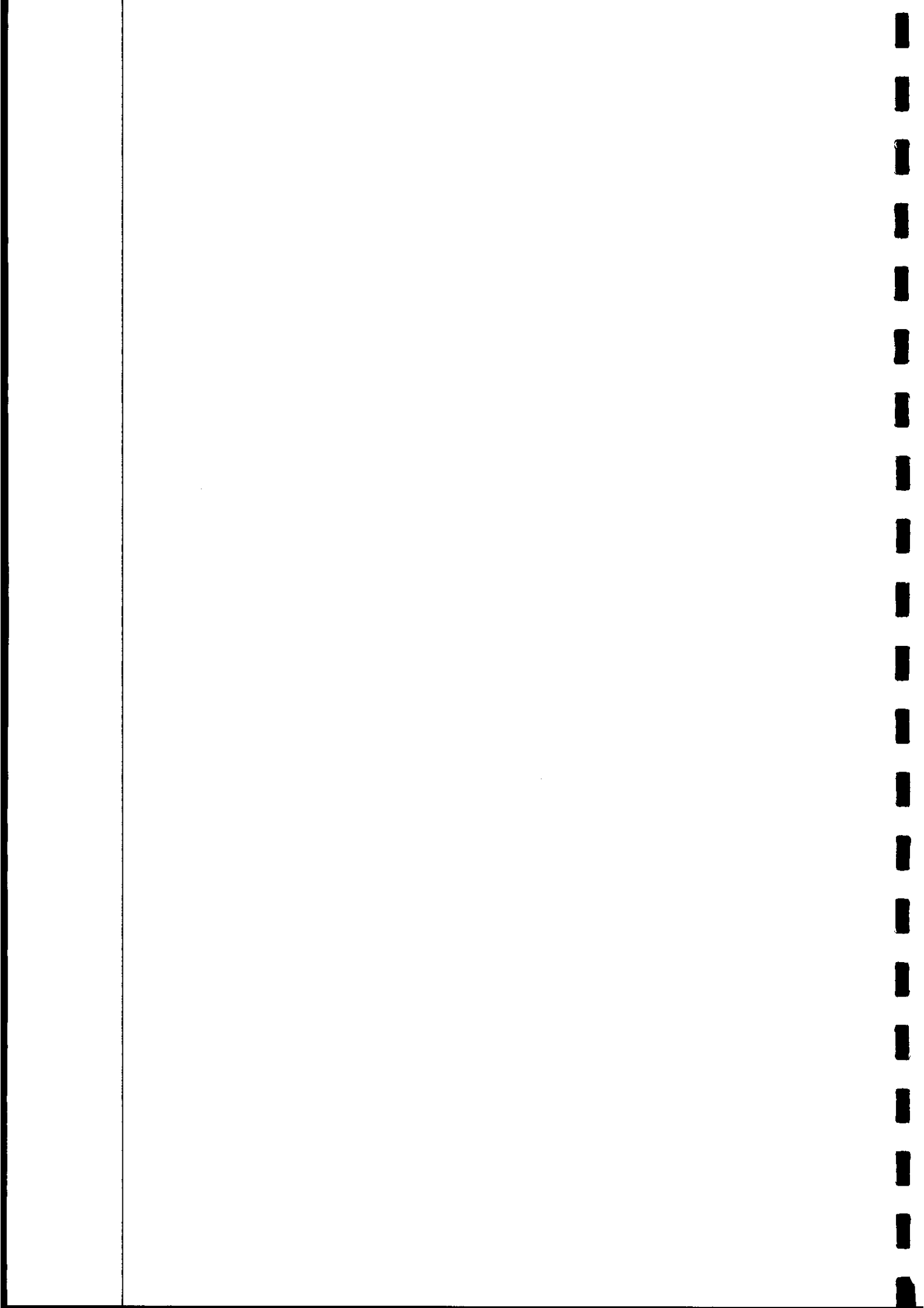


**ABBNEY NATIONAL HEALTHCARE LIMITED****HM TREASURY ANNUAL RETURN****FINANCIAL YEAR ENDING 31 DECEMBER 1999**

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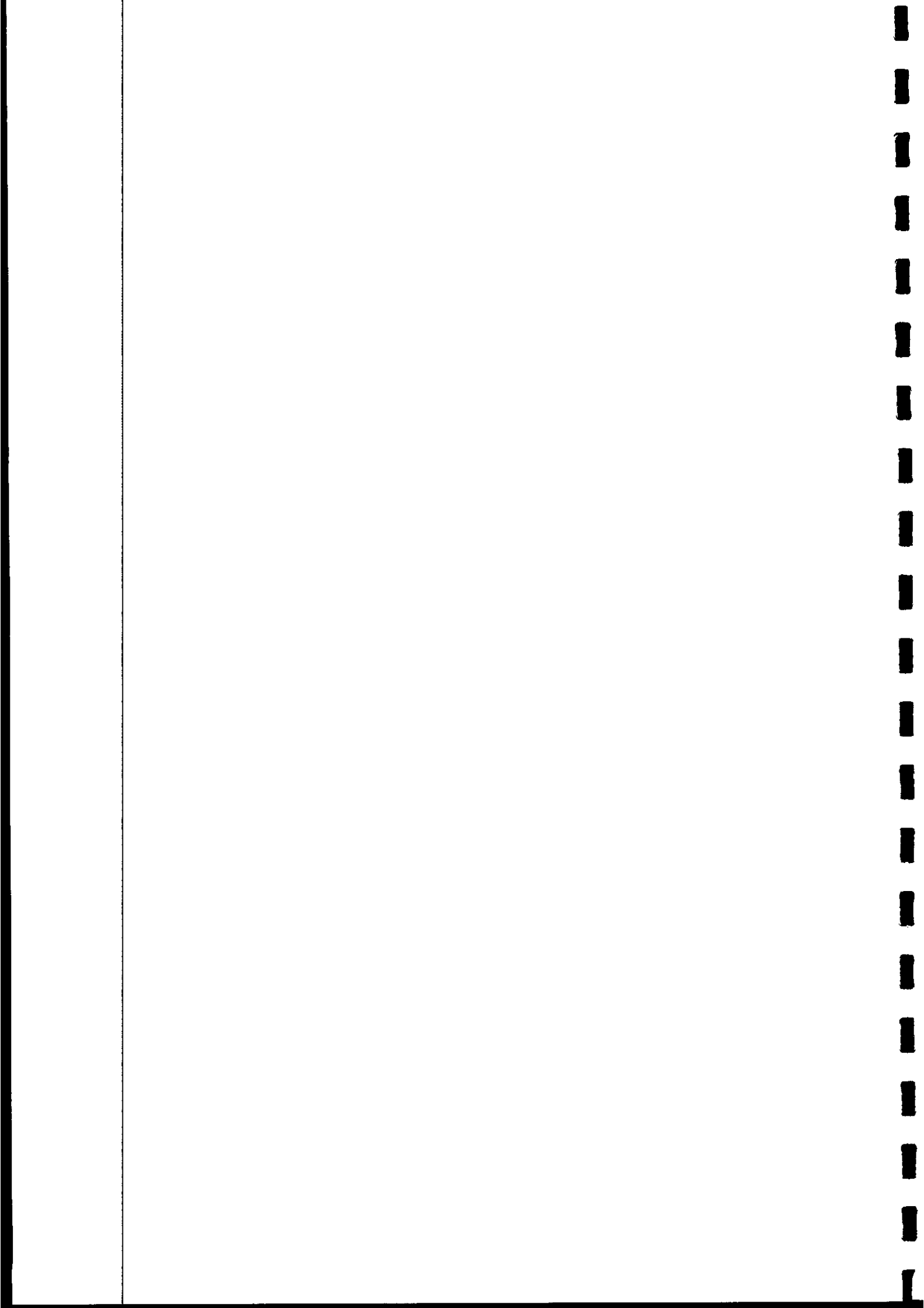
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### ABBEY NATIONAL HEALTHCARE LIMITED

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## Statement of solvency

Name of company **ABBEY NATIONAL HEALTHCARE LIMITED**Global business/UK branch business/EEA branch business **GLOBAL BUSINESS**Financial year ended **31 DECEMBER 1999**

| Company<br>registration<br>number | GL/UK/CM       | Period ended                               |  |           | Units     |             |
|-----------------------------------|----------------|--|--|-----------|-----------|-------------|
|                                   |                | day  | month                                    | year      |           |             |
| <b>R9</b>                         | <b>3249879</b> | <b>GL</b>                                  | <b>31</b>                                | <b>12</b> | <b>99</b> | <b>£000</b> |
|                                   |                | As at the end of<br>this financial<br>year | As at the end of<br>the previous<br>year |           | Source    |             |
|                                   |                | <b>1</b>                                   | <b>2</b>                                 |           | Form      | Line        |
|                                   |                |  |  |           | Column    |             |

**GENERAL BUSINESS****Available assets**

|   |           |               |               |                          |
|---|-----------|---------------|---------------|--------------------------|
| Other than long term business assets allocated towards general business required minimum margin | <b>11</b> | <b>21,171</b> | <b>20,419</b> | See instructions 1 and 2 |
|---|-----------|---------------|---------------|--------------------------|

**Required minimum margin**

|  |           |               |               |                     |
|--|-----------|---------------|---------------|---------------------|
| Required minimum margin for general business                                     | <b>12</b> | <b>382</b>    | <b>226</b>    | <b>12</b> <b>49</b> |
| Excess (deficiency) of available assets over the required minimum margin (11-12) | <b>13</b> | <b>20,789</b> | <b>20,193</b> |                     |

**LONG TERM BUSINESS****Available assets**

|   |           |  |  |                          |
|---|-----------|--|--|--------------------------|
| Long term business admissible assets  | <b>21</b> |  |  | <b>10</b> <b>11</b>      |
| Other than long term business assets allocated towards long term business required minimum margin | <b>22</b> |  |  | See instructions 1 and 3 |
| Total mathematical reserves (after distribution of surplus)                                       | <b>23</b> |  |  | See instruction 4        |
| Other insurance and non-insurance liabilities   | <b>24</b> |  |  | See instruction 5        |
| Available assets for long term business required minimum margin (21+22-23-24)                     | <b>25</b> |  |  |                          |

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

|                 |           |  |  |  |
|-----------------|-----------|--|--|--|
| Future profits  | <b>31</b> |  |  |  |
| Zillmerising    | <b>32</b> |  |  |  |
| Hidden reserves | <b>33</b> |  |  |  |

|  |           |  |  |  |
|--|-----------|--|--|--|
| Total of available assets and implicit items (25+31+32+33) | <b>34</b> |  |  |  |
|--|-----------|--|--|--|

**Required minimum margin**

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

**CONTINGENT LIABILITIES**

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

### Instructions for completion of Form 9

1. For a composite company, 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 a company transacting only general business, only lines 11 to 13 and line 51 shall be completed, with the entry at line 11 being equal to the entry at Form 10 line 29.
3. For a company transacting only long term business, only lines 21 to 52 shall be completed, with the entry at line 22 being equal to the entry at Form 10 line 29.
4. The entry at line 23 shall be equal to the sum of lines 11 and 15 in Form 14 and the amount (if any) stated in a supplementary note to that Form in accordance with instruction 4 to that Form.
5. The entry at line 24 shall be equal to the total of lines 21 to 49 in Form 14 and the amount of any cash bonuses stated in a supplementary note to that Form in accordance with instruction 2 to that Form.
6. The entries at lines 51 and 52 shall not include provision for any liability to tax on capital gains referred to in paragraph 13(1)(b) of Schedule 1.

## Statement of net assets

Name of company **ABBEY NATIONAL HEALTHCARE LIMITED**Global business/UK branch business/EEA branch business **GLOBAL BUSINESS**Financial year ended **31 DECEMBER 1999**Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

31 DECEMBER 1999

|  |    |   |  |    |        |      |        |
|--|----|---|--|----|--------|------|--------|
| R10  |    | 3249879   | GL   | 31 | 12     | 99   | £000   |
|  |    | As at the end of<br>this financial<br>year<br>1 | As at the end of<br>the previous year<br>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  | 24,845 | 23,403 | 13 | 89 | 1 |
| Other than Long term business - liabilities   | 22  | 3,674  | 2,984  | 15 | 69 | 1 |
| Net admissible assets (21-22)   | 23  | 21,171 | 20,419 |    |    |   |
| 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  | 21,171 | 20,419 |    |    |   |

## Represented by:

|  |    |         |         |  |  |  |
|--|----|---------|---------|--|--|--|
| Paid up share capital (other than cumulative preference share capital) | 51 | 24,000  | 24,000  |  |  |  |
| Amounts included in lines 24 to 27 above                               | 52 |         |         |  |  |  |
| Amounts representing the balance of net assets                         | 56 | (2,829) | (3,581) |  |  |  |
| Total (51 to 56) and equal to line 29 above                            | 59 | 21,171  | 20,419  |  |  |  |

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

|  |    |         |         |                   |    |   |
|--|----|---------|---------|-------------------|----|---|
| Balance brought forward at the beginning of the financial year             | 61 | (3,581) |         | 10                | 56 | 2 |
| Retained profit/(loss) for the financial year                              | 62 | 293     | (2,966) | 16                | 59 | 1 |
| Movement in asset valuation differences                                    | 63 | 459     | (615)   | 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 | (2,829) | (3,581) |                   |    |   |

