of insurance or name of contract		Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits		Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves											
		Rate of interest	Mortality or morbidity table			Office premiums	Net premiums	Office premiums	Net premiums															
1		2		3	4	5	6	7	8	9	10	11	12											
REASSURANCE ACCEPTED																								
Non Profit contracts																								
Whole Life Assurance																								
-level		3.50	A67/70	554	7472	62	58	0.059	2879	1026	970	1909												
-increasing		3.50	A67/70	63	5082	47	41	0.111	4126	502	445	3681												
Endowment Assurance																								
-level		3.50	A67/70	11	34	1	1	0.101	25	7	6	19												
-increasing		3.50	A67/70	49	790	14	12	0.112	660	65	59	601												
Term Assurance																								
-net premium method		3.50	A67/70	522	112885	271	214	0.209	3127	1625	1358	1769												
-other				5626	83368	215			925			925												
Risk Premium				30725	115723	689			689			689												
Decreasing Term Assurance				17977	30115	202			464			464												
Bulk Decreasing Term Assurance				3	63837	99			228			228												
Miscellaneous Assurance				42	14188	58			312	1	1	311												
Miscellaneous Annuity				8	17 pa				63			63												
Terminal Bonus									2980			2980												
Options									121			121												
Outstanding Instalments of Income Benefit									3170			3170												
Claims									281			281												
Excess Mortality																								

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

Name of company The British & European Reinsurance Company Limited

Global business

United Kingdom business

Financial year ended 31st December 1999

Type of business Life Assurance & General Annuity Business

Company
registration
number

Period ended

day

month

year

Units

UKOS

Type of
businessCategory
of surplus

Category of surplus Ordinary Long Term

Category of surplus			Ordinary Long Term										
Type of insurance or name of contract			Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
			Rate of interest	Mortality or morbidity table			Office premiums	Net premiums			Office premiums	Net premiums	
1	2	3	4	5	6	7	8	9	10	11	12		
Sub total: Non Profit contracts			55580	433494 17 pa	1658	326		20050	3226	2839			17211
Sub total: Reassurance Accepted			55580	433494 17 pa	1658	326		20050	3226	2839			17211
REASSURANCE CEDED													
Non Profit contracts													
Whole Life Assurance	3.50	A6770		7472	62	58	0.059	2879	1026	970			1909
-level	3.50	A6770		5082	47	41	0.111	4126	502	445			3681
-increasing													
Endowment Assurance													
-level	3.50	A6770		34	1	1	0.101	25	7	6			19
-increasing	3.50	A6770		790	14	12	0.112	660	65	59			601
Term Assurance													
-net premium method	3.50	A6770		112885	271	214		3127	1625	1358			1769
-other				83368	215			925					925
Risk Premium				115723	689			689					689
Decreasing Term Assurance				30115	202			464					464
Bulk Decreasing Term Assurance				63837	99			228					228
Miscellaneous Assurance				14188	58			312	1	1			311

Returns under Insurance Companies Legislation

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

Name of company **The British & European Reinsurance Company Limited**

Global business

United Kingdom business

Financial year ended **31st December 1999**Type of business **Life Assurance & General Annuity Business**Company
registration
numberPeriod ended
day month year

Units

Category
of surplusType of
business

UK/OS

Ordinary Long Term																					
Category of surplus		R51		100367		GL		31		12		1999		£000		UK		L&GA		11	
Type of insurance or name of contract		Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves									
		Rate of Interest	Mortality or morbidity table			Office premiums	Net premiums			Office premiums	Net premiums										
1		2	3	4	5	6	7	8	9	10	11	12									
Miscellaneous Annuity					17 pa				63			63									
Terminal Bonus									2980			2980									
Options									121			121									
Outstanding Instalments of Income Benefit									3170			3170									
Claims									281			281									
Excess Mortality																					
Sub total: Non Profit contracts					433494 17 pa	1658	326		20050	3226	2839	17211									
Sub total: Reassurance Ceded					433494 17 pa	1658	326		20050	3226	2839	17211									
Net total: Life Assurance & General Annuity Business				55580																	

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

Name of company **The British & European Reinsurance Company Limited**

Global business

United Kingdom business

Financial year ended **31st December 1999**Type of business **Pension Business**Category of surplus **Ordinary Long Term**

