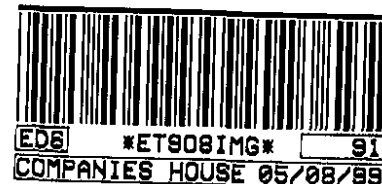


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THIS ANAC COMPANY
DOCUMENT DELIVERED
UNDER THE INSURANCE
ACT 1982

The British and European Reinsurance Company Limited

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

**Annual Return to the Insurance Directorate of HM Treasury
for the year ended 31st December 1998**



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 1998

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Statement of solvency

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

Global business

Financial year ended **31st December 1998**

R9	Company registration number	GL/UK/CM	Period ended			Units
			day	month	year	
	100367	GL	31	12	1998	£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
---	----	--	--	--------------------------

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	63815	57934	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	38816	See instruction 4
Other insurance and non-insurance liabilities	24	6950	8076	See instruction 5
Available assets for long term business required minimum margin (21+22-23-24)	25	17021	11042	

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	17021	11042	
--	----	-------	-------	--

Required minimum margin

Required minimum margin for long term business	41	2571	2526	60 . 69
Explicit required minimum margin (1/6 x 41, or minimum guarantee fund if greater)	42	564	546	
Excess (deficiency) of available assets over explicit required minimum margin (25-42)	43	16457	10496	
Excess (deficiency) of available assets and implicit items over the required minimum margin (34-41)	44	14450	8516	

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 1998**

x P.A. Ford. 2005

Director

x [Signature] 2005

Director

Celine Valetine

Secretary

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

~~28th June 1999~~

30 June 1999 P.A.F.

Statement of net assetsName of company **The British & European Reinsurance Company Limited**

Global business

Financial year ended **31st December 1998**

	R10	Company registration number 100367	GL/UK/CM GL	Period ended			Units £000
				day	month	year	
				31	12	1998	
		As at the end of this financial year 1	As at the end of the previous year 2	Source			
				Form	Line	Column	
Long term business - admissible assets	11	63815	57934	13	89	1	
Long term business - liabilities and margins	12	63815	57934	14	59	1	

Other than Long term business - admissible assets	21			13	89	1	
Other than Long term business - liabilities	22			15	69	1	
Net admissible assets (21-22)	23						
Other assets allowed to be taken into account in covering the required minimum margin	Unpaid amounts (including share premium) on partly paid shares	24					
	Supplementary contributions for a mutual carrying on general business	25					
Liabilities allowed to be left out of account in covering the required minimum margin	Subordinated loan capital	26					
	Cumulative preference share capital	27					
Available assets (23 to 27)	29						

Represented by:

Paid up share capital (other than cumulative preference share capital)	51						
Amounts included in lines 24 to 27 above	52						
Amounts representing the balance of net assets	56						
Total (51 to 56) and equal to line 29 above	59						

**Movement of balance of net assets for solvency
purposes - as per line 56**

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

Global business

Financial year ended **31st December 1998**Category of assets **Total**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R13	100367	GL	31	12	1998	£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 1998**Category of assets **Total**

R13	Company registration number	GL/UK/CM	Period ended			Units	Category of assets
			day	month	year		
	100367	GL	31	12	1998	£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	983	1000
	Other shares and other variable yield securities			42		
	Holdings in collective investment schemes			43	1323	1159
	Rights under derivative contracts			44		
	Debt securities and other fixed income securities	Fixed interest	Approved securities	45	39639	36034
			Other	46	1036	600
		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	1208
		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	14432	
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	60332	54433

Analysis of admissible assetsName of company **The British & European Reinsurance Company Limited**

Global business

Financial year ended **31st December 1998**Category of assets **Total**

Category of assets		Company registration number	GLUK/CM	Period ended			Units	Category of assets	
				day	month	year			
		R13	100367	GL	31	12	1998	£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		2198		
	Due from reinsurers and intermediaries under reinsurance contracts ceded			75			203		
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	154		257		
		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	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	835		843		
	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	3483		3501		
Grand total of admissible assets (39+69+88)				89	63815		57934		
Reconciliation to asset values determined in accordance with the shareholder accounts rules									
Total admissible assets (as per line 89 above)				91	63815		57934		
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	35				
Solvency margin deduction for insurance dependants				93					
Other differences in the valuation of assets (other than for assets not valued above)				94	(4813)		(1881)		
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	59037		56053		
Amounts included in line 89 attributable to debts due from related companies, other than those under contracts of insurance or reinsurance				100			14		

Long term business liabilities and margins

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

Global business

Financial year ended **31st December 1998**Category of assets **Total**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R14	100367	GL	31 day	12 month	1998 year	£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		37154		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	17021		11042		See Instruction 4	
Long term business fund carried forward (11 to 13)			14	56615		48196		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			1818			
	Other		22						
Deposits received from reinsurers			23						
Creditors and other liabilities	Arising out of insurance operations	Direct business	31			38			
		Reinsurance accepted	32	1233		1020			
		Reinsurance ceded	33			912			
	Debenture loans	Secured	34						
		Unsecured	35			8			
	Amounts owed to credit institutions		36						
	Other creditors	Taxation	37	4063		4197			
		Other	38	1654		83			
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	6950		8076			
Excess of the value of net admissible assets			51	250		1662		See Instruction 6	
Total liabilities and margins			59	63815		57934			
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance			61	109		8			
Amounts included in line 59 attributable to liabilities in respect of property linked benefits			62	14465		13481			
Amount of any additional mathematical reserves included in line 51 which have been taken into account in the appointed actuary's certificate			63	250		1662		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 1998**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	1998	£000	OB	1	0
Items to be shown net of reinsurance ceded							The financial year 1	Previous year 2		
Earned premiums						11	2995	2702		
Investment income receivable before deduction of tax						12	3134	2557		
Increase (decrease) in the value of non-linked assets brought into account						13	5917	13119		
Increase (decrease) in the value of linked assets						14	1371	1894		
Other income						15				
Total income (11 to 15)						19	13417	20272		
Claims incurred						21	3814	12362		
Expenses payable						22	857	611		
Interest payable before deduction of tax						23				
Taxation						24	(673)	4033		
Other expenditure						25				
Transfer to (from) non technical account						26	1000	400		
Total expenditure (21 to 26)						29	4998	17406		
Increase (decrease) in fund in financial year (19-29)						39	8419	2866		
Fund brought forward						49	48196	45330		
Fund carried forward (39+49)						59	56615	48196		

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 1998**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	1998	£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	(88)		14		(102)		
		Regular premium		12	3957		1432		2525		
	Pension business contracts	Single premium		13							
		Regular premium		14	233		65		168		
	Permanent health contracts	Single premium		15							
		Regular premium		16	453		49		404		
	Other contracts	Single premium		17							
		Regular premium		18							
	Total premiums	Single premium		19	(88)		14		(102)		
		Regular premium		29	4643		1546		3097		
Total premiums at lines 19 and 29 attributable to	UK contracts		31	2609		903		1706			
	Overseas contracts		32	1946		657		1289			
Expenses payable in the financial year	Commission payable in connection with acquisition of business			41	77		39		38		
	Other commission payable			42	436		184		252		
	Management expenses in connection with acquisition of business			43	17				17		
	Management expenses in connection with maintenance of business			44	546				546		
	Other management expenses			45	4				4		
	Total expenses (41 to 45)			49	1080		223		857		
	Total expenses at line 49 attributable to	UK contracts		51	484		105		379		
		Overseas contracts		52	596		118		478		