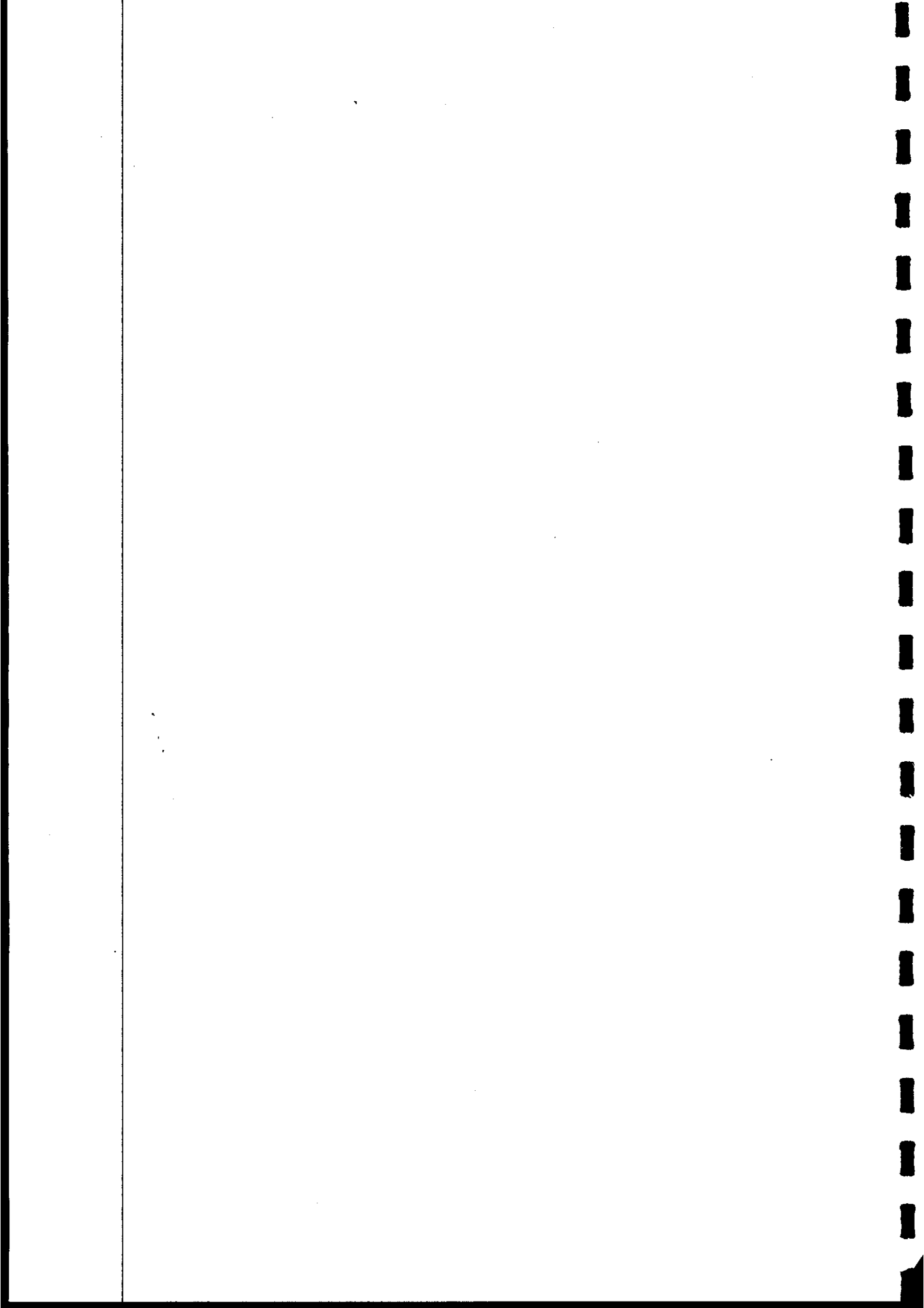
**Instructions for completion of Form 10**

1. Amounts included at lines 24 to 27 shall be as determined in accordance with regulation 23 of the Insurance Companies Regulations 1994 or as specifically allowed pursuant to an order issued under section 68 of the Insurance Companies Act 1982.
2. Line 63 shall 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 business assets category.
3. Line 64 shall be Form 15.61.2 less 15.61.1.



**General business : Calculation of required margin of solvency - first method**Name of company **ABBEY NATIONAL HEALTHCARE LIMITED**Global business/UK branch business/EEA branch business **GLOBAL BUSINESS**Financial year ended **31 DECEMBER 1999**

|  |  | Company<br>registration<br>number                           | GL/UK/CM | Period ended        |       |               | Units |      |
|--|--|---|----------|---------------------|-------|---------------|-------|------|
|  |  |   |          | day                 | month | year          |       |      |
|  |  | <b>R11</b>  | 3249879  | GL                  | 31    | 12            | 99    | £000 |
|  |  |   |          | This financial year |       | Previous year |       |      |
|  |  |   |          | 1                   |       | 2             |       |      |
| Gross premiums receivable  |  | 11  | 2,822    | 1,670               |       |               |       |      |
| Premium taxes and levies (included in line 11)   |  | 12  |          |                     |       |               |       |      |
| Sub-total A (11-12)  |  | 13  | 2,822    | 1,670               |       |               |       |      |
| Adjusted Sub-total A if financial year is not a 12 month period to produce an annual figure    |  | 14  | 2,822    | 1,638               |       |               |       |      |
| 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       | 508                 | 296   |               |       |      |
|  |  | Excess (if any) over 10M ECU x 16/100                       | 16       |                     |       |               |       |      |
|  | 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  | 508      | 296                 |       |               |       |      |
| Claims paid  |  | 21  | 619      | 77                  |       |               |       |      |
| 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  | 265      | 75                  |       |               |       |      |
| 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  | 75       |                     |       |               |       |      |
| Sub-total C (21+22+23-(24+25))   |  | 29  | 809      | 152                 |       |               |       |      |
| Amounts recoverable from reinsurers in respect of claims included in Sub-total C               |  | 30  | 200      | 36                  |       |               |       |      |
| Sub-total D (29-30)  |  | 39  | 609      | 116                 |       |               |       |      |
| First result<br>Sub-total B x Sub-total D (or, if ½ is a greater fraction, x ½)<br>Sub-total C |  | 41  | 382      | 226                 |       |               |       |      |



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

Name of company **ABBEY NATIONAL HEALTHCARE LIMITED**Global business/UK branch business/EEA branch business **GLOBAL BUSINESS**Financial year ended **31 DECEMBER 1999**Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

|            |                |           |           |           |           |             |
|------------|----------------|-----------|-----------|-----------|-----------|-------------|
| <b>R12</b> | <b>3249879</b> | <b>GL</b> | <b>31</b> | <b>12</b> | <b>99</b> | <b>£000</b> |
|------------|----------------|-----------|-----------|-----------|-----------|-------------|

|  |  |  | 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 insert "3" or "7"             |  |  | 11                  |               |        | See instruction 1 |        |
| Claims paid in reference period  |  |  | 21                  |               |        |                   |        |
| 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                  |               |        |                   |        |
| 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                  |               |        |                   |        |
| Sub-total E (21+22+23-(24+25))   |  |  | 29                  |               |        |                   |        |
| Sub-total F - Conversion of Sub-total E to annual figure (Multiply by 12 and divide by number of months in reference period) |  |  | 31                  |               |        |                   |        |
| Division of Sub-total F  | Other than health insurance                              | Up to and including sterling equivalent of 7M ECU x 26/100 | 32                  |               |        |                   |        |
|  |  | Excess (if any) over 7M ECU x 23/100                       | 33                  |               |        |                   |        |
|  | 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                  |               |        |                   |        |
| Second result Sub-total G x Sub-total D (or, if ½ is a greater fraction, x ¼)<br>Sub-total C                                 |  |  | 41                  |               |        |                   |        |

|   |           |     |     |           |           |
|---|-----------|-----|-----|-----------|-----------|
| First result  | <b>42</b> | 382 | 226 | <b>11</b> | <b>41</b> |
| Required margin of solvency (the higher of lines 41 and 42) | <b>43</b> | 382 | 226 |           |           |
| Minimum guarantee fund                                      | <b>44</b> | 192 | 212 |           |           |
| Required minimum margin (the higher of lines 43 and 44)     | <b>49</b> | 382 | 226 |           |           |

**Instruction for completion of Form 12**

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

## Analysis of admissible assets

Name of company **ABBEY NATIONAL HEALTHCARE LIMITED**Global business/UK branch business/EEA branch business **GLOBAL BUSINESS**Financial year ended **31 DECEMBER 1999**Category of assets **TOTAL OTHER THAN LONG TERM BUSINESS ASSETS**

| Company<br>registration<br>number | GL/UK/CM | Period ended |       |      | Units | Category<br>of<br>assets |   |
|-----------------------------------|----------|--------------|-------|------|-------|--------------------------|---|
|                                   |          | day          | month | year |       |                          |   |
| R13                               | 3249879  | GL           | 31    | 12   | 99    | £000                     | 1 |

| Investments  |   |  |    | As at the end of<br>this financial<br>year<br>1 | As at the end of<br>the previous<br>year<br>2 |
|--|---|--|----|---|---|
| Land and buildings   |   |  |    | 11  |   |
| Investments in<br>group undertakings<br>and participating<br>interests | UK insurance<br>dependants                                    | Shares   | 21 |   |   |
|  |   | Debt securities issued by, and loans to, dependants  | 22 |   |   |
|  | Other insurance<br>dependants                                 | Shares   | 23 |   |   |
|  |   | Debt securities issued by, and loans to, dependants  | 24 |   |   |
|  | Non-insurance<br>dependants                                   | Shares   | 25 |   |   |
|  |   | Debt securities issued by, and loans to, dependants  | 26 |   |   |
|  | Other group<br>undertakings and<br>participating<br>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<br>which the company has a participating interest | 30 |   |   |
| Total sheet 1 (11 to 30)   |   |  |    | 39  |   |

## Instructions for completion of Form 13

1. Form 13 shall be completed for the total long term business assets of the company or branch and for each fund or group of funds for which separate assets are appropriated. The words "Total long term 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 shall be completed in respect of the total assets of the company or branch other than any long term business assets. The words "Total other than long term business assets" shall 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 |
|--|------|
| Assets deposited with the Accountant General                     | 2    |
| Assets maintained in the United Kingdom                          | 3    |
| Assets maintained in the United Kingdom and the other EEA States | 4    |

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

| Category  | Code |
|---|------|
| Assets deposited with the Accountant General  | 2    |
| Assets maintained in the United Kingdom and the other EEA States                        | 4    |
| Assets maintained in the United Kingdom and the EEA States where business is carried on | 5    |

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 1985, shall have the same meaning as in that Schedule,

(b) assets shall be valued in accordance with regulation 4, and

(c) assets of any particular description shall be shown after deduction of assets of that description which (for any reason) fall to be left out of account under regulation 57(2)(a) of the Insurance Companies Regulations 1994.

## Analysis of admissible assets

Name of company **ABBEY NATIONAL HEALTHCARE LIMITED**Global business/UK branch business/EEA branch business **GLOBAL BUSINESS**Financial year ended **31 DECEMBER 1999**Category of assets **TOTAL OTHER THAN LONG TERM BUSINESS ASSETS**

| Company registration number | GL/UK/CM | Period ended |       |      | Units | Category of assets |   |
|-----------------------------|----------|--------------|-------|------|-------|--------------------|---|
|                             |          | day          | month | year |       |                    |   |
| R13                         | 3249879  | GL           | 31    | 12   | 99    | £000               | 1 |

## Investments (continued)

## Deposits with ceding undertakings

## Assets held to cover linked liabilities

As at the end of  
this financial  
year  
1As at the end of  
the previous  
year  
2

|   |  |  |                     |        |        |        |
|---|--|--|---------------------|--------|--------|--------|
| Other financial investments               | Equity shares  |  | 41                  |        |        |        |
|   | Other shares and other variable yield securities                               |  | 42                  |        |        |        |
|   | Holdings in collective investment schemes                                      |  | 43                  |        |        |        |
|   | Rights under derivative contracts  |  | 44                  |        |        |        |
|   | Debt securities and other fixed income securities                              | Fixed interest   | Approved securities | 45     |        |        |
|   |  |  | 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     | 2,184  | 1,963  |
|   |  | Withdrawal subject to a time restriction of more than one month                  |                     | 55     | 19,992 | 19,909 |
|   | 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                  | 139    | 113    |        |
|   | Claims outstanding   |  | 61                  | 63     | 18     |        |
|   | Provision for unexpired risks  |  | 62                  |        |        |        |
|   | Other  |  | 63                  |        |        |        |
| Total sheet 2 (41 to 63)                  |  |  | 69                  | 22,378 | 22,014 |        |

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 regulation 51 of the Insurance Companies Regulations 1994; or
- (ii) listed investments falling within any of lines 41, 42, 46 or 48 which have been valued in accordance with regulation 51 of the Insurance Companies Regulations 1994 and which are not ready realisable; or
- (iii) units or other beneficial interests in collective investment schemes falling within paragraph (c) of regulation 52(1) of the Insurance Companies Regulations 1994; or
- (iv) reversionary interests or remainders in property other than land or buildings

shall 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 shall 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 shall 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 dependants" refers to deductions under regulation 47(2)(c) and (d) of the Insurance Companies Regulations 1994.
- 10. In line 95 "Assets of a type not valued above" refers to assets left out of account under regulation 45(3) of the Insurance Companies Regulations 1994.



## Analysis of admissible assets

Name of company **ABBEY NATIONAL HEALTHCARE LIMITED**Global business/UK branch business/EEA branch business **GLOBAL BUSINESS**Financial year ended **31 DECEMBER 1999**

Category of assets

Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

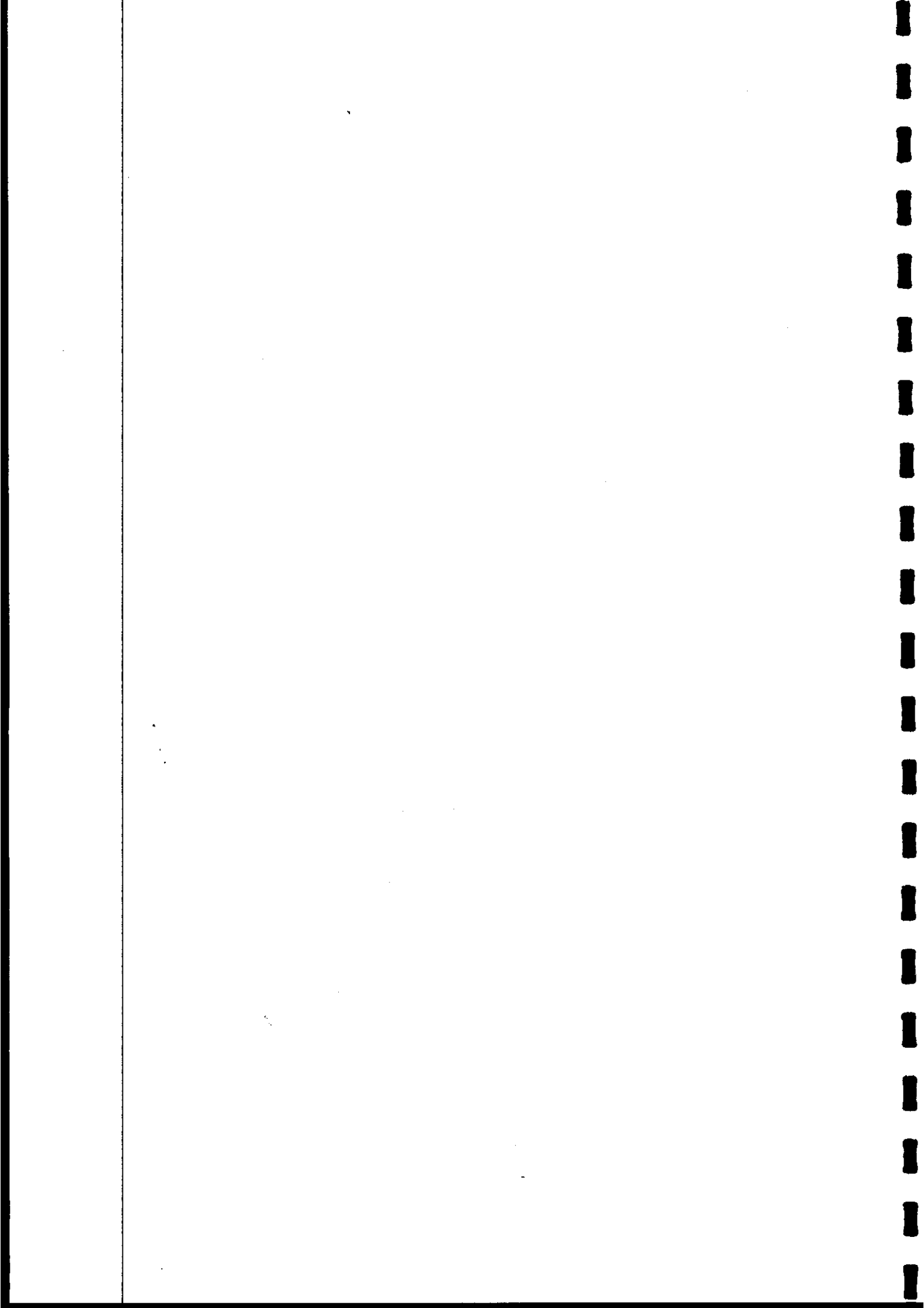
Category  
of  
assets**TOTAL OTHER THAN LONG TERM  
TERM BUSINESS ASSETS**

