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Standard Life Healthcare Limited

Annual Returns To Insurance And Friendly Societies Division Of The Financial Services Authority Under Insurance Companies Legislation

RECEIVED
FRIENDLY SOCIETIES
DIVISION
AC1619

**For the Financial
Year Ended
15 November 2003**



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STANDARD LIFE HEALTHCARE LIMITED

ANNUAL RETURNS TO INSURANCE AND FRIENDLY SOCIETIES DIVISION OF THE
FINANCIAL SERVICES AUTHORITY UNDER INSURANCE COMPANIES LEGISLATION FOR
THE FINANCIAL YEAR ENDED 15 NOVEMBER 2003.

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Statement of solvency

Name of company Standard Life Healthcare Limited

Global business

Financial year ended 15-Nov-2003

Company registration number GL/UK/CM Period ended day month year Units

R9	2123483	GL	15-11-2003	£000	Source		
					Form	Line	Column
				As at the end of this financial year	As at the end of the previous year		
				1	2		

GENERAL BUSINESS

Available assets

Other than long term business assets allocated towards general business required minimum margin	11	68,070	64,912	See instructions 1 and 2
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Required minimum margin

Required minimum margin for general business	12	31,064	27,906	12 49
Excess (deficiency) of available assets over the required minimum margin (11-12)	13	37,006	37,006	

LONG TERM BUSINESS

Available assets

Long term business admissible assets	21	-	-	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			See Instruction 4
Other insurance and non-insurance liabilities	24			See Instruction 5
Available assets for long term business required minimum margin (21+22-23-24)	25	-	-	

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

Future profits	31			
Zilmerising	32			
Hidden reserves	33			

Total of available assets and implicit items (25+31+32+33)	34	-	-	
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Required minimum margin

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

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

Instructions for completion of Form 9

1. For a composite insurer, the whole Form shall be completed, with the sum of the entries at lines 11 and 22 being equal to the entry at Form 10 line 29.
2. For an insurer transacting only general insurance business, only lines 11 to 13 and line 51 must be completed, with the entry at line 11 being equal to the entry at Form 10 line 29.
3. For an insurer transacting only long term insurance business, only lines 21 to 52 must be completed, with the entry at line 22 being equal to the entry at Form 10 line 29.
4. The entry at line 23 must be equal to lines 11 and 63 in Form 14.
5. The entry at line 24 must be equal to the sum of lines 12 and 49 in Form 14.
6. The entries at lines 51 and 52 must not include provision for any liability to tax on capital gains referred to in paragraph 13(1)(b) of Appendix 9.1.

Statement of net assets

Name of company Standard Life Healthcare Limited

Global business

Financial year ended 15-Nov-2003

		Company registration number	GL/UK/CM	Period ended			Units
				day	month	year	
R10		2123483	GL	15-11-2003			£000
		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			13	89	1
Long Term business-liabilities and margins		12			14	59	1

Other than Long Term business-admissible assets	21	207,996	197,890	13	89	1
Other than Long Term business-liabilities	22	139,926	132,978	15	69	1
Net admissible assets (21-22)	23	68,070	64,912			
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	68,070	64,912			

Represented by:

Paid up share capital (other than cumulative preference share capital)	51	116,000	116,000	
Amounts included in lines 24 to 27 above	52			
Amounts representing the balance of net assets	56	(47,930)	(51,088)	
Total (51 to 56) and equal to line 29 above	59	68,070	64,912	

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

Balance brought forward at the beginning of the financial year	61	(51,088)	(45,819)	10	56	2
Retained profit/(loss) for the financial year	62	2,508	(1,980)	16	59	1
Movement in asset valuation differences	63	650	(3,289)	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	(47,930)	(51,088)			

Instructions for completion of Form 10

1. Amounts included at lines 24 to 27 must be as determined in accordance with Rule 2.10.
2. Line 63 must be equal to lines 13.92.2 to 13.95.2 less lines 13.92.1 to lines 13.95.1 of the Form for the total other than long-term insurance business assets category.
3. Line 64 must be Form 15.61.2 less 15.61.1.

General business: Calculation of required margin of solvency - first method

Name of company Standard Life Healthcare Limited

Global business

Financial year ended 15-Nov-2003

Financial year ended 31-12-2003

		Company registration number	GL/UK/CM	Period ended			Units
		R11	2123483	GL	15-11-2003	£000	
					This financial year	Previous year	
					1	2	
Gross premiums receivable				11	194,849	174,422	
Premium taxes and levies (included in line 11)				12	-	-	
Sub-total A (11-12)				13	194,849	174,422	
Adjusted Sub-total A if financial year is not a 12 month period to produce an annual figure				14	-	-	
Division of Sub-total A (or adjusted Sub-total A if appropriate)	Other than health insurance	Up to and including sterling equivalent of 10M ECU x 18/100	15	1,139	1,118		
		Excess (if any) over 10M ECU x 16/100	16	30,164	26,913		
	Health insurance	Up to and including sterling equivalent of 10M ECU x 6/100	17	-	-		
		Excess (if any) over 10M ECU x 16/300	18	-	-		
Sub-total B (15+16+17+18)				19	31,303	28,031	
Claims paid				21	128,596	122,127	
Claims outstanding carried forward at the end of the financial year	For business accounted for on an underwriting year basis		22	-	-		
	For business accounted for on an accident year basis		23	24,533	30,622		
Claims outstanding brought forward at the beginning of the financial year	For business accounted for on an underwriting year basis		24	-	-		
	For business accounted for on an accident year basis		25	30,622	35,685		
Sub-total C (21+22+23-(24+25))				29	122,507	117,064	
Amounts recoverable from reinsurers in respect of claims included in Sub-total C				30	937	521	
Sub-total D (29-30)				39	121,570	116,543	
First result				41	31,064	27,906	
Sub-total B x $\frac{\text{Sub-total D}}{\text{Sub-total C}}$ (or, if 1/2 is a greater fraction, x 1/2)							