Category of surplus		Ordinary Long Term																					
		R51		100367		GL		31		12		1999		£000		UK		Pens		Amount of mathematical reserves			
Type of insurance or name of contract		Valuation basis		No of contracts		Amount of sums assured or annuities per annum, including vested reversionary bonuses		Amount of annual premiums		Proportion of office premiums reserved for expenses and profits		Value of sums assured or annuities per annum, including vested reversionary bonuses		Value of annual premiums									
1		2		3		4		5		6		7		8		9		10		11		12	
		Rate of interest		Mortality or morbidity table						Office premiums		Net premiums						Office premiums		Net premiums			
REASSURANCE ACCEPTED																							
Non Profit contracts																							
Term Assurance						644		30498		93		82		0.117		2158		720		649		1509	
-net premium method		3.50		A67/70		947		19276		60						849				25		849	
-other						97		21933		108		3				281		28				256	
Miscellaneous Assurance																51						51	
Excess Mortality																							
Sub total: Non Profit contracts						1688		71707		261		85				3339		748		674		2665	
Sub total: Reassurance Accepted																							
REASSURANCE CEDED																							
Non Profit contracts																							
Term Assurance								30498		93		82		0.117		2158		720		649		1509	
-net premium method		3.50		A67/70				19276		60						849				25		849	
-other								21933		108		3				281		28				256	
Miscellaneous Assurance																51						51	
Excess Mortality																							
Sub total: Non Profit contracts								71707		261		85				3339		748		674		2665	

Returns under Insurance Companies Legislation

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

Name of company **The British & European Reinsurance Company Limited**

Global business

United Kingdom business

Financial year ended **31st December 1999**

Type of business **Pension Business**

Category of surplus **Ordinary Long Term**

Financial year ended 31st December 1999														
Company registration number														
GL/UK/CM														
Period ended														
day month year														
Units														
UK/OS														
Type of business														
Category of surplus														
Ordinary Long Term														
R51 100367 GL 31 12 1999 £000 UK Pens 11														
Type of insurance or name of contract														
Valuation basis														
Rate of interest														
Mortality or morbidity table														
No of contracts														
Amount of sums assured or annuities per annum, including vested reversionary bonuses														
Amount of annual premiums														
Office premiums														
Net premiums														
Proportion of office premiums reserved for expenses and profits														
Value of sums assured or annuities per annum, including vested reversionary bonuses														
Value of annual premiums														
Office premiums														
Net premiums														
Amount of mathematical reserves														
1	2	3	4	5	6	7	8	9	10	11	12			
Sub total: Reassurance Ceded														
Net total: Pension Business														
2665 674 748 3339 2665														

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

Name of company **The British & European Reinsurance Company Limited**

Global business

United Kingdom business

Financial year ended **31st December 1999**Type of business **Permanent Health Insurance**Category of surplus **Ordinary Long Term**

Permanent Health Insurance												
Type of business	Company registration number				Period ended			Units	UK/OS	Type of business	Category of surplus	
Category of surplus	Type of insurance or name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
		Rate of interest	Mortality or morbidity table			Office premiums	Net premiums			Office premiums	Net premiums	
Ordinary Long Term	1	2	3	4	5	6	7	8	9	10	11	12

Returns under Insurance Companies Legislation

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

Name of company **The British & European Reinsurance Company Limited**

Global business

United Kingdom business

Financial year ended **31st December 1999**Type of business **Permanent Health Insurance**Category of surplus **Ordinary Long Term**

Permanent Health Insurance															31st December 1999	
Type of business	Permanent Health Insurance														31st December 1999	
Category of surplus	Ordinary Long Term														31st December 1999	
	Ordinary Long Term														31st December 1999	
Type of insurance or name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits		Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Type of business	Category of surplus			
	Rate of interest	Mortality or morbidity table			Office premiums	Net premiums	Office premiums reserved for expenses and profits	Office premiums		Net premiums						
1	2	3	4	5	6	7	8	9	10	11	12	PHI	11			
Sub total: Non Profit contracts				16700	342			8846					8846			
Sub total: Reassurance Ceded				16700	342			8846					8846			
Net total: Permanent Health Insurance			7109													
Net total: United Kingdom business			64377													

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

Name of company The British & European Reinsurance Company Limited

Global business

Overseas business

Financial year ended 31st December 1999

Type of business Life Assurance & General Annuity Business

Company registration number	GL/UK/CM	Period ended			Units	UK/OS	Type of business	Category of surplus
		day	month	year				