|            |         |    |    |    |    |             |   |
|------------|---------|----|----|----|----|-------------|---|
| <b>R13</b> | 3249879 | GL | 31 | 12 | 99 | <b>£000</b> | 1 |
|------------|---------|----|----|----|----|-------------|---|

| Debtors<br>Other assets  |   |  | As at the end of<br>this financial<br>year<br>1 | As at the end of<br>the previous<br>year<br>2 |        |
|--|---|--|---|---|--------|
| Debtors arising out of direct insurance operations   | Policyholders   |  | 71  | 1,590   | 922    |
|  | 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  | 156   | 70     |
|  |   | Due more than 12 months after the end of the financial year  | 79  |   |        |
| Tangible assets  |   |  | 80  | 3   | 10     |
| 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  | 150   | 5      |
|  | 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  | 169   | 200    |
|  | Deferred acquisition costs  |  | 85  | 323   | 144    |
|  | Other prepayments and accrued income  |  | 86  | 76  | 38     |
| 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  | 2,467   | 1,389  |
| Grand total of admissible assets (39+69+88)  |   |  | 89  | 24,845  | 23,403 |

**Reconciliation to asset values determined in accordance with the shareholder accounts rules**

|  |            |        |        |
|--|------------|--------|--------|
| Total admissible assets (as per line 89 above)   | <b>91</b>  | 24,845 | 23,403 |
| 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) | <b>92</b>  | 143    | 609    |
| Solvency margin deduction for insurance dependants   | <b>93</b>  |        |        |
| Other differences in the valuation of assets (other than for assets not valued above)  | <b>94</b>  | 13     | 6      |
| Assets of a type not valued above, (as valued in accordance with the shareholder accounts rules)   | <b>95</b>  |        |        |
| Total assets determined in accordance with the shareholder accounts rules (91 to 95)   | <b>99</b>  | 25,001 | 24,018 |
| Amounts included in line 89 attributable to debts due from related companies, other than those under contracts of insurance or reinsurance   | <b>100</b> | 127    | 118    |



## Liabilities (other than long term business)

Name of company **ABBEY NATIONAL HEALTHCARE LIMITED**Global business/UK branch business/EEA branch business **GLOBAL BUSINESS**Financial year ended **31 DECEMBER 1999**

31 DECEMBER 1999

|  |                                     | Company registration number | GL/UK/CM | Period ended                           |       |                                      | Units |
|--|-------------------------------------|-----------------------------|----------|--|-------|--------------------------------------|-------|
|  |                                     |                             |          | day                                    | month | year                                 |       |
|  |                                     | R15                         | 3249879  | GL                                     | 31    | 12                                   | 99    |
|  |                                     |                             |          |  | £000  |                                      |       |
|  |                                     |                             |          | As at the end of this financial year 1 |       | As at the end of the previous year 2 |       |
| Technical provisions (gross amount)  | Provision for unearned premiums     |                             | 11       | 1,270                                  |       | 959                                  |       |
|  | Claims outstanding                  |                             | 12       | 265                                    |       | 75                                   |       |
|  | Provision for unexpired risks       |                             | 13       |  |       |                                      |       |
|  | Equalisation provisions             | Credit business             | 14       |  |       |                                      |       |
|  |                                     | Other than credit business  | 15       |  |       |                                      |       |
|  | Other                               |                             | 16       | 426                                    |       |                                      |       |
|  | Total (11 to 16)                    |                             | 19       | 1,961                                  |       | 1,034                                |       |
| Provisions for other risks and charges   | Taxation                            |                             | 21       |  |       |                                      |       |
|  | Other                               |                             | 22       | 16                                     |       |                                      |       |
| Deposits received from reinsurers  |                                     |                             | 31       |  |       |                                      |       |
| Creditors  | Arising out of insurance operations | Direct business             | 41       |  |       |                                      |       |
|  |                                     | Reinsurance accepted        | 42       |  |       |                                      |       |
|  |                                     | Reinsurance ceded           | 43       | 349                                    |       | 155                                  |       |
|  | Debenture loans                     | Secured                     | 44       |  |       |                                      |       |
|  |                                     | Unsecured                   | 45       |  |       |                                      |       |
|  | Amounts owed to credit institutions |                             | 46       |  |       |                                      |       |
|  | Other creditors                     | Taxation                    | 47       | 152                                    |       | 11                                   |       |
|  |                                     | Recommended dividend        | 48       |  |       |                                      |       |
|  |                                     | Other                       | 49       | 31                                     |       | 604                                  |       |
| Accruals and deferred income   |                                     |                             | 51       | 1,165                                  |       | 1,180                                |       |
| Total (19 to 51)   |                                     |                             | 59       | 3,674                                  |       | 2,984                                |       |
| 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       | 3,674                                  |       | 2,984                                |       |
| Amounts included in line 69 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance |                                     |                             | 71       |  |       | 591                                  |       |

**Instruction for completion of Form 15**

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

## Profit and loss account (non-technical account)

Name of company

ABBEY NATIONAL HEALTHCARE LIMITED

Global business/UK branch business/EEA branch business

GLOBAL BUSINESS

Financial year ended

31 DECEMBER 1999

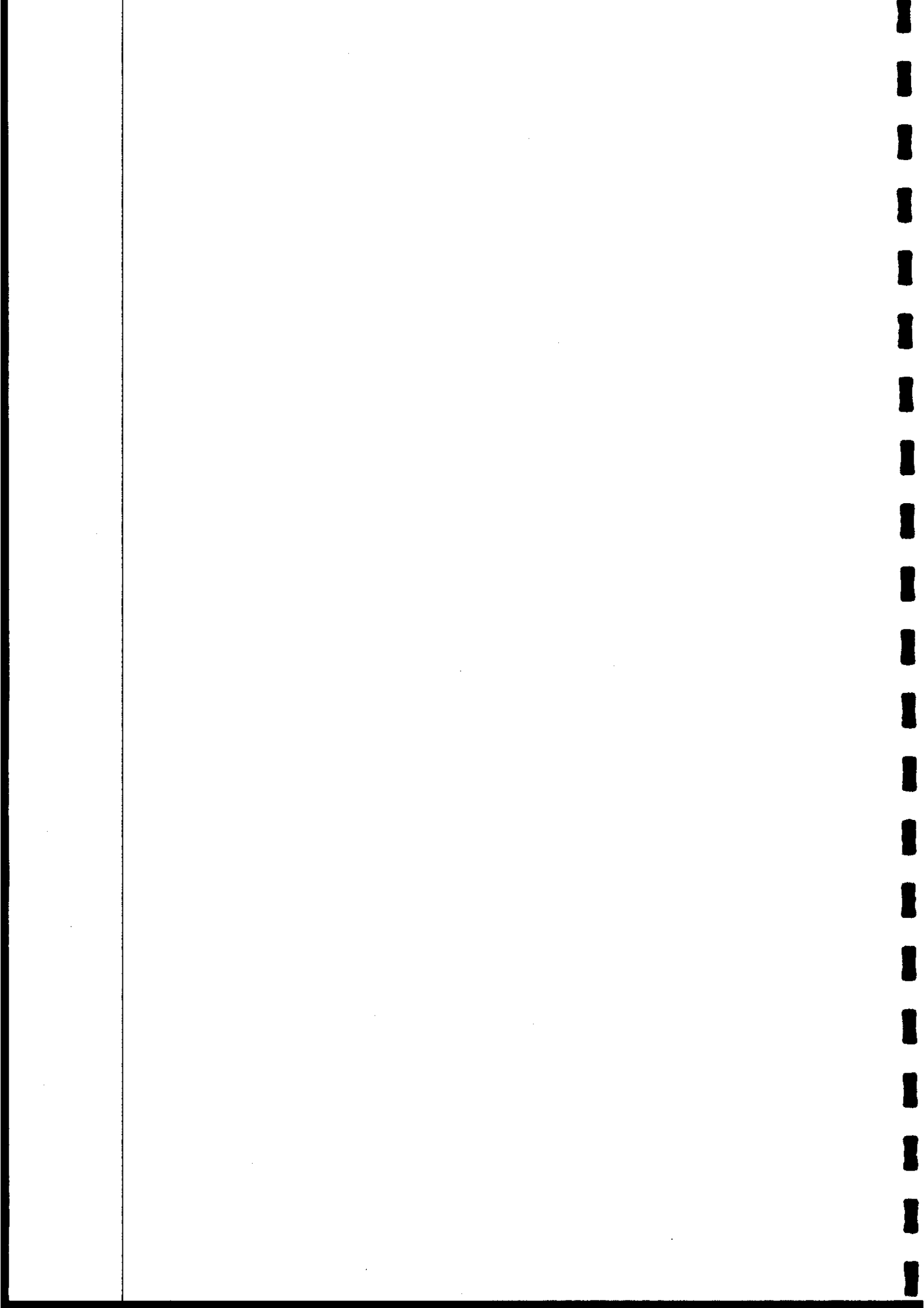
Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

|   |   | R16                 | 3249879 | GL            | 31 | 12     | 99   | £000   |
|---|---|---------------------|---------|---------------|----|--------|------|--------|
|   |   | This financial year |         | Previous year |    | Source |      |        |
|   |   | 1                   |         | 2             |    | Form   | Line | Column |
| Transfer (to)/from the general business technical account                               | From Form 20                                      | 11                  | (783)   | (6,178)       | 20 | 59     |      |        |
|   | Equalisation provisions                           | 12                  |         |               |    |        |      |        |
| Transfer from the long term business revenue account                                    |   | 13                  |         |               | 40 | 26     |      |        |
| Investment income   | Income  | 14                  | 1,222   | 1,899         |    |        |      |        |
|   | Value re-adjustments on investments               | 15                  | 27      |               |    |        |      |        |
|   | Gains on the realisation of investments           | 16                  |         |               |    |        |      |        |
| Investment charges  | Investment management charges, including interest | 17                  | 25      | 30            |    |        |      |        |
|   | Value re-adjustments on investments               | 18                  |         | 11            |    |        |      |        |
|   | 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                  |         |               |    |        |      |        |
| Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)     |   | 29                  | 441     | (4,320)       |    |        |      |        |
| Tax on profit or loss on ordinary activities  |   | 31                  | 148     | (1,354)       |    |        |      |        |
| Profit or loss on ordinary activities after tax (29-31)                                 |   | 39                  | 293     | (2,966)       |    |        |      |        |
| 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                  | 293     | (2,966)       |    |        |      |        |
| Dividends (paid and proposed)   |   | 51                  |         |               |    |        |      |        |
| Profit or loss retained for the financial year (49-51)                                  |   | 59                  | 293     | (2,966)       |    |        |      |        |



## Analysis of derivative contracts

Name of company **ABBEY NATIONAL HEALTHCARE LIMITED**Global business/UK branch business/EEA branch business **GLOBAL BUSINESS**

Business : Long term/Other than long term

**OTHER THAN LONG TERM**Financial year ended **31 DECEMBER 1999**

Category of assets

|                                  |                           | Company<br>registration<br>number    | GL/UK/CM         | Period ended                       |                  |      | Units | Category<br>of<br>assets |
|----------------------------------|---------------------------|--------------------------------------|------------------|------------------------------------|------------------|------|-------|--------------------------|
|                                  |                           |                                      |                  | day                                | month            | year |       |                          |
|                                  |                           | <b>R17</b>                           | 3249879          | GL                                 | 31               | 12   | 99    | <b>£000</b>              |
| Derivative contracts             |                           | As at the end of this financial year |                  | As at the end of the previous year |                  |      |       |                          |
|                                  |                           | Assets<br>1                          | Liabilities<br>2 | Assets<br>3                        | Liabilities<br>4 |      |       |                          |
| Futures<br>contracts             | Fixed-interest securities | 11                                   |                  |                                    |                  |      |       |                          |
|                                  | Equity shares             | 12                                   |                  |                                    |                  |      |       |                          |
|                                  | Land                      | 13                                   |                  |                                    |                  |      |       |                          |
|                                  | Currencies                | 14                                   |                  |                                    |                  |      |       |                          |
|                                  | Other                     | 15                                   |                  |                                    |                  |      |       |                          |
| Options                          | Fixed-interest securities | 21                                   |                  |                                    |                  |      |       |                          |
|                                  | Equity shares             | 22                                   |                  |                                    |                  |      |       |                          |
|                                  | Land                      | 23                                   |                  |                                    |                  |      |       |                          |
|                                  | Currencies                | 24                                   |                  |                                    |                  |      |       |                          |
|                                  | Other                     | 25                                   |                  |                                    |                  |      |       |                          |
| Contracts<br>for<br>differences  | Fixed-interest securities | 31                                   |                  |                                    |                  |      |       |                          |
|                                  | Equity shares             | 32                                   |                  |                                    |                  |      |       |                          |
|                                  | Land                      | 33                                   |                  |                                    |                  |      |       |                          |
|                                  | Currencies                | 34                                   |                  |                                    |                  |      |       |                          |
|                                  | Other                     | 35                                   |                  |                                    |                  |      |       |                          |
| Adjustments for variation margin |                           | 41                                   |                  |                                    |                  |      |       |                          |
| Total (11 to 41)                 |                           | 49                                   |                  |                                    |                  |      |       |                          |