General business: Calculation of required margin of solvency - second method, and statement of required minimum margin

Name of company Standard Life Healthcare Limited

Global business

Financial year ended 15-Nov-2003

Company
registration
number

GLUK/CM

Period ended

day month year

Units

		R12	2123483	GL	15-11-2003	£000		
				This financial year	Previous year	Source		
				1	2	Form	Line	Column
Reference period (No. of financial years) Insert "0" if there is no reference period otherwise "3" or "7"			3	11		See instruction 1		
Claims paid in reference period			21	360,416	346,557			
Claims outstanding carried forward at the end of the reference period	For business accounted for on an underwriting year basis		22	-	-			
	For business accounted for on an accident year basis		23	24,533	30,622			
Claims outstanding brought forward at the beginning of the reference period	For business accounted for on an underwriting year basis		24	-	-			
	For business accounted for on an accident year basis		25	39,976	43,192			
Sub-total E (21+22+23-(24+25))			29	344,973	333,987			
Sub-total F - Conversion of Sub-total E to annual figure (Multiply by 12 and divide by number of months in reference period)			31	114,991	111,329			
Division of Sub-total F	Other than health insurance	Up to and including sterling equivalent of 7M ECU x 26/100	32	1,151	1,131			
		Excess (if any) over 7M ECU x 23/100	33	25,429	24,605			
	Health insurance	Up to and including sterling equivalent of 7M ECU x 26/300	34	-	-			
		Excess (if any) over 7M ECU x 23/300	35	-	-			
Sub-total G (32 to 35)			39	26,580	25,736			
Second result Sub-total G x Sub-total D (or, if 1/2 is a greater fraction, x 1/2)			41	26,377	25,621			

First result	42	31,064	27,906	11	41
Required margin of solvency (the higher of lines 41 and 42)	43	31,064	27,906		

Minimum guarantee fund	44	253	249		
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Required minimum margin (the higher of lines 43 and 44)	49	31,064	27,906		
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Instruction for completion of Form 12

If the insurer has not been in existence long enough to acquire a reference period, lines 21 to 41 must be ignored.

Analysis of admissible assets

Name of company Standard Life Healthcare Limited

Global business

Financial year ended 15-Nov-2003

Category of assets Total

			Company registration number	GU/UK/CM	Period ended		Units	Category of assets		
			R13	2123483	GL	day	month	year	£000	1
									As at the end of this financial year 1	As at the end of the previous year 2
Investments										
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		100	100	100
		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		50	50	50
Total sheet 1 (11 to 30)						39		150	150	150

Analysis of admissible assets

Name of company Standard Life Healthcare Limited

Global business

Financial year ended 15-Nov-2003

Category of assets Total

Category of assets		Total		Company registration number	GL/UK/CM	Period ended day month year		Units	Category of assets			
							R13	2123483	GL	15-11-2003	£000	1
Investments (continued) Deposits with ceding undertakings Assets held to cover linked liabilities							As at the end of this financial year 1		As at the end of the previous year 2			
Other financial investments	Equity shares					41		27,298		24,016		
	Other shares and other variable yield securities					42		67,583		69,983		
	Holdings in collective investment schemes					43		-		-		
	Rights under derivative contracts					44		-		-		
	Debt securities and other fixed income securities	Fixed interest	Approved securities			45		18,966		19,794		
			Other			46		-		-		
		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		1,000		-		
		Withdrawal subject to a time restriction of more than one month				55		-		-		
	Other					56		-		-		
Deposits with ceding undertakings					57		-		-			
Assets held to match linked liabilities	Index linked				58		-		-			
	Property linked				59		-		-			
Reinsurers' share of technical provisions	Provision for unearned premiums				60		195		209			
	Claims outstanding				61		2,983		2,469			
	Provision for unexpired risks				62		-		-			
	Other				63		-		-			
Total sheet 2 (41 to 63)					69		118,025		116,471			