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

Global business

Ordinary business

Financial year ended **31st December 1998**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	1998	£000	OB	1	0
Claims incurred in the financial year					Gross		Recoverable from reinsurers		Net of reinsurance (1-2)		
					1		2		3		
Life assurance and annuity contracts	On death				11	2096		436		1660	
	By way of lump sums on maturity				12	912		76		836	
	By way of annuity payments				13	29		22		7	
	By way of payments arising from other insured events				14						
	On surrender or partial surrender				15	229		20		209	
	Total life assurance and annuity claims (11 to 15)				19	3266		554		2712	
Pension business contracts	On death				21	195				195	
	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	195				195	
Permanent health contracts	By way of lump sums				31	9				9	
	By way of periodical payments				32	1071		173		898	
	Total permanent health claims (31+32)				39	1080		173		907	
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	4541		727		3814	
Total claims at line 59 attributable to	UK contracts				61	3176		495		2681	
	Overseas contracts				62	1365		232		1133	

Returns under Insurance Companies Legislation

The British and European Reinsurance Company Limited

Supplementary notes to Schedules 1, 3 and 6

0901 Section 68 orders

Not applicable

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 £510,000 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

Counterparty exposures of more than £1m are not permitted by the company's investment guidelines except for UK government securities for which there is no limit, or in special circumstances which have been approved by the company (for example holdings of equity shares in major constituents of the FTSE 100 index).

1312 Counterparty exposure at the year end

Exposure to any one counterparty at the end of the financial year did not exceed 5% of the long term business amount.

1313 Fully secured rights

Not applicable.

1316 Tangible lease assets

There are no tangible leased assets included in line 80.

1317 Other assets

Not applicable.

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 potential capital gains tax. There are no liabilities as defined by paragraphs 13c and 13d of Schedule 1 of the Insurance Companies (Accounts and Statements) Regulations 1996.

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 Differences in brought forward amounts

Not applicable.

4002 Other income and expenditure

Not applicable

4003 Investment income allocation included in the transfer to (from) the non technical account

Not applicable.

4004 Transfer of reserves associated with a transfer of contracts

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. Assets and liabilities in currencies other than sterling are translated at the year end rate of exchange ruling.

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

Arrangements were in place for the provision of management services to the company by Commercial Union Employment Services for part of the year and subsequently by CGU Life Services Limited which supplies and makes a charge for the provision of management services to the Company under a management services agreement.

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 Commercial Union Assurance Company plc. Commercial Union Assurance Company plc is a 100% owned subsidiary of CGU plc (formerly called Commercial Union 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 1998

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".

P. A. F. Director

[Signature] Director

Clare Vlatine Secretary

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

~~28 June 1999~~

30 June 1999

P. A. F.

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 1998

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 to 17 and 40 to 45 (including the supplementary notes thereto) ('the Forms');
the statement required by regulation 23 on page 13 ('the statement'); and
the certificate signed in accordance with regulation 28(a) on pages 14 and 15 ('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. 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 Bulletin 1998/3: 'Auditors' reports on regulatory returns made under the Insurance Companies Act 1982' 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. The evidence included that previously obtained by us relating to the audit of the financial statements of the company for the financial year on which we reported on 25 June 1999. 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 18 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
Registered Auditors
London
~~28 June~~ 1999
02. July

Returns under Insurance Companies Legislation

Certificate by appointed actuary

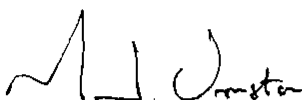
The British and European Reinsurance Company Limited

Long Term Business

Financial year ended 31st December 1998

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, together with the additional mathematical reserves of £250,000 as specified in the note to Form 14, constitute proper provision as at 31st December 1998 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 £2,571,000.



M N Urmston
Appointed Actuary

25th June 1999

The British and European Reinsurance Company Limited

Statement of Information on Appointed Actuary

R Graham, the appointed actuary of the Company for the whole financial year has furnished the following information in accordance with Regulation 31 of the Insurance Companies (Accounts and Statements) Regulations 1996.

- a) As at 31 December 1998, the actuary was interested in 116,292 ordinary shares of 25p each in the share capital of the holding company CGU plc. During the year, the highest number of shares in which the actuary was interested was 119,002 ordinary shares of 25p.
- b) As at 1 January 1998, a loan of £52,000 existed from Commercial Union Assurance Company plc, a member of the CGU Group of companies, to the actuary. As at 31 December 1998, a balance of £30,000 remained outstanding. The loan, granted under the Company's Staff House Purchase Scheme, is fully secured and repayable by August 2007 from the proceeds of endowment assurance policies.

In addition, the actuary and his wife had various life insurance policies issued by the Company or a subsidiary, on terms available to all permanent employees of the Company.

- c) The aggregate amount of the actuary's remuneration, and the value of other benefits (excluding pension rights), under the actuary's contract of employment with Commercial Union Employment Services Limited for the year was £199,255.
- d) The actuary is a member of The Commercial Union Group Staff Retirement and Death benefits Scheme, together with the majority of the permanent employees of the Company in the United Kingdom who were previously employed by Commercial Union plc.

M N Urmston was Appointed Actuary of the Company from 1st January 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) 7407 ordinary shares were held at 31st December 1998 in CGU plc
4369 ordinary shares were held at 31st December 1997

In addition, 14,684 ordinary shares were granted during the year 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 31st December 1998 to subscribe for 99,238 ordinary shares in CGU plc under UK Employees Savings Related and Executive Share Option schemes.

Options held at 31 st December 1997	85,244
Options granted during the year	16,321
Options exercised or lapsed during the year	2,327

Ordinary shares in General Accident plc were converted on 2 June 1998 in accordance with the terms of the merger offer at the rate of 1.233 CGU plc shares for every 1 General Accident plc share held. In order to show the actual movement in shareholdings during the year General Accident plc shares held at 1st January 1998 have been converted to CGU plc shares on the basis detailed above.

- (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 £742 were paid in the year to 31 December 1998.
- (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 1998 was £157,889. Under this 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 19.10.98)

appointed actuary of
General Accident Fire and Life Assurance Corporation plc, and
The Yorkshire Insurance Company Limited

and a director of
Assecura Holding AG
Assecura Lebensversicherung AG
CGU Life Services Limited
CGU Trustees Limited (resigned 1.12.98)
Commercial Union Financial Services Limited (appointed 1.12.98)
Commercial Union Trustees Limited (appointed 30.9.98)
English Assurance Limited
GA Unit Trust Managers Limited
GA Vie (resigned 1.10.98)
General Accident Lebensversicherung AG
General Accident Pensions Management Limited
General Accident PEP Managers Limited
Lancashire and Yorkshire Reversionary Interest Company Limited (resigned 1.12.98)
NZI Life Ireland Limited (resigned 25.2.98)
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 General Accident Companies' UK Pensions Scheme (1980). 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 1998.
2. The previous investigation under section 18 of the Act was made at 31st December 1997.
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.

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
- (2) Neither category of linked contract contains a with-profits option.
- (3) Not applicable.
- (4) There are no internal linked funds.
- (5) The office pays benefits to the ceding office net of deductions from benefits in respect of Capital Gains Tax.
- (6) 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. Additional reserves for expenses are held as described in paragraph 8 below.
- 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 95% 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	0.0260
Discount rate	0.04
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) When determining the amount of reserves held within Form 51 for the nature and term of the assets (see sub paragraphs 7.(7) and 7.(8) below), account has been taken of the fact that the fund has been brought into Form 58 at book value in accordance with regulation 45(6) of the Insurance Companies Regulations.

