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1998 ANNUAL RETURNS TO
FINANCIAL SERVICES AUTHORITY
ALLIED DUNBAR ASSURANCE plc

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Returns to the Financial Services Authority pursuant to the Insurance Companies Act 1982 and the Insurance Companies (Accounts and Statements) Regulations 1996.

Statement of solvency

Allied Dunbar Assurance plc

Global business

Financial year ended 31 December 1998

	Company registration number	GL/UK/CM	Period ended			Units
			day	month	year	
R9	865292	GL	31	12	1998	£000
	As at the end of this financial year	As at the end of the previous year	Source			
	1	2	Form	Line	Column	

GENERAL BUSINESS**Available assets**

Other than long term business assets allocated towards general business required minimum margin	11			
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Required minimum margin

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

LONG TERM BUSINESS**Available assets**

Long term business admissible assets	21	19,505,205	17,240,262	10 . 11
Other than long term business assets allocated towards long term business required minimum margin	22	292,654	328,807	
Total mathematical reserves (after distribution of surplus)	23	19,272,787	17,041,723	
Other insurance and non-insurance liabilities	24	232,418	198,539	
Available assets for long term business required minimum margin (21 + 22 - 23 - 24)	25	292,654	328,807	

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

Future profits	31	200,000	200,000	
Zillmerising	32			
Hidden reserves	33			

Total of available assets and implicit items (25 + 31 + 32 + 33)	34	492,654	528,807	
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Required minimum margin

Required minimum margin for long term business	41	252,586	239,450	60 . 69
Explicit required minimum margin (1/6 x 41, or minimum guarantee fund if greater)	42	42,098	39,908	
Excess (deficiency) of available assets over explicit required minimum margin (25 - 42)	43	250,556	288,899	
Excess (deficiency) of available assets and implicit items over the required minimum margin (34 - 41)	44	240,068	289,357	

CONTINGENT LIABILITIES

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

K R BALDWIN, Chief Executive

P A HODKINSON, Managing Director

S P DEIGHTON, Finance Director

J E BULLIMORE, Appointed Actuary

Statement of net assets

United Dunbar Assurance plc

Global business

Financial year ended 31 December 1998

		Company registration number	GL/UK/CM	Period ended			Units
				day	month	year	
R10		865292	GL	31	12	1998	£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	19,505,205	17,240,262	13	89	1	
Long term business - liabilities and margins	12	19,505,205	17,240,262	14	59	1	
Other than Long term business - admissible assets	21	372,953	414,809	13	89	1	
Other than Long term business - liabilities	22	80,299	86,002	15	69	1	
Net admissible assets (21-22)	23	292,654	328,807				
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	292,654	328,807				

Represented by:

Paid up share capital (other than cumulative preference share capital)	51	198,518	75,918			
Amounts included in lines 24 to 27 above	52					
Amounts representing the balance of net assets	56	94,136	252,889			
Total (51 to 56) and equal to line 29 above	59	292,654	328,807			

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

Balance brought forward at the beginning of the financial year	61	252,889	299,611	10	56	2
Retained profit/(loss) for the financial year	62	(137,440)	(4,226)	16	59	1
Movement in asset valuation differences	63	(21,313)	(42,656)			
Decrease/(increase) in the provision for adverse changes	64					
Other movements (particulars to be specified by way of supplementary note)	65		160			
Balance carried forward at the end of the financial year (61 to 65)	69	94,136	252,889			

Analysis of admissible assets

Allied Dunbar Assurance plc

Global business

Financial year ended 31 December 1998

Category of assets : Total long term business assets

			Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
					day	month	year			
			R13	865292	GL	31	12	1998	£000	10
Investments						As at the end of this financial year 1		As at the end of the previous year 2		
Land and Buildings						11				
Investments in group undertakings and participating interests	UK insurance dependants	Shares	21							
		Debt securities issued by, and loans to, dependants	22							
	Other insurance dependants	Shares	23							
		Debt securities issued by, and loans to, dependants	24							
	Non-insurance dependants	Shares	25							
		Debt securities issued by, and loans to, dependants	26							
	Other group Undertakings and participating interests	Shares	27							
		Debt Securities issued by, and loans to, group undertakings	28							
		Participating interests	29							
		Debt securities issued by, and loans to, undertakings in which the company has a participating interest	30							
Total Sheet 1 (11 to 30)						39				

Analysis of admissible assets

Allied Dunbar Assurance plc

Global business

Financial year ended 31 December 1998

Category of assets : Total long term business assets

		Company registration number	GLUK/CM	Period ended			Units	Category of assets	
				day	month	year			
		R13	865292	GL	31	12	1998	£000	10
Investments (continued) Deposits with ceding undertakings Assets held to cover linked liabilities					As at the end of this financial year 1		As at the end of the previous year 2		
Other Financial investments	Equity Shares			41					
	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	610,183		367,783		
			Other	46	24,483				
		Variable interest	Approved securities	47					
			Other	48	81,152		93,425		
	Participation in investment pools			49					
	Loans secured by mortgages			50	195,365		230,565		
	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	51,101		57,357		
		Other		53					
	Deposits with approved credit institutions and approved financial institutions	Withdrawal subject to a time restriction of one month or less		54	40,000		104,998		
		Withdrawal subject to a time restriction of more than one month		55	88,011		110,620		
	Other			56					
Deposits with ceding undertakings				57					
Assets held to match linked liabilities	Index linked			58					
	Property linked			59	18,345,715		16,212,647		
Reinsurers' share of technical provisions	Provision for unearned premiums			60					
	Claims outstanding			61					
	Provision for unexpired risks			62					
	Other			63					
Total sheet 2 (41 to 63)				69	19,436,010		17,177,395		

Analysis of admissible assets

Allied Dunbar Assurance plc

Global business

Financial year ended 31 December 1998

Category of assets : Total long term business assets

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R13	865292	GL	31	12	1998	£000	10
Debtors					As at the end of this financial year 1			As at the end of the previous year 2	
Other assets									
Debtors arising out of direct insurance operations	Policyholders			71	1,224			1,654	
	Intermediaries			72	67			163	
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	8,903			28,395	
		Due more than 12 months after the end of the financial year		79					
Tangible assets				80					
Cash at bank and	Deposits not subject to time restriction on withdrawal, with approved credit institutions and approved financial institutions and local authorities			81	8,808				
	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	39,306			30,762	
	Deferred acquisition costs			85					
	Other prepayments and accrued income			86	10,887			1,893	
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	69,195			62,867	
Grand total of admissible assets (39 + 69 + 88)				89	19,505,205			17,240,262	

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

Total admissible assets (as per line 89 above)	91	19,505,205	17,240,262
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	(32,560)	(27,315)
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	19,472,645	17,212,947

Amounts included in line 89 attributable to debts due from related companies, other than those under contracts of insurance or reinsurance	100		
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Analysis of admissible assets

Allied Dunbar Assurance plc

Global business

Financial year ended 31 December 1998

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	865292	GL	31	12	1998	£000	1
Investments						As at the end of this financial year 1		As at the end of the previous year 2		
Land and Buildings						11	8,362		8,230	
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	1,407		862				
		Debt securities issued by, and loans to, dependants	24							
	Non-insurance dependants	Shares	25	24,961		19,898				
		Debt securities issued by, and loans to, dependants	26	51,799		48,539				
	Other group Undertakings and participating interests	Shares	27							
		Debt Securities issued by, and loans to, group undertakings	28							
		Participating interests	29							
		Debt securities issued by, and loans to, undertakings in which the company has a participating interest	30							
Total Sheet 1 (11 to 30)						39	86,529		77,529	

Analysis of admissible assets

Allied Dunbar Assurance plc

Global business

Financial year ended 31 December 1998

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	865292	GL	31	12	1998	£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	12,704		6,125		
	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	12,589		516		
		Variable interest	Approved securities	47					
			Other	48	29,662		52,091		
	Participation in investment pools			49					
	Loans secured by mortgages			50	51,413		41,073		
	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	7,000		106,002		
		Withdrawal subject to a time restriction of more than one month		55	148,706		111,680		
	Other			56					
Deposits with ceding undertakings			57						
Assets held to match linked liabilities	Index linked		58						
	Property linked		59						
Reinsurers' share of technical provisions	Provision for unearned premiums		60						
	Claims outstanding		61						
	Provision for unexpired risks		62						
	Other		63						
Total sheet 2 (41 to 63)			69	262,074		317,487			

Analysis of admissible assets

Allied Dunbar Assurance plc

Global business

Financial year ended 31 December 1998

Category of assets : Total other than long term business assets

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R13	865292	GL	31	12	1998	£000	1
					day	month	year		
Debtors					As at the end of this financial year 1			As at the end of the previous year 2	
Other assets									
Debtors arising out of direct insurance operations	Policyholders				71				
	Intermediaries				72				
Salvage and subrogation recoveries					73				
Debtors arising out of reinsurance operations	Due from ceding insurers and intermediaries under reinsurance business accepted				74				
	Due from reinsurers and intermediaries under reinsurance contracts ceded				75				
Other debtors	Due from dependants	Due in 12 months or less after the end of the financial year			76				
		Due more than 12 months after the end of the financial year			77				
	Other	Due in 12 months or less after the end of the financial year			78	11,499			9,661
		Due more than 12 months after the end of the financial year			79				
Tangible assets					80	12,501			8,724
Cash at bank and	Deposits not subject to time restriction on withdrawal, with approved credit institutions and approved financial institutions and local authorities				81	350			1,387
	Cash in hand				82				21
Other assets (particulars to be specified by way of supplementary note)					83				
Prepayments and accrued income	Accrued interest and rent				84				
	Deferred acquisition costs				85				
	Other prepayments and accrued income				86				
Deductions (under regulations 57 (2) (b) and 57 (3) of the Insurance Companies Regulations 1994) from the aggregate value of assets					87				
Total sheet 3 (71 to 86 less 87)					88	24,350			19,793
Grand total of admissible assets (39 + 69 + 88)					89	372,953			414,809

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

Total admissible assets (as per line 89 above)	91	372,953	414,809
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	63,768	50,565
Solvency margin deduction for insurance dependants	93	564	546
Other differences in the valuation of assets (other than for assets not valued above)	94	95,123	87,031
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	532,408	552,951

Amounts included in line 89 attributable to debts due from related companies, other than those under contracts of insurance or reinsurance	100	62,256	58,036
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Long term business liabilities and margins