Analysis of admissible assets

Name of company Standard Life Healthcare Limited

Global business

Financial year ended 15-Nov-2003

Category of assets Total

Category of assets		Total	Company registration number	GLUK/CM	Period ended day month year	Units	Category of assets	
			R13	2123483	GL	15-11-2003	£000	1
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	68,438	62,513	
	Intermediaries				72	-	-	
Salvage and subrogation recoveries					73	-	-	
Debtors arising out of reinsurance operations	Due from ceding insurers and intermediaries under reinsurance business accepted				74	-	-	
	Due from reinsurers and intermediaries under reinsurance contracts ceded				75	-	-	
Other debtors	Due from dependants	Due in 12 months or less after the end of the financial year			76	-	-	
		Due more than 12 months after the end of the financial year			77	-	-	
	Other	Due in 12 months or less after the end of the financial year			78	433	1,799	
		Due more than 12 months after the end of the financial year			79	-	-	
Tangible assets					80	459	326	
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	697	397	
	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	612	808	
	Deferred acquisition costs				85	17,958	14,518	
	Other prepayments and accrued income				86	1,224	907	
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	89,821	81,269	
Grand total of admissible assets (39+69+88)					89	207,996	197,890	
Reconciliation to asset values determined in accordance with the shareholder accounts rules								
Total admissible assets (as per line 89 above)					91	207,996	197,890	
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	-	-	
Solvency margin deduction for insurance dependants					93	-	-	
Other differences in the valuation of assets (other than for assets not valued above)					94	3,615	4,265	
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	211,611	202,156	
Amounts included in line 89 attributable to debts due from related companies, other than those under contracts of insurance or reinsurance					100	-	1,524	

Instructions for completion of Form 13

1. Form 13 must be completed for the total long-term insurance business assets of the insurer or branch and for each fund or group of funds for which separate assets are appropriated. The words "total long-term insurance business assets" or the name of the fund shall be shown against the heading "Category of Assets". The corresponding code box shall contain "10" for the total assets and, in the case of separate funds, code numbers allocated sequentially beginning with code "11".
2. Form 13 must be completed in respect of the total assets of the insurer or branch other than any long-term insurance business assets. The words "total other than long-term insurance business assets" must be shown against the heading "Category of Assets", and the corresponding code box shall contain "1".
3. (a) In the case of the United Kingdom branch return of an external company (other than a pure reinsurer) Form 13 shall be completed for the following categories of assets -

Category	Code - other than long-term insurance business assets	Code - long-term insurance business assets
Assets deposited under rule 8.1	2	6
Assets maintained in the United Kingdom	3	7
Assets maintained in the United Kingdom and the other EEA States	4	8

(b) In the case of an EEA branch return of a United Kingdom deposit insurer, Form 13 must be completed for the following categories of assets -

Category	Code - other than long-term insurance business assets	Code - long-term insurance business assets
Assets deposited under rule 8.1	2	6
Assets maintained in the United Kingdom and the other EEA States	4	8
Assets maintained in the United Kingdom and the EEA States where insurance business is carried on	5	9

4. In lines 11 to 86 -
 - (a) for the purpose of classifying (but not valuing) assets, headings and descriptions used above, wherever they also occur in the balance sheet format in Schedule 9A to the Companies Act, must have the same meaning as in that Schedule,
 - (b) assets shall be valued in accordance with rule 9.10, and
 - (c) assets of any particular description must be shown after deduction of assets of that description which (for any reason) fail to be left out of account under rule 4.14(2)(a).
5. The aggregate value of those investments which are:
 - (i) unlisted investments falling within any of lines 41, 42, 46 or 48 which have been valued in accordance with rule 4.8;
 - (ii) listed investments falling within any of lines 41, 42, 46 or 48 which have been valued in accordance with rule 4.8 and which are not ready realisable;
 - (iii) units or other beneficial interests in collective investment schemes falling within rule 4.9 (1); or
 - (iv) reversionary interests or remainders in property other than land or buildings,
 must be stated by way of a supplementary note to this Form, together with a description of such investments.
6. The aggregate value of those investments falling within lines 46 or 48 which are hybrid securities are to be stated by way of a supplementary note to this Form.
7. Amounts in respect of salvage or subrogation included above other than at line 73 are to be stated by way of a supplementary note.
8. The entry at line 85 shall be equal to the sum of lines 22.29.3 and lines 25.24.99-99.
9. In line 93 "Solvency margin deduction for insurance subsidiary undertakings" refers to deductions under rule 4.3(2)Ⓢ.
10. In line 95 "Assets of a type not valued above" refers to assets left out of account under rule 4.1(3).
11. Lines 60 to 63 and 85 relate only to general insurance business.
12. Lines 60 to 63 and 85 must be left blank for "Category of assets" codes "2", "3", "4" and "5".

Liabilities (other than long term business)

Name of company Standard Life Healthcare Limited

Global business

Financial year ended 15-Nov-2003

Company
registration
number

GL/UK/CM

Period ended

Units

				R15	2123483	GL	15-11-2003	£000
							As at the end of this financial year 1	As at the end of the previous year 2
Technical provisions (gross amounts)	Provision for unearned premiums					11	99,049	88,559
	Claims outstanding					12	25,183	31,472
	Provision for unexpired risks					13	-	-
	Equalisation provisions	Credit business				14	-	-
		Other than credit business				15	-	-
	Other					16	-	-
	Total (11 to 16)					19	124,232	120,031
Provisions for other risks and charges	Taxation					21	-	-
	Other					22	-	-
Deposits received from reinsurers						31	-	-
Creditors	Arising out of insurance operations	Direct business				41	-	-
		Reinsurance accepted				42	-	-
		Reinsurance ceded				43	-	-
	Debenture loans	Secured				44	-	-
		Unsecured				45	-	-
	Amounts owed to credit institutions					46	-	-
	Other creditors	Taxation				47	2,503	2,371
		Recommended dividend				48	-	-
		Other				49	10,255	7,672
Accruals and deferred income						51	2,936	2,904
Total (19 to 51)						59	139,926	132,978
Provision for adverse changes (calculated in accordance with regulation 61 of the Insurance Companies Regulations 1994)						61	-	-
Cumulative preference share capital						62	-	-
Subordinated loan capital						63	-	-
Total (59 to 63)						69	139,926	132,978
Amounts included in line 69 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance						71	283	

Instruction for completion of Form 15

1. Amounts in lines 11 to 13 and 16 must be stated gross of reinsurers' share.
2. The aggregate amount of any accrued dividend in respect of cumulative preference shares issued by the insurer must be shown by way of a supplementary note to this Form.
3. Only equalisation provisions that are created as a result of a regulatory requirement are to be included at lines 14 and 15.