Any additional reserves required for the purpose of the Actuary's certificate have been described in the paragraphs indicated above.

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. Where the age is rated up or down, the adjustment is shown immediately to the right of the mortality table name.

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) The mortality tables used are based on UK data. No specific allowance for the State of the commitment is considered necessary.
- (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 £567,000.

The reserves for linked business are shown as "Excess Mortality" in Form 53 and amount to £4,800.

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

The scenarios tested are:

	Scenario 1	Scenario 2	Scenario 3	On
Fixed Interest	20% reduction in yield	10% reduction in yield	+3 points	Gross redemption yield
Equities	- 10%	- 25%	- 25%	Market value

The result of scenario 3 is the most onerous.

An additional reserve has been held equal to 25% of the liabilities in foreign currencies not matched by assets in the same currency. This reserve amounts to £250,000.

- (7) In view of the marketability of the assets held to cover the liabilities, it is considered that no additional reserve is required pursuant to regulation 75(a), in excess of that held pursuant to regulation 75(b).
- (8) In view of the margins in the valuation rates of interest, no provision is considered necessary in Schedule 4 for any mismatching between the nature and term of the assets held and the liabilities valued. For the purposes of the Actuary's certificate, no addition to the mathematical reserves on the Schedule 4 basis, other than the reserve of £250,000 in respect of currency mismatching described in paragraph 7(6) above, is considered necessary on account of mismatching.

The results are shown in Form 57.

- a) No assumptions were changed, other than those described in the scenarios above.
- b) In calculating the reserve:
- Assets are notionally apportioned between different sections of the business.
 - The assets are revalued, and asset values and risk adjusted yields determined.
 - Valuation rates of interest are determined to be consistent with both the liabilities and with the risk adjusted yields of the assets notionally apportioned.
 - Mathematical reserves are estimated using the revised valuation basis.
 - Where the revaluation would otherwise cause a deficit in some sections of the business assets are re-hypothecated from the surpluses arising in other sections so that the liabilities remain covered.
 - The aggregate value of the revalued assets exceeded the aggregate value of the liabilities, so no reserve is required.
- c) The decrease in the aggregate amount of the long term liabilities is £3,278,353. The decrease in the aggregate amount of the assets allocated to match such liabilities is £3,055,200.
- (9) Liabilities in currencies other than sterling are less than 20% of total mathematical reserves. Liabilities in any single currency (other than sterling) are less than 4% of the total reserves. 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) Explicit allowance has been made for expenses.
- A per policy loading for expenses for annuity contracts has been discounted over the lifetime of the contracts, taking future inflation into account.
 - For assurances where premiums have ceased, an additional provision is made taking into account annual expenses, based on the implicit reserves which are included in the liability for assurances where premiums are payable.
 - No additional expense reserve has been taken for recurrent single premium business since the valuation method includes sufficient allowance for expenses until the next renewal.
 - For annual premium business future expenses have been estimated, taking into account current and estimated future expense and commission levels in relation to existing contracts. These expenses have been discounted over a period of 40 years on the average of the valuation bases specified in Form 51. The resulting reserve is reduced by implicit provisions, including those made by the net premium method. These reserves are shown as "Future Expenses" in Form 51.
- 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, and is taken into account when estimating future expense levels for the Fund as a whole for the purposes of the reserves for "Future Expenses".

- (2) The aggregate amount arising during 1999 from implicit and explicit reserves for expenses is approximately £410,000. This does not include expenses incurred in relation to recurrent single premium business. The main sources are:
- The margin between office premium and net premium for individual assurance business valued using the net premium valuation method.
 - The explicit expense reserves held for conventional business, included as "Future Expenses" in Form 51 and described in sub-paragraph 8.(b) above.
 - The allowance for expenses on annuity, limited premium, and paid up business, which is included with the value of benefits.
 - The explicit allowance for expenses in respect of linked business included in column 13 of Form 53.
- (3) No reserve is deemed necessary to cover the costs of transacting new business in the year following the valuation date. The volume of new business is small, and the total expected new business strain is significantly lower than the anticipated surplus arising from existing business for the forthcoming year on prudent assumptions.
- (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. New business volumes are small and there would be no costs associated with closing the Fund completely to new business.

11. Currency Matching

- (1) The table below shows the mathematical reserves and the assets matching them, analysed by reference to currencies.

Total liabilities (other than liabilities for property linked benefits) are £23,892,792.

Liabilities in currencies not included in the table are £384,358, which is less than 2% of the total required to be analysed. 2% of this figure is matched by assets in the same currency.

Liabilities £'000							
Currency	Sterling	US Dollar	German Mark	Belgian Franc	French Franc	Danish Krone	Spanish Peseta
Amount £'000	19,325	826	599	488	453	439	305
Matched by Assets in Currencies £'000							
Currency							
Sterling	19,325	0	44	220	0	143	63
US Dollar	0	826	0	0	0	0	0
German Mark	0	0	555	0	0	0	0
Belgian Franc	0	0	0	268	0	0	0
French Franc	0	0	0	0	453	0	0
Danish Krone	0	0	0	0	0	296	0
Spanish Peseta	0	0	0	0	0	0	242
Total Assets	19,325	826	599	488	453	439	305

Liabilities £'000								
Currency	Irish Pound	Polish Zloty	Malaysian Ringit	Italian Lira	Turkish Lira	S.A. Rand	Canadian Dollar	Total
Amount £'000	250	240	183	159	98	86	59	23,510
Currency	Matched by Assets in Currencies £'000							
Sterling	1	56	0	0	98	0	0	19,950
US Dollar	0	0	0	0	0	0	0	826
German Mark	0	0	0	0	0	0	0	555
Belgian Franc	0	0	0	0	0	0	0	268
French Franc	0	0	0	0	0	0	0	453
Danish Krone	0	0	0	0	0	0	0	296
Spanish Peseta	0	0	0	0	0	0	0	242
Irish Pound	249	0	0	0	0	0	0	249
Polish Zloty	0	184	0	0	0	0	0	184
Malaysian Ringit	0	0	183	0	0	0	0	183
Italian Lira	0	0	0	159	0	0	0	159
Turkish Lira	0	0	0	0	0	0	0	0
S.A. Rand	0	0	0	0	0	86	0	86
Canadian Dollar	0	0	0	0	0	0	59	59
Total Assets	250	240	183	159	98	86	59	23,510

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 1998 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
1	53	45	155	1	(213)	39	368

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 £3,879, none of which applies to connected companies.
- (2) There are ten principal groupings of reinsurance treaties, each 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 (UK), ERC Frankona (UK).	£256,000	Open
	Unauthorised	Gerling, Hannover, MGFA, R&V Vers, Rhein Re, Safre, SCOR Vie, Tryg.	£94,000	
(ii)	Unauthorised	Cologne Re, Gerling, Hannover, MGFA, R&V Vers, Safre, SCOR Vie, Secura, Zurich Re.	£37,000	Open
(iii)	Authorised	ERC Frankona (UK).	£17,000	Closed
	Unauthorised	R&V Vers.	£17,000	
(iv)	Authorised	The Northern.	£39,000	Open
	Unauthorised	Delta Lloyd.	£46,000	
(v)	Authorised	Abbey Life, ERC Frankona (UK), Swiss Re (UK), Zurich Life.	£61,000	Closed
(vi)	Unauthorised	Munich Re (Germany), Swiss Re (Zurich).	£230,000	Open
(vii)	Authorised	CULAC, The Northern.	£21,000	Closed
	Unauthorised	Delta Lloyd.	£5,000	
(viii)	Unauthorised	Isle of Man Assurance Ltd.	£111,000	Open
(ix)	Unauthorised	Munich Re (Germany), Swiss Re Italia.	£184,000	Open
(x)	Unauthorised	Swiss Re (Zurich)	£78,000	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
- The Northern The Northern Assurance Company Ltd.
- Swiss Re (UK) Swiss Reinsurance Company (UK) Ltd.
- Zurich Life Zurich Life Assurance Company Ltd.