Category of surplus														Ordinary Long Term													
Type of insurance or name of contract														Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves			
														Rate of interest	Mortality or morbidity table			Office premiums	Net premiums			Office premiums	Net premiums		Office premiums	Net premiums	
1														2	3	4	5	6	7	8	9	10	11	12			
REASSURANCE ACCEPTED														3.50	A67/70	57	4221	23	19	0.191	262	87	73	189			
Non Profit contracts																	901	214			214		214		214		
Term Assurance																	7	87									
-net premium method																	2	242									
Risk Premium																	44	1928									
Bulk Level Term Assurance																	203	224	5			349	21		20	329	
Bulk Decreasing Term Assurance																					1455	1455					
Bulk Risk Premium																					273	273					
Miscellaneous Assurance																											
Incurred but not Reported Claims																											
Excess Mortality																											
Sub total: Non Profit contracts														1214	1042801	2718	24		5672	108	93	5679					
Sub total: Reassurance Accepted														1214	1042801	2718	24		5672	108	93	5679					
REASSURANCE CEDED														3.50	A67/70		4221	23	19	0.191	262	87	73	189			
Non Profit contracts																									214	214	374
Term Assurance																											
-net premium method																											
Risk Premium																											
Bulk Level Term Assurance																											

Returns under Insurance Companies Legislation

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

Name of company **The British & European Reinsurance Company Limited**

Global business

Overseas business

Financial year ended **31st December 1999**Type of business **Life Assurance & General Annuity Business**Category of surplus **Ordinary Long Term**

Type of insurance or name of contract		Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits			Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		UK/OS	Type of business	Category of surplus
		Rate of interest	Mortality or morbidity table			Office premiums	Net premiums	office premiums reserved for expenses and profits	office premiums	Net premiums		Office premiums	Net premiums			
1		2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Bulk Decreasing Term Assurance					181721	242			817							817
Bulk Risk Premium					733335	1928			1928							1928
Miscellaneous Assurance					67815	224	5		349	21	20					329
Incurred but not Reported Claims									1455							1455
Excess Mortality									273							273
Sub total: Non Profit contracts					1042801	2718	24		5672	108	93					5679
Sub total: Reassurance Ceded					1042801	2718	24		5672	108	93					5679
Net total: Life Assurance & General Annuity Business				1214												

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

Name of company **The British & European Reinsurance Company Limited**

Global business

Overseas business

Financial year ended **31st December 1999**Type of business **Permanent Health Insurance**Category of surplus **Ordinary Long Term**

Ordinary Long Term																															
Category of surplus		R51			100367			GL			31			12			1999			£000			OS			PHI			Amount of mathematical reserves		
Type of insurance or name of contract		Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits		Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves																		
		Rate of interest	Mortality or morbidity table			Office premiums	Net premiums	Office premiums	Net premiums		Office premiums	Net premiums																			
1		2	3	4	5	6	7	8	9	10	11	12																			
REASSURANCE ACCEPTED																															
Non Profit contracts																															
Income Benefits				405	184	4			40					40																	
Group Income Benefits				56	196	6			34					34																	
Lump Sum Benefits				34	31				1					1																	
Bulk Lump Sum Benefits				1	14865	23			217					217																	
Bulk Income Benefits				2	1214	30			285					285																	
Miscellaneous Income Benefits				8	1				3					3																	
Claims in Payment									154					154																	
Excess Morbidity									45					45																	
Sub total: Non Profit contracts				506	16491	63			779					779																	
Sub total: Reassurance Accepted				506	16491	63			779					779																	
REASSURANCE CEDED																															
Non Profit contracts																															
Income Benefits					184	4			40					40																	
Group Income Benefits					196	6			34					34																	
Lump Sum Benefits					31				1					1																	
Bulk Lump Sum Benefits					14865	23			217					217																	
Bulk Income Benefits					1214	30			285					285																	

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

Name of company
The British & European Reinsurance Company Limited

Global business

Overseas business

Financial year ended	31st December 1999
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Type of business
Permanent Health Insurance

Category of surplus	Ordinary Long Term
(1) Surplus from operations	\$ 600,000
(2) Surplus from liquidation of subsidiaries	100,000
(3) Surplus from sale of investments	100,000
(4) Surplus from other sources	100,000
Total	\$ 900,000