Profit and loss account (non-technical account)

Name of company Standard Life Healthcare Limited

Global business

Financial year ended 15-Nov-2003

		Company registration number	GL/UK/CM	Period ended			Units			
		R16	2123483	GL	15-11-2003			£000		
			This financial year	Previous year	Source					
			1	2	Form	Line	Column			
Transfer (to)/from the general business technical account	From Form 20	11	(2,889)	(5,352)	20	59				
	Equalisation provisions	12	-	-						
Transfer from the long term business revenue account		13	-	-	40	26				
Investment income	Income	14	4,537	5,479						
	Value re-adjustments on investments	15	1,674	(5,927)						
	Gains on the realisation of investments	16	-	-						
Investment charges	Investment management charges, including interest	17	89	98						
	Value re-adjustments on investments	18	-	-						
	Loss on the realisation of investments	19	-	-						
Allocated investment return transferred to the general business technical account		20	-	-	20	51				
Other income and charges (particulars to be specified by way of supplementary note)		21	215	220						
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)		29	3,448	(5,678)						
Tax on profit or loss on ordinary activities		31	940	(3,698)						
Profit or loss on ordinary activities after tax (29-31)		39	2,508	(1,980)						
Extraordinary profit or loss (particulars to be specified by way of supplementary note)		41	-	-						
Tax on extraordinary profit or loss		42	-	-						
Other taxes not shown under the preceding items		43	-	-						
Profit or loss for the financial year (39+41-(42+43))		49	2,508	(1,980)						
Dividends (paid and proposed)		51	-	-						
Profit or loss retained for the financial year (49-51)		59	2,508	(1,980)						

General business: Technical account (excluding equalisation provisions)

Name of company Standard Life Healthcare Limited

Global business

Financial year ended 15-Nov-2003

		Company registration number	GL/UK/CM	Period ended			Units	Accounting class/ summary
Summary		R20	2123483	GL	15-11-2003	£000		99
Items to be shown net of reinsurance			This financial year	Previous year	Source			
			1	2	Form	Line	Column	
This year's underwriting (accident year accounting)	Earned Premium	11	182,964	167,324	21	19	5	
	Claims incurred	12	132,524	124,679	22	17	4	
	Claims management costs	13	4,203	3,845	22	18	4	
	Adjustment for discounting	14	-	-	22	52	4	
	Increase in provision for unexpired risks	15	-	-	22	19	4	
	Other technical income or charges (particulars to be specified by way of supplementary note)	16	-	-				
	Net operating expenses	17	60,297	52,485	22	42	4	
	Balance of year's underwriting (11-12-13+14-15+16-17)	19	(14,060)	(13,685)				
Adjustment for prior years' underwriting (accident year accounting)	Earned Premium	21	(118)	(88)	21	11	5	
	Claims incurred	22	(10,954)	(8,137)	22	13	4	
	Claims management costs	23	(360)	(257)	22	14	4	
	Adjustment for discounting	24	-	-	22	51	4	
	Other technical income or charges (particulars to be specified by way of supplementary note)	25	-	-				
	Net operating expenses	26	25	(27)	22	41	4	
	Balance (21-22-23+24+25-26)	29	11,171	8,333				
Balance from underwriting year accounting	Per Form 24	31	-	-	24	69	99-99	
	Other technical income and charges (particulars to be specified by way of supplementary note)	32	-	-				
	Total	39	-	-				
Balance of all years' underwriting (19+29+39)		49	(2,889)	(5,352)				
Allocated investment return		51	-	-				
Transfer to non-technical account (49+51)		59	(2,889)	(5,352)				

General business: Technical account (excluding equalisation provisions)

Name of company Standard Life Healthcare Limited

Global business

Financial year ended 15-Nov-2003

		Company registration number	GL/UKCM	Period ended			Units	Accounting class/ summary
Accounting class	Accident & Health	R20	2123483	GL	15-11-2003	£000		1
Items to be shown net of reinsurance				This financial year 1	Previous year 2	Source		
						Form	Line	Column
This year's underwriting (accident year accounting)	Earned Premium	11	182,964	167,324	21	19	5	
	Claims incurred	12	132,524	124,679	22	17	4	
	Claims management costs	13	4,203	3,845	22	18	4	
	Adjustment for discounting	14	-	-	22	52	4	
	Increase in provision for unexpired risks	15	-	-	22	19	4	
	Other technical income or charges (particulars to be specified by way of supplementary note)	16	-	-				
	Net operating expenses	17	60,297	52,485	22	42	4	
	Balance of year's underwriting (11-12-13+14-15+16-17)	19	(14,060)	(13,685)				
Adjustment for prior years' underwriting (accident year accounting)	Earned Premium	21	(118)	(88)	21	11	5	
	Claims incurred	22	(10,954)	(8,137)	22	13	4	
	Claims management costs	23	(360)	(257)	22	14	4	
	Adjustment for discounting	24	-	-	22	51	4	
	Other technical income or charges (particulars to be specified by way of supplementary note)	25	-	-				
	Net operating expenses	26	25	(27)	22	41	4	
	Balance (21-22-23+24+25-26)	29	11,171	8,333				
Balance from underwriting year accounting	Per Form 24	31	-	-	24	69	99-99	
	Other technical income and charges (particulars to be specified by way of supplementary note)	32	-	-				
	Total	39	-	-				
Balance of all years' underwriting (19+29+39)		49	(2,889)	(5,352)				
Allocated investment return		51	-	-				
Transfer to non-technical account (49+51)		59	(2,889)	(5,352)				