Allied Dunbar Assurance plc

Global business

Financial year ended 31 December 1998

		Company registration number	GLUK/CM	Period ended		Units	Category of assets		
		R14	865292	GL	31	12	1998	£000	10
			As at the end of this financial year 1	As at the end of the previous year 2	Source				
Mathematical reserves, after distribution of surplus			11	19,272,787	17,041,723				
Cash bonuses which had not been paid to policyholders prior to end of the financial year			12						
Balance of surplus (valuation deficit)			13						
Long term business fund carried forward (11 to 13)			14	19,272,787	17,041,723				
Claims outstanding which had fallen due for payment before the end of the financial year	Gross Amount		15	65,938	64,169				
	Reinsurers's share		16	7,474	4,759				
	Net (15-16)		17	58,464	59,410				
Provisions for Other risks and charges	Taxation		21						
	Other		22	72,975	57,292				
Deposits received from reinsurers			23						
Creditors and other liabilities	Arising out of insurance operations	Direct business	31	10,958	11,193				
		Reinsurance accepted	32						
		Reinsurance ceded	33						
	Debenture loans	Secured	34						
		Unsecured	35						
	Amounts owed to credit institutions		36						
	Other Creditors	Taxation	37	39,991	21,323				
		Other	38	34,293	29,005				
Accruals and deferred income			39	15,737	20,316				
Provision for adverse changes (calculated in accordance with regulation 61 of the Insurance Companies Regulations 1994)			41						
Total other insurance and non-insurance liabilities (17 to 41)			49	232,418	198,539				
Excess of the value of net admissible assets			51						
Total liabilities and margins			59	19,505,205	17,240,262				
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance			61						
Amounts included in line 59 attributable to liabilities in respect of property linked benefits			62	18,342,056	16,203,832				
Amount of any additional mathematical reserves included in line 51 which have been taken into account in the appointed actuary's certificate			63						

Liabilities (other than long term business)

Allied Dunbar Assurance plc

Global business

Financial year ended 31 December 1998

		Company registration number	GL/UK/CM	Period ended			Units	
				day	month	year		
		R15	865292	GL	31	12	1998	£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					
	Claims outstanding		12					
	Provision for unexpired risks		13					
	Equalisation provisions	Credit business	14					
		Other than credit business	15					
	Other		16					
	Total (11 to 16)		19					
Provisions for other risks and charges	Taxation		21					
	Other		22					
Deposits received from reinsurers			31					
Creditors	Arising out of insurance operations	Direct business	41	19,686		17,128		
		Reinsurance accepted	42					
		Reinsurance ceded	43					
	Debenture loans	Secured	44					
		Unsecured	45					
	Amounts owed to credit institutions		46	29,663		26,499		
	Other creditors	Taxation	47	182		53		
		Recommended dividend	48	10,000		28,200		
		Other	49	20,768		14,122		
Accruals and deferred income			51					
Total (19 to 51)			59	80,299		86,002		
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	80,299		86,002		
Amounts included in line 69 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance			71	30,768		42,322		

Profit and loss account (non-technical account)

Allied Dunbar Assurance plc

Global business

Financial year ended 31 December 1998

		Company registration number	GL/UK/CM	Period ended			Units
				day	month	year	
		R16	865292	GL	31	12	1998
						£000	
				This financial year	Previous year	Source	
				1	2	Form	Line
						Column	
Transfer (to)/from the general business technical account	From Form 20	11				20	59
	Equalisation provisions	12					
Transfer from the long term business revenue account		13	62,653	27,656	40	26	
Investment income	Income	14	22,571	110,138			
	Value re-adjustments on investments	15	10,273	2,111			
	Gains on the realisation of investments	16	4				
Investment charges	Investment management charges, including interest	17					
	Value re-adjustments on investments	18					
	Loss on the realisation of investments	19		333			
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	(12,288)	(12,344)			
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)		29	83,213	127,228			
Tax on profit or loss on ordinary activities		31	3,253	5,320			
Profit or loss on ordinary activities after tax (29 - 31)		39	79,960	121,908			
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	79,960	121,908			
Dividends (paid and proposed)		51	217,400	126,134			
Profit or loss retained for the financial year (49 - 51)		59	(137,440)	(4,226)			

Long term business : Revenue account

Allied Dunbar Assurance plc

Global business

Ordinary business

Financial year ended 31 December 1998

Long Term Assurance Fund - Summary

	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ summary	No of part of fund	
			day	month	year					
	R40	865292	GL	31	12	1998	£000	OB	1	0
Items to be shown net of reinsurance ceded							The financial year 1	Previous year 2		
Earned premiums						11	1,808,534	1,667,414		
Investment income receivable before deduction of tax						12	720,996	661,061		
Increase (decrease) in the value of non-linked assets brought into account						13	154,470	127,639		
Increase (decrease) in the value of linked assets						14	1,609,124	1,386,387		
Other income						15	10,323	11,512		
Total income (11 to 15)						19	4,303,447	3,854,013		
Claims incurred						21	1,450,449	1,326,123		
Expenses payable						22	443,986	386,616		
Interest payable before deduction of tax						23	3,183	3,779		
Taxation						24	112,112	79,627		
Other expenditure						25				
Transfer to (from) non technical account						26	62,653	27,656		
Total expenditure (21 to 26)						29	2,072,383	1,823,801		
Increase (decrease) in fund in financial year (19 - 29)						39	2,231,064	2,030,212		
Fund brought forward						49	17,041,723	15,011,511		
Fund carried forward (39 + 49)						59	19,272,787	17,041,723		

Long term business : Analysis of premiums and expenses

and Dunbar Assurance plc

Global business

Ordinary business

Financial year ended 31 December 1998

Long Term Assurance Fund

		Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ summary	No of part of fund	
				day	month	year					
		R41	865292	GL	31	12	1998	£000	OB	1	0
					Gross		Payable to or recoverable from reinsurers		Net of reinsurance (1 - 2)		
					1		2		3		
Earned premiums in the financial year	Life assurance and general annuity contracts	Single premium		11	368,604		10		368,594		
		Regular premium		12	479,975		5,859		474,116		
	Pension business contracts	Single premium		13	333,759				333,759		
		Regular premium		14	601,636		814		600,822		
	Permanent health contracts	Single premium		15							
		Regular premium		16	33,968		2,725		31,243		
	Other contracts	Single premium		17							
		Regular premium		18							
	Total premiums	Single premium		19	702,363		10		702,353		
		Regular premium		29	1,115,579		9,398		1,106,181		
Total premiums at lines 19 and 29 attributable to	UK contracts		31	1,817,942		9,408		1,808,534			
	Overseas contracts		32								
Expenses payable in the financial year	Commission payable in connection with acquisition of business			41	126,040				126,040		
	Other commission payable			42	27,639				27,639		
	Management expenses in connection with acquisition of business			43	162,715				162,715		
	Management expenses in connection with maintenance of business			44	93,598				93,598		
	Other management expenses			45	33,994				33,994		
	Total expenses (41 to 45)			49	443,986				443,986		
	Total expenses at line 49 attributable to	UK contracts		51	443,986				443,986		
		Overseas contracts		52							

Long term business : Analysis of claims

Allied Dunbar Assurance plc

Global business

Ordinary business

Financial year ended 31 December 1998

Long Term Assurance Fund

		Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of func summary	No of part of fund	
				day	month	year					
		R42	865292	GL	31	12	1998	£000	OB	1	0
Claims incurred in the financial year					Gross		Recoverable from reinsurers		Net of reinsurance (1 - 2)		
					1		2		3		
Life assurance and annuity contracts	On death		11	122,739		4,847		117,892			
	By way of lump sums on maturity		12	31,766				31,766			
	By way of annuity payments		13	27,432				27,432			
	By way of payments arising from other insured events		14								
	On surrender or partial surrender		15	407,429		14		407,415			
	Total life assurance and annuity claims (11 to 15)		19	589,366		4,861		584,505			
Pension business contracts	On death		21	42,394		47		42,347			
	By way of lump sums on vesting		22	685,370				685,370			
	By way of vested annuity payments		23	38,510				38,510			
	On surrender or partial surrender		24	61,490				61,490			
	Total pension business claims (21 to 24)		29	827,764		47		827,717			
Permanent health contracts	By way of lump sums		31	20,947		636		20,311			
	By way of periodical payments		32	17,916				17,916			
	Total permanent health claims (31 + 32)		39	38,863		636		38,227			
Other contracts	By way of lump sums		41								
	By way of periodical payments		42								
	Total claims (41 + 42)		49								
Total claims (19 + 29 + 39 + 49)			59	1,455,993		5,544		1,450,449			
Total claims at line 59 attributable to	UK contracts		61	1,455,993		5,544		1,450,449			
	Overseas contracts		62								

1

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Long term business : Summarised balance sheet for internal linked funds

Allied Dunbar Assurance plc

Global business

Ordinary business

Financial year ended 31 December 1998

Long Term Assurance Fund

ASSURANCE FUNDS		Name of fund 1	Directly held assets	Investment in other internal linked funds of the company	Total assets (2 + 3)	GLUK/CM			Period ended			Units	OB/IB	No of fund/ summary	No of part of fund
						R43	865292	GL	31	12	1998	£000	OB	1	0
			2	3	4			5		6			7		8
American Equity Fund	Capital	Gen. 3	-	-	-	-	-	-	-	-	-	-	-	-	-
	Accumulation	Gen. 3	185,813	-	185,813	-	-	13,731	-	-	-	-	1	-	172,081
		Gen. 4	-	27,036	27,036	-	-	-	-	-	-	-	-	-	27,036
		Gen. 5	-	9,342	9,342	-	-	-	-	-	-	-	-	-	9,342
		Gen. 3	4,089	-	4,089	-	-	-	-	-	-	-	163	-	3,926
American Property Fund		Gen. 4	-	200	200	-	-	-	-	-	-	-	-	-	200
		Gen. 5	-	93	93	-	-	-	-	-	-	-	-	-	93
American Managed Fund	Accumulation	Gen. 3	(64)	46,322	46,258	-	-	-	-	-	-	-	-	-	46,258
		Gen. 4	-	9,729	9,729	-	-	-	-	-	-	-	-	-	9,729
		Gen. 5	-	4,033	4,033	-	-	-	-	-	-	-	-	-	4,033
European Fund	Accumulation	Gen. 3	76,818	-	76,818	-	-	3,910	-	-	-	-	1	-	72,907
		Gen. 4	(1)	41,878	41,877	-	-	-	-	-	-	-	-	-	41,877
Far East Fund		Gen. 5	-	11,568	11,568	-	-	-	-	-	-	-	-	-	11,568
	Accumulation	Gen. 3	46,215	-	46,215	-	-	-	-	-	-	-	-	-	46,215
		Gen. 4	-	21,675	21,675	-	-	-	-	-	-	-	-	-	21,675
High Income Fund		Gen. 5	-	7,706	7,706	-	-	-	-	-	-	-	-	-	7,706
	Accumulation	Gen. 3	472,883	-	472,883	-	-	24,299	-	-	-	-	1	-	448,583
		Gen. 4 (1)	(2)	251,418	251,416	-	-	-	-	-	-	-	-	-	251,416
		Gen. 4 (2)	(1)	60,264	60,263	-	-	-	-	-	-	-	-	-	60,263
GEB Cash Fund		Gen. 5	-	351	351	-	-	-	-	-	-	-	-	-	351
	Accumulation	Gen. 5	760	-	760	-	-	-	-	-	-	-	-	-	760
Distribution Bond Capital Fund	Accumulation	Gen. 6	155,041	192,707	347,748	-	-	-	-	-	-	-	2,860	-	344,888
			-	762	762	-	-	-	-	-	-	-	-	-	762
Distribution Bond Cash Fund	Sub Total		941,551	685,084	1,626,635	-	-	41,940	-	-	-	-	3,026	-	1,581,669
	Sub Total b/f		5,052,800	7,634,262	12,687,062	-	-	283,932	-	-	-	-	20,269	-	12,382,861
	Sub Total c/f		5,994,351	8,319,346	14,313,697	-	-	325,872	-	-	-	-	23,295	-	13,964,530

