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OFFICIAL ACCOUNTS
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 2000**



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 2000

CONTENTS

<i>Forms</i>	<i>Page</i>
Schedule 1	
9 Statement of solvency	1
13 Analysis of admissible assets	3
14 Long term business liabilities and margins	6
Schedule 3	
40 Revenue account	7
41 Analysis of premiums and expenses	8
42 Analysis of claims	9
Supplementary notes to Schedules 1, 3 and 6	10
Schedule 6	
Certificate by directors	13
Auditor's report	15
Certificate by appointed actuary	17
Statement of information on appointed actuary	18
Schedule 4	
Valuation report	20

Statement of solvency

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

Global business

Financial year ended **31st December 2000**

R9	Company registration number	GL/UK/CM	Period ended			Units
			day	month	year	
	100367	GL	31	12	2000	£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	10 11
Other than long term business assets allocated towards long term business required minimum margin	22	465		See instructions 1 and 3
Total mathematical reserves (after distribution of surplus)	23			See instruction 4
Other insurance and non-insurance liabilities	24		7136	See instruction 5
Available assets for long term business required minimum margin (21+22-23-24)	25	465	6541	

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	465	6541	
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Required minimum margin

Required minimum margin for long term business	41	465	1793	60 69
Explicit required minimum margin (1/6 x 41, or minimum guarantee fund if greater)	42	465	511	
Excess (deficiency) of available assets over explicit required minimum margin (25-42)	43		6030	
Excess (deficiency) of available assets and implicit items over the required minimum margin (34-41)	44		4748	

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 2000**

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Analysis of admissible assets

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

Global business

Financial year ended **31st December 2000**Category of assets **Total**

			Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			R13	100367	GL	31	12	2000	£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 assetsName of company **The British & European Reinsurance Company Limited**

Global business

Financial year ended **31st December 2000**Category of assets **Total**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R13	100367	GL	31	12	2000	£000	10
Investments (continued) Deposits with ceding undertakings Assets held to cover linked liabilities					As at the end of this financial year 1		As at the end of the previous year 2		
Other financial investments	Equity shares			41			252		
	Other shares and other variable yield securities			42					
	Holdings in collective investment schemes			43			87		
	Rights under derivative contracts			44					
	Debt securities and other fixed income securities	Fixed interest	Approved securities	45			11755		
			Other	46			347		
		Variable interest	Approved securities	47					
			Other	48					
	Participation in investment pools			49					
	Loans secured by mortgages			50					
	Other loans	Loans to public or local authorities and nationalised industries or undertakings		51					
		Loans secured by policies of insurance issued by the company		52					
		Other		53					
	Deposits with approved credit institutions and approved financial institutions	Withdrawal subject to a time restriction of one month or less		54					
		Withdrawal subject to a time restriction of more than one month		55					
	Other			56					
Deposits with ceding undertakings			57						
Assets held to match linked liabilities	Index linked		58						
	Property linked		59						
Reinsurers' share of technical provisions	Provision for unearned premiums		60						
	Claims outstanding		61						
	Provision for unexpired risks		62						
	Other		63						
Total sheet 2 (41 to 63)			69			12441			

Analysis of admissible assets

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

Global business

Financial year ended **31st December 2000**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	2000	£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					
	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	
		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	
	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	
	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	
Grand total of admissible assets (39+69+88)					89				13677	
Reconciliation to asset values determined in accordance with the shareholder accounts rules										
Total admissible assets (as per line 89 above)					91				13677	
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	
Solvency margin deduction for insurance dependants					93					
Other differences in the valuation of assets (other than for assets not valued above)					94				510	
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	
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 marginsName of company **The British & European Reinsurance Company Limited**

Global business

Financial year ended **31st December 2000**Category of assets **Total**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R14	100367	GL	31	12	2000	£000	10
				As at the end of this financial year 1	As at the end of the previous year 2		Source		
Mathematical reserves, after distribution of surplus		11						See Instruction 2	
Cash bonuses which had not been paid to policyholders prior to end of the financial year		12						See Instruction 3	
Balance of surplus/(valuation deficit)		13					6541	See Instruction 4	
Long term business fund carried forward (11 to 13)		14					6541	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						
		Reinsurance ceded	33						
	Debenture loans	Secured	34						
		Unsecured	35						
	Amounts owed to credit institutions		36						
	Other creditors	Taxation	37				5710		
		Other	38				1426		
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		
Excess of the value of net admissible assets		51						See Instruction 6	
Total liabilities and margins		59					13677		
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance		61					586		
Amounts included in line 59 attributable to liabilities in respect of property linked benefits		62							
Amount of any additional mathematical reserves included in line 51 which have been taken into account in the appointed actuary's certificate		63						See Instruction 7	

Long term business : Revenue accountName of company **The British & European Reinsurance Company Limited**