Returns under Insurance Companies Legislation

General business (accident year accounting) : Analysis of premiums

Name of company Standard Life Healthcare Limited

Global business

Financial year ended 15-Nov-2003

Accounting class Accident & Health

		Company registration number	GLUK/CM	Period ended		Units	Accounting class
				day	month	year	
		R21	2123483	GL	15-11-2003		£000
		Gross premiums written		Reinsurers' share		Net of reinsurance	
		Earned in previous financial years 1	Earned in previous financial years 3	Earned in previous financial years 5		Earned in previous financial years 6	
Premiums receivable during the financial year		11	(128)	(10)	(118)		
in respect of risks incepted in previous financial years		12	(994)	(15)	(979)		
in respect of risks incepted in previous financial years		13	1,692	3	1,689		
In respect of risks incepted in this financial year		14	94,108	203	93,905		98,854
For periods of less than 12 months		15	-	-	-		
For periods of 12 months		16	88,559	210	88,349		-
For periods of more than 12 months		19	183,365	401	182,964		98,854
Total (12 to 16)							

General business (accident year accounting) : Analysis of claims, expenses and technical provisions

Name of company Standard Life Healthcare Limited

Global business

Financial year ended 15-Nov-2003

Accounting class Accident & Health

		Company registration number	GL/UK/CM	Period ended day month year			Units	Accounting class
		R22	2123483	GL	15-11-2003			1
				Amount brought forward from previous financial year	Amount payable/receivable in this financial year	Amount carried forward to next financial year		Amount attributable to this financial year
				1	2	3		4
Claims incurred in respect of incidents occurring prior to this financial year	Gross amount	11		30,622	15,221	4,157		(11,244)
	Reinsurers' share	12		2,467	384	1,793		(290)
	Net (11-12)	13		28,155	14,837	2,364		(10,954)
	Claims management costs	14		850	458	32		(360)
Claims incurred in respect of incidents occurring in this financial year	Gross amount	15			113,375	20,376		133,751
	Reinsurers' share	16			37	1,190		1,227
	Net (15-16)	17			113,338	19,186		132,524
	Claims management costs	18			3,585	618		4,203
Provision for unexpired risks		19		-		-		-
Net operating expenses	Commissions	21		6,755	21,641	9,723		18,673
	Other acquisition expenses	22		7,797	21,587	8,267		21,117
	Administrative expenses	23			20,596			20,596
	Reinsurance commissions and profit participations	24		34	62	32		64
	Total (21+22+23-24)	29		14,518	63,762	17,958		60,322
Adjustments for discounting in respect of the items shown at lines 11 to 18 above	Gross amount	31		-		-		-
	Reinsurers' share	32		-		-		-
	Claims management costs	33		-		-		-
	Total (31-32+33)	39		-		-		-
Split of line 29	Prior financial year	41		-	25	-		25
	This financial year	42		14,518	63,737	17,958		60,297
Split of line 39	Incidents occurring prior to this financial year	51		-		-		-
	Incidents occurring in this financial year	52				-		-

Instructions for completion of Form 22

1. Amounts included at lines 11 to 18 are to be shown undiscounted and related adjustments for discounting are to be shown at lines 31 to 39.
2. The values in column 4 are calculated as follows:
 - for lines 11 to 18 values in columns 2+3-1;
 - for lines 21 to 29 and lines 41 to 42 values in columns 1+2-3;
 - for line 19, lines 31 to 39 and lines 51 to 52 values in columns 3-1.
3. Amounts shown at lines 11 to 13, lines 15 to 17 and lines 31 and 32 shall exclude amounts in respect of claims management costs.

Returns under Insurance Companies Legislation

General business (accident year accounting) : Analysis of net claims and premiums

Name of company Standard Life Healthcare Limited

Global business

Financial year ended

15-Nov-2003

Accounting class

Accident year ended		Company registration number		GLA/KCM		Period ended day month year		Units		Accounting class	
		R23		2123483		15-11-2003		£000		1	
Month	Year	Claims outstanding brought forward		Balance on each accident year (Add (+) / (-) 4)		Deduction for discounting from claims outstanding carried forward (net)		Earned premiums (net)		Deduction of (surplus) of original reserve %	
		Reported (net)	Incurred but not reported (net)	Reported (net)	Incurred but not reported (net)	Reported (net)	Incurred but not reported (net)	Reported (net)	Incurred but not reported (net)	Reported (net)	Incurred but not reported (net)
		1	2	3	4	5	6	7	8	9	10
		11									
	2003	11			113,338	13,430	5,766		182,964		
	2002	12			14,613	698			167,208		
	2001	13			19	187			159,140		
	2000	14			25	169			142,828		
	1999	15			6	61			111,518		
	1998	16			29	272			99,008		
	1997	17			35	156			87,961		
	1996	18			29	270					
	1995	19			54	341					
	1994	20									
		21			27	212					
		22									
		29			128,175	15,794	5,766	20,348	7,807		
Prior accident years											
Reconciliation											
Total (11 to 22)											