## Instructions for completion of Form 17

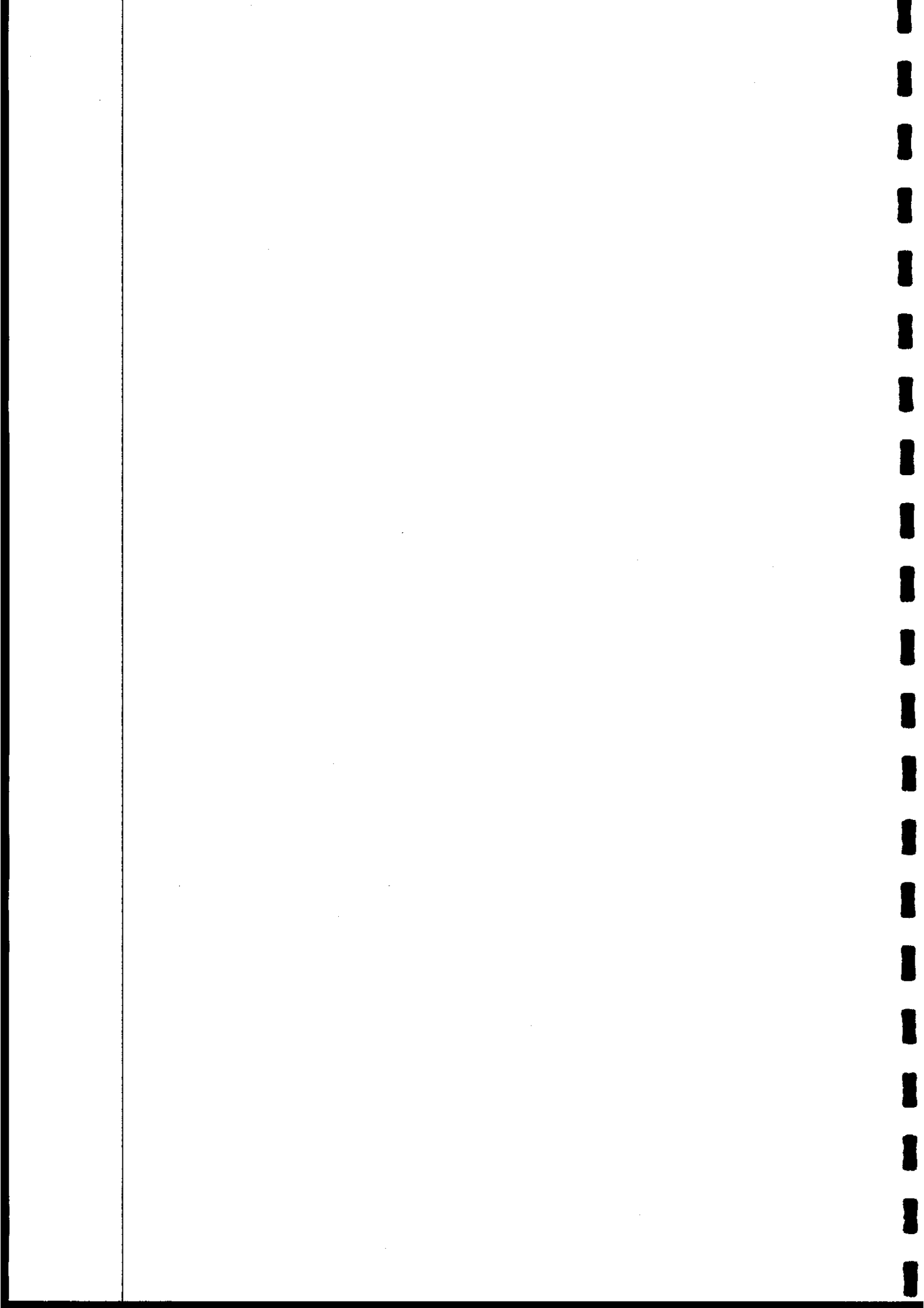
1. Form 17 shall be completed in respect of the total general business assets and in respect of the total long term business assets, if any, of the company or branch. Form 17 shall also be completed for each fund or group of funds referred to in instruction 1 to Form 13.
2. The codes specified in instructions 1 to 3 to Form 13 shall be used as appropriate.
3. Derivative contracts shall be analysed according to the description of assets shown in the second column of Form 17 which represents the principal subject of the contract.
4. Derivative contracts shall be reported as assets in column 1 of Form 17 if their value to the company (gross of variation margin) is positive and as liabilities in column 2 of Form 17 if their value (gross of variation margin) to the company is negative.
5. All amounts included at lines 11 to 35 of Form 17 in respect of derivative contracts shall be determined without making any allowance for variation margin.
6. Amounts in respect of a derivative contract may only be included net of amounts in respect of any other derivative contract if -
  - (a) obligations of the company under the contracts may be set off against each other under generally accepted accounting practice; and
  - (b) such other contract has the effect (in whole or in part) of closing out the obligations of the company under the first mentioned contract.
7. The effect of any variation margin upon amounts included at lines 11 to 35 of Form 17 shall be shown at line 41.
8. The entry at 17.49.1 shall be included at 13.44.1.
9. The entry at 17.49.2 shall be included at 14.47.1 or 15.49.1. as appropriate.
10. Rights to recover assets transferred by way of initial margin shall not be shown on Form 17.



General business : Technical account (excluding equalisation provisions)

Name of company **ABBEY NATIONAL HEALTHCARE LIMITED**Global business/UK branch business/EEA branch business **GLOBAL BUSINESS**Financial year ended **31 DECEMBER 1999**

|  |   | Company<br>registration<br>number | GL/UK/CM | Period ended           |       |               | Units | Accounting<br>class/<br>summary |      |
|--|---|-----------------------------------|----------|------------------------|-------|---------------|-------|---------------------------------|------|
|  |   |                                   |          | day                    | month | year          |       |                                 |      |
|  |   | R20                               | 3249879  | GL                     | 31    | 12            | 99    | £000                            | 1    |
| Items to be shown net of reinsurance   |   |                                   |          | This financial<br>year |       | Previous year |       | Source                          |      |
|  |   |                                   |          | 1                      |       | 2             |       | Form                            | Line |
| This year's<br>underwriting<br>accident year<br>accounting)                    | Earned premium  |                                   | 11       | 2,227                  |       | 626           |       | 21 . 19 . 5                     |      |
|  | Claims incurred   |                                   | 12       | 611                    |       | 111           |       | 22 . 17 . 4                     |      |
|  | Claims management costs   |                                   | 13       | 93                     |       | 27            |       | 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       | 2,283                  |       | 6,666         |       | 22 . 42 . 4                     |      |
|  | Balance of year's underwriting (11-12-13+14-15+16-17)   |                                   | 19       | (760)                  |       | (6,178)       |       |                                 |      |
| Adjustment for<br>prior years'<br>underwriting<br>accident year<br>accounting) | Earned premium  |                                   | 21       | (35)                   |       |               |       | 21 . 11 . 5                     |      |
|  | Claims incurred   |                                   | 22       | (12)                   |       |               |       | 22 . 13 . 4                     |      |
|  | Claims management costs   |                                   | 23       |                        |       |               |       | 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       |                        |       |               |       | 22 . 41 . 4                     |      |
|  | Balance (21-22-23+24+25-26)   |                                   | 29       | (23)                   |       |               |       |                                 |      |
| Balance from<br>underwriting year<br>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       | (783)                  |       | (6,178)       |       |                                 |      |
| Allocated investment return  |   |                                   | 51       |                        |       |               |       |                                 |      |
| Transfer to non-technical account (49+51)                                      |   |                                   | 59       | (783)                  |       | (6,178)       |       |                                 |      |

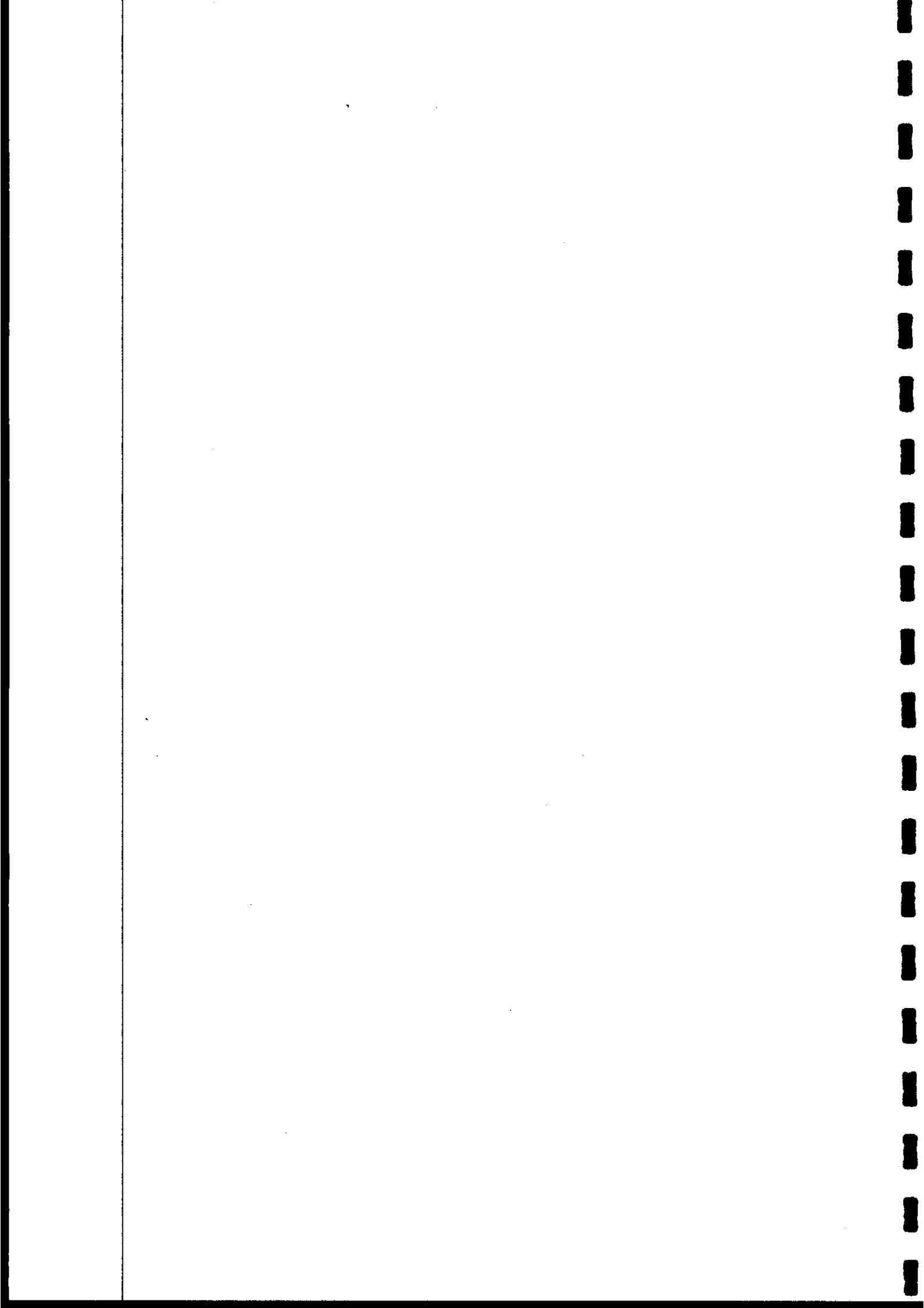


## General business (accident year accounting) : Analysis of premiums

Name of company **ABBEY NATIONAL HEALTHCARE LIMITED**Global business/UK branch business/EEA branch business **GLOBAL BUSINESS**Financial year ended **31 DECEMBER 1999**Accounting class **1**

| R21 | Company registration number | GL/UK/CM | Period ended |       |      | Units | Accounting class |
|-----|-----------------------------|----------|--------------|-------|------|-------|------------------|
|     |                             |          | day          | month | year |       |                  |
|     | 3249879                     | GL       | 31           | 12    | 99   | £000  | 1                |

| Premiums receivable during the financial year  |    | Gross premiums written             |   | Reinsurers' share                  |   | Net of reinsurance                 |   |                                    |
|--|----|------------------------------------|---|------------------------------------|---|------------------------------------|---|------------------------------------|
|  |    | Earned in this financial year<br>1 | Earned in previous financial years<br>3 | Earned in this financial year<br>3 | Earned in previous financial years<br>5 | Earned in this financial year<br>5 | Earned in previous financial years<br>5 | Earned in this financial year<br>5 |
| In respect of risks incepted in previous financial years   | 11 | (39)                               |   | (4)                                |   | (35)                               |   |                                    |
|  |    | 1                                  | 2                                       | 3                                  | 4                                       | 5                                  | 6                                       |                                    |
| In respect of risks incepted in previous financial years   | 12 | (221)                              |   | (29)                               |   | (192)                              |   |                                    |
|  | 13 |                                    |   |                                    |   |                                    |   |                                    |
|  | 14 | 1,812                              | 1,270                                   | 239                                | 139                                     | 1,573                              |   | 1,131                              |
|  | 15 |                                    |   |                                    |   |                                    |   |                                    |
| Premiums receivable (less rebates and refunds) in previous financial years not earned in those years and brought forward to the financial year | 16 | 959                                |   | 113                                |   | 846                                |   |                                    |
|  | 19 | 2,550                              | 1,270                                   | 323                                | 139                                     | 2,227                              |   | 1,131                              |



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

Name of company **ABBNEY NATIONAL HEALTHCARE LIMITED**Global business/UK branch business/EEA branch business **GLOBAL BUSINESS**Financial year ended **31 DECEMBER 1999**Accounting class **1**

|  |  | Company<br>registration<br>number | GL/UK/CM   | Period ended  |   |  | Units | Accounting<br>class |   |
|--|--|-----------------------------------|--|---|---|--|-------|---------------------|---|
|  |  |                                   |  | day   | month   | year   |       |                     |   |
|  |  | R22                               | 3249879  | GL  | 31  | 12   | 99    | £000                | 1 |
|  |  |                                   | Amount brought<br>forward from<br>previous financial<br>year | Amount<br>payable/receivable<br>in this financial<br>year | Amount carried<br>forward to next<br>financial year | Amount<br>attributable to this<br>financial year |       |                     |   |
|  |  |                                   | 1  | 2   | 3   | 4  |       |                     |   |
| Claims incurred in<br>respect of incidents<br>occurring prior to<br>this financial year          | Gross amount   | 11                                | 70   | 55  |   | 15   |       |                     |   |
|  | Reinsurers' share                                    | 12                                | 17   | 14  |   | 3  |       |                     |   |
|  | Net (11-12)  | 13                                | 53   | 41  |   | 12   |       |                     |   |
|  | Claims management costs                              | 14                                | 5  | 5   |   |  |       |                     |   |
| Claims incurred in<br>respect of incidents<br>occurring in this<br>financial year                | Gross amount   | 15                                |  | 564   | 250   | 814  |       |                     |   |
|  | Reinsurers' share                                    | 16                                |  | 140   | 63  | 203  |       |                     |   |
|  | Net (15-16)  | 17                                |  | 424   | 187   | 611  |       |                     |   |
|  | Claims management costs                              | 18                                |  | 78  | 15  | 93   |       |                     |   |
| Provision for unexpired risks  |  | 19                                |  |   |   |  |       |                     |   |
| Net operating<br>expenses  | Commissions  | 21                                | 144  | 270   | 122   | 292  |       |                     |   |
|  | Other acquisition expenses                           | 22                                |  | 519   | 201   | 318  |       |                     |   |
|  | Administrative expenses                              | 23                                |  | 1,673   |   | 1,673  |       |                     |   |
|  | Reinsurance commissions and<br>profit participations | 24                                |  |   |   |  |       |                     |   |
|  | Total (21+22+23-24)                                  | 29                                | 144  | 2,462   | 323   | 2,283  |       |                     |   |
| Adjustments for<br>discounting in<br>respect of the<br>items shown at<br>lines 11 to 18<br>above | Gross amount   | 31                                |  |   |   |  |       |                     |   |
|  | Reinsurers' share                                    | 32                                |  |   |   |  |       |                     |   |
|  | Claims management costs                              | 33                                |  |   |   |  |       |                     |   |
|  | Total (31-32+33)                                     | 39                                |  |   |   |  |       |                     |   |
| Split of line 29   | Prior financial years                                | 41                                |  |   |   |  |       |                     |   |
|  | This financial year                                  | 42                                | 144  | 2,462   | 323   | 2,283  |       |                     |   |
| Split of line 39   | Incidents occurring prior to this<br>financial year  | 51                                |  |   |   |  |       |                     |   |
|  | Incidents occurring in this<br>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.