Unauthorised Companies

- Cologne Re Kolnische Ruckversicherungs Gesellschaft.
- Delta Lloyd Delta Lloyd Levensherv verzekering B.V.
- Gerling Gerling-Konzern Globale.
- Hannover Hannover Ruckversicherungs AG.
- MGFA La Mutuelle Du Mans Assurances Vie.
- Munich Re (Germany) Munchener Ruckversicherungs-Aktiengesellschaft.
- R&V Vers R&V Versicherung AG.
- Rhein Re Rhein Ruckversicherungs-Gesellschaft AG.
- Safre Societe Anonyme Francaise De Reassurances.
- Secura Secura Herverzekerings Maatschappij.
- Swiss Re Italia Swiss Re Italia SpA
- Swiss Re (Zurich) Schweizerische Ruckversicherungs-Gesellschaft
- 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
 - The Northern Assurance Company 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.
 - 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 covering the long-term liabilities 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. Matching Rectangle

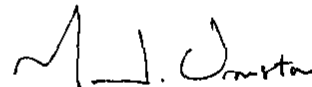
- (1) The statement of assets appropriated in respect of all long term liabilities is set out in Form 57.
- (2) The yields on assets other than equity shares and land have been adjusted as follows.
- UK Gilts
 - No adjustment is made.
 - Other Fixed Interest
 - The yield is restricted to a maximum of the yield on a gilt with similar term and coupon plus half a percent.

Where applicable, a further adjustment has been made to the yield in respect of reinvestment risk.

- (3) No land is held and no equity shares have been appropriated in Form 57.

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

Global business

United Kingdom business

Non-linked

Financial year ended **31st December 1998**

		Company registration number	GL/UK/CM	Period ended			Units	UK/OS	NL	
		R46	100367	GL	31	12	1998	£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	70983	1326	2236	254	9338	285			
New business and increases	12	28	7							
Net transfers and other alterations 'on'	13									
Total 'on' (12+13)	19	28	7							
Deaths	21	35	1	5	1	1				
Other insured events	22									
Maturities	23	4	1							
Surrenders	24	18	2							
Forfeitures	25	113	21	31	7	57	15			
Conversions to paid-up policies for reduced benefits	26									
Net transfers, expiries and other alterations 'off'	27	7731	120	135	10	2101	34			
Total 'off' (21 to 27)	29	7901	145	171	18	2159	49			
In force at end of year (11+19-29)	39	63110	1188	2065	236	7179	236			

Long term business : Summary of changes in ordinary long term businessName of company **The British & European Reinsurance Company Limited**

Global business

United Kingdom business

Linked

Financial year ended **31st December 1998**

		Company registration number		GL/UK/CM		Period ended			Units		UK/OS	NL/LN
		R46	100367	GL		31	12	1998	£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	4936	102									
New business and increases	12											
Net transfers and other alterations 'on'	13											
Total 'on' (12+13)	19											
Deaths	21	22										
Other insured events	22											
Maturities	23	221	6									
Surrenders	24	77	2									
Forfeitures	25											
Conversions to paid-up policies for reduced benefits	26											
Net transfers, expiries and other alterations 'off'	27	1										
Total 'off' (21 to 27)	29	321	8									
In force at end of year (11+19-29)	39	4615	94									

Long term business : Summary of changes in ordinary long term businessName of company **The British & European Reinsurance Company Limited**

Global business

Overseas business

Non-linked

Financial year ended **31st December 1998**

		Company registration number		GL/UK/CM		Period ended			Units		UK/OS		NL/LN	
		R46		100367		GL		31	12	1998	£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	1243	80			289	4							
New business and increases	12	42												
Net transfers and other alterations 'on'	13		3			201	1							
Total 'on' (12+13)	19	42	3			201	1							
Deaths	21	5												
Other insured events	22													
Maturities	23	3	8											
Surrenders	24													
Forfeitures	25	187	17			1								
Conversions to paid-up policies for reduced benefits	26													
Net transfers, expiries and other alterations 'off'	27	19												
Total 'off' (21 to 27)	29	214	25			1								
In force at end of year (11+19-29)	39	1071	58			489	5							

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 1998**

Company registration number	GL/UK/CM	Period ended			Units
		day	month	year	
R47	GL	31	12	1998	£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					7	11307
Risk Premium Assurance				26	3	462
Group Life (increments)				2	11	1985
Sub total: Non-Linked Non-Profit Policies				28	21	13754
Total: Life Assurance & General Annuity Business				28	21	13754

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 1998**

Company registration number	GL/UK/CM	Period ended			Units
		day	month	year	
R47	100367	GL	31	12	1998
					£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							
Term Assurance							522
Group Pension				2	4		174
Group Pension (increments)					4		
Sub total: Non-Linked Non-Profit Policies				2	8		696
Total: Pension Business				2	8		696

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 1998**

Company registration number	GL/UK/CM	Period ended			Units
		day	month	year	
R47	100367	GL	31	12	1998
					£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					1	24 pa		
Group Income Benefits (increments)								
Sub total: Non-Linked Non-Profit Policies					1	24 pa		
Total: Permanent Health Insurance					1	24 pa		
Total: UK Reinsurance Accepted				30	30	14450 24 pa		

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 1998**

Company registration number	GLUK/CM	Period ended			Units
		day	month	year	
R47	100367	GL	31	12	1998
					£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						
Whole life assurance				1		66
Term Assurance				2		157
Risk Premium Assurance				39	7	2610
Miscellaneous Assurance						
Group Life (increments)					10	1152
Bulk Business				2	3	988
Bulk Business (increments)					483	257149
Sub total: Non-Linked Non-Profit Policies				44	503	262122
Total: Life Assurance & General Annuity Business				44	503	262122

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 1998**

Company registration number	Period ended			Units	
	GL/JUK/CM	day	month	year	£000
R47	GL	31	12	1998	

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					23	5179 pa
Bulk Income Benefits (increments)					23	5179 pa
Sub total: Non-Linked Non-Profit Policies					23	5179 pa
Total: Permanent Health Insurance					23	5179 pa
Total: Overseas Reinsurance Accepted				44	526	262122 5179 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 1998**Category of assets **Total**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets
				day	month	year		
		R48	100367	GL	31	12	1998	£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	40431	2926			4.70	
	Other	13	1079	82			7.36	
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	2306	60			2.61	
Loans secured by mortgages		17						
All other assets	Producing income	18	1694	102			6.00	
	Not producing income	19	2604					
Total (11 to 19)		29	48114	3170			4.45	

Long term business : Analysis of admissible fixed interest and variable 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 1998**Category of assets **Total**