Long term business : Summarised balance sheet for internal linked funds

Allied Dunbar Assurance plc

Global business

Ordinary business

Financial year ended 31 December 1998

Long Term Assurance Fund

Long Term Assurance Fund												
ASSURANCE FUNDS					Summary							
Name of fund 1		Directly held assets 2	Investment in other internal linked funds of the company 3	Total assets (2 + 3) 4	Provision for tax on unrealised capital gains 5	31	12	1998	£000	OB	1	0
	Managed Income	Accumulation Gen. 4	-	78,845	336			-		-		78,509
	Cautious Managed Growth	Accumulation Gen. 4	-	24,748	224			-		-		24,524
	Balanced Managed Growth	Accumulation Gen. 4	-	11,991	130			-		-		11,861
	Adventurous Managed Growth	Accumulation Gen. 4	-	8,346	98			-		-		8,248
	UK Equity Income	Accumulation Gen. 4	-	3,010	-			-		-		3,010
	UK Monthly Income	Accumulation Gen. 4	-	1,634	-			-		-		1,634
	UK Corporate Bond	Accumulation Gen. 4	-	6,006	66			-		-		5,940
	Money Securities	Accumulation Gen. 4	-	4,346	2			-		-		4,344
	UK Growth and Income	Accumulation Gen. 4	-	1,083	2			-		-		1,081
	UK Growth	Accumulation Gen. 4	-	3,247	14			-		-		3,233
	UK Smaller Companies Growth	Accumulation Gen. 4	-	610	-			-		-		610
	UK Select Growth	Accumulation Gen. 4	-	962	3			-		-		959
	American Growth	Accumulation Gen. 4	-	2,395	67			-		-		2,328
	American Select Growth	Accumulation Gen. 4	-	973	30			-		-		943
	American Smaller Companies Growth	Accumulation Gen. 4	-	338	7			-		-		331
	European Growth	Accumulation Gen. 4	-	6,040	61			-		-		5,979
	European Select Growth	Accumulation Gen. 4	-	3,910	51			-		-		3,859
	European Smaller Companies Growth	Accumulation Gen. 4	-	735	5			-		-		730
	Japan Growth	Accumulation Gen. 4	-	114	-			-		-		114
	Japan Smaller Companies Growth	Accumulation Gen. 4	-	23	1			-		-		22
	Asia Growth	Accumulation Gen. 4	-	259	-			-		-		259
	Far East and Japan Growth	Accumulation Gen. 4	-	388	-			-		-		388
	Latin America Growth	Accumulation Gen. 4	-	132	1			-		-		131
	Global Bond	Accumulation Gen. 4	-	717	3			-		-		714
	Global Select Growth	Accumulation Gen. 4	-	716	6			-		-		710
	Sub Total		-	161,568	1,107			-		-		160,461
	Sub Total b/f		8,319,346	14,313,697	325,872			-		23,295		13,964,530
	Assurance Fund Total		8,319,346	14,475,265	326,979			-		23,295		14,124,991

Long term business : Summarised balance sheet for Internal linked funds

Allied Dunbar Assurance plc

Global business

Ordinary business

Financial year ended 31 December 1998

Long Term Assurance Fund

Financial year ended 31 December 1998										
Long Term Assurance Fund										
Company registration number		GLUK/CM		Period ended			Units	OB/B	No of fund/summary	No of part of fund
		day	month	year						
R43	865292	GL	31	12	1998	£000	OB	1	0	
PENSION FUNDS										
Name of fund		1	2	3	4	5	6	7	8	Net asset value (4 - 5 - 6 - 7)
Pension Equity Fund	Capital	Gen. 2	(3)	26,773	26,770	-	-	-	-	26,770
		Gen. 3	(14)	127,396	127,382	-	-	-	-	127,382
	Accumulation	Gen. 1	7,800,942	-	-	-	-	163	-	7,800,779
		Gen. 2	(1)	94,162	94,161	-	-	-	-	94,161
		Gen. 3	(7)	696,334	696,327	-	-	-	-	696,327
		Gen. 7	-	18,417	-	-	-	-	-	18,417
Pension Property Fund	Capital	Gen. 1	-	1,868	1,868	-	-	-	-	1,868
		Gen. 2	(5)	41,831	41,826	-	-	-	-	41,826
		Gen. 3	(3)	22,980	22,977	-	-	-	-	22,977
	Accumulation	Gen. 1	875,304	-	-	-	-	774	-	874,530
		Gen. 2	(2)	149,302	149,300	-	-	-	-	149,300
		Gen. 3	(2)	149,948	149,946	-	-	-	-	149,946
		Gen. 7	-	20,030	-	-	-	-	-	20,030
Pension Managed Fund	Capital	Gen. 1	(4)	37,784	37,780	-	-	-	-	37,780
		Gen. 2	(40)	369,884	369,844	-	-	-	-	369,844
		Gen. 3	(101)	939,927	939,826	-	-	-	-	939,826
	Accumulation	Gen. 1	1,758,702	7,300,804	-	-	-	-	-	9,059,506
		Gen. 2	(14)	1,312,065	1,312,051	-	-	-	-	1,312,051
		Gen. 3	(60)	5,813,425	5,813,365	-	-	-	-	5,813,365
		Gen. 7	(6)	341,678	341,672	-	-	-	-	341,672
Pension Fixed Interest Fund	Capital	Gen. 1	-	2,618	2,618	-	-	-	-	2,618
		Gen. 2	(3)	32,689	32,686	-	-	-	-	32,686
		Gen. 3	(4)	33,574	33,570	-	-	-	-	33,570
	Accumulation	Gen. 1	451,040	-	-	-	-	-	-	451,040
		Gen. 2	(1)	129,478	129,477	-	-	-	-	129,477
		Gen. 3	(2)	205,103	205,101	-	-	-	-	205,101
		Gen. 7	-	19,998	19,998	-	-	-	-	19,998
Pension Gilt Edged Fund	Capital	Gen. 2	(1)	10,771	10,770	-	-	-	-	10,770
		Gen. 3	(2)	17,173	17,171	-	-	-	-	17,171
	Accumulation	Gen. 2	179,464	-	-	-	-	-	-	179,464
		Gen. 3	-	97,165	97,165	-	-	-	-	97,165
		Gen. 7	-	14,327	14,327	-	-	-	-	14,327
	Capital	Gen. 3	(6)	62,090	62,084	-	-	-	-	62,084
	Accumulation	Gen. 3	339,052	-	-	-	-	56	-	338,996
Pension American Equity Fund		Gen. 7	-	6,288	6,288	-	-	-	-	6,288
	Capital	Gen. 3	(3)	34,674	34,671	-	-	-	-	34,671
		Gen. 3	(3)	219,339	219,339	-	-	32	-	219,307
		Gen. 7	-	6,361	6,361	-	-	-	-	6,361
	Capital	Gen. 3	(5)	47,305	47,300	-	-	-	-	47,300
		Gen. 3	315,543	315,543	-	-	6	-	315,537	
		Gen. 7	-	13,005	13,005	-	-	-	-	13,005
Sub Total			11,939,097	18,197,227	30,136,324	-	-	1,031	-	30,135,293

Long term business : Summarised balance sheet for internal linked funds

Allied Dunbar Assurance plc

Global business

Ordinary business

Financial year ended 31 December 1998

Long Term Assurance Fund

Financial year ended 31 December 1998												
Long Term Assurance Fund												
Company registration number												
GLUK/CM												
Period ended												
day month year												
Units												
OB/IS												
No of fund/ summary												
No of part of fund												
PENSION FUNDS												
Name of fund												
1												
2												
3												
4												
5												
6												
7												
8												
2												
120												
11												
51												
981												
6,261												
48												
389												
2,478												
47												
2,278												
12,159												
61												
426												
2,711												
19												
1,054												
7,874												
42												
211												
1,586												
17												
1,196												
8,018												
164												
375												
2,532												
41												
7,349												
18,197,227												
18,204,576												
51,152												
30,136,324												
30,187,476												
1,031												
30,186,445												

Long term business : Summarised balance sheet for internal linked funds

Allied Dunbar Assurance plc

Global business

Ordinary business

Financial year ended 31 December 1998

Long Term Assurance Fund

Long Term Assurance Fund																			
R43		865292		GL		31		12		1998		£000		OB		1		0	
PERMANENT HEALTH INSURANCE FUND				Investment in other internal linked funds of the company		Total assets (2 + 3)		Provision for tax on unrealised capital gains		Secured and unsecured loans		Other liabilities		Net asset value (4 - 5 - 6 - 7)					
Name of fund				1		2		3		4		5		6		7		8	
PHI Claims				Gen. 1		144,090		-		144,090		-		-		-		144,090	
Permanent Health Insurance Fund Total						144,090		-		144,090		-		-		-		144,090	
Assurance Fund Total						6,155,919		8,319,346		14,475,265		326,979		-		23,295		14,124,991	
Pension Fund Total						11,982,900		18,204,576		30,187,476		-		-		1,031		30,186,445	
Overall Total						18,282,909		26,523,922		44,806,831		326,979		-		24,326		44,455,526	

Long term business : Aggregate revenue account for internal linked funds

Allied Dunbar Assurance plc

Global business

Ordinary business

Financial year ended 31 December 1998

Long Term Assurance Fund

	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ summary	No of part of fund
			day	month	year				
R44	865292	GL	31	12	1998	£000	OB	1	0
Value of total creation of units						11		1,528,037	
Investment income attributable to the funds before deduction of tax						12		631,558	
Increase (decrease) in the value of investments in the financial year						13		1,703,260	
Other income						14			
Total income (11 to 14)						19		3,862,855	
Value of total cancellation of units						21		1,510,172	
Charges for management						22		71,235	
Charges in respect of tax on investment income						23		79,728	
Taxation on realised capital gains						24		54,474	
Increase (decrease) in amount set aside for tax on capital gains not yet realised						25		33,465	
Other expenditure						26		20,209	
Total expenditure (21 to 26)						29		1,769,283	
Increase (decrease) in funds in financial year (19 - 29)						39		2,093,572	
Internal linked funds brought forward						49		15,838,032	
Internal linked funds carried forward (39 + 49)						59		17,931,604	