### 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 this financial year 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 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. Line 20 need not be completed when this Form is submitted in respect of the first financial year ended after 23 December 1996.
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. Business reported on any Form 33 may be reported on this form at line 22 and not lines 11 to 21.



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

Name of company

ABBEY NATIONAL HEALTHCARE LIMITED

Accounting class 1

GLOBAL BUSINESS

Global business/UK branch business/EEA branch business

Currency STERLING

Financial year ended 31 DECEMBER 1999

|                                   |          |              |       |                   |         |                     |
|-----------------------------------|----------|--------------|-------|-------------------|---------|---------------------|
| Company<br>registration<br>number | GL/UK/CM | Period ended |       | Monetary<br>units | Country | Accounting<br>class |
|                                   |          | day          | month |                   |         |                     |

Risk group PRIVATE MEDICAL INSURANCE

Risk group

PRIVATE MEDICAL INSURANCE

| Accident year ended           |      | R31   |                             | 3249879                     |                        | GL                                       |                           | 31                                       |                           | 12   |                           | 99                    |                           | £000           |                           | AA |  | 1 |  |
|-------------------------------|------|---|-----------------------------|-----------------------------|------------------------|--|---------------------------|--|---------------------------|--|---------------------------|-----------------------|---------------------------|----------------|---------------------------|----|--|---|--|
| Month                         | Year | Number of claims  |                             | Gross claims paid           |                        | Gross claims outstanding carried forward |                           | Gross claims outstanding brought forward |                           | Balance for each accident year (4+5+6-7-8) |                           | Gross earned premiums |                           | Claims ratio % |                           |    |  |   |  |
|                               |      | Closed at some cost during this or previous financial years | Reported claims outstanding | In previous financial years | In this financial year | Reported                                 | Incurred but not reported | Reported                                 | Incurred but not reported | Reported                                   | Incurred but not reported | Reported              | Incurred but not reported | Reported       | Incurred but not reported |    |  |   |  |
| 12                            | 1999 | 11  | 181                         | 628                         | 3                      | 4  | 5                         | 6  | 7                         | 8  | 9                         | 10                    | 11                        |                |                           |    |  |   |  |
| 12                            | 1998 | 12  | 3                           | 54                          |                        | 619                                      | 77                        | 180                                      |                           | 799  | 2,511                     | 31.8%                 |                           |                |                           |    |  |   |  |
|                               |      | 13  |                             |                             |                        |  |                           | 70                                       |                           | 147  | 711                       | 20.7%                 |                           |                |                           |    |  |   |  |
|                               |      | 14  |                             |                             |                        |  |                           |  |                           |  |                           |                       |                           |                |                           |    |  |   |  |
|                               |      | 15  |                             |                             |                        |  |                           |  |                           |  |                           |                       |                           |                |                           |    |  |   |  |
|                               |      | 16  |                             |                             |                        |  |                           |  |                           |  |                           |                       |                           |                |                           |    |  |   |  |
|                               |      | 17  |                             |                             |                        |  |                           |  |                           |  |                           |                       |                           |                |                           |    |  |   |  |
|                               |      | 18  |                             |                             |                        |  |                           |  |                           |  |                           |                       |                           |                |                           |    |  |   |  |
|                               |      | 19  |                             |                             |                        |  |                           |  |                           |  |                           |                       |                           |                |                           |    |  |   |  |
|                               |      | 20  |                             |                             |                        |  |                           |  |                           |  |                           |                       |                           |                |                           |    |  |   |  |
| Prior accident years          |      | 21  |                             |                             |                        |  |                           |  |                           |  |                           |                       |                           |                |                           |    |  |   |  |
| Total (11 to 21)              |      | 29  |                             |                             |                        | 696                                      |                           | 250                                      |                           | 946  |                           |                       |                           |                |                           |    |  |   |  |
| Line 29 expressed in sterling |      | 30  |                             |                             |                        | 696                                      |                           | 250                                      |                           | 946  |                           |                       |                           |                |                           |    |  |   |  |

### Instructions for completion of Form 31

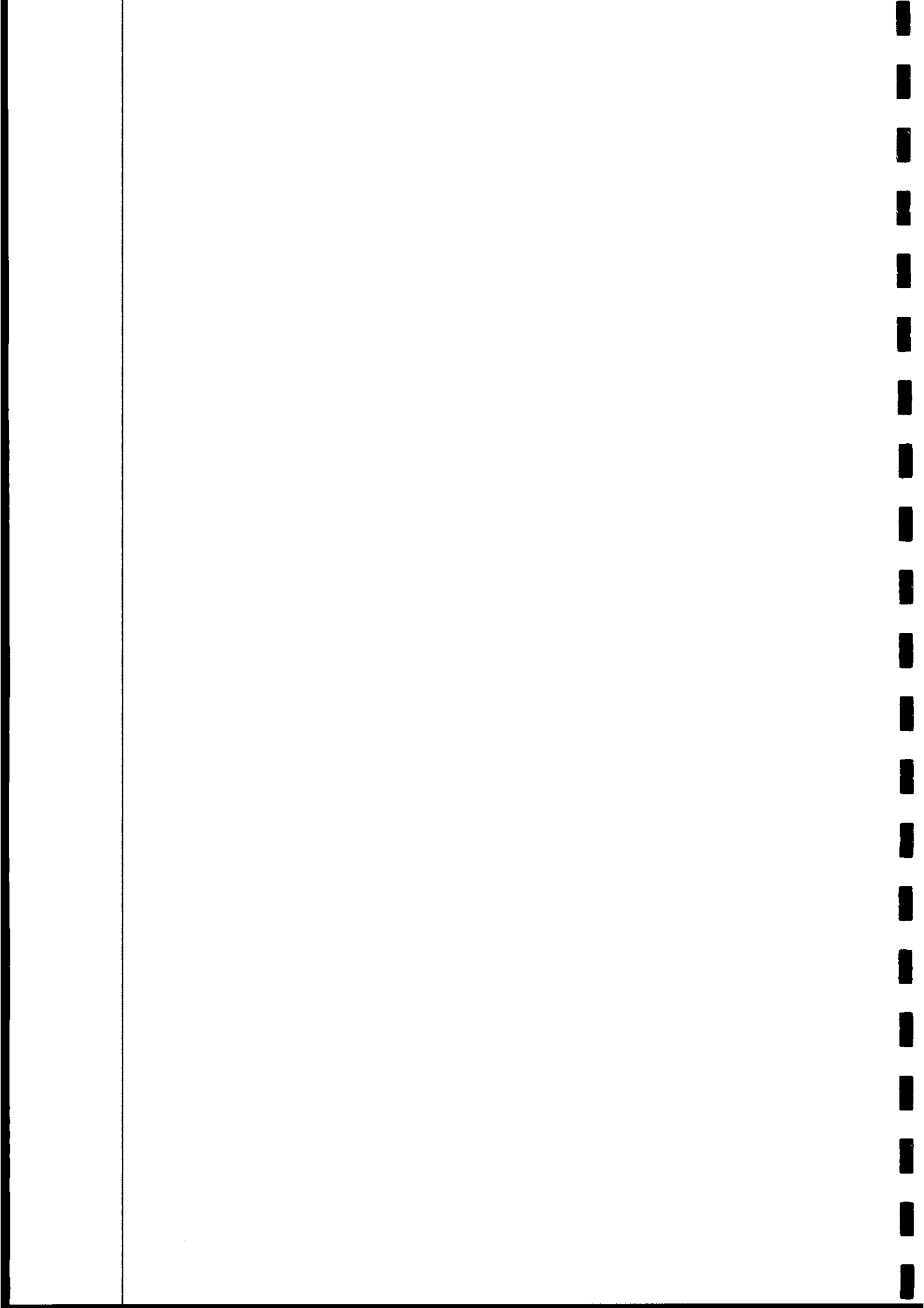
1. All figures are to be shown gross of the reinsurers' share and before any deduction for discounting.
2. The accident years at lines 11 to 20 shall correspond to this financial year and the nine previous financial years respectively.
3. All amounts shown shall exclude claims management costs.
4. The percentage shown at column 11 shall be 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 are to be expressed as percentages to one place of decimals.
7. For risk groups falling in accounting class 7 the amounts shown in line 21 shall 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.

**ABBEY NATIONAL HEALTHCARE LIMITED****STATEMENT IN ACCORDANCE WITH REGULATION 19 OF THE INSURANCE COMPANIES  
(ACCOUNTS AND STATEMENTS) REGULATIONS 1996****MAJOR TREATY REINSURER****FINANCIAL YEAR ENDED 31 DECEMBER 1999**

| Re-insurance<br>Premiums Payable<br>£000 | Debt Due at 31<br>December 1999<br>£000 | Anticipated<br>Recoveries<br>£000 |
|--|---|-----------------------------------|
| 345                                      | 155                                     | 63                                |

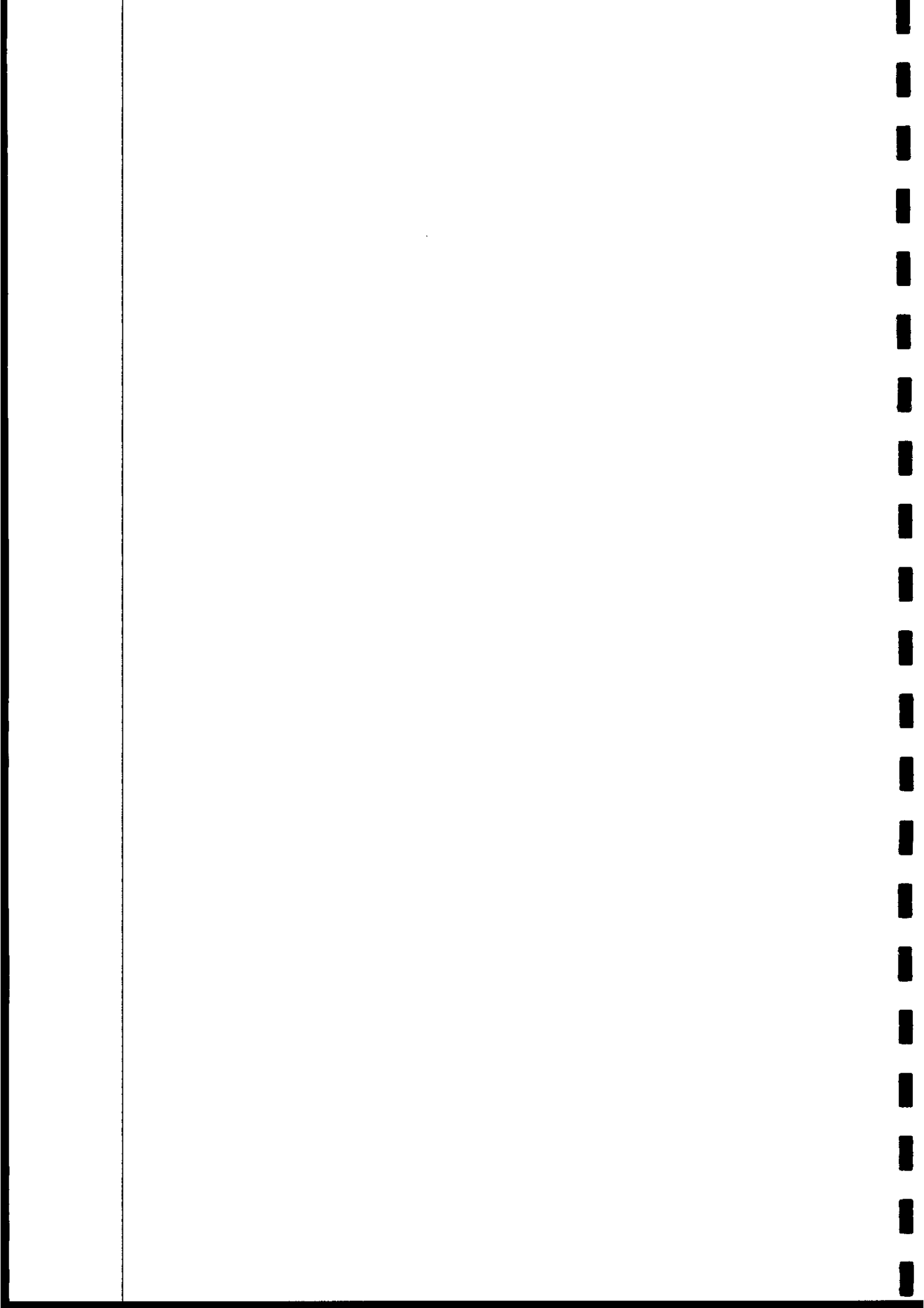
Norwich Union Fire Insurance Society Limited  
14 Surrey Street  
Norwich  
NR11 7AQ

- (i) The Company is not connected with the reinsurers other than having a joint venture partnership relationship.
- (ii) No deposits have been received from the reinsurer.
- (iii) The amount of anticipated recoveries taken into account in determining the reinsurers' share of technical provisions in respect of claims outstanding are as shown above.