	Company registration number	GL/JUK/CM	Period ended				Units	Category of assets
			day	month	year			
	R49	100367	GL	31	12	1998	£000	10
Redemption period in years	Value of admissible assets as shown on Form 13	Gross redemption yield %	Value of admissible higher yielding assets	Value of admissible assets as shown on Form 13			Gross redemption yield %	Value of admissible higher yielding assets
	1	2	3	4	5	6		
11 One year or less	6148	5.89						
12 More than one year but not more than five years	8442	4.50						
13 More than five years but not more than ten years	12176	4.46						
14 More than ten years but not more than fifteen years	10295	4.50						
15 More than fifteen years but not more than twenty years	3370	4.47						
16 More than twenty years but not more than twenty five years								
17 More than twenty five years								
18 Irredeemable								
19 Total (11 to 18)	40431	4.70						
21 One year or less	502	5.05						
22 More than one year but not more than five years	577	9.37						
23 More than five years but not more than ten years								
24 More than ten years but not more than fifteen years								
25 More than fifteen years but not more than twenty years								
26 More than twenty years but not more than twenty five years								
27 More than twenty five years								
28 Irredeemable								
29 Total (21 to 28)	1079	7.36						

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 1998**Type of business **Life Assurance & General Annuity Business**Category of surplus **Ordinary Long Term**Company
registration
numberPeriod ended
day month year

GL/UK/CM

Units

UK/OS

Type of
businessCategory
of surplus

Ordinary Long Term															
Category of surplus		R51													
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		L&GA	UK	Amount of mathematical reserves	
						Office premiums				Net premiums					
		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															
REASSURANCE ACCEPTED															
Whole Life Assurance															
-level	3.50	A67/70	594	8188	62	59	0.050	3036	1077	1023	2013				
-increasing	3.50	A67/70	63	4957	47	43	0.096	3897	516	487	3410				
Endowment Assurance															
-level	3.50	A67/70	32	115	3	2	0.072	88	17	16	72				
-increasing	3.50	A67/70	49	806	14	13	0.090	714	71	64	650				
Term Assurance															
-net premium method	3.50	A67/70	1146	227748	632	525	0.170	6035	3079	2665	3370				
-other			6112	25958	115			495			495				
Risk Premium			32947	121369	655			655			655				
Decreasing Term Assurance			22118	45712	308			794			794				
Bulk Decreasing Term Assurance			3	67815	105			242			242				
Miscellaneous Assurance			79	18636	62			409	1	1	408				
Miscellaneous Annuity			9	22 pa				89			89				
Terminal Bonus								2901			2901				
Options								151			151				
Outstanding instalments of income benefit claims								3317			3317				

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 1998**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	Net premiums			
1		2	3	4	5	6	7	8	9	10	11	12	13	14	15
R51		100367		GL		31		1998		£000		UK		L&GA	
Company registration number		GL/UK/CM		day month year		Units		Amount of surplus		Category of surplus		Type of business		Category of surplus	
Excess mortality Future Expenses															
Sub total: Non Profit contracts				63152	521304 22 pa	2003	642			24199	4761	4256		19943	
Sub total: Reassurance Accepted				63152	521304 22 pa	2003	642			24199	4761	4256		19943	
REASSURANCE CEDED Non Profit contracts															
REASSURANCE CEDED Whole Life Assurance		3.50	A67/70		4445	34	32	0.050	1733	565	537			1196	
-level		3.50	A67/70		3824	34	31	0.107	3003	374	354			2649	
-increasing Endowment Assurance		3.50	A67/70		174	2	2	0.137	146	16	14			132	
-increasing Term Assurance		3.50	A67/70		178625	452	373	0.174	4410	2334	2038			2372	
-net premium method															

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 1998**Type of business **Life Assurance & General Annuity Business**Category of surplus **Ordinary Long Term**Company
registration
numberPeriod ended
day month year

GL/UK/CM

Units

UK/OS

Type of
businessCategory
of surplus

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	
																	Office premiums	Net premiums				Office premiums	Net premiums		
1													2	3	4	5	6	7	8	9	10	11	12		
-other																5102	12			53			53		
Risk Premium																34497	215			214			214		
Decreasing Term Assurance																11299	57			168			168		
Bulk Decreasing Term Assurance																45238	70			161			161		
Miscellaneous Assurance																6761	21			206			206		
Miscellaneous Annuity																15 pa				67			67		
Terminal Bonus																				1960			1960		
Options																				94			94		
Outstanding instalments of income benefits claims																				2445			2445		
Sub total: Non Profit contracts																289965 15 pa	897	438		14660	3289	2943	11717		
Sub total: Reassurance Ceded																289965 15 pa	897	438		14660	3289	2943	11717		
Net total: Life Assurance & General Annuity Business													63152			231339 7 pa	1106	204		9539	1472	1313	8226		

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 1998**Type of business **Pension Business**Category of surplus **Ordinary Long Term**

Type of business		Pension Business		Company registration number										UK/OS		Type of business		Category of surplus				
Category of surplus		Ordinary Long Term		GL/UK/CM		Period ended		Units		UK/OS		Type of business		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						
1		2		3		4		5		6		7		8		9		10		11		12
REASSURANCE ACCEPTED																						
Non Profit contracts																						
REASSURANCE ACCEPTED																						
Term Assurance																						
-net premium method		3.50		A67/70		1413		61530		217		202		0.073		4165		1364		1273		2892
-other						528		752		5						65						65
Miscellaneous Assurance						137		26935		127		2				305		28		26		279
Excess Mortality																49						49
Future Expenses																218						218
Sub total: Non Profit contracts						2078		89217		349		204				4802		1392		1299		3503
Sub total: Reassurance Accepted						2078		89217		349		204				4802		1392		1299		3503
REASSURANCE CEDED																						
Non Profit contracts																						
REASSURANCE CEDED																						
Term Assurance																						
-net premium method		3.50		A67/70				17196		63		58		0.083		1007		338		314		693
Miscellaneous Assurance								16444		81		1				152		17		15		137

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 1998**

Type of business **Permanent Health Insurance**

Category of surplus **Ordinary Long Term**

Type of business		Permanent Health Insurance										Category of surplus			
Category of surplus		Ordinary Long Term										Category of surplus			
		Type of insurance or name of contract		Valuation basis		No of contracts	Company registration number	GL/UK/CM		Period ended		Units	UK/OS	Type of business	
1		Rate of interest		Mortality or morbidity table				Amount of annual premiums		day month year				Value of sums assured or annuities per annum, including vested reversionary bonuses	
1		2	3	4	5	6	7	8	9	10	11	12	13	14	15
REASSURANCE ACCEPTED															
Non Profit contracts															
REASSURANCE ACCEPTED															
Income Benefits															
Group Income Benefits															
Lump Sum Benefits															
Miscellaneous Income Benefits															
Claims In Payment															
Excess Morbidity															
Future Expenses															
Sub total: Non Profit contracts															
Sub total: Reassurance Accepted															
REASSURANCE CEDED															
Non Profit contracts															
REASSURANCE CEDED															
Income Benefits															
Lump Sum Benefits															
Miscellaneous Income Benefits															

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 1998**Type of business **Permanent Health Insurance**Category of surplus **Ordinary Long Term**

Permanent Health Insurance														
Type of business	Company registration number													
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	UK/OS	Type of business		Category of surplus
		Rate of interest	Mortality or morbidity table			Office premiums	Net premiums	day	month			year	Office premiums	
Ordinary Long Term	1	2	3	4	5	6	7	8	9	10	11	12	1998	£000
Claims In Payment									742					742
Sub total: Non Profit contracts					3094	64			1353					1353
Sub total: Reassurance Ceded					3094	64			1353					1353
Net total: Permanent Health Insurance				7969	16366	323			8567					8567
Net total: United Kingdom business				73199	303282 7 pa	1634	349		21749	2509	2283			19466