Long term business : Supplementary information for internal linked funds

Allied Dunbar Assurance plc

Global business

Ordinary business

Financial year ended 31 December 1998

Long Term Assurance Fund

		Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/	No of part of fund	
				day	month	year					
		R45	865292	GL	31	12	1998	£000	OB	1	0
ASSURANCE FUNDS			Amount of taxable unrealised capital gain or loss	Percentage provision for tax on unrealised capital gains %	Percentage provision for tax on realised capital gains %	Liquidity percentage %	Valuation price per unit				
Name of fund 1			2	3	4	5	6				
Equity Fund	Capital	Gen. 3	-	-	-	-	12.8184377				
	Accumulation	Gen. 1	1,192,000	21.58	26.00	0.93	23.5360364				
		Gen. 2	-	-	-	-	22.7578941				
		Gen. 3	-	-	-	-	21.4867026				
		Gen. 4	-	-	-	-	0.5372049				
Gen. 5	-	-	-	-	-	21.4274208					
Property Fund	Capital	Gen. 3	-	-	-	-	5.1216887				
	Accumulation	Gen. 1	35,281	26.00	26.00	4.21	8.8579395				
		Gen. 2	-	-	-	-	8.5665527				
		Gen. 3	-	-	-	-	8.0876544				
		Gen. 4	-	-	-	-	0.3697149				
Gen. 5	-	-	-	-	-	8.0828006					
Managed Fund	Capital	Gen. 1	-	-	-	-	7.3684468				
	Accumulation	Gen. 2	-	-	-	-	7.3675426				
		Gen. 3	-	-	-	-	10.2501250				
		Gen. 1	(9,470)	20.00	-	17.24	18.0466645				
		Gen. 2	-	-	-	-	17.4526546				
Gen. 3	-	-	-	-	-	16.4524868					
Gen. 4	-	-	-	-	-	0.5254524					
Gen. 5	-	-	-	-	-	16.4098570					
Fixed Interest Fund	Capital	Gen. 3	-	-	-	-	2.6139785				
	Accumulation	Gen. 2	-	-	-	31.99	4.7229323				
		Gen. 3	-	-	-	-	4.4590326				
		Gen. 4	-	-	-	-	0.3576452				
		Gen. 5	-	-	-	-	4.4552815				
Overseas Earnings Fund	Capital	Gen. 3	-	-	-	-	9.9316479				
	Accumulation	Gen. 3	95,515	20.28	26.00	(0.09)	15.6457949				
		Gen. 4	-	-	-	-	0.5770512				
		Gen. 5	-	-	-	-	15.5609639				
Gilt-Edged Fund	Capital	Gen. 3	-	-	-	-	4.7408938				
	Accumulation	Gen. 3	-	-	-	94.06	7.4036184				
		Gen. 4	-	-	-	-	0.5472369				
		Gen. 5	-	-	-	-	7.3864429				
American Equity Fund	Capital	Gen. 3	-	-	-	-	10.9625483				
	Accumulation	Gen. 3	52,812	26.00	26.00	2.12	16.5273183				
		Gen. 4	-	-	-	-	0.7787803				
		Gen. 5	-	-	-	-	16.4811173				
American Property Fund	Accumulation	Gen. 3	-	-	-	9.09	1.3185356				
	Gen. 4	-	-	-	-	-	0.2168041				
	Gen. 5	-	-	-	-	-	1.3183234				
American Managed Fund	Accumulation	Gen. 3	-	-	-	(0.13)	6.7925644				
	Gen. 4	-	-	-	-	-	0.7007433				
	Gen. 5	-	-	-	-	-	6.7892281				
European Fund	Accumulation	Gen. 3	15,038	26.00	26.00	4.55	0.7377039				
	Gen. 4	-	-	-	-	-	0.5987581				
	Gen. 5	-	-	-	-	-	0.7359172				
Far East Fund	Accumulation	Gen. 3	-	-	-	0.20	2.2926935				
	Gen. 4	-	-	-	-	-	0.2532842				
	Gen. 5	-	-	-	-	-	2.2861003				
High Income Fund	Accumulation	Gen. 3	93,458	26.00	26.00	0.12	0.5388399				
	Gen. 4 (1)	-	-	-	-	-	0.5277629				
	Gen. 4 (2)	-	-	-	-	-	0.5183996				
	Gen. 5	-	-	-	-	-	0.5374915				
GEB Cash Fund	Accumulation	Gen. 5	-	-	-	99.74	5.8683055				
Distribution Bond Capital Fund	Accumulation	Gen. 6	-	-	-	12.66	0.2916972				
Distribution Bond Cash Fund	Accumulation	Gen. 6	-	-	-	-	5.9559826				

Long term business : Supplementary information for internal linked funds

Allied Dunbar Assurance plc

Global business

Ordinary business

Financial year ended 31 December 1998

Long Term Assurance Fund

		Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/	No of part of fund	
				day	month	year					
		R45	865292	GL	31	12	1998	£000	OB	1	0
ASSURANCE FUNDS			Amount of taxable unrealised capital gain or loss		Percentage provision for tax on unrealised capital gains %		Percentage provision for tax on realised capital gains %		Liquidity percentage %	Valuation price per unit	
Name of fund 1			2		3		4		5	6	
Managed Income	Accumulation	Gen. 4	1,682		19.98		26.00		0.58	0.4278185	
Cautious Managed Growth	Accumulation	Gen. 4	1,122		19.96		26.00		2.18	0.4293482	
Balanced Managed Growth	Accumulation	Gen. 4	653		19.91		26.00		(1.10)	0.4230670	
Adventurous Managed Growth	Accumulation	Gen. 4	494		19.84		26.00		1.02	0.4194268	
UK Equity Income	Accumulation	Gen. 4	-		-		-		10.20	0.4295656	
UK Monthly Income	Accumulation	Gen. 4	-		-		-		(7.16)	0.4005775	
UK Corporate Bond	Accumulation	Gen. 4	331		19.95		26.00		2.21	0.4408520	
Money Securities	Accumulation	Gen. 4	10		20.47		26.00		1.27	0.3963435	
UK Growth and Income	Accumulation	Gen. 4	11		18.28		26.00		0.65	0.4103005	
UK Growth	Accumulation	Gen. 4	70		20.00		26.00		5.04	0.4533337	
UK Smaller Companies Growth	Accumulation	Gen. 4	-		-		-		-	0.3610773	
UK Select Growth	Accumulation	Gen. 4	15		20.14		26.00		(1.46)	0.4523414	
American Growth	Accumulation	Gen. 4	336		19.93		26.00		2.45	0.4876916	
American Select Growth	Accumulation	Gen. 4	151		19.89		26.00		5.83	0.4863436	
American Smaller Companies Growth	Accumulation	Gen. 4	35		19.80		26.00		(7.25)	0.4360125	
European Growth	Accumulation	Gen. 4	307		19.90		26.00		1.04	0.4675027	
European Select Growth	Accumulation	Gen. 4	256		19.91		26.00		(1.30)	0.4819412	
European Smaller Companies Growth	Accumulation	Gen. 4	25		20.13		26.00		8.63	0.4616834	
Japan Growth	Accumulation	Gen. 4	-		-		-		-	0.2838746	
Japan Smaller Companies Growth	Accumulation	Gen. 4	5		21.74		26.00		-	0.4492916	
Asia Growth	Accumulation	Gen. 4	-		-		-		-	0.2468611	
Far East and Japan Growth	Accumulation	Gen. 4	-		-		-		(61.86)	0.2723125	
Latin America Growth	Accumulation	Gen. 4	5		20.00		26.00		-	0.2728408	
Global Bond	Accumulation	Gen. 4	15		20.13		26.00		3.78	0.4090730	
Global Select Growth	Accumulation	Gen. 4	31		19.10		26.00		(0.70)	0.4135488	

Long term business : Supplementary information for internal linked funds

Allied Dunbar Assurance plc

Global business

Ordinary business

Financial year ended 31 December 1998

Long Term Assurance Fund

			Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/	No of part of fund	
					day	month	year					
			R45	865292	GL	31	12	1998	£000	OB	1	0
PENSION FUNDS			Amount of taxable unrealised capital gain or loss		Percentage provision for tax on unrealised capital gains %		Percentage provision for tax on realised capital gains %		Liquidity percentage %		Valuation price per unit	
Name of fund 1			2		3		4		5		6	
Pension Equity Fund	Capital	Gen. 2	-	-	-	-	-	-	-	-	-	25.9732437
		Gen. 3	-	-	-	-	-	-	-	-	-	25.7998868
	Accumulation	Gen. 1	-	-	-	-	-	-	2.01	-	-	56.1113064
		Gen. 2	-	-	-	-	-	-	-	-	-	52.0826178
		Gen. 3	-	-	-	-	-	-	-	-	-	51.7275064
		Gen. 7	-	-	-	-	-	-	-	-	-	1.5254586
Pension Property Fund	Capital	Gen. 1	-	-	-	-	-	-	-	-	-	8.4466751
		Gen. 2	-	-	-	-	-	-	-	-	-	7.7176340
		Gen. 3	-	-	-	-	-	-	-	-	-	7.7157216
	Accumulation	Gen. 1	-	-	-	-	-	-	2.90	-	-	22.3581115
		Gen. 2	-	-	-	-	-	-	-	-	-	20.4307702
		Gen. 3	-	-	-	-	-	-	-	-	-	20.4255494
		Gen. 7	-	-	-	-	-	-	-	-	-	1.3527977
Pension Managed Fund	Capital	Gen. 1	-	-	-	-	-	-	-	-	-	17.3237479
		Gen. 2	-	-	-	-	-	-	-	-	-	15.8202751
		Gen. 3	-	-	-	-	-	-	-	-	-	15.7300973
	Accumulation	Gen. 1	-	-	-	-	-	-	16.71	-	-	45.8167298
		Gen. 2	-	-	-	-	-	-	-	-	-	41.8666704
		Gen. 3	-	-	-	-	-	-	-	-	-	41.6215433
		Gen. 7	-	-	-	-	-	-	-	-	-	1.5226047
Pension Fixed Interest Fund	Capital	Gen. 1	-	-	-	-	-	-	-	-	-	4.7713677
		Gen. 2	-	-	-	-	-	-	-	-	-	4.3596912
		Gen. 3	-	-	-	-	-	-	-	-	-	4.3467038
	Accumulation	Gen. 1	-	-	-	-	-	-	30.74	-	-	11.4344458
		Gen. 2	-	-	-	-	-	-	-	-	-	10.4459834
		Gen. 3	-	-	-	-	-	-	-	-	-	10.4133377
		Gen. 7	-	-	-	-	-	-	-	-	-	1.1803108
Pension Gilt-Edged Fund	Capital	Gen. 2	-	-	-	-	-	-	-	-	-	7.0230324
		Gen. 3	-	-	-	-	-	-	-	-	-	6.9859394
	Accumulation	Gen. 2	-	-	-	-	-	-	92.40	-	-	15.2059978
		Gen. 3	-	-	-	-	-	-	-	-	-	15.1364017
		Gen. 7	-	-	-	-	-	-	-	-	-	1.6569756
Pension American Equity Fund	Capital	Gen. 3	-	-	-	-	-	-	-	-	-	4.6479722
	Accumulation	Gen. 3	-	-	-	-	-	-	0.08	-	-	7.8641495
		Gen. 7	-	-	-	-	-	-	-	-	-	2.3430559