52

Long term business : Valuation summary of property linked contracts

Name of company The British & European Reinsurance Company Limited

Global business

United Kingdom business

Financial year ended 31st December 1999

Type of business Life Assurance & General Annuity Business

Category of surplus Ordinary Long Term

Life Assurance & General Annuity Business																	
Type of business	Category of surplus	Ordinary Long Term	Company registration number		GL/UK/CM		Period ended		Units	UK/OS	Type of business		Category of surplus				
			R53	100367	GL	31	12	1999			£000	UK		L&GA	11		
Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Category of unit link		Unit liability		Other liabilities		Amount of mathematical reserves		
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death/current payable per annum	Guaranteed on maturity	Office premiums	Net premiums			Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15			
REASSURANCE ACCEPTED Non Profit contracts																	
Whole Life																	
Linked to Reliance British Life Units			551	761	3526		12		1	2740	2355	12			2367		
Endowment Assurance																	
Linked to Reliance British Life Units			3738	3681	19816	3681	74		1	19075	15315	127			15442		
Guaranteed Benefits															25		
Capital Gains Tax															(1780)		
Miscellaneous Assurance			33	15	15					245	240	(2)			242		
Excess Mortality															5		
Sub total: Non Profit contracts			4322	4457	23357	3681	86			22060	17910	137			16301		
Sub total: Reassurance Accepted			4322	4457	23357	3681	86			22060	17910	137			16301		
REASSURANCE CEDED Non Profit contracts																	
Whole Life																	
Linked to Reliance British Life Units				761	3526		12		1	2740	2355	12			2367		

Long term business : Valuation summary of property linked contracts

Name of company
The British & European Reinsurance Company Limited

Global business

United Kingdom business

Financial year ended 31st December 1999

Type of business

Category of surplus	Ordinary Long Term
1. Surplus from operations	
2. Surplus from liquidation of subsidiaries	
3. Surplus from sale of assets	
4. Surplus from other sources	
5. Total surplus	

[illegible]

Long term business : Analysis of units in internal linked funds and direct holdings of assets matching liabilities in respect of property linked benefitsName of company **The British & European Reinsurance Company Limited**

Global business

United Kingdom business

Financial year ended **31st December 1999**Category of surplus **Ordinary Long Term**

Directly held assets

Directly held assets													
			Financial year										
			100367		GL	31	12	1999	£000		UK	11	DHA
Name of fund link or directly held asset	Name of unit type	Valuation price per unit or asset	Total actual number of units in force or directly held assets	Value of total actual units in force or directly held assets	Value of actual units held by other internal linked funds	Value of directly held assets and actual units in force excluding those held by other internal linked funds (5-6)	Value of units or directly held assets deemed allocated to contracts			Value of surplus units or directly held assets (7-8+9)			
							Gross	Reinsurance ceded					
1	2	3	4	5	6	7	8	9	10				
Reliance Unit Managers Ltd.	British Life	5.971000											

Long term business : Valuation result and distribution of surplusName of company **The British & European Reinsurance Company Limited**

Global business

Financial year ended **31st December 1999**Company
registration
number

GL/UK/CM

Period ended
day month year

Units

Category
of surplusCategory of surplus **Ordinary Long Term**

R58	100367	GL	31	12	1999	£000	11
				11	6541		
policyholders in anticipation of a surplus				12			
Transfer to non-technical account				13	14116		
Transfer to other funds/parts of funds				14			
Parts of funds (13+14)				15	14116		
				16	20657		
accumulating with profit policies				17			
Other non linked contracts				18			
Property linked contracts				19			
Index linked contracts				20			
				21			
and other reserves held towards the (21)				29	20657		
Carried forward unappropriated from last valuation				31	17021		
Transfer from non-technical account				32			
Transfer from other funds/parts of fund				33			
of fund (32+33)				34			
at last valuation				35	3636		
				39	20657		
policyholders in anticipation of a surplus				41			
Cash bonuses				42			
Reversionary bonuses				43			
Other bonuses				44			
Premium reductions				45			
Total (41 to 45)				46			
Total of fund				47	14116		
(46+47)				48	14116		
Contingency and other reserves held carried forward unappropriated				49	6541		
				59	20657		
Total of policyholders of fund/part of fund				61			
(Total in 1998)				62			
(Total in 1997)				63			
(Total in 1996)				64			