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 1998**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		L&GA	OS	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	13	14	15					
REASSURANCE ACCEPTED																			
Non Profit contracts																			
REASSURANCE ACCEPTED																			
Term Assurance																			
-Net Premium Method			45	2056	27	6	0.790	48	69	20					28				
-Other			31	3616	16			68							68				
Risk Premium			892	37073	231			231							231				
Whole Life																			
-Deposit Back			1	7				4	4	3					1				
Endowment Assurance																			
-Deposit Back			9	277	14			227	57	48					179				
Bulk Level Term Assurance			8	22692	106	12	0.146	456							456				
Bulk Decreasing Term Assurance			2	167271	223			593							593				
Bulk Risk Premium			53	686197	1837			1837							1837				
Miscellaneous Assurance			274	67904	339	2		347	3	3					344				
Incurred but not reported claims								1378							1378				
Excess Mortality								161							161				
Future Expenses								343							343				
Sub total: Non Profit contracts			1315	987093	2793	20		5693	133	74					5619				

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 1998**Type of business **Life Assurance & General Annuity Business**Company
registration
numberGL/UK/CM
Period ended
day month year

Units

Type of
businessCategory of
surplus

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		
																	Office premiums	Net premiums			Office premiums	Net premiums			
1													2	3	4	5	6	7	8	9	10	11	12		
Sub total: Reassurance Accepted															1315	987093	2793	20		5693	133	74	5619		
REASSURANCE CEDED																									
Non Profit contracts																									
REASSURANCE CEDED																									
Risk Premium																6250	59			59			59		
Bulk Level Term Assurance																361	6			25			25		
Bulk Risk Premium																186278	531			531			531		
Miscellaneous Assurance																91016	133	2		338	7	4	334		
Incurred but not reported claims																				395			395		
Sub total: Non Profit contracts																283905	729	2		1348	7	4	1344		
Sub total: Reassurance Ceded																283905	729	2		1348	7	4	1344		
Net total: Life Assurance & General Annuity Business															1315	703188	2064	18		4345	126	70	4275		

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 1998**Type of business **Permanent Health Insurance**Category of surplus **Ordinary Long Term**

Permanent Health Insurance																						
Type of business	Type of insurance or name of contract																					
Category of surplus	Type of business	UK/OS	Type of business	Category of surplus	Units	Period ended			GL/UK/CM	Company registration number	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
						day	month	year			Office premiums	Net premiums	Office premiums			Net premiums	Office premiums			Net premiums		
Category of surplus	Ordinary Long Term	R51	100367	GL	31	12	1998	£000	OS	PHI	11											
Type of insurance or name of contract	1	2	3	4	5	6	7	8	9	10	11	12										
REASSURANCE ACCEPTED																						
Non Profit contracts																						
REASSURANCE ACCEPTED																						
Income Benefits				463	218	5						46										
Group Income Benefits				79	211	6						33										
Lump Sum Benefits				21	42							1										
Bulk Lump Sum Benefits				3	29319	42						399										
Bulk Income Benefits				4	2115	59						556										
Miscellaneous Income Benefits				5	1							4										
Claims In Payment												186										
Excess Morbidity												76										
Future Expenses												87										
Sub total: Non Profit contracts				575	31906	112						1388										
Sub total: Reassurance Accepted				575	31906	112						1388										
Net total: Permanent Health Insurance				575	31906	112						1388										
Net total: Overseas business				1890	735094	2176	18				70	5663										

Long term business : Valuation summary of property linked contractsName of company **The British & European Reinsurance Company Limited**

Global business

United Kingdom business

Financial year ended **31st December 1998**Type of business **Life Assurance & General Annuity Business**

Category of surplus																	Ordinary Long Term									
Category of surplus																	Year									
																	R53	100367	GL	31	12	1998	£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																										
REASSURANCE ACCEPTED Whole Life																										
-Linked to Reliance British Life Units				572	784	3054		12		1		2312	1976	14		1990										
Endowment Assurance																										
-Linked to Reliance British Life Units				4005	3947	17823	3947	81		1		16969	13459	147		13606										
Guaranteed Benefits																15										
Capital Gains Tax																(1404)										
Miscellaneous Assurance				38	19	19						271	266	(1)		268										
Excess Mortality																5										
Sub total: Non Profit contracts				4615	4750	20896	3947	94				19552	15701	160		14480										
Sub total: Reassurance Accepted				4615	4750	20896	3947	94				19552	15701	160		14480										
REASSURANCE CEDED																										

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 1998**

Type of business **Life Assurance & General Annuity Business**

Company
registration
number

Period ended
day month year

Category
of surplus

Category of surplus **Ordinary Long Term**

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
Non Profit contracts															
REASSURANCE CEDED															
Guaranteed Benefits							1								15
Sub total: Non Profit contracts							1								15
Sub total: Reassurance Ceded							1								15
Net total: Life Assurance & General Annuity Business			4615	4750	20896	3947	93				19552	15701	160		14465
Net total: United Kingdom business			4615	4750	20896	3947	93				19552	15701	160		14465

Long term business : Matching rectangle

Sterling liabilities

Name of company

The British & European Reinsurance Company Limited

Valuation rate(s) of interest 3.5%

Global business

Type of business

Life Assurance and Annuity Business

Financial year ended

31st December 1998

Non profit

Total

Category of assets

Company
registration
number

R57 100367

GL/JUK/CM

Period ended
day month year

Units

Stg/
NonStgValuation
rate of
InterestL&GA/Pens/
PHI/Other

WP/NP

Category
of assets

R57		100367	GL	31	12	1998	£000	Stg	3.5	L&GA	NP	10
Type of asset notionally allocated			The valuation				The resilience scenario					
			Value of asset notionally allocated 1	Risk adjusted yield % 2	Value of assets notionally allocated			Risk adjusted yield % 6				
					On original allocation 3	Increase or decrease 4	Total under resilience scenario 5					
Land and buildings			11									
Fixed interest securities			12	872		4.59	747		(87)	660		7.59
Other			13									
Variable interest and Variable yield securities (excluding items shown at line 16)			14									
Other			15									
Equity shares and holdings in collective investment schemes			16									
Loans secured by mortgages			17									
Producing income			18									
Not producing income			19									
Total (11 to 19)			29	872		4.59	747		(87)	660		7.59
Gross valuation interest rate %			31			3.5						7.4
Net valuation interest rate % (where appropriate)			32									
Mathematical reserve or other liability, net of reinsurance			33	872						660		

Long term business : Matching rectangle

Sterling liabilities

Name of company **The British & European Reinsurance Company Limited**Valuation rate(s) of interest **3.50%**

Global business

Type of business

Life Assurance and Annuity BusinessFinancial year ended **31st December 1998**

Non profit

R57	Company registration number	GLUJK/CM			Period ended		Units	Stg/NonStg	Valuation rate of interest	L&GA/Pens/PHI/Other	WP/NP	Category of assets
		day	month	year								
		GL	31	12	1998		£000	Stg	3.50	L&GA	NP	10

Total

Category of assets

Type of asset notionally allocated		The valuation		The resilience scenario				Risk adjusted yield %	
		Value of asset notionally allocated 1	Risk adjusted yield % 2	Value of assets notionally allocated					
				On original allocation 3	Increase or decrease 4	Total under resilience scenario 5			
Land and buildings		11							
Fixed interest securities	Approved securities	12	6696	4.59	5737	2	5739		7.59
	Other	13							
Variable interest and Variable yield securities (excluding items shown at line 16)	Approved securities	14							
	Other	15							
Equity shares and holdings in collective investment schemes		16							
Loans secured by mortgages		17							
All other assets	Producing income	18							
	Not producing income	19							
Total (11 to 19)		29	6696	4.59	5737	2	5739		7.59
Gross valuation interest rate %		31		3.5					6.3
Net valuation interest rate % (where appropriate)		32							
Mathematical reserve or other liability, net of reinsurance		33	6696				5739		