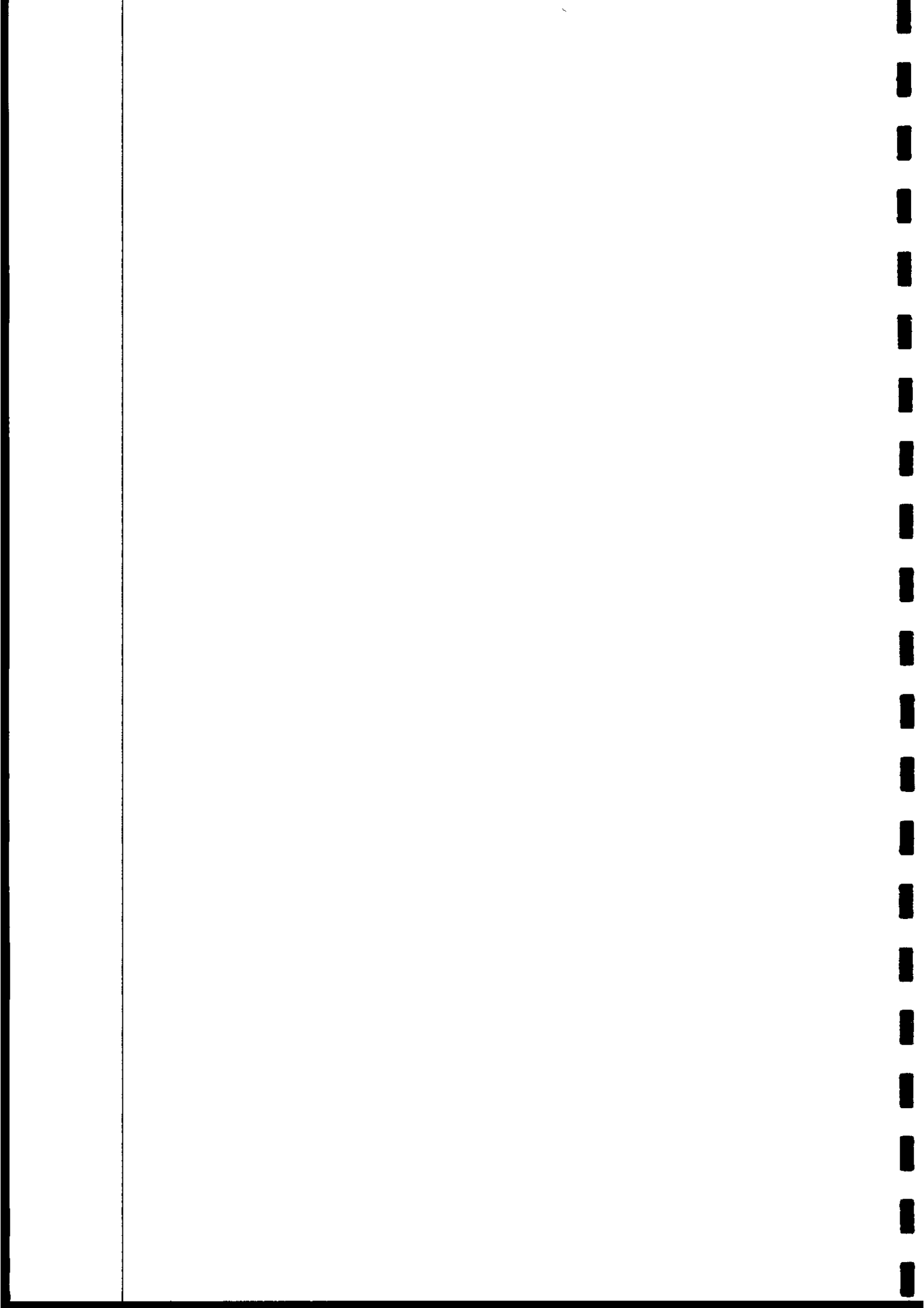
**ABBNEY NATIONAL HEALTHCARE LIMITED****STATEMENT IN ACCORDANCE WITH REGULATION 20 AND 21 OF THE INSURANCE  
COMPANIES (ACCOUNTS AND STATEMENTS) REGULATIONS 1996****MAJOR FACULTATIVE REINSURER  
MAJOR REINSURANCE CEDANTS****FINANCIAL YEAR ENDED 31 DECEMBER 1999**

The Company has no major facultative reinsurers or major reinsurance cedants as defined by the Insurance Companies (Accounts and Statements) Regulations 1996.



**ABBEY NATIONAL HEALTHCARE LIMITED****STATEMENT IN ACCORDANCE WITH REGULATION 23 OF THE INSURANCE  
COMPANIES (ACCOUNTS AND STATEMENTS) REGULATIONS 1996****DERIVATIVE CONTRACTS****FINANCIAL YEAR ENDED 31 DECEMBER 1999**

The Company's policy is not to use either derivatives or quasi-derivatives contracts and no such contracts were entered into during the period (as defined in Regulation 56 of the Asset Valuation Rules).

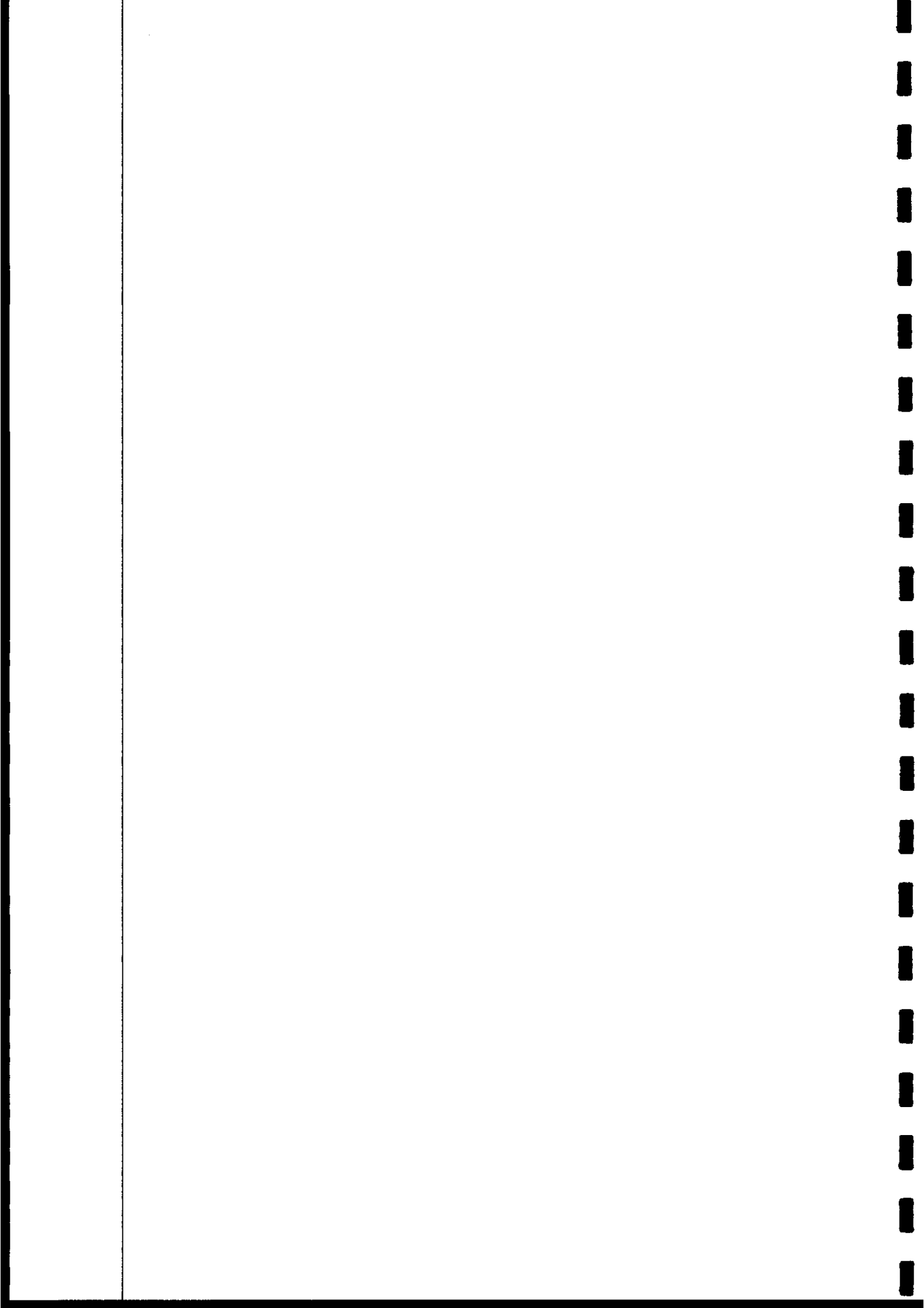




**ABBAY NATIONAL HEALTHCARE LIMITED****STATEMENT IN ACCORDANCE WITH REGULATION 24 OF THE INSURANCE  
COMPANIES (ACCOUNTS AND STATEMENTS) REGULATIONS 1996****SHAREHOLDER CONTROLLERS****FINANCIAL YEAR ENDED 31 DECEMBER 1999**

We confirm that the following is a list of shareholder controllers during the year ended 31 December 1999.

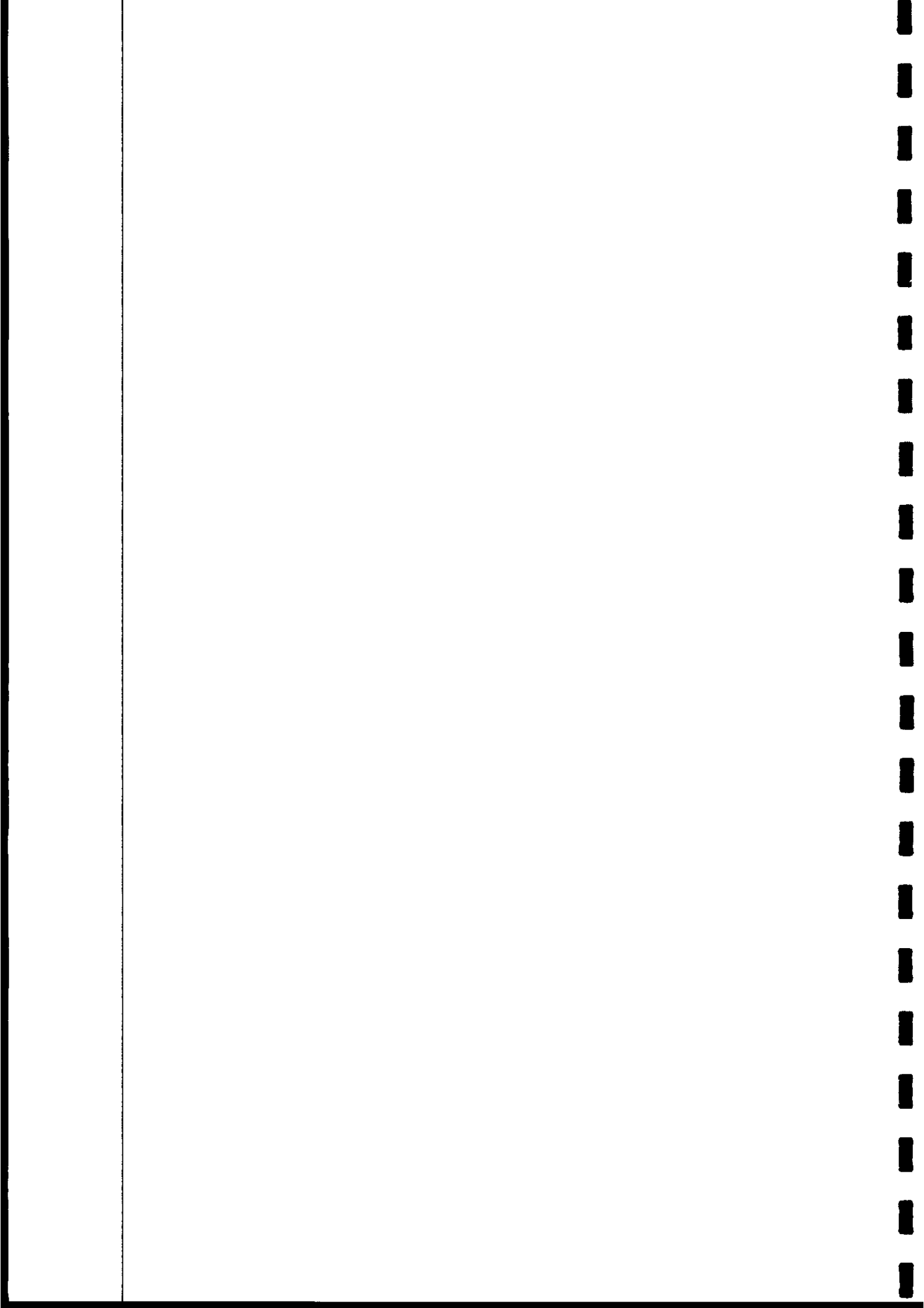
Abbey National plc held 100% of the ordinary shares of the Company, and was entitled to exercise 100% of the voting power at any general meeting of the company.



**ABBNEY NATIONAL 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****FINANCIAL YEAR ENDED 31 DECEMBER 1999**

The company cedes general business on a non-facultative basis under quota share agreement as follows:

|                              | Quota<br>Share                                  |
|------------------------------|---|
| Accounting class/risk group: | Accident & Health -<br>private medical expenses |
| Limits on cover:             | 25% of original loss (any one risk)             |
| Reinstatements available:    | N/A   |
| Period of cover:             | Financial year                                  |
| Maximum net probable loss:   | N/A   |
| Premiums payable (£000)      | 345   |



**ABBEY NATIONAL HEALTHCARE LIMITED****NOTES TO THE RETURN****FINANCIAL YEAR ENDED 31 DECEMBER 1999****0901 Financial Year Ended 31 December 1999**

The Treasury on the application of the Company, issued to the Company in February 1998 an order under section 68 of the Insurance Companies Act 1982 directing that the Company for the purposes of section 17 of the Act and the provisions of the 1994 Regulations and the 1996 Regulations shall regard its first financial year as ending on 31 December 1999.

**Value of Investments**

The Treasury on the application of the Company, issued to the Company in December 1997 an order under Section 68 of the Insurance Companies Act 1982 directing that the company for the purposes of Section 17 of the Act and the provisions of the 1994 Regulations allowing the Company to exceed the normal limits for debts with the approved credit institutions specified in Schedule 12 to the Insurance Companies Regulations 1994.

**1001 Reconciliation of Net Assets to Shareholder Accounts**

|   |               |
|---|---------------|
|   | <b>1999</b>   |
| Net assets in the return:                 | £000          |
| Form 13, line 99                          | 25,001        |
| Form 15, line 59                          | <u>3,674</u>  |
|   | <u>21,327</u> |
| Capital reserves in shareholders accounts | <u>21,327</u> |

- 1102** The difference of £10k for outstanding claims as per form 11 compared to form 20 onwards results from the inclusion of a provision for claims management costs. The figures included in form 11 are consistent with the financial statements.