Instructions for completion of Form 23

1. All figures are to be shown net of the reinsurers' share.
2. The accident years shown at lines 11 to 20 shall correspond to the financial year in question and the nine previous financial years respectively.
3. Columns 1 to 9 are to be shown before deduction for discounting.
4. All amounts shown shall exclude claims management costs.
5. The percentage shown at column 12 shall be the ratio of the columns 3+4+5+6-2 to column 2.
6. The percentage shown at column 13 shall be the ratio of the columns 1+3+4+5+6 to column 11.
7. $23.29.5 + 23.29.6 = 22.13.3 + 22.17.3$; $23.29.7 + 23.29.8 = 22.13.1$;
 $23.29.10 = 22.31.3 - 22.32.3$; and $23.29.4 = 22.13.2 + 22.17.2$.
8. [deleted]
9. Columns 1, 11 and 13 need not be completed in respect of accident years ended before 23 December 1994.
10. The percentages shown at columns 12 and 13 are to be expressed as percentages to one place of decimals.
11. Insurance business reported on any Form 33 may be reported on this form at line 22 and not lines 11 to 21.

Returns under Insurance Companies Legislation

General business (accident year accounting) : Analysis of gross claims and premiums by risk group for direct insurance and facultative reinsurance

Accounting class
Accident and Health

Standard Life Healthcare Limited

Currency
Sterling

Global business

Financial year ended

15-Nov-2003

Risk group
Private Medical InsuranceCompany
registration
number

2123483

GLUKOCM

Period ended
day month year

15-11-2003

Monetary
Units

£000

Country

AA

Accounting
class

1

Risk group		Private Medical Insurance										Units		CLASS	
Accident year ended		Number of claims		Gross claims paid		Gross claims outstanding carried forward		GL		15-11-2003		£000	AA	1	
Month	Year	1	2	3	4	Gross claims outstanding brought forward		Gross claims outstanding brought forward		Balance for each accident year (4+5+6-7-8)	Gross earned premiums	Claims ratio %			
						Reported	In this financial year	Reported	Incurred but not reported						
11	03	59,165	33,280		113,375	14,263	6,113	7	8	9	10	11			
11	02	74,494	8	98,798	14,772	823	-	18,929	8,112	(11,446)	183,365	72.9			
11	01	64,627	4	112,359	38	374	-	876	-	(464)	167,651	68.2			
11	00	61,279	5	109,419	51	337	-	183	-	205	159,570	70.7			
12	99	58,692	1	105,070	12	121	-	120	-	13	133,437	78.8			
12	98	54,977	1	98,947	57	544	-	394	-	207	121,851	81.7			
12	97	51,645	7	82,316	69	311	-	348	-	32	110,009	75.2			
12	96	44,988	5	65,558	59	540	-	531	-	68	89,896	73.6			
12	95	30,355	10	42,977	108	683	-	702	-	89	60,182	72.7			
12	94	29,606	-	39,371	-	-	-	-	-	-	58,492	67.3			
Prior accident years			4		55	424	-	427	-	52					
Total (11 to 21)			33,325		128,596	18,420	6,113	22,510	8,112	122,507					
Line 29 expressed in sterling					128,596	18,420	6,113	22,510	8,112	122,507					

Instructions for completion of Form 31

1. All figures are to be shown gross of the reinsurers' share and before any deduction for discounting.
2. The accident years shown at lines 11 to 20 shall correspond to the financial year in question and the nine previous financial years respectively.
3. All amounts shown must exclude claims management costs.
4. The percentage shown at column 11 is the ratio of the sum of columns 3 to 6 to column 10.
5. Columns 10 and 11 need not be completed in respect of accident years ended before 23 December 1994.
6. The percentages shown at column 11 must be expressed as percentages to one place of decimals.
7. For risk groups falling in accounting class 7, the amounts shown in line 21 must be analysed by accident year on continuation sheets.
8. Columns 1 and 2 need not be completed in respect of accounting classes 3, 4 and 5.

STANDARD LIFE HEALTHCARE LIMITED

**THE INSURANCE COMPANIES (ACCOUNTS AND STATEMENTS) REGULATIONS
1996**

NOTES TO THE RETURNS

Financial Year ended 15 November 2003

1001	Reconciliation of net assets to shareholder accounts	2003 £000	2002 £000
	Net assets in FSA return :		
	Form 13, Line 99	211,611	202,155
	Form 15, Line 59	139,926	132,978
		-----	-----
		71,685	69,177
		=====	=====
	Capital and reserves in shareholder accounts	71,685	69,177
		=====	=====

1304 Debtors

Certain amounts included in Form 13 have been calculated by netting amounts due to any person against amounts which are due from that person.

1305 Maximum counterparty limit

The maximum counterparty limit under the company's investment guidelines is £10 million.

1501 Provision for adverse changes

No provision is required for adverse changes, as defined in regulation 61 of the Insurance Companies Regulations 1994, because the company does not have any obligations under the types of contract referred to in the regulation.