Long term business : Matching rectangle

Sterling liabilities

Name of company **The British & European Reinsurance Company Limited**Valuation rate(s) of interest **3.5%**

Global business

Type of business **Pension Business**Financial year ended **31st December 1998**

Non profit

Category of assets **Total**

Company registration number	GL/UK/CM	Period ended				Units	Stg/NonStg	Valuation rate of Interest	L&GA/Pens/PHI/Other	WP/NP	Category of assets
		day month year									
R57	100367	GL	31	12	1998	£000	Stg	3.5	Pens	NP	10

Type of asset notionally allocated		The valuation				The resilience scenario			
		Value of asset notionally allocated	Risk adjusted yield %	Value of assets notionally allocated			Risk adjusted yield %		
				On original allocation	Increase or decrease	Total under resilience scenario			
Land and buildings		1	2	3	4	5	6		
Fixed interest securities	Approved securities	2673	4.59	2290	(21)	2269	7.59		
	Other								
Variable interest and Variable yield securities (excluding items shown at line 16)	Approved securities								
	Other								
Equity shares and holdings in collective investment schemes									
Loans secured by mortgages									
All other assets	Producing income								
	Not producing income								
Total (11 to 19)		2673	4.59	2290	(21)	2269	7.59		
Gross valuation interest rate %			3.5				6.3		
Net valuation interest rate % (where appropriate)									
Mathematical reserve or other liability, net of reinsurance		2673				2269			

Long term business : Matching rectangle

Sterling liabilities

Name of company **The British & European Reinsurance Company Limited**Valuation rate(s) of interest **3.5%**

Global business

Type of business **Permanent Health Insurance**Financial year ended **31st December 1998**

Non profit

Company registration number		GL/UK/CM	Category of assets			Units	Stg/NonStg	Valuation rate of Interest	L&GA/Pens/PHI/Other	WP/NP	Category of assets
			Period ended	day	month year						
R57	100367	GL	31	12	1998	£000	Stg	3.5	PHI	NP	10

Long term business : Matching rectangle

Sterling liabilities

Name of company

The British & European Reinsurance Company Limited

Valuation rate(s) of interest

3.50%

Global business

Type of business

Permanent Health Insurance

Financial year ended

31st December 1998

Non profit

Category of assets

Total

Company registration number		GL/JUK/CM	Period ended				Units	Stg/NonStg	Valuation rate of interest	L.&GA/Pens/PHI/Other	WP/NP	Category of assets
			day	month	year	year						
R57	100367	GL	31	12	1998	£000	Stg	3.50	PHI	NP	10	
Type of asset notionally allocated		The valuation					The resilience scenario					
		Value of asset notionally allocated 1	Risk adjusted yield % 2	Value of assets notionally allocated			Risk adjusted yield % 6					
				On original allocation 3	Increase or decrease 4	Total under resilience scenario 5						
Land and buildings		11										
Fixed interest securities	Approved securities	12	2929	4.59	2509	(33)	2476	7.59				
	Other	13										
Variable interest and Variable yield securities (excluding items shown at line 16)	Approved securities	14										
	Other	15										
Equity shares and holdings in collective investment schemes		16										
Loans secured by mortgages		17										
All other assets	Producing income	18										
	Not producing income	19										
Total (11 to 19)		29	2929	4.59	2509	(33)	2476	7.59				
Gross valuation interest rate %		31		3.5				6.3				
Net valuation interest rate % (where appropriate)		32										
Mathematical reserve or other liability, net of reinsurance		33	2929				2476					

Long term business : Matching rectangle

Non sterling liabilities

Name of company **The British & European Reinsurance Company Limited**Valuation rate(s) of interest **3.5%**

Global business

Type of business **Life Assurance and Annuity Business**Financial year ended **31st December 1998**

Non profit

Category of assets **Total**

Company registration number	GL/UK/CM	Period ended			Units	Stg/NonStg	Valuation rate of interest	L&GA/Pens/PHI/Other	WP/NP	Category of assets	
		day	month	year							
R57	100367	GL	31	12	1998	£000	NonStg	3.5	L&GA	NP	10

Type of asset notionally allocated		The valuation					The resilience scenario				
		Value of asset notionally allocated	Risk adjusted yield %	Value of assets notionally allocated			Risk adjusted yield %				
				On original allocation	Increase or decrease	Total under resilience scenario					
Land and buildings		1	2	3	4	5	6				
	11										
	12	816	3.52	764	(67)	697	6.51				
	13	608	5.09	592		592	8.09				
Fixed interest securities	Approved securities										
	Other										
Variable interest and Variable yield securities (excluding items shown at line 16)	Approved securities										
	Other										
Equity shares and holdings in collective investment schemes		16									
Loans secured by mortgages		17									
All other assets	Producing income	18									
	Not producing income	19									
Total (11 to 19)		29	1424	4.19	(67)	1356	1289	7.24			
Gross valuation interest rate %		31		3.5				6.3			
Net valuation interest rate % (where appropriate)		32									
Mathematical reserve or other liability, net of reinsurance		33	1424				1289				

Long term business : Matching rectangle

Non sterling liabilities

Name of company

The British & European Reinsurance Company Limited

Valuation rate(s) of interest

3.5%

Global business

Type of business

Permanent Health Insurance

Financial year ended

31st December 1998

Non profit

Category of assets

Total

Company registration number		GL/UK/CM	Period ended				Units	Stg/NonStg	Valuation rate of interest	L&GA/Pens/PHI/Other	WP/NP	Category of assets
			day	month	year							
R57	100367	GL	31	12	1998	£000	NonStg	3.5	PHI	NP	10	
Type of asset notionally allocated		The valuation					The resilience scenario					
		Value of asset notionally allocated 1	Risk adjusted yield % 2		Value of assets notionally allocated			Risk adjusted yield % 6				
Land and buildings		11										
Fixed interest securities	Approved securities	12	1117	4.22		999		(141)	858		7.19	
	Other	13										
Variable interest and Variable yield securities (excluding items shown at line 16)	Approved securities	14										
	Other	15										
Equity shares and holdings in collective investment schemes		16										
Loans secured by mortgages		17										
All other assets	Producing income	18										
	Not producing income	19										
Total (11 to 19)		29	1117	4.22		999		(141)	858		7.19	
Gross valuation interest rate %		31		3.5							6.3	
Net valuation interest rate % (where appropriate)		32										
Mathematical reserve or other liability, net of reinsurance		33	1117						858			

Long term business : Matching rectangle

Sterling/Non sterling liabilities

Name of company **The British & European Reinsurance Company Limited**Valuation rate(s) of interest **Balance**