Long term business : Supplementary information for internal linked funds

Allied Dunbar Assurance plc

Global business

Ordinary business

Financial year ended 31 December 1998

Long Term Assurance Fund

			Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/	No of part of fund	
					day	month	year					
			R45	865292	GL	31	12	1998	£000	OB	1	0
PENSION FUNDS			Amount of taxable unrealised capital gain or loss			Percentage provision for tax on unrealised capital gains %		Percentage provision for tax on realised capital gains %		Liquidity percentage %	Valuation price per unit	
Name of fund 1			2			3		4		5	6	
Pension Far East Fund	Capital	Gen. 3	-	-	-	-	-	-	-	-	-	2.0122526
	Accumulation	Gen. 3	-	-	-	-	-	-	-	3.31	-	3.4046419
		Gen. 7	-	-	-	-	-	-	-	-	-	0.6618861
Pension European Fund	Capital	Gen. 3	-	-	-	-	-	-	-	-	-	0.7893012
	Accumulation	Gen. 3	-	-	-	-	-	-	-	3.40	-	1.2006858
		Gen. 7	-	-	-	-	-	-	-	-	-	2.0172605
Pension GEC Average 100% Fund	Accumulation	Gen. 7	-	-	-	-	-	-	-	50.00	-	1.1192583
Pension GEC Average 97.5% Fund	Accumulation	Gen. 7	-	-	-	-	-	-	-	99.17	-	1.1192626
Pension GEC Spot 100% Fund	Accumulation	Gen. 7	-	-	-	-	-	-	-	100.00	-	1.1192625
Pension GEC Spot 97.5% Fund	Accumulation	Gen. 7	-	-	-	-	-	-	-	100.00	-	1.1192626
Baring Pension Equity Fund	Capital	Gen. 3	-	-	-	-	-	-	-	-	-	0.5224694
	Accumulation	Gen. 3	-	-	-	-	-	-	-	0.19	-	0.7611078
		Gen. 7	-	-	-	-	-	-	-	-	-	1.4811851
Baring Pension American Equity Fund	Capital	Gen. 3	-	-	-	-	-	-	-	-	-	0.9612056
	Accumulation	Gen. 3	-	-	-	-	-	-	-	0.69	-	1.4002989
		Gen. 7	-	-	-	-	-	-	-	-	-	2.5147213
Baring Pension European Fund	Capital	Gen. 3	-	-	-	-	-	-	-	-	-	1.0490920
	Accumulation	Gen. 3	-	-	-	-	-	-	-	0.10	-	1.5300723
		Gen. 7	-	-	-	-	-	-	-	-	-	1.9951702
Baring Pension Far East Fund	Capital	Gen. 3	-	-	-	-	-	-	-	-	-	0.1936228
	Accumulation	Gen. 3	-	-	-	-	-	-	-	0.11	-	0.2820764
		Gen. 7	-	-	-	-	-	-	-	-	-	0.5010818
HSBC Pension Equity Fund	Capital	Gen. 3	-	-	-	-	-	-	-	-	-	0.5332724
	Accumulation	Gen. 3	-	-	-	-	-	-	-	(0.10)	-	0.7768279
		Gen. 7	-	-	-	-	-	-	-	-	-	1.7110501
HSBC Pension American Equity Fund	Capital	Gen. 3	-	-	-	-	-	-	-	-	-	0.7506169
	Accumulation	Gen. 3	-	-	-	-	-	-	-	1.07	-	1.0937113
		Gen. 7	-	-	-	-	-	-	-	-	-	1.9032201
HSBC Pension European Fund	Capital	Gen. 3	-	-	-	-	-	-	-	-	-	0.9104699
	Accumulation	Gen. 3	-	-	-	-	-	-	-	1.46	-	1.3264834
		Gen. 7	-	-	-	-	-	-	-	-	-	2.1871366
HSBC Pension Far East Fund	Capital	Gen. 3	-	-	-	-	-	-	-	-	-	0.2417987
	Accumulation	Gen. 3	-	-	-	-	-	-	-	0.79	-	0.3522966
		Gen. 7	-	-	-	-	-	-	-	-	-	0.5957826

Long term business : Supplementary information for internal linked funds

Allied Dunbar Assurance plc

Global business

Ordinary business

Financial year ended 31 December 1998

Long Term Assurance Fund

	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/	No of part of fund	
			day	month	year					
	R45	865292	GL	31	12	1998	£000	OB	1	0
PERMANENT HEALTH INSURANCE FUND			Amount of taxable unrealised capital gain or loss	Percentage provision for tax on unrealised capital gains %		Percentage provision for tax on realised capital gains %	Liquidity percentage %	Valuation price per unit 6		
Name of fund 1			2	3		4	5	6		
PHI Claims			Gen. 1	-		-	98.09	3.7291060		

SCHEDULE 4

VALUATION REPORT on Allied Dunbar Assurance plc

1. The investigation relates to 31 December 1998.
2. The previous investigation related to 31 December 1997.
3. The valuation is in conformity with regulation 64 of the Insurance Companies Regulations 1994.

4. NON-LINKED CONTRACTS

4.(1) (a) -

(b) Growth Retirement Plan Building Society Related Generation 1, Generation 2, and Generation 3

These products are periodic premium deferred annuities written under the provisions of the Income and Corporation Taxes Act 1970. Basic Contributions are payable to the vesting age. There is an option to pay single premiums from time to time. These plans have not been offered by the Company since 1978.

For Generations 1 and 2, 100% and for Generation 3, a percentage of Basic Contributions for the third and subsequent policy years is accumulated at a rate of interest not less than the rate determined by the Actuary by reference to the rates of interest charged for new offers of mortgage advances on the security of owner occupied private dwellings by the five largest UK Building Societies. During 1998, the average accumulation rate was 8.7%. For Generations 1 and 2, 98% and for Generation 3, 95% of single premiums is accumulated at the same rate of interest. The relevant percentage of Basic Contributions for the first two policy years is accumulated to the Vesting Age at a rate of interest $3\frac{1}{2}\%$ less than that rate; for Generations 1 and 2, after the Vesting Age they are accumulated at the full rate.

Basic Contributions in respect of the first two policy years are referred to as Initial Premiums; all other Contributions are referred to as Subsequent Premiums.

Examples of the percentage of each Basic Contribution to be accumulated for Generation 3 are as follows:

Number of Years between Commencement and the Vesting Age					
5 or less	6	7	8	9	10 or more
95%	96%	97%	98%	99%	100%

If premiums are payable monthly a Service Premium is added to the Basic Contribution. Service Premiums are not included in the accumulations.

There is an optional additional benefit providing waiver of premium on disability.

At the Vesting Age the accumulated amount of the Initial Premiums and Subsequent Premiums is used to determine the annuity to be paid. The annuity may be linked to the rate determined by the Actuary as described above or may be of a level amount. The amount of the annuity will be determined by the Vesting Age and, in the case of an annuity for a level amount, the yield on an appropriate mix of fixed interest stocks as determined by the Actuary. For Generation 1 policies the amounts of the annuity payable will be based on the a(55) annuitant mortality tables. For Generation 2 and Generation 3 policies the amounts of annuity payable will be based on mortality rates at the time. No current annuity rates are shown as the Company offers the option to transfer the fund to any other office.

If the Planholder decides to start drawing an annuity at other than the Vesting Age defined in the policy, the annuity will be based on the sum of:

1. The accumulated amount of the Initial Premiums reduced by a factor which depends on the generation and the number of years to the Vesting Age or, in the case of Generation 3, the 25th policy anniversary if earlier.
2. The accumulated amount of the Subsequent Premiums.

Examples of the factors are as follows:

Number of Years	Generation 1	Generations 2/3
0	1.000	1.000
5	0.847	0.818
10	0.725	0.678

On death before the annuity commences, either the accumulated amount or an annuity based on the amount and under the same terms as those at the Vesting Age is paid.

The policy may be made paid-up with the accumulated amount remaining unaltered.

At the company's discretion a transfer value may be available, equal to the sum of:

1. The accumulated amount of the Initial Premiums reduced by an early retirement factor which depends on the generation and the number of years to the Vesting Age or, in the case of Generation 3, the 25th policy anniversary if earlier.
2. The accumulated amount of the Subsequent Premiums.

Growth Retirement Plan Deposit Administration

Growth Retirement Plan Deposit Administration is a periodic premium deferred annuity written under the provisions of the Income and Corporation Taxes Act 1970. The plan description is the same as that for Growth Retirement Plan Building Society Related Generation 3 except that:

1. The accumulation rate is declared by the Company from time to time according to the then current conditions. During 1998, the average accumulation rate was 8.3%.
2. The percentage of single premiums accumulated varies as for the Basic Contributions.

This plan has not been offered by the Company since 1984.

Executive Pension Plan Building Society Related Generation 1 and Generation 2

These products are periodic premium deferred annuities written under the provisions of the Finance Act 1970. The plan is able to receive payments in respect of contracted-out National Insurance rebates and associated incentive and tax relief payments. These are referred to as Protected Rights payments.

For Generation 1 each policy has a Standard Retirement Age of 65 for males and 60 for females. For Generation 2 a Standard Retirement Age is selected at commencement. There is an option to increase periodic premiums and to pay single premiums from time to time. These plans have not been offered by the Company since 1978.

A percentage of initial periodic premiums for the third and subsequent policy years, of increases for the third and subsequent policy year after the date of the increase, and of Protected Rights payments is accumulated at a rate of interest not less than the rate determined by the Actuary by reference to the rates of interest charged for new offers of mortgage advances on the security of owner occupied private dwellings by the five largest UK Building Societies. During 1998, the average accumulation rate was 8.7%. For Generation 1, a percentage of single premiums and for Generation 2, 95% of single premiums is accumulated at the same rate. A percentage of all other periodic premiums is accumulated to the Standard Retirement Age at a rate of interest 3½% less than the rate; for Generation 1 after the Standard Retirement Age they are accumulated at the full rate. Periodic premiums in respect of the first two policy years and in respect of the first two years of any increase are referred to as Initial Premiums; all other periodic premiums and single premiums are referred to as Subsequent Premiums. The percentage to be accumulated depends on the age at entry for Generation 1 and the number of years from the commencement date to the Standard Retirement Age for Generation 2.

If premiums are payable monthly a Service Premium may be added to the periodic premium. Service Premiums are not included in the accumulations.

Examples of the percentage of each premium to be accumulated are as follows:

For Generation 1

Age at Entry				
20	30	40	50	60
100%	100%	100%	100%	95%

For Generation 2

Number of Years to Standard Retirement Age					
5 or less	6	7	8	9	10 or more
95%	96%	97%	98%	99%	100%

The percentage of Protected Rights payments accumulated is as follows:

Amount of Payment £	Percentage Accumulated %
0 - 499	94
500 - 999	95
1,000 or more	96

At the Standard Retirement Age the accumulated amount of the Initial Premiums and Subsequent Premiums is used to determine the annuity to be paid. The amount of annuity will be determined by the Standard Retirement Age, mortality rates at the time and the yield on an appropriate mix of fixed interest stocks as determined by the Actuary. For Generation 1 there is a guaranteed minimum pension based on the non Protected Rights amounts to be accumulated.

Examples of the guaranteed annuity rates per £1,000 to be accumulated are as follows:

Retirement Age	Male £	Female £
60	97	90
65	110	99
70	125	112

No current annuity rates are shown as the Company offers the option to transfer the fund to any other office.

If the Planholder decides to start drawing an annuity at other than the Standard Retirement Age the annuity will be based on the sum of:

1. The accumulated amount of the Initial Premiums reduced by a factor which depends on the number of years to the Standard Retirement Age.
2. The accumulated amount of the non Protected Rights Subsequent Premiums.

In such circumstances the guaranteed minimum pension is based on the amount of non Protected Rights Subsequent Premiums to be accumulated plus the amount of Initial Premiums to be accumulated reduced by the factor.

Examples of the factors used to reduce the accumulated amount of the Initial Premiums and the amount of the Initial Premiums to be accumulated are as follows:

Number of Years to Standard Retirement Age		
0	5	10
1.000	0.818	0.678

At or after State Pension Age the accumulated amount of the Protected Rights payments may be used without penalty to determine the Protected Rights annuity to be paid. The amount of the annuity will be determined by applying the Company's then current Protected Rights annuity rates to the accumulated value of the payments. No current Protected Rights annuity rates are shown as the Company offers the option to transfer the fund to any other office.