Long term business : Required minimum margin

Name of company

The British & European Reinsurance Company Limited

Global business

Financial year ended

31st December 1999

Class		Company registration number				GLUK/CM			Period ended		Units	
		R60				100367			day		year	
		Classes VII and VIII business with relevant factor of				Unallocated additional mathematical reserves with relevant factor of			month		year	
Relevant factor (Instruction 1)		Class III business with relevant factor of				Class IV and VI			Total		Total	
		4% 1	1% 3	Nil 4	Total 5	4% 6	1% 8	Nil 9	Total 10	4% 11	1% 12	Total for all classes The financial year 13 14
Mathematical reserves before deduction of reinsurance	11	25348	16301		16301	9624						51273
Mathematical reserves after deduction of reinsurance	12											
Mathematical reserves before deduction of reinsurance	13	25348	16301		16301	9624						51273
Mathematical reserves after deduction of reinsurance	14											39662
Ratio of 18 to 13 or 0.50 if greater (see instruction 2)	15											
Ratio of 18 to 13 or 0.50 if greater (see instruction 2)	16											39662
Ratio of 18 to 13 or 0.50 if greater (see instruction 2)	17	0.5000			0.5000	0.5000						
Required margin of solvency - first result = (line 13) * (line 17) * relevant factor	19	507			328	192						1025
Non negative capital at risk before reinsurance (see instruction 3)	21	1529022			5311							1534333
Non negative capital at risk before reinsurance (see instruction 3)	22											
Non negative capital at risk before reinsurance (see instruction 3)	23											
Total (21 to 23)	29	1529022			5311							1534333
Non-negative capital at risk after reinsurance (all contracts) (see instruction 3)	31											1582199
Ratio of line 31 to line 29, or 0.50 if greater	32	0.5000			0.5000							
Required margin of solvency - second result (see instruction 4)	39	765			3	192						768
Sum of first and second results (19+39)	49	1272			329							1793
Required margin of solvency for supplementary Accident and Sickness Insurance and Class V business	51											
Total required margin of solvency for long term business (49+51)	59											1793
Minimum guarantee fund	61											511
Required minimum margin (greater of lines 59 and 61)	69											1793

NOTES TO SCHEDULE 4

British and European Reinsurance Company Ltd - Long Term Fund

Notes to Schedule 4 for the Long Term Fund of the British and European Reinsurance Company Ltd

Code Note

- 4601** The number of contracts in force at the end of the financial year exceeds the actual number of contracts issued as follows:-

United Kingdom Non-linked	356
United Kingdom Linked	nil
Overseas Non-linked	45

- 4602** The estimated number of contracts in force at the end of the financial year but not shown on Form 46 is as follows:-

		Bulk Business	Group Business
United Kingdom Non-linked	Life Assurance	4	38
	Pensions business	-	8
	Permanent Health	-	750
Overseas Non-linked	Life Assurance	54	150
	Permanent Health	3	56

- 4701** All entries are new business unless stated otherwise.

4801 Accrued Interest Split

The accrued interest included in line 84 of form 13 is split between lines 12 to 15 of form 48 as follows:

Line Number	Amount of Accrued Interest
12	273,000
13	11,000
14	0
15	0

4802 Treatment of Interest in Default

The expected income from any asset shown in form 48, where the payment of interest is in default, is treated as zero. Thus the amount of interest involved, for all funds, is zero.

- 5101** For decreasing term assurances, the sums assured at the valuation date are approximate amounts only.

- 5102** The total number of contracts shown exceeds the actual number of original contracts reinsured by approximately 401 because each type of reinsurance risk within an original contract has been treated as a separate contract.

- 5103** Assurances effected in foreign currencies are valued in those currencies, and the amounts converted to sterling at the rates of exchange ruling on the valuation date.

- 5104** Where the net premium method of valuation has not been used, certain columns in Form 51 are not relevant, and have not been completed.

- 5105** The Secretary of State for Trade and Industry, on the application of the Company, issued to the Company in February 1997 an Order under section 68 of the Insurance Companies Act 1982 which allows for the British and European Reinsurance Company Limited and for the purpose of Schedule 4 of the Regulations that

- UK reinsurance contracts be considered as reinsurance contracts made by the UK head office or other UK establishment of the ceding company (which should be taken to include Lloyds);
- bulk business may be reported in the same manner as, but separately from, group contracts provided that the nature of such business is described and that such business does not exceed 15% of the total net long term business liabilities, and
- when the risk reinsured under a linked contract is confined to the mortality risk and/or risk under any supplementary rider, such reinsurance may be reported as non-linked business.

NOTES TO SCHEDULE 4

British and European Reinsurance Company Ltd - Long Term Fund

5106 Aggregate Liabilities and Adjustments

Excess Mortality is described in paragraph 7.(5) of the Abstract.

Future Expenses are described in paragraph 8.(b) of the Abstract.

5301 Category of unit link : 1 - Unit Trust.

5302 In view of the valuation method as described in paragraph 6 of the Abstract, it is not appropriate to show net premiums. Reference should be made to paragraph 7 of the Abstract for the valuation bases.

5303 The Miscellaneous Assurance line includes a unit liability of £227,782 as advised by the ceding office as required to match outstanding claims and other accounting liabilities. This figure has been included in both the Current Benefit Value and the Discounted Value.

5304 Aggregate Liabilities and Adjustments

The reserve for capital gains tax is described in paragraph 6.(1).(c) of the Abstract.

Excess Mortality is described in paragraph 7.(5) of the Abstract.

6001 As the Company is a pure reinsurer, all capital at risk has been shown as attracting a solvency margin of 0.1%.