Global business

Type of business

Financial year ended **31st December 1998**

With profits/Non profit

Category of assets **Total**

Company registration number		Period ended				Units		Stg/NonStg		Valuation rate of interest		L&GA/Pens/PHI/Other		WP/NP		Category of assets			
GL/UK/CM		day		month		year		Units		Stg/NonStg		Valuation rate of interest		L&GA/Pens/PHI/Other		WP/NP		Category of assets	
R57		100367		GL		31		12		1998		£000				98		10	
Type of asset notionally allocated		The valuation						The resilience scenario											
		Value of asset notionally allocated 1		Risk adjusted yield % 2		Value of assets notionally allocated				Risk adjusted yield % 6									
						On original allocation 3		Increase or decrease 4				Total under resilience scenario 5							
														Land and buildings		11			
Fixed interest securities		Approved securities		12		1935		4.22		1773		385		2158		7.21			
		Other		13															
Variable interest and Variable yield securities (excluding items shown at line 16)		Approved securities		14															
		Other		15															
Equity shares and holdings in collective investment schemes		16																	
Loans secured by mortgages		17																	
All other assets		Producing income		18															
		Not producing income		19		523				523				523					
Total (11 to 19)		29		2458		3.32		2296		385		2681		5.80					
Gross valuation interest rate %		31																	
Net valuation interest rate % (where appropriate)		32																	
Mathematical reserve or other liability, net of reinsurance		33		2458								2458							

Long term business : Matching rectangle

Sterling/Non sterling liabilities

Name of company

The British & European Reinsurance Company Limited

Valuation rate(s) of interest

Total

Global business

Type of business

Financial year ended

31st December 1998

With profits/Non profit

Category of assets

Total

Company
registration
number

R57

100367

GL/UK/CM

GL

Period ended
day month year

31 12 1998

Units

£000

Sig/
NonSig

99

Valuation
rate of
interest

99

L&GA/Pens/
PHI/OtherCategory
of assets

10

R57		100367	GL	The valuation			The resilience scenario				Risk adjusted yield %	6
				31	12	1998	£000	99				
Type of asset notionally allocated												
Land and buildings			11									
			12	22762	4.50	19722			19722		7.50	
Fixed interest securities			13	608	5.09	592				592		8.09
Variable interest and Variable yield securities (excluding items shown at line 16)			14									
			15									
Equity shares and holdings in collective investment schemes			16									
Loans secured by mortgages			17									
All other assets			18									
			19	523		523			523			
Total (11 to 19)			29	23893	4.42	20837				20837		7.33
Gross valuation interest rate %			31									
Net valuation interest rate % (where appropriate)			32									
Mathematical reserve or other liability, net of reinsurance			33	23893						20614		

Long term business : Valuation result and distribution of surplus

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

Global business

Financial year ended **31st December 1998**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	1998	£000	11
Valuation result	Fund carried forward				11			56615	
	Bonus payments made to policyholders in anticipation of a surplus				12				
	Transfers out of fund/ parts of fund	Transfer to non-technical account			13			1000	
		Transfer to other funds/parts of funds			14				
	Net transfer out of funds/parts of funds (13+14)				15			1000	
	Total (11+12+15)				16			57615	
	Mathematical reserves for accumulating with profit policies				17				
	Mathematical reserves for other non linked contracts				18			25129	
	Mathematical reserves for property linked contracts				19			14465	
	Mathematical reserves for index linked contracts				20				
	Total (17 to 20)				21			39594	
	Surplus including contingency and other reserves held towards the solvency margin (deficiency) (16-21)				29			18021	
Composition of surplus	Balance of surplus brought forward unappropriated from last valuation				31			11042	
	Transfers into fund/part of fund	Transfer from non-technical account			32				
		Transfer from other funds/parts of fund			33				
	Net transfer into fund/part of fund (32+33)				34				
	Surplus arising since the last valuation				35			6979	
	Total (31+34+35)				39			18021	
Distribution of surplus	Bonus payments made to policyholders in anticipation of a surplus				41				
	Allocated to policyholders by way of	Cash bonuses			42				
		Reversionary bonuses			43				
		Other bonuses			44				
		Premium reductions			45				
	Total allocated to policyholders (41 to 45)				46				
	Net transfer out of fund/part of fund				47			1000	
	Total distributed surplus (46+47)				48			1000	
	Balance of surplus (including contingency and other reserves held towards the solvency margin) carried forward unappropriated				49			17021	
	Total (48+49)				59			18021	
	Percentage of distributed surplus allocated to policyholders of fund/part of fund				61				
Corresponding percentage at three immediately previous valuations	Latest (year of valuation 1997)				62				
	Earlier (year of valuation 1996)				63				
	Earliest (year of valuation 1995)				64				

Long term business : Required minimum margin

Name of company The British & European Reinsurance Company Limited

Global business

Financial year ended 31st December 1998

Global business		Financial year ended 31st December 1998		Company registration number		GL/UK/CM		Period month day year		Units					
Class		Classes I, II and IX		Class III business with relevant factor of			Classes IV and VI		Classes VII and VIII business with relevant factor of			Unallocated additional mathematical reserves with relevant factor of		Total for all classes	
Relevant factor (Instruction 1)		4% 1	4% 2	1% 3	Nil 4	Total 5	4% 6	4% 7	1% 8	Nil 9	Total 10	1% 12	The financial year 13	The previous year 14	
Mathematical reserves before deduction of reinsurance	Reserves before distribution of surplus	11	28883	14480		14480	11308						250	54921	51791
	Reserves for bonus allocated to policyholders	12													
	Reserves after distribution of surplus	13	28883	14480		14480	11308						250	54921	51791
Mathematical reserves after deduction of reinsurance	Reserves before distribution of surplus	14	14991	14465		14465	9956						250	39662	38587
	Reserves for bonus allocated to policyholders	15													
	Reserves after distribution of surplus	16	14991	14465			14465	9956					250	39662	38587
Ratio of 16 to 13 or 0.50 if greater (see Instruction 2)		17	0.5190			0.9990	0.8804				1.0000				
Required margin of solvency - first result = (line 13) * (line 17) * relevant factor		19	600			579	398					10	1587	1544	
Non negative capital at risk before reinsurance (see Instruction 3)	Temporary assurances with required margin of solvency of 0.1%	21	1577161			5038								1582199	1553355
	Temporary assurances with required margin of solvency of 0.15%	22													
	All other assurances with required margin of solvency of 0.3%	23													
	Total (21 to 23)	29	1577161			5038								1582199	1553355
Non-negative capital at risk after reinsurance (all contracts) (see Instruction 3)		31	978973			5038								984011	981824
Ratio of line 31 to line 29, or 0.50 if greater		32	0.6207			1.0000									
Required margin of solvency - second result (see Instruction 4)		39	979			5							984	982	
Sum of first and second results (19+39)		49	1579			584	398					10	2571	2526	
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											2571	2526	
Minimum guarantee fund		61											564	546	
Required minimum margin (greater of lines 59 and 61)		69											2571	2526	

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	392
United Kingdom Linked	nil
Overseas Non-linked	53

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	-	13
	Permanent Health	-	790
Overseas Non-linked	Life Assurance	64	180
	Permanent Health	7	79

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	792,000
13	43,000
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 445 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

- i) 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);
- 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.

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 £253,103 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.

5701 Where more than one Form has been provided for a particular rate of interest, the contracts included in each Form are as follows:-

(a) Life Assurance and Annuity business; Sterling Liabilities; 3.5% interest

i) Valued at 7.4% interest under the resilience scenario.

From Form 51; United Kingdom Business; Life Assurance & General Annuity Business
Outstanding instalments of income benefit claims

ii) Valued at 6.3% interest under the resilience scenario

All other business falling within category (a) above.

(b) Permanent Health business; Sterling liabilities; 3.5% interest

i) Valued at 7.4% interest under the resilience scenario

From Form 51; United Kingdom business; Permanent Health business
claims in payment

ii) Valued at 6.3% interest under the resilience scenario

All other business falling within category (b) above.

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