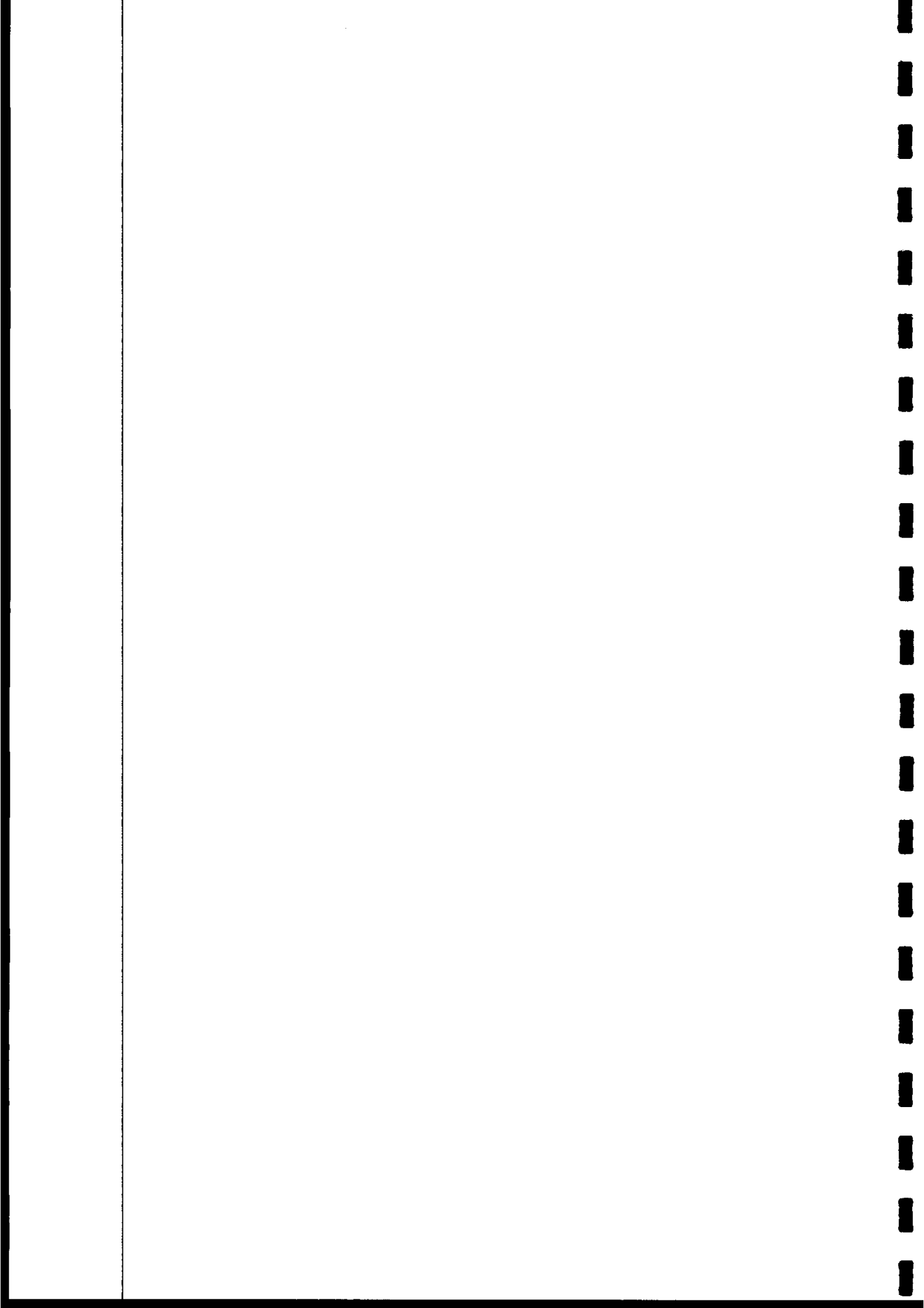
**1304 Statement of Amounts "Set Off"**

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 Limits Permitted by the Company's Investment Guidelines and Details of any Breaches**

The Company's investment guidelines are summarised below:

- (a) No individual counterparty to exceed 25% of the fund except in the case of permitted Government bonds.
- (b) A minimum of 4 exposures to be held at any given time.



- (c) A maximum of 50% of the Company's funds can be invested in subordinated debt securities.

The Company obtained a dispensation from the Secretary of State allowing debts from any one approved credit institution to be admissible in full up to a limit of £6 million pounds.

### 1306 Amount and Nature of Large Counter Party Exposure at 31 December 1999.

Details of deposits with approved financial institutions as at 31 December 1999.

| Financial Institution                 | Purchase Date | Maturity Date | Type of Investment                       | Exposure £ '000      |
|---------------------------------------|---------------|---------------|--|----------------------|
| 1. Bank of America                    | 26/1/1998     | 3/4/2002      | Variable Interest                        | 4,979                |
| 2. Midland Bank Plc HSB               | 26/1/1998     | 31/5/2001     | Variable Interest                        | 3,983                |
| 3. Westpac Banking                    | 11/2/1998     | 11/3/2002     | Variable Interest                        | 5,488                |
| 4. Bank of Nova Scotia                | 11/2/1998     | 4/2/2003      | Variable Interest                        | 5,485                |
| 5. National Westminster Bank          | 31/8/99       | 4/1/00        | Fixed Interest                           | 500                  |
|                                       | 29/10/99      | 11/1/00       | Fixed Interest                           | 500                  |
|                                       | 30/11/99      | 11/1/00       | Fixed Interest                           | 750                  |
| 6. National Westminster Bank          |               | On Demand     | Variable Interest - Business Reserve A/C | 582                  |
|                                       |               | 31/3/00       |  |                      |
| * 7. Abbey National Treasury Services | 31/12/99      |               | Fixed Interest                           | 200                  |
| <b>Total</b>                          |               |               |  | <b><u>22,467</u></b> |
| Amounts due from AN plc               |               |               |  | 270                  |

- \* Investment held with Abbey National Treasury Services are money market deposits of a temporary nature.

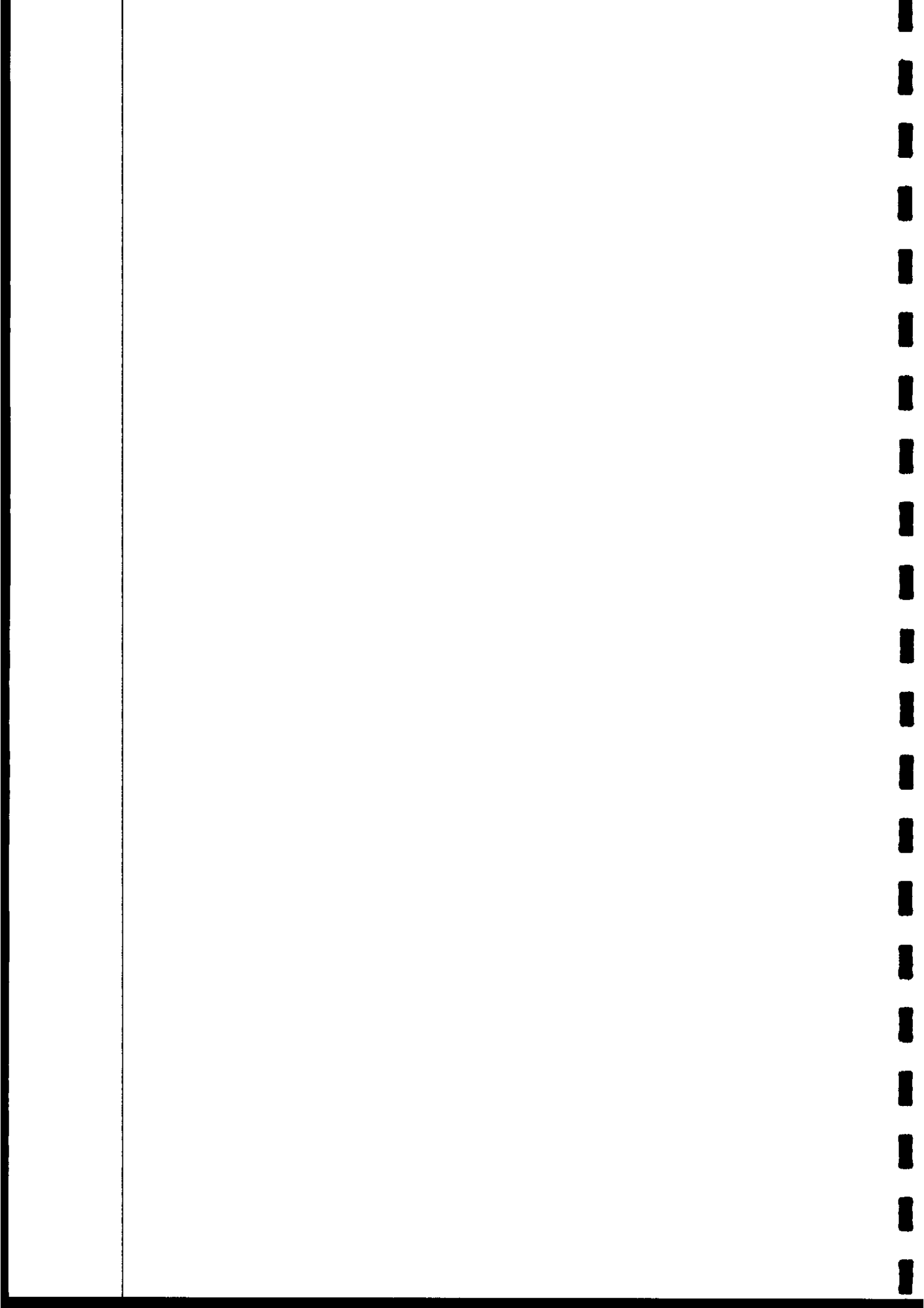
An amount of £143k is inadmissible, on the basis it exceeds the permitted counterparty exposure.

### 1314 Leased Assets

The company has no leased assets.

### 1501 Provisions for Adverse Charges

No provision is made for adverse charges, as defined in Regulation 61 of the Insurance Companies Regulation 1994, because the Company does not have any obligation under the types of contract referred to in the regulation.





**1502 Charges and Contingent Liabilities**

The company has no charges over any of its assets, potential capital gains tax liabilities, contingency liabilities, commitments (effected other than in the ordinary course of insurance business) in respect of related companies, or any other fundamental uncertainty.

**1601 Foreign Currency Dealings**

The company has no foreign currency dealings, therefore no basis of conversion is required.

**1605 Particulars of Amount Included at Line 18**

Amount included in line 18 represents unrealised loss on investments held.

**2002 Analysis of Gross Premium Written and Reinsurers' Share of Gross Premium Written**

|  |       |
|--|-------|
|  | £'000 |
| (a) Gross Premium Written                      | 2,822 |
| (b) Reinsurers' Share of Gross Premium Written | 345   |

All business was carried out in the United Kingdom  
Gross written premium is after a gross lapse provision of £473k

**2102 Unearned Premium**

The provision for unearned premium has been calculated on a daily basis to accurately reflect the earning of premium over time.

**2202 Basis of Claims Management Expenses**

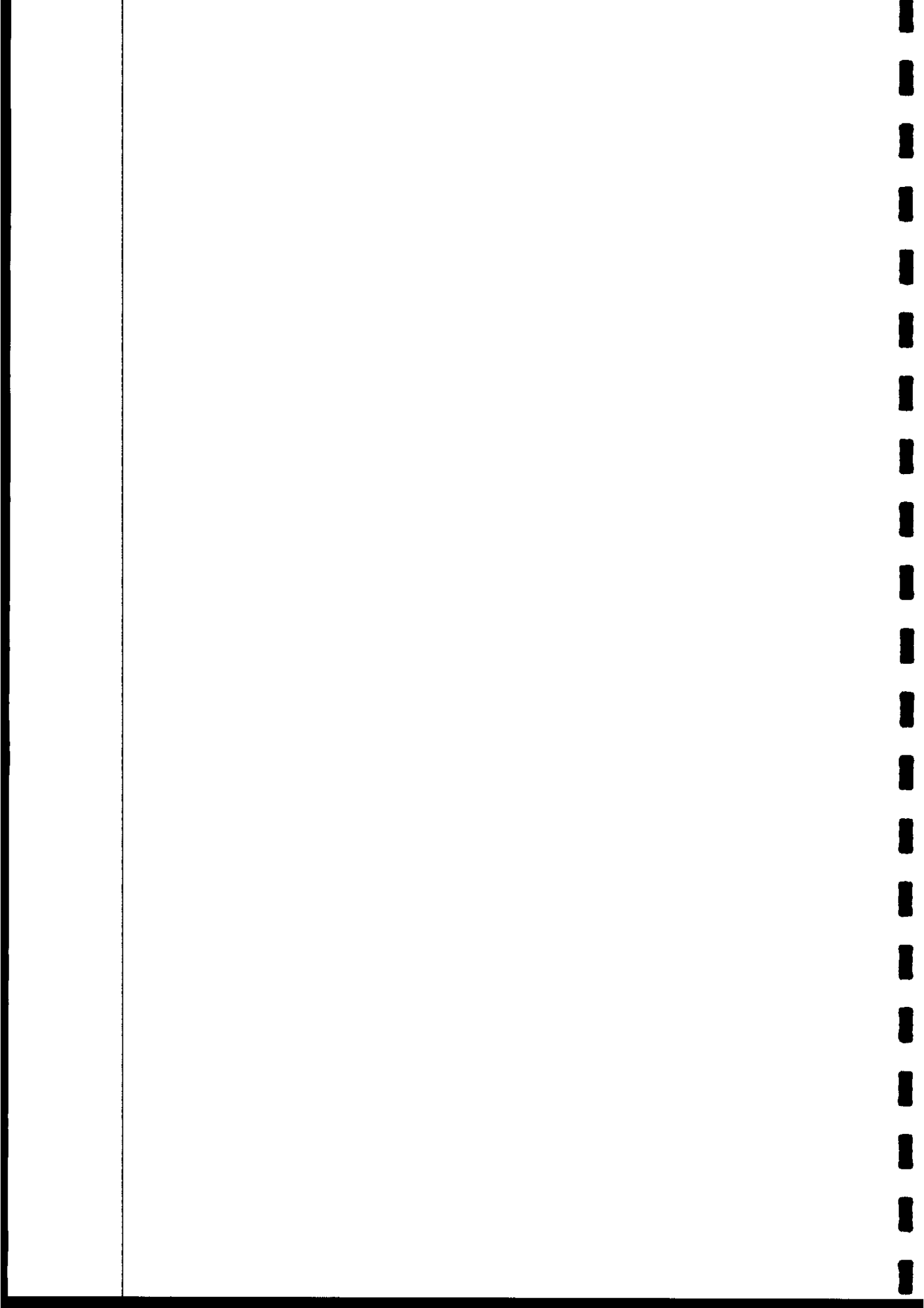
The claims management costs are a proportion of the Claims Management Fees (CMF) payable to the Joint Venture Partners, Norwich Union. The proportion is determined by taking the average number of staff allocated to claims management against the total staff managing the operations for which the CMF is charged.

**2204 Deferred Acquisition Cost Basis**

Deferred acquisition costs have been calculated on the same basis as unearned premiums following the matching principle.