1603 Other income and charges

The income is in relation to gains made on disposal of tangible fixed assets.

1700 Omission of Form 17

The Form has been omitted from the Return as all entries, including comparatives, are blank.

STANDARD LIFE HEALTHCARE LIMITED

**THE INSURANCE COMPANIES (ACCOUNTS AND STATEMENTS) REGULATIONS
1996**

NOTES TO THE RETURNS (CONTINUED)

Financial Year ended 15 November 2003

2102 Unearned Premium

The provision for unearned premium has been calculated on a daily basis as it is the most accurate method for calculating the proportion of premium accounted for in periods up to the accounting date which is attributable to the subsequent periods.

2202 Claims management costs

The claims management costs payable include all the direct costs of the claims handling department, together with a proportion of overhead expenses which is determined by reference to the numbers of staff in the department and the office space occupied.

The claims management costs carried forward represent a provision to cover the anticipated future costs of negotiating and settling the outstanding claims at the balance sheet date. The provision has been estimated by reference to the ratio of claims management costs payable to claims settled in the year.

2204 Acquisition expenses

Acquisition expenses payable represent all costs directly attributable to the acquisition and processing of new and renewal business, together with a proportion of overheads determined by reference to numbers of staff involved in acquisition activities and the office space used.

The acquisition expenses carried forward represent that proportion of the total acquisition expenses which the unearned premium provision bears to gross written premiums.

STANDARD LIFE HEALTHCARE LIMITED

**STATEMENT IN ACCORDANCE WITH REGULATION 19 OF THE
INSURANCE COMPANIES (ACCOUNTS AND STATEMENTS) REGULATIONS 1996**

MAJOR TREATY REINSURERS - RULE 9.25

Financial Year ended 15 November 2003

	Reinsurance Premiums Payable £000	Debt due at 15-Nov-2003 £000	Anticipated recoveries £000
Munich Reinsurance Company Limited 154 Fenchurch Street London EC3M 6JJ	146	-	2,166
Swiss Reinsurance Company (UK) Limited 71-77 Leadenhall Street London EC3A 2PQ	143	-	241
ERC Frankona Reassurance Limited Castle House Castle Hill Avenue Folkestone Kent CT20 2TF	87	-	576
	<u>376</u>	<u>-</u>	<u>2,983</u>
	Form 21		Form 13.61.1

- a) The company is not connected with any of the reinsurers listed above.
- b) There were no deposits received from reinsurers.
- c) The amounts of anticipated recoveries taken into account in determining the reinsurers' share of technical provisions in respect of claims outstanding are as shown above.

STANDARD LIFE HEALTHCARE LIMITED

**STATEMENT IN ACCORDANCE WITH REGULATIONS 20 AND 21 OF THE
INSURANCE COMPANIES (ACCOUNTS AND STATEMENTS) REGULATIONS 1996**

MAJOR FACULTATIVE REINSURERS - RULE 9.26

MAJOR REINSURANCE CEDANTS - RULE 9.27

Financial Year ended 15 November 2003

We confirm that the company has no major facultative reinsurers and no major cedants as defined by the above regulations.

STANDARD LIFE HEALTHCARE LIMITED

**STATEMENT IN ACCORDANCE WITH REGULATION 23 OF THE
INSURANCE COMPANIES (ACCOUNTS AND STATEMENTS) REGULATIONS 1996**

DERIVATIVE CONTRACTS - RULE 9.29

Financial Year ended 15 November 2003

We confirm that it is not the policy or practice of the company to make use of derivative or quasi-derivative contracts (as defined in Regulation 56 of the Asset Valuation Rules).

STANDARD LIFE HEALTHCARE LIMITED

**STATEMENT IN ACCORDANCE WITH REGULATION 24 OF THE
INSURANCE COMPANIES (ACCOUNTS AND STATEMENTS) REGULATIONS 1996**

CONTROLLERS - RULE 9.30

Financial Year ended 15 November 2003

We confirm that the following is a list of all shareholder controllers during the year ended 15 November 2003:

The Standard Life Assurance Company
Standard Life House
30 Lothian Road
Edinburgh
EH1 2DH

The Standard Life Assurance Company held 100% of the ordinary shares of the company, and was entitled to exercise 100% of the voting power at any general meeting of the company.

STANDARD LIFE HEALTHCARE LIMITED

**STATEMENT IN ACCORDANCE WITH REGULATION 26 AND SCHEDULE 5
OF THE INSURANCE COMPANIES (ACCOUNTS AND STATEMENTS)
REGULATIONS 1996**

ADDITIONAL INFORMATION ON BUSINESS CEDED - RULE 9.32

Financial Year ended 15 November 2003

The company cedes general business on a non-facultative basis under two types of cover, being quota share and excess of loss. Details for each are given below:

	Quota Share	Excess of loss
Accounting class/risk group:	Accident & Health - private medical expenses, PHI and critical illness	Accident & Health - travel medex and personal accident
Limits on cover:	Maximum of 50% of original loss (any one risk)	In layers - 1st : £0.3m xs £0.2m 2nd : £2m xs £0.5m 3rd : £2.5m xs £2.5m 4th : £5m xs £5m (any one event)
Reinstatements available:	N/A	In layers - 1st : 3 2nd : 2 3rd : 1 4th : 1
Period of cover:	Financial year	Financial year
Maximum net probable loss:	N/A	£0.235m
Premiums payable (£000)	376 (Form 21)	89 (included in Form 22, Line 23)