On death before State Pension Age the accumulated value of the Protected Rights payments may be used, without penalty, to pay either a lump sum or widow/widower's annuity, as circumstances dictate, with the option of transferring the fund to any other office.

On death before the non Protected Rights annuity commences the non Protected Rights accumulated amount is paid.

The policy may be made paid-up at any time. On conversion, for Generation 2, if less than two years premiums have been paid, or if less than two years increase premiums have been paid, the accumulated amount of the relevant Initial Premiums is reduced by a factor which depends on the number of years to the Standard Retirement Age; otherwise the accumulated amount remains unaltered.

Examples of the factors for Generation 2 when one years premiums have been paid are as follows:

Number of Years to Standard Retirement Age					
0	5	10	15	20	25 or more
1.00	0.90	0.82	0.76	0.70	0.66

A transfer value is available and is equal to the sum of:

1. The accumulated amount of the Initial Premiums reduced by an early retirement factor (as shown above) which depends on the number of years to the Standard Retirement Age.
2. The accumulated amount of the Subsequent Premiums.

Executive Pension Plan Deposit Administration

Executive Pension Plan Deposit Administration is a periodic premium deferred annuity written under the provisions of the Finance Act 1970. The plan description is the same as for Executive Pension Plan Building Society Related Generation 2 except that:

1. The accumulation rate is a rate of interest which is declared by the Company from time to time according to current investment conditions. During 1998, the average accumulation rate was 8.3%.
2. The percentage of single premiums accumulated varies as for periodic premiums.

The plan has not been offered by the Company since 1984.

Executive Pension Plan Mortgage Related

Executive Pension Plan Mortgage Related is a deferred annuity written under the provisions of the Finance Act 1970. Each policy has a Standard Retirement Age.

The benefit only arises when amounts are transferred from one of the Company's Executive Pension Plan linked funds. Neither periodic nor single contributions are allowed.

Any amounts transferred which relate to periodic premiums paid in respect of the first two policy years, or in respect of the first two years of any increase in periodic premiums, are referred to as Initial Contributions; any remaining amounts are referred to as Subsequent Contributions.

Subsequent Contributions are accumulated at a rate of interest which is declared from time to time by the Company with the advice of the Actuary. Initial Contributions are accumulated at a rate of interest 3.5% less than the declared rate. The average rate of interest applied to Subsequent Contributions during 1998 was 9.3%.

At the Standard Retirement Age the accumulated amount of the Initial Contributions and Subsequent Contributions is used to determine the annuity to be paid. The amount of the annuity will be determined by the Standard Retirement Age, mortality rates at the time and the yield on an appropriate mix of fixed interest stocks as determined by the Actuary.

No current annuity rates are shown as the Company offers the option to transfer the fund to any other office.

If the Policyholder decides to start drawing an annuity at other than the Standard Retirement Age the annuity will be based on the sum of:

1. The accumulated amount of the Initial Contributions reduced by a factor which depends on the number of years to the Standard Retirement Age.
2. The accumulated amount of the Subsequent Contributions.

Examples of the factors used to reduce the accumulated amount of the Initial Contributions are as follows:

Number of Years to Standard Retirement Age		
0	5	10
1.000	0.818	0.678

On death before the annuity commences the accumulated amount is paid.

If the associated unit linked Executive Pension Plan is made paid-up before two years premiums have been paid the accumulated amount of the Initial Contributions is reduced by a factor which depends on the number of years to the Standard Retirement Age.

Examples of the factors where one years premiums have been paid are as follows:

Number of Years to Standard Retirement Age					
0	5	10	15	20	25 or more
1.00	0.90	0.82	0.76	0.70	0.66

A transfer value is available and is equal to the sum of:

1. The accumulated amount of the Initial Contributions reduced by an early retirement factor (as shown above) which depends on the number of years to the Standard Retirement Age.
2. The accumulated amount of Subsequent Premiums.

Executive Retirement Plan Mortgage Related

Executive Retirement Plan Mortgage Related is a deferred annuity with optional additional life assurance benefits. It is written under the provisions of the Finance Act 1970. Each policy has a Selected Retirement Age.

The benefit only arises when amounts are transferred from one of the Company's Executive Retirement Plan linked funds. Periodic and single contributions are not allowed.

Any part of the amount transferred which relates to periodic premiums paid in respect of the first two policy years is referred to as Initial Contributions; the remaining part is referred to as Subsequent Contributions.

Subsequent Contributions are accumulated at a rate of interest which is declared from time to time by the Company with the advice of the Actuary. Initial Contributions are accumulated at a rate of interest 3.5% less than the declared rate. The average rate of interest applied to Subsequent Contributions during 1998 was 9.3%.

At the Selected Retirement Age the accumulated amount is used to determine the annuity to be paid. The amount of the annuity will be determined by applying the Company's then current annuity rates. No current annuity rates are shown as the Company offers the option to transfer the fund to any other office.

If the Planholder decides to start drawing an annuity at other than the Selected Retirement Age or elect for a transfer value payment, then the amount of the annuity or transfer value payment will be based on the sum of:

1. The value of the accumulated Initial Contributions, reduced by a factor which depends on the number of years to the Standard Retirement Age and the state of health of the member. The Standard Retirement Age is the Selected Retirement Age except for policies issued since June 1987, where age 65 is used if less than Selected Retirement Age.
2. The accumulated amount of the Subsequent Contributions.

Examples of the current factors used to reduce the accumulated amount of the Initial Contributions where the member is in good health are as follows:

Number of Years to Standard Retirement Age		
0	5	10
1.000	0.752	0.584

On death before the annuity commences the accumulated amount of the Subsequent Contributions is paid.

Contribution Protection Benefit and additional life assurance benefits may be added. Descriptive information for these benefits is shown within the description of the Executive Retirement Plan.

(c) Non-Linked Pension in Payment

Non-Linked Pension in Payment is an immediate annuity which arises from a death or a maturity under a Growth Retirement Plan, Personal Pension Plan, Executive Pension Plan, Executive Retirement Plan, Personal Pension Account or an Executive Pension Account. From February 1997 the Company was also open to new business.

Group Disability Scheme

Group Disability Scheme provides disability benefits before retirement for members of one of the Company Pension Schemes and for persons opting out of the Company Pension Schemes. Premiums are paid monthly.

Renewable Convertible Term Assurance

Renewable Convertible Term Assurance is a periodic premium ten year term assurance, under which a Service Premium is payable.

The product is also an optional additional benefit which was available at commencement for the Maximum Protection Plan and the Growth Savings Plan both of which are no longer offered by the Company. No Service Premium is payable for this additional benefit.

This plan is now only available as the result of a renewal option.

Home Income Plan

Home Income Plan is an immediate annuity payable monthly in arrears without proportion. The purchase price is a loan provided by the Company against the security of a house. The loan bears interest at a fixed rate during the lifetime of the annuitant or survivor of the annuitants in the case of a joint life and last survivor annuity and is repayable on death.

Some policies guarantee a return of a proportion of the purchase price on death during the first three years of the contract. The proportion is 75% in the first year, 50% in the second year and 25% in the third year.

This plan is now only available to existing clients.

Lifetime Income Plan

Lifetime Income Plan is a combination of an immediate annuity and a deferred annuity. It may be either a single life contract or a joint life and last survivor contract where one life is a male and the other a female. This plan has not been offered by the Company since 1979.

The immediate annuity is payable half-yearly or annually in arrears for the single life contract and half-yearly in arrears for the joint life and last survivor contract. It incorporates a death benefit of the premium reduced by the amount of any annuity payments made.

The deferred period of the deferred annuity on a single life plans depends on the age at entry; on joint life and last survivor plans the deferred period depends on the age at entry of the younger life.

Examples of the deferred periods in years on single life plans are as follows:

Age at Entry		
60	70	80
25	15	10

Examples of the age of the younger life at which the deferred annuity commences on joint life and last survivor plans are as follows:

Age of Younger Life at Entry		
60	70	80
85	85	90

The deferred annuity may be surrendered at any time before payments commence and the deferred period may be lengthened or shortened. The surrender value is at the discretion of the Actuary.

If the deferred annuity is taken at a time other than the end of the deferred period the amount of the annuity is calculated by applying an annuity rate to the surrender value. Such an annuity is referred to as an Additional Annuity.

Before the annuity commences or the contract is surrendered the death benefit under the deferred annuity is the premium increased by the amount of the annuity payments made under the immediate annuity with a maximum of the total premium for the contract. After the deferred annuity commences or the contract is surrendered there is no death benefit.

5.(1) LINKED CONTRACTS

(a) Maximum Protection Plan

(b) Non-profit whole life assurance.

(c) Premiums may be paid monthly or annually.

(d) The allocation to units under this plan depends on the age at entry and duration in-force, however, as all plans are now over four years old, the only factor relevant is the age at entry. Where premiums are paid monthly an additional service premium is payable, which is not invested in units.

On death, the benefits paid are the greater of the sum assured and the value of units allocated. If the policy has a surrender value of at least £500 then the policy may be paid-up. In this instance, the units allocated remain unchanged and the policy benefits are altered to those of a Single Premium Bond.

For lives assured aged less than 46 at entry there is a waiver of premium benefit on disability included in the plan.

(e) -

(f) The margins available from this plan which are needed to meet the costs relating to expenses, commissions, mortality and waiver of premium on disability are :

- the annual management charge on the unit funds of 0.75% pa
- the 5% bid/offer spread in the allocation of units
- unallocated premiums arising from a margin in the unit allocation percentage, which ranges from 90% for lives aged 20 at entry to 73% for lives aged 60 at entry
- the service premium (for monthly premium business).

(g) The annual management charge of 0.75% pa is fixed by the policy provisions.

(h) The surrender value is value of units allocated.

(i) The benefits provided under this plan are linked to the Company's Managed Fund.

(j) -

(k) The plan has not been offered by the Company since 1985.

(l) -

(a) Variable Investment Plan 97 and Variable Investment Plan 100

(b) Non-profit whole life assurance.

(c) Premiums may be paid monthly or annually.

(d) As all policies are now over 10 years old, 105% of each basic premium is allocated to units. Where the basic premium is less than £500 pa or £50 pm an additional service premium is payable which is not invested in units.

On death, the greater of the sum assured and the value of units allocated is paid. If a policy is made paid-up the units allocated remain unaltered.

For some policies, the premium has been reduced to £1 pa and the sum assured to £50. Annual or half-yearly withdrawals have been established. This facility was closed to new requests in 1988.

(e) -

(f) The margins available from this plan which are needed to meet the costs relating to expenses, commissions and mortality are :

- the annual management charges on the unit funds of 0.5% pa
- the 5% bid/offer spread in the allocation of units, which is largely offset by the 105% unit allocation rate
- any service premiums payable.

(g) The annual management charge of 0.5% pa is fixed by the policy provisions.

(h) As all policies are now over 10 years old, the surrender value is the value of units allocated.

(i) The benefits provided under any policy are linked to one or more of the Company's internal linked funds.

(j) -

(k) The plans have not been offered by the Company since 1978.

(l) -

(a) Variable Investment Plan

(b) Non-profit whole life assurance.

(c) Premiums may be paid monthly or annually.