**2207 Provision for Unexpired Risks**

No provision for unexpired risks is required.



**ABBEY NATIONAL HEALTHCARE LIMITED****CERTIFICATE BY DIRECTORS****FINANCIAL YEAR ENDED 31 DECEMBER 1999**

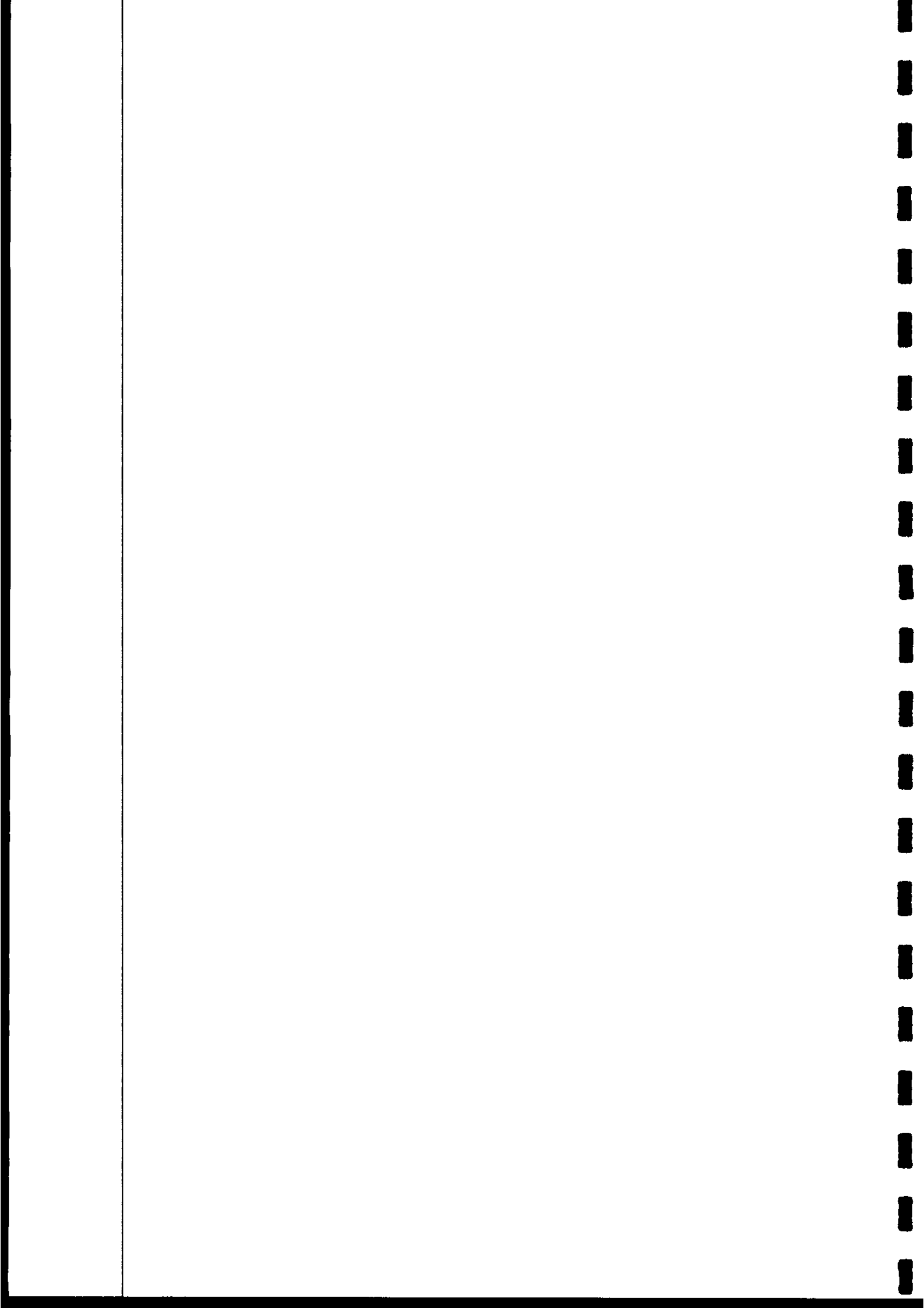
We certify that:

- a) in relation to the part of the return comprising Forms 9 to 13, 15 to 17, 20 to 23 and 31 (including the supplementary notes thereto) and the statements required by regulations 19 to 21, 23, 24 and 26 of the Insurance Companies (Accounts and Statements) Regulations 1996 that-
  - (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) reasonable enquiries have been made by the company for the purpose of determining whether any person and any body corporate are connected for the purposes of regulations, 19, 20 and 21 of the Insurance Companies Act 1996 (Accounts and Statements);
- c) 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 in question enabled the company to comply with regulations 27 to 31 (matching and localisation) of those Regulations;
- d) the company maintained the margin of solvency required by section 32 of the Insurance Companies Act 1982 throughout the financial year;
- e) the systems of control established and maintained by the company in respect of its business complied at the end of the financial year with the following published guidance:

Prudential Guidance Note 1994/6 - "Systems of control over the investments (and counterparty exposure) of insurance companies with particular reference to the use of derivatives";

Prudential Guidance Note 1996/1 - "Controls over general business claims provisions";

and it is reasonable to believe that those systems continued to so comply subsequently and will continue to so comply in future; and



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

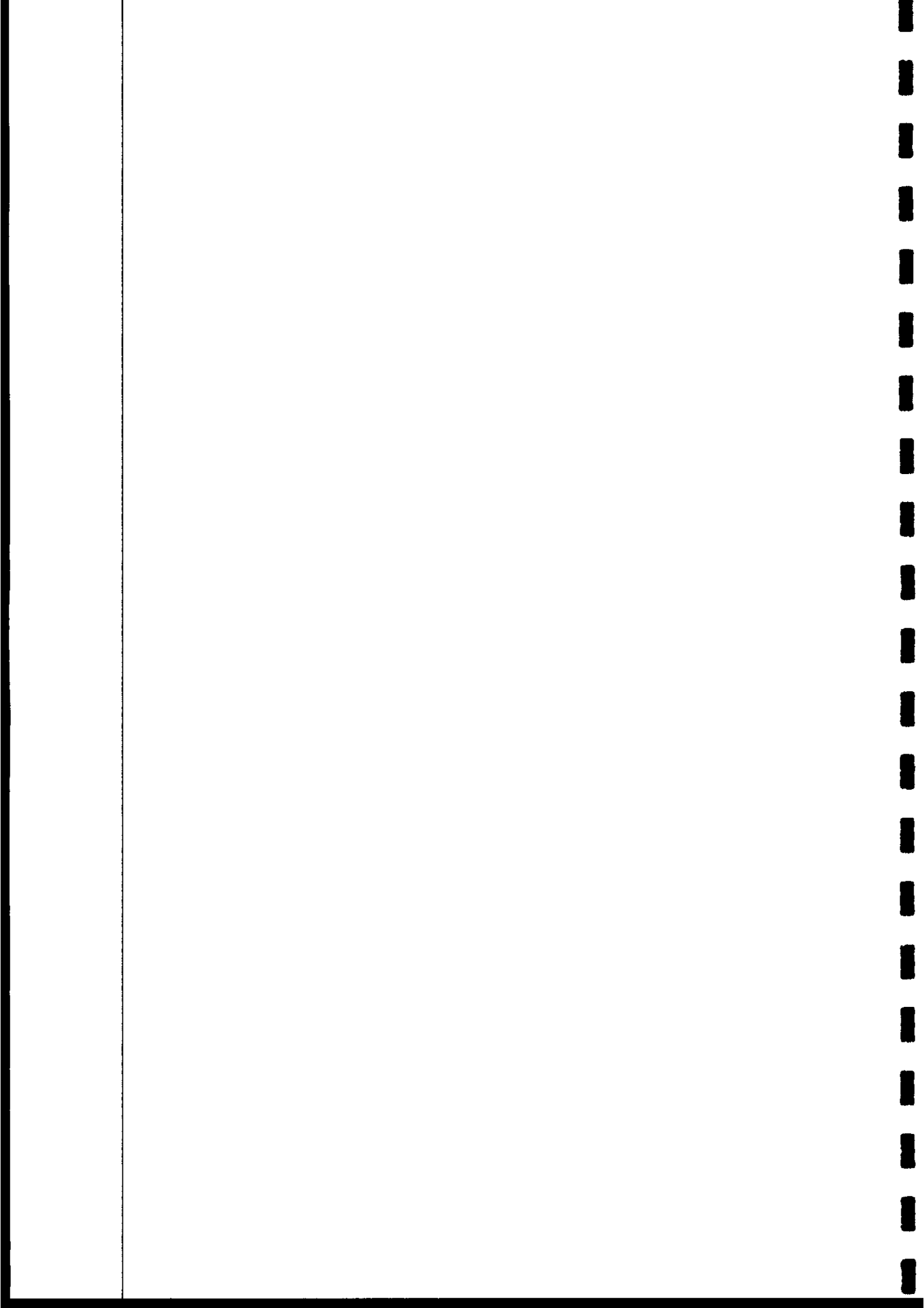
Prudential Guidance Note 1995/1 - "Guidance for insurance companies and auditors on the Valuation of Assets Regulations (Part VIII of the Insurance Companies Regulations 1994);

Prudential Guidance Note 1995/3 - "The use of derivatives in insurance funds"; and

Prudential Guidance Note 1998/1 - "The preparation of annual returns to the Insurance Directorate of HM Treasury".

DIRECTOR

DIRECTOR



**REPORT OF THE AUDITORS TO THE DIRECTORS PURSUANT TO REGULATION 29  
OF THE INSURANCE COMPANIES (ACCOUNTS & STATEMENTS) REGULATIONS 1996**

**ABBEY NATIONAL HEALTHCARE LIMITED**

**Global business**

**Financial year ended 31 December 1999**

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

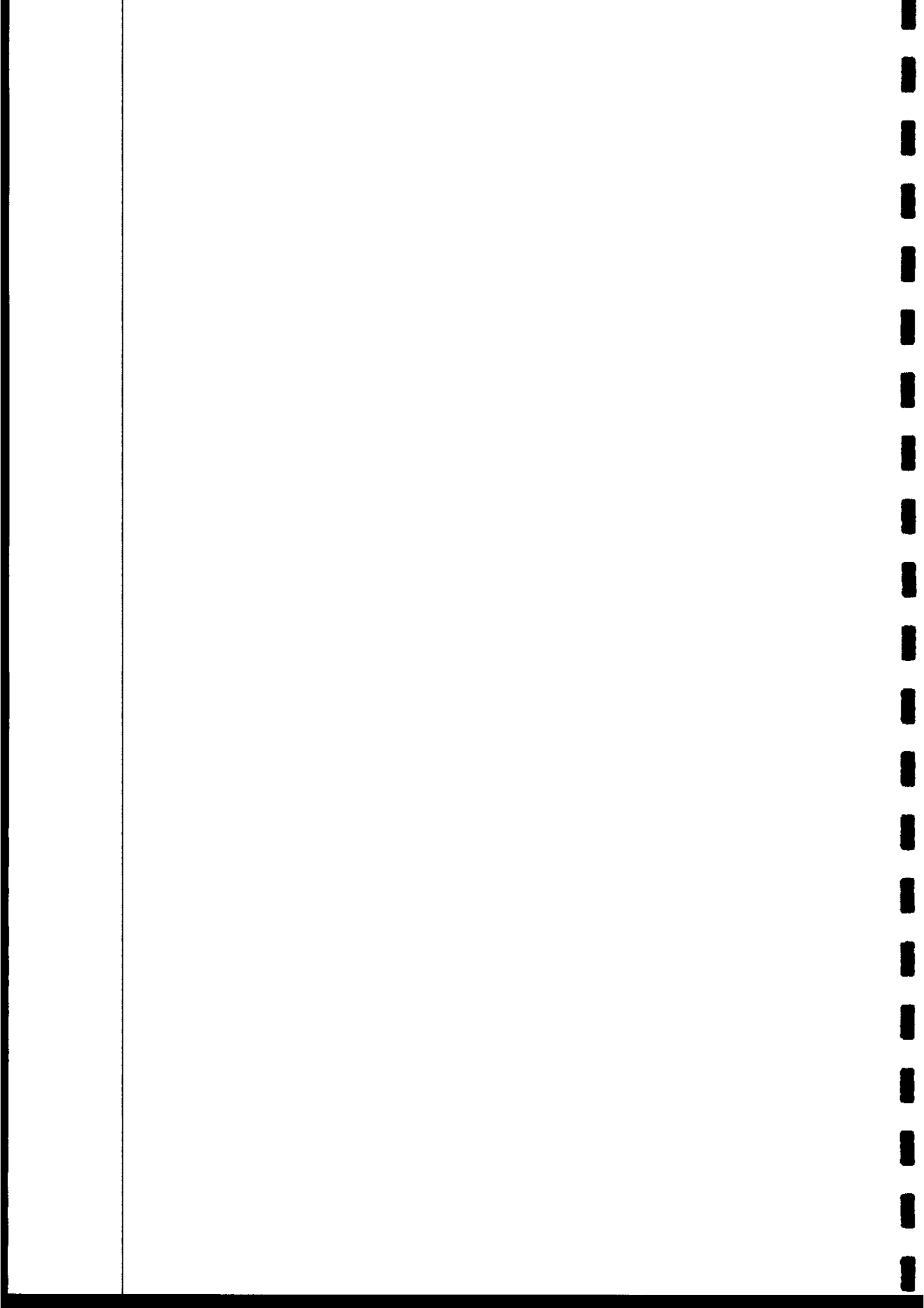
- Forms 9 to 13, 15 to 17, 20 to 31, (including the supplementary notes thereto) ("the Forms");
- the statements required by regulations 19, 20, 21 and 23 on pages 1 to 8 ("the statements"); and
- the certificate signed in accordance with regulation 28(a) on pages 9 and 10 ("the certificate").

In the case of the certificate, our examination did not extend to references in paragraph (a) in relation to the statements required by regulations 24 and 26, concerning shareholder 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 Act and Regulations. The requirements of the Regulations have been modified by Orders issued under section 68 of the Act on 16 December 1997 and 5 February 1998. Under regulation 5 the Forms and statements are required to be prepared in the manner specified by the Regulations and to state fairly the information provided on the basis required by the Regulations.

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





### *Bases of opinions*

We conducted our work in accordance with Practice Note 20 'The audit of insurers in the United Kingdom' issued by the Auditing Practices Board. Our work included examination, on a test basis, of evidence relevant to the amounts and disclosures in the Forms and statements. 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 May 1999. 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 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.

### *Opinions*

In our opinion:

- (a) the Forms and statements fairly state the information provided on the basis required by the Regulations as modified 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.

Deloitte & Touche  
Chartered Accountants & Registered Auditors  
10-12 East Parade  
Leeds  
LS1 2AJ