Global business

Ordinary business

Financial year ended **31st December 2000**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	2000	£000	OB	1	0
Items to be shown net of reinsurance ceded							The financial year	Previous year		
							1	2		
Earned premiums							11		(30490)	
Investment income receivable before deduction of tax							12	1543	2612	
Increase (decrease) in the value of non-linked assets brought into account							13	3930	(3619)	
Increase (decrease) in the value of linked assets							14		137	
Other income							15			
Total income (11 to 15)							19	5473	(31360)	
Claims incurred							21		2145	
Expenses payable							22	204	736	
Interest payable before deduction of tax							23	1		
Taxation							24	1780	1717	
Other expenditure							25			
Transfer to (from) non technical account							26	10029	14116	
Total expenditure (21 to 26)							29	12014	18714	
Increase (decrease) in fund in financial year (19-29)							39	(6541)	(50074)	
Fund brought forward							49	6541	56615	
Fund carried forward (39+49)							59		6541	

Long term business : Analysis of premiums and expensesName of company **The British & European Reinsurance Company Limited**

Global business

Ordinary business

Financial year ended **31st December 2000**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	2000	£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							
		Regular premium		12	2726		2726				
	Pension business contracts	Single premium		13							
		Regular premium		14	122		122				
	Permanent health contracts	Single premium		15							
		Regular premium		16	205		205				
	Other contracts	Single premium		17							
		Regular premium		18							
	Total premiums	Single premium		19							
		Regular premium		29	3053		3053				
Total premiums at lines 19 and 29 attributable to	UK contracts		31	1407		1407					
	Overseas contracts		32	1646		1646					
Expenses payable in the financial year	Commission payable in connection with acquisition of business			41							
	Other commission payable			42	492		492				
	Management expenses in connection with acquisition of business			43							
	Management expenses in connection with maintenance of business			44	160				160		
	Other management expenses			45	44				44		
	Total expenses (41 to 45)			49	696		492		204		
	Total expenses at line 49 attributable to	UK contracts		51	355		179		176		
		Overseas contracts		52	341		313		28		

Long term business : Analysis of claimsName of company **The British & European Reinsurance Company Limited**

Global business

Ordinary business

Financial year ended **31st December 2000**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	2000	£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	931		931			
	By way of lump sums on maturity				12	314		314			
	By way of annuity payments				13	11		11			
	By way of payments arising from other insured events				14						
	On surrender or partial surrender				15	155		155			
	Total life assurance and annuity claims (11 to 15)				19	1411		1411			
Pension business contracts	On death				21	65		65			
	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	65		65			
Permanent health contracts	By way of lump sums				31						
	By way of periodical payments				32	247		247			
	Total permanent health claims (31+32)				39	247		247			
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	1723		1723			
Total claims at line 59 attributable to		UK contracts			61	1535		1535			
		Overseas contracts			62	188		188			

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.

The Secretary of State for Trade and Industry, on the application of the company, issued to the company in December 2000 an order under section 68 of the Insurance Companies Act 1982 which allows for The British and European Reinsurance Company Limited to substitute certain revised regulations in place of the standing regulations:

- (i). In regulation 6, for the requirement to complete Forms 9 to 15 and 17 (as appropriate), there was substituted a requirement to complete Forms 9, 13 and 14 only;
- (ii). In regulation 17, for the requirement to complete Forms 41 to 45 there was substituted a requirement to complete Forms 41 and 42 only;
- (iii). In regulation 25:
 - (a) the requirement to submit Forms 46 to 49, 51 to 58, 60 and 61 (as may be appropriate) was omitted; and
 - (b) for the requirement to comply with Schedule 4, there was a requirement to produce a valuation report in the form annexed to a letter from the company dated 26 October 2000 to the Financial Services Authority.

0902 Implicit Items

Not applicable

0903 Other than Long Term Business assets allocated towards Long Term Business required minimum margin

For the financial year ending 31st December 2000 the long term business returns state an amount of £465,000 at Form 9 line 22, this being the amount of other than long term business assets of The British and European Reinsurance Company Limited allocated towards the long term business required minimum margin.

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 no 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 by the Group Risk Committee.

Each Fund cannot hold more than 2% of funds under management (or £100m if less) with 'Tier 1' counterparties, 1.5% of funds under management (or £75m if less) with 'Tier 2' counterparties and 0.5% of funds under management (or £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 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 Morley Fund Management is limited to 10%, except by prior agreement with senior Norwich Union 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

Not Applicable

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 date on which this return was signed. 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.

Disclosure of a contingent liability in respect of the transfer of the long term business to World-Wide Re is made in the statutory accounts and General business return.

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.

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 100% owned by General Accident plc, which is 100% owned by CGNU plc, the ultimate parent company

Returns under Insurance Companies Legislation

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

The British and European Reinsurance Company Limited

Financial year ended 31st December 2000

We certify:

1. (a) That in relation to the part of this return comprising Forms 9, 13, 14 and 40 to 42 (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 this 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 of that Act, 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 has 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 during the financial year was consistent with representations made to policyholders or potential policyholders of the company;
- (e) that the return in respect of long term business is 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:
- 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”;
 - Money Laundering – Guidance Notes for the Insurance and Retailed 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; and
- (b) the return has been prepared in accordance with the following published guidance:
- Prudential Guidance Note 1995/1 – “Guidance for insurance companies and auditors on the Valuation of Assets Regulations”.
 - Prudential Guidance Note 1995/3 – “The use of derivatives in insurance funds”; and
 - Prudential Guidance Note 1998/1 – “The preparation of annual returns to Insurance Directorate of HM Treasury”.