(d) As all policies are now over 10 years old, 105% of each basic premium is allocated to units. Where the basic premium is less than £500 pa or £50 pm an additional service premium is payable which is not invested in units.

The death benefit is the greater of the sum assured and the value of units allocated. The policy may be made paid-up if its surrender value exceeds £1,000. The paid-up sum assured is calculated by reducing the original sum assured in the ratio of the amount of premiums paid to the amount of premiums payable to age 75.

(e) -

(f) The margins available from this plan which are needed to meet the costs relating to expenses, commissions and mortality are :

- the annual management charges on the unit funds of 0.75% pa
- the 5% bid/offer spread in the allocation of units, which is largely offset by the 105% unit allocation rate
- any service premiums payable.

(g) The annual management charge of 0.75% pa is fixed by the policy provisions.

(h) The surrender value is the value of units allocated.

(i) The benefits provided under any policy are linked to one or more of the Company's internal linked funds.

(j) -

(k) The plan has not been offered by the Company since 1979.

(l) -

(a) Whole Life Plan

(b) Non-profit whole life assurance.

(c) Premiums may be paid monthly or annually.

(d) The plan is available as a single life, joint life first death or joint life second death contract. As all policies have now been in-force at least 2 years, the allocation to units now only depends on the type of contract, and is at the rate of 95% for single life and joint life first death contracts and 92.5% for joint life second death contracts. Units are allocated at the published bid prices. In certain cases, a service premium is payable which is not invested in units. Units are deducted each month to cover the expected mortality costs.

The death benefit is the sum assured or value of units allocated, if greater.

On the death of the first life on a joint life second death contract, additional units are allocated to increase the value of units by the difference between the prospective single life reserve for the survivor and the prospective joint life reserve.

If the surrender value of the policy exceeds £1,000 it may be made paid-up. On conversion, the units allocated remain unaltered and the death benefit reduces to that of a Single Premium Bond. As an alternative to this, the death benefit may be maintained at its original or a reduced level. In these circumstances, units are deducted each month to cover the expected mortality cost and the appropriate expense allowance.

At the end of the tenth policy year a Policy Review is carried out to ensure the policy remains adequately funded, and this may result in an adjustment to the premium or sum assured. This is then repeated at five yearly intervals up to age 70 and annually thereafter (at the discretion of the Company). At the same time, the service premium is reviewed.

For lives accepted at standard rates, an optional Guaranteed Insurability Option Benefit is available. This benefit allows the policyholder to effect additional whole life assurances, without evidence of health, on specified anniversaries throughout the duration of the plan. There are upper limits as to the age at the option date and the total additional cover selected. An additional premium is payable for this benefit which is not invested in units.

For lives accepted at standard rates, a waiver of premium on disability benefit is also available. This applies to single life contracts and to one of the lives assured under a joint life first death contract. An additional premium is payable for this benefit which is not invested in units.

- (e) -
- (f) The margins available from this plan which we needed to meet the costs relating to expenses, commissions and mortality are :
 - the annual management charges on the unit funds of 0.75% pa
 - the monthly mortality deductions from units (to cover the expected costs)
 - unallocated premiums arising from a margin in the unit allocation percentage (as indicated earlier)
 - any service premiums payable.
- (g) The annual management charged of 0.75% pa is fixed by the policy provisions. The mortality tables used to calculate the monthly mortality deductions are restricted to the current assured lives tables published by the Institute and Faculty of Actuaries (currently AM80/AF80).
- (h) The surrender value is the value of units allocated.
- (i) The benefits provided by any policy are linked to one or more of the Company's internal linked funds.
- (j) -
- (k) The plan has not been offered by the Company since 1983.

(l) -

(a) Adaptable Life Plan

- (b) Non-profit whole life assurance.
- (c) Premiums may be paid monthly or annually.
- (d) The plan is available on a single life, joint life first death or joint life second death contract. For each policy there is an initial period during which there is no allocation of premiums to units. After this period has expired, allocation to units is at the rate of 100%.

Units are deducted each month to cover an expense charge and mortality costs. The monthly expense charge is adjusted at the beginning of each calendar year by an amount that the Actuary considers appropriate in the light of the growth in the Average Earnings Index. The deductions for mortality reflect the company's own mortality experience and can be varied at the Actuary's discretion.

For single life and joint life first death versions the sums assured can be chosen to be either a level amount throughout or an amount for the first ten years reducing to a lower level thereafter. The joint life second death version is always written with a level sum assured throughout.

The death benefit is the greater of the sum assured and the value of units allocated. For policies issued after January 1994, a terminal illness benefit was included. This benefit allows the sum assured to be paid out early where we receive evidence that the life assured has contracted a terminal illness and has a life expectancy of less than 12 months.

On the death of the first life on a joint life second death contract, additional units are allocated to increase the value of units by the difference between the prospective single life reserve for the survivor and the prospective joint life reserve.

For policies issued prior to June 1989 there is an option to make the policy paid-up provided the surrender value exceeds £1,000. In these instances, the value of units remains unaltered and the sum assured reduces to the value of units. Monthly deductions to provide for the expense charge continue. As an alternative to this, there remains an option for all policies to cease paying premiums and retain the original level of sum assured. In these circumstances, deductions for mortality and expenses will continue until the unit reserve is exhausted, when the policy will be lapsed without value.

All policies are subject to Policy Reviews, at pre-determined times, to ensure they remain adequately funded, and this may result in an adjustment to the premium or sum assured. For most policies this first occurs at the end of

the tenth policy year. This is then repeated at five yearly intervals up to age 70 and annually thereafter (at the discretion of the Company).

At the end of the tenth policy year the following options are available :

1. For policies issued prior to April 1988 a regular withdrawal facility is available where the surrender value exceeds £5,000. If this option is selected, the sum assured and annual premium under the plan are reduced to £50 and £1 pa respectively. Regular withdrawals may then be taken from the unit fund.
2. The sum assured may be reduced, with the premium maintained at the original level.
3. If the sum assured was chosen to be an amount for ten years reducing to a lower level thereafter, the sum assured may be maintained at the original level for payment of an additional premium, calculated using current rates.

The Index Life Assurance Benefit provides the option for lives accepted at standard rates to increase the cover under the plan, without evidence of health, on each policy anniversary. The rate of increase in cover is chosen at outset between the growth in the Average Earnings Index (AEI) or the fixed rates of 5% or 10% pa. For earlier versions of this plan, only the AEI rate was available. The premium for the increase is calculated using current rates. An additional charge is made for this option.

For plans with a level sum assured and issued prior to June 1989, a Guaranteed Insurability Option Benefit is available for lives accepted at standard rates. This provides the option to increase the cover under the policy on consecutive third anniversaries, without evidence of health. There are upper limits as to the age at the option date and the amount of the additional cover selected. Premiums for the additional cover are calculated using current rates. An additional charge is made for this option.

For lives accepted at standard rates, a waiver of premium on disability benefit is also available. An additional premium is payable for this benefit which is not invested in units.

For policies issued between June 1989 and February 1993 there was an option to add a Lifeline benefit to the policy at the commencement of the plan. If this benefit is selected, units are deducted each month to provide a transfer of funds to a related Lifeline Critical Illness Benefit. Further details are given with the description of the Lifeline Critical Illness Benefit. In the event of a claim under this benefit the plan ceases.

(e) -

(f) The margins available from this plan which are needed to meet the costs relating to expenses, commissions and mortality are :

- the unallocated premiums payable during the nil allocation period of the policy
- the 5% bid/offer spread on the allocation of premiums after this initial period
- the monthly deductions for expenses to cover an expense charge
- the monthly deductions for mortality to meet the expected mortality cost.

The annual management charge on the units allocated by these plans is 0.75% pa or 1.25% pa depending on the product generation. However, the effective rate of charge is zero because this is fully reinvested in each plan by the allocation of additional units.

(g) -

(h) The surrender value is the value of units allocated.

(i) The benefits provided by any policy are linked to one or more of the Company's internal linked funds.

(j) -

(k) This contract was open to new business during 1998.

(l) On 1 January 1998, all expense deductions levied on these plans were uplifted to reflect the movement in the Average Earnings Index. The deductions for level plans have moved as follows :

	1997 £pa	1998 £pa
Issued before February 1994	22.08	22.92
Issued after January 1994	18.96	19.68

(a) **Lifestyle Plus**

(b) Non-profit whole life assurance.

(c) Premiums may be paid monthly or annually.

(d) The plan is available as a single life or joint life first death contract. For each policy there is an initial period during which there is no allocation to units. After this period has expired, allocation to units is at the rate of 100%.

Units are deducted each month to cover an expense charge and the cost of mortality. The monthly expense charge is adjusted at the beginning of each calendar year by an amount that the Actuary considers appropriate in the light of the growth in the Average Earnings Index. The deductions for mortality reflect the Company's own mortality experience and can be varied at the Actuary's discretion.

There are also units deducted each month to provide a transfer of funds to a related Lifestyle Plus Critical Illness Benefit. In the event of a claim under this benefit the plan ceases, except in the case of a children's critical illness benefit claim. Further details are given within the description of the Lifestyle Plus Critical Illness Benefit.

The sum assured on the policy is payable in the event of a critical illness claim, and can be chosen to be either a level amount throughout or an amount for the first ten years reducing to a lower level thereafter.

The standard death benefit under the policy is the greater of the value of units allocated and the total annualised premium. As an alternative however, the full life cover option may be chosen, in which case the death benefit is equal to the sum assured.

There is an option to make the policy paid-up provided the surrender value exceeds £1,000. In these circumstances, the life cover and the Lifestyle Plus Critical Illness Benefit will be maintained at the original level and the unit deductions for expenses, mortality and the transfer of funds to the related Lifestyle Plus Critical Illness Benefit continue until the unit reserve is exhausted, when the policy will lapse without value.

All policies are subject to Policy Reviews, at predetermined times, to ensure they remain adequately funded, and this may result in an adjustment to the premium or sum assured. For most policies this first occurs at the end of the tenth policy year. This is then repeated at five yearly intervals up to age 70 and annually thereafter (at the discretion of the Company).

For plans with a reduced sum assured at the end of the first ten years there is an option to maintain the sum assured at the level of the first ten years.

The Indexation option enables the policyholder to increase the cover under the plan on each policy anniversary, without evidence of health. Each increase will be in line with the growth in the Average Earnings Index. The premium for the increase is calculated using then current rates. An additional charge is made for this option.

For lives accepted at standard rates, a waiver of premium on disability benefit is also available. An additional premium is payable for this benefit which is not invested in units.

(e) -

(f) The margins available for this plan which are needed to meet the costs relating to expenses, commissions and mortality are :

- the unallocated premiums payable during the nil allocation period of the policy
- the 5% bid/offer spread on the allocation of premiums after this initial period
- the monthly deductions for expenses to cover an expense charge
- the monthly deductions for mortality to meet the expected mortality cost.

The annual management charge on the units allocated by these plans is 1.25% pa, however, the effective rate of charge is zero because this is fully reinvested in each plan by the allocation of additional units.

(g) -

(h) The surrender value is the value of units allocated.

(i) The benefits provided by any policy are linked to one or more of the Company's internal linked funds.

(j) -

(k) This contract was open to new business during 1998.

(l) On 1 January 1998, all expense deductions levied on these plans were uplifted to reflect the movement in the Average Earnings Index. This has resulted in the expense deduction for level plans increasing from £22.08 in 1997 to £22.92 in 1998.

(a) **Single Premium Bond**

- (b) Non-profit whole life assurance.
- (c) A single premium contract.
- (d) 100% of the single premium is allocated to units.

Some policies contain the option to transfer part of the value of the units allocated into a Fixed Account and then to take loans from that account.

The death benefit is the sum of the Fixed Account and the value of the units allocated increased by a factor which depends on the age at death, less any loans. These factors range from 2.50 at age 20 to 1.01 at age 80.

- (e) For some Single premium Bonds linked to the Fixed Interest Fund the Company guarantees that the value of units surrendered will not be less than their value at the bid price ruling when they were allocated.
- (f) The margins available from this plan which are needed to meet the costs relating to expenses, commissions and mortality are :
 - the annual management charges on the unit funds. This is at the rate of 0.375% pa for Generation 1 policies, 0.5% pa for Generation 2 policies and 0.75% pa for Generation 3 policies.
 - the 5% bid/offer spread in the allocation of units.
- (g) The annual management charges of 0.375% pa, 0.5% pa and 0.75% pa for Generations 1, 2 and 3 respectively are fixed by the policy provisions.
- (h) The surrender value is the value of units allocated plus any Fixed Account amount, less any loans.
- (i) The benefits provided by any policy are linked to one or more of the Company's internal linked funds.
- (j) -
- (k) Generation 1 policies have not been offered by the Company since 1972, Generation 2 since 1976 and Generation 3 since 1990.

(l) -

(a) Investment Bond

- (b) Non-profit whole life assurance.
- (c) A single premium contract.
- (d) 100% of the single premium is allocated to units. Top-ups to the original investment are allowed, as are withdrawals. Policies issued before 1 August 1990 are eligible for a bonus allocation of 5% of the value of the Bond on 1 January 2000 (allocated at bid price).

The sum assured is equal to the original investment plus any additional investments made to the bond less any withdrawals or partial surrenders taken from the bond. The death benefit is the greater of 101% of the value of units and the sum assured.

- (e) -
- (f) The margins arising from this plan which are needed to meet the costs relating to expenses, commissions and mortality are :
 - the annual management charge on the unit funds. This is at the rate of 1.25% pa, except for Generation 4 Series 1 of the High Income Fund, where the rate is 1% pa.
 - the 5% bid/offer spread in the allocation of units.
- (g) -
- (h) The surrender value is the value of units surrendered.
- (i) The benefits provided by any policy are linked to one or more of the Company's internal linked funds.
- (j) -
- (k) This contract was open to new business during 1998.
- (l) -

(a) Guaranteed Equity Bond

(b) Non-profit whole life assurance.

(c) A single premium contract.

(d) Internal linked Cash Fund units are allocated initially at the rate of 100%. These are converted at the first Set Date into notional Guaranteed Equity Bond FTSE units of equal value. Set Dates are quarterly, as determined by the Company.

At each Set Date, investment growth equal to a percentage of any increase in the FTSE 100 Index is added. The percentage rate is declared by the Company quarterly in advance and makes allowance for an annual management charge equal to 0.75% pa and depends on investment conditions at the time.

Top ups to the original investment are allowed, as are withdrawals.

The sum assured is equal to the original investment plus any additional investments made to the bond less any withdrawals or partial surrenders taken from the bond.

The death benefit is the greater of the surrender value and the sum assured. The death benefit is normally valued at the next quarterly date after investment growth has been added.

(e) The notional Guaranteed Equity Bond FTSE units are guaranteed not to fall in value, provided there is no counterparty default.

(f) The margins available from this plan which are needed to meet the costs relating to expenses, commissions and mortality are :

- the annual management charges on the unit funds of 0.75% pa
- the 5% bid/offer spread in the allocation of units.

(g) -

(h) The surrender value at any Set Date is equal to the sum of the value of internal Cash Fund units allocated and the value of notional Guaranteed Equity Bond FTSE units allocated. The surrender value at other times is the surrender value at the previous set date reduced by a surrender charge. The level of this surrender charge is determined by the Company from time to time, in line with current investment conditions.

(i) As mentioned above, benefits under this policy are linked to the Cash Fund initially, when they are later transferred to create notional units in the Guaranteed Equity Bond FTSE Fund.

(j) -

(k) This contract was open to new business during 1998.

(l) -

(a) Distribution Bond

(b) Non-profit whole life assurance.

(c) A single premium contract.

(d) Units are initially allocated to the Distribution Capital Fund at a rate of 100% for investments up to £14,999 and at the rate of 101% for larger investments. Top ups to the original investment are allowed, as are withdrawals.

Twice yearly an amount is removed from the Distribution Capital Fund, having regard to the yields on the underlying assets in the fund, and applied to purchase policyholder units in the Distribution Cash Fund. This transaction results in no change in total unit value.

The sum assured is equal to the original investment plus any additional investments made to the bond less any withdrawals or partial surrenders taken from the bond. The death benefit is the greater of the value of units allocated and the sum assured.

(e) -

(f) The margins available from this plan which are needed to meet the costs relating to expenses, commissions and mortality are :

- the annual management charges on the unit funds of 1.375% pa
- the 5% bid/offer spread in the allocation of units

- (g) -
- (h) The surrender value is the value of units allocated.
- (i) The benefits provided by this policy are linked to two internal linked funds operated by the Company - the Distribution Bond Capital Fund and the Distribution Bond Cash Fund.
- (j) -
- (k) This contract was open to new business during 1998.
- (l) -

(a) **Maximum Investment Plan 1979**

- (b) Non-profit ten year endowment assurance.
- (c) Premiums may be paid monthly or annually.
- (d) The plan is available as a single life or joint life second death contract. Each plan is divided into a maximum of ten policies.

At the maturity date each policy has the following options:

1. The policy may be converted to a whole life assurance with a sum assured of £50 and a nominal annual premium of £1. Existing units remain allocated to the policy in full. Annual or half-yearly withdrawals may then be taken from the policy.
2. Full premiums may be paid for a further ten years, after which all options are again available.

Prior to the maturity date, the percentage of each premium allocated to units depends on the total plan premium, the premium for the smallest policy if the plan has been divided, the frequency of premium payment and the age at entry. After the maturity date, allocation to units is at the rate of 105%, if premiums have been paid in full.

The death benefit is the greater of the sum assured and the surrender value.

If the surrender value of the policy exceeds £1,000, it may be made paid-up. As all policies have now been in-force at least ten years, there is now no penalty on surrender. The death benefit of a paid-up policy is equal to its surrender value.

- (e) -
- (f) The margins arising from this plan which are needed to meet the costs relating to expenses, commissions and mortality are:
 - the annual management charge on the unit funds of 0.75% pa
 - the 5% bid/offer spread in the allocation of units, which is largely offset by the 105% unit allocation rate.
- (g) The annual management charge of 0.75% pa is fixed by the policy provisions.
- (h) As all policies have now been in-force at least ten years, the surrender value is the value of units allocated.
- (i) The benefits provided by any policy are linked to one or more of the Company's internal linked funds.
- (j) -
- (k) The plan has not been offered by the Company since 1985.
- (l) -

(a) **Maximum Investment Plan 1992**

- (b) Non-profit ten year endowment assurance.
- (c) Premiums may be paid monthly or annually.
- (d) The plan is available as a single life or joint life second death contract. The allocation rate of premium to units varies according to the size of the annual premium, ranging from 97% for amounts under £600 pa to 103% for amounts over £1,199 pa.

Units are deducted each month to cover an expense charge and mortality costs. The monthly expense charge is adjusted at the beginning of each year by an amount that the Actuary considers appropriate in line with the growth in the Average Earnings Index. The deductions for mortality reflect the Company's own mortality experience and can be varied at the Actuary's discretion.

The death benefit is the greater of the sum assured and the surrender value.

If the surrender value exceeds the current Company minimum, a policy may be made paid-up. On conversion, the units allocated are reduced such that the value of the reduced units is equal to the surrender value. The sum assured of a paid-up policy remains unchanged. Monthly unit deductions to provide the expense charge and mortality costs continue.

The indexation option may be selected at commencement and this enables the policyholder to increase the regular premium on each policy anniversary in line with the growth in the Average Earnings Index. The premium increase will also result in an increase to the sum assured.

For single life versions of the plan which are accepted at standard rates a benefit to provide for waiver of premium on disability may be added to the policy at commencement. An additional premium is payable for this option which is not invested in units.

At the end of the tenth policy year there is an option to continue full premiums for a further ten years or alternatively withdrawals may be taken from the plan. If the plan is continued, the expense deduction will cease and the indexation option and waiver of premium benefit will not be available.

(e) -

(f) The margins arising from this plan which are needed to meet the costs relating to expenses, commissions and mortality are:

- the annual management charge on the unit funds, currently at the rate of 1.25% pa
- the 5% bid/offer spread in the allocation of units
- unallocated premiums arising from a margin in the unit allocation percentage (as indicated earlier)
- the monthly mortality deductions from units (to cover the expected costs)
- the monthly deductions for expenses to cover an expense charge
- any charges applied when plans are surrendered or made paid-up.

(g) -

(h) The surrender value is the value of the units allocated reduced by 12.5% of the premiums payable between the surrender date and the end of the tenth year.

(i) The benefits provided by any policy are linked to one or more of the Company's internal linked funds.

(j) -

(k) This contract was open to new business during 1998.

(l) On 1 January 1998, the level of expense deductions charged to policyholders was reviewed in the light of the growth in the Average Earnings Index. This resulted in the expense deduction increasing from £22.08 pa in 1997 to £22.92 pa in 1998.

(a) Adaptable Endowment Plan

(b) Non-profit endowment assurance.

(c) Premiums may be paid monthly or annually.

(d) The plan is available as a single life or joint life first death contract. For each policy there is an initial period during which there is no allocation of premium to units. After this period has expired, allocation to units is normally at the rate of 100%. The exception to this is for plans issued between February 1988 and May 1990, where the ultimate allocation rate is 102%.

Units are deducted each month to cover an expense charge and mortality costs. The monthly expense charge is adjusted at the beginning of each calendar year by an amount that the Actuary considers appropriate in the light of the growth in the Average Earnings Index. The deductions for mortality reflect the Company's own mortality experience and can be varied at the Actuary's discretion.

The death benefit is the greater of the sum assured and the value of units allocated.

If the surrender value exceeds the current Company minimum, a policy may be made paid-up. In this event, the units allocated remain unchanged and the death benefit reduces to the surrender value. Monthly unit deductions to provide the expense charge continue.

All policies are subject to Policy Reviews at predetermined times to ensure they remain adequately funded, and this may result in an increase to the premium or an extension to the term of the plan. For most policies this first occurs at the end of the tenth policy year. This is then repeated at five yearly intervals until the outstanding term reduces to less than five years, from which time it may be made at the discretion of the Company, but not more frequently than once per year.

For policies issued after January 1988 a low start option was introduced. Under this option, the premium increases at each of the first four policy anniversaries by an amount equal to 25% of the original premium.

For lives accepted at standard rates, a waiver of premium on disability benefit is also available. This benefit is available on the single life version or to one of the lives assured under the joint life first death version. An additional premium is charged for this option which is not invested in units.

For policies issued after May 1989 the option to add a Lifeline Critical