Directors Certificate: Regulatory Return for a general insurance company
Directors certificate pursuant to rule 9.34 and Appendix 9.6
STANDARD LIFE HEALTHCARE LIMITED
Global business
Financial year ended 15th November 2003

We certify that in our opinion:

- (a) in relation to the part of this return comprising Forms 9 to 13, 15, 16, 20 to 23 and 31, including the supplementary notes thereto, and the statements required by Rules 9.25 to 9.27, 9.29, 9.30 and 9.32 of the Interim Prudential Sourcebook for Insurers ('IPRU(INS)') that:
 - (i) the return has been prepared in accordance with the Accounts and Statements Rules;
 - (ii) proper accounting records have been maintained and adequate information has been obtained by the insurer; and
 - (iii) appropriate systems and controls have been established and maintained by the insurer over its transactions and records;
- (b) that reasonable enquiries have been made by the insurer for the purpose of determining whether any person and any body corporate are connected for the purposes of rules 9.25, 9.26 and 9.27;
- (bb) reasonable enquiries have been made by the insurer for the purpose of identifying material connected-party transactions;
- (c) in respect of the insurer's business which is not excluded by rule 7.6, the assets held throughout the financial year in question enabled the insurer to comply with rules 7.1 to 7.5 (matching and localisation);
- (d) the insurer has maintained the required margin of solvency throughout the financial year in question;
- (e) we are satisfied that;
 - (i) the systems and controls established and maintained by the insurer in respect of its business complied, at the end of the financial year in question and it is reasonable to believe that those systems and controls continued to so comply subsequently and will continue to so comply in future with;

Guidance Note P1 "Systems and controls over the investments (and counterparty exposure) of insurers with particular reference to the use of derivatives"; and

Guidance Note P2 "Systems and controls over general business claims provisions".

- (ii) the return has been prepared in accordance with the following published guidance:

Guidance Note 4.1 "Guidance for insurers and auditors on the Valuation of Assets Rules"

Guidance Note 4.2 "The use of derivative contracts in insurance funds"; and

Guidance Note 9.1 "The preparation of returns".

M A HALL
DIRECTOR

R WATTS
DIRECTOR

T R BAILEY
DIRECTOR

Auditors' report: Regulatory Return for a general insurance company
Report of the auditors to the directors pursuant to rule 9.35
STANDARD LIFE HEALTHCARE LIMITED
Global business
Financial year ended 15 November 2003

We have examined the following documents prepared by the company pursuant to the Accounts and Statements Rules set out in part I, chapter 9 to the Interim Prudential Sourcebook for Insurers ("the Rules") made by the Financial Services Authority under section 138 of the Financial Services and Markets Act 2000 ("FSMA").

- i. Forms 9 to 13, 15, 16, 20 to 23 and 31 (including the supplementary notes on pages 16 and 17) ("the Forms");
- ii. the statements required by rules 9.25, 9.26, 9.27 and 9.29 on pages 18 to 20 ("the statements"); and
- iii. the certificate signed in accordance with rule 9.34(a) on page 23 ("the certificate").

In the case of the certificate, our examination did not extend to paragraph (a) in relation to the statements required by rules 9.30 and 9.32 concerning controllers and general business ceded.

Respective responsibilities of the company and its auditors

The company is responsible for the preparation of an annual return (including the Forms, statements and certificate) under the provisions of the Rules. Under rule 9.11 the Forms and statements are required to be prepared in the manner set out in the Rules and to state fairly the information provided on the basis required by the Rules.

It is our responsibility to form an independent opinion as to whether the Forms and statements meet these requirements, and in the case of the certificate whether it was or was not unreasonable for the persons giving the certificate to have made the statements therein, and to report our opinions to you. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance. This report has been prepared for the directors of Standard Life Healthcare Limited to comply with their obligations under rule 9.35 and for no other purpose. We do not, in providing this report, accept or assume responsibility for any other purpose save where expressly agreed by our prior consent in writing.

Bases of opinions

We conducted our work in accordance with Practice Note 20 "The audit of insurers in the United Kingdom" issued by the Auditing Practices Board. Our work included examination, on a test basis, of evidence relevant to the amounts and disclosures in the Forms and statements. The evidence included that previously obtained by us relating to the audit of the financial statements of the company for the financial year. It also included an assessment of the significant estimates and judgements made by the company in the preparation of the Forms and statements.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Forms and statements are free from material misstatement, whether caused by fraud or other irregularity or error, and comply with rule 9.11.

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 statement therein, and does not extend to an evaluation of the effectiveness of the company's internal control systems.

Auditors' report: Regulatory Return for a general insurance company
Report of the auditors to the directors pursuant to rule 9.35
STANDARD LIFE HEALTHCARE LIMITED
Global business
Financial year ended 15 November 2003

Opinions

In our opinion:

- a) the Forms and statements fairly state the information provided on the basis required by the Rules and have been properly prepared in accordance with the provisions of those Rules; 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 Rules; and
 - ii) it was not unreasonable for the persons giving the certificate to have made the statements therein.

PricewaterhouseCoopers LLP
10 Bricket Road
St Albans
26 January 2004