DIRECTOR

DIRECTOR

CHIEF EXECUTIVE

21st June 2001

Returns under Insurance Companies Legislation

Reports of the auditors to the Directors pursuant to regulation 29 of the Insurance Companies (Accounts and Statements) Regulations 1996

The British and European Reinsurance Company Limited

Financial year ended 31st December 2000

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, 13 to 14 and 40 to 42 (including the supplementary notes thereto) ('the Forms');
- the statement required by regulation 23 on page 12 ('the statement') and
- the certificate signed in accordance with regulation 28(a) on pages 13 and 14 ('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 3d 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, statements and certificate) under the provisions of the Act and the Regulations. The requirements of the Regulations have been modified by Orders issued under section 68 of the Act in February 1997 and December 2000. Under regulation 5 the Forms and statements 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 statements 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 statements. It also includes an assessment of the significant estimates and judgements made by the company in the preparation of the Forms and statements.

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 statements 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 17 with respect to the mathematical reserves and the required minimum margin.

Opinions

In our opinion:

- (a) the Forms and statements 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
Registered Auditors

London

21st June 2001

Returns under Insurance Companies Legislation

Certificate by appointed actuary

The British and European Reinsurance Company Limited

Long Term Business

Financial year ended 31st December 2000

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 2000 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 £465,000.

M N Urmston
Appointed Actuary

21st June 2001

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 2000. 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) 6043 ordinary shares were held at 31 December 2000 in CGNU plc
4089 ordinary shares were held at 31 December 1999

In addition, 14,684 ordinary shares are held under the CGU integration incentive Plan, these shares vest in the year 2001; and 17,998 ordinary shares in the CGNU Integration Incentive Plan, these shares will only vest upon the satisfaction of certain performance criteria.

Options were held at 31 December 2000 to subscribe for 116,341 ordinary shares in CGNU plc under UK Employees Savings Related and Executive Share Option schemes.

Options held at 31 December 1999	97,775
Options granted during the year	18,566
Options exercised or lapsed during the year	Nil

- (b) Four with profits low cost endowment policies with CGNU Life Assurance Limited, with aggregate sums assured of £67,924 and annual premiums of £1,868. One non-profit term assurance policy with CGNU 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 CGNU plc for which total premiums of £1208 were paid in the year to 31 December 2000.

- (c) The aggregate amount of remuneration, integration bonuses, emoluments and the value of other benefits (excluding pension rights) under the actuary's contract of employment with Norwich Union Life Services Limited for 2000 was £323,265. Under the contract he was *appointed actuary and director of:-*

CGNU Life Assurance Limited
Norwich Union Linked Life Assurance Limited
General Accident Managed Pension Funds Limited
Commercial Union Life Assurance Company Limited
Norwich Union Life & Pensions Limited
Norwich Union Annuity Limited
Morley Pooled Pensions Limited
Tesco Personal Finance Limited

appointed actuary of:-
The Yorkshire Insurance Company Limited
CGU Insurance plc

And a director of:-
Assecura Versicherung Holding SA
Commercial Union Financial Services Limited
Fidelity Life Assurance Limited
GA Life Property Ireland Limited
GA Unit Trust Managers Limited
General Accident Pensions Management Limited
General Accident PEP Managers Limited
Life and Pensions Administration Services Limited
National Westminster Life Assurance Limited
Norwich Union Commercial Finance Limited
Norwich Union Commercial Mortgages Limited
Norwich Union Healthcare Limited
Norwich Union Life Holdings Limited
Norwich Union Life Services Limited

Norwich Union Mortgage Finance Limited
Norwich Union Mortgages (Life) Limited
Norwich Union Mortgage Management Limited
Provident Mutual Life Assurance Limited
Provident Mutual Nominees Limited
Provident Mutual Stevenage Estates Limited
RBS Life Holdings Limited
RBS Life Investments Limited
Royal Scottish Assurance Ltd
Tesco Personal Finance Investments Limited
The General Practice Finance Corporation Limited
The Norwich Union Life Insurance Company Limited

- (d) Pensions and life assurance benefits as provided to all employees under the terms and conditions of the CGNU Companies' UK Pensions Schemes. 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

The investigation was made at 31st December 2000.

The previous investigation under section 18 of the Act was made at 31st December 1999.

The valuation has been made in conformity with regulation 64 of the Insurance Companies Regulations.

Contracts

On 15th June 2000, the High Court approved the transfer of the company's long term business to World-Wide Reassurance Company Limited with effect from that date. No contracts therefore remain in force at the valuation date.

Prior to the 15th June 2000 all contracts were 100% reinsured and total net mathematical reserves were zero. The original contracts are fully described in the returns for the year ended 31st December 1999.

Guarantees

There are no options or guarantees made to World-Wide Reassurance Limited under the terms of the transfer of long term business.

Required Minimum Margin

No long term liabilities remain at the valuation date. Form 60 has therefore not been completed and the required minimum margin for the long term business of the Company has been set equal to the minimum guarantee fund of £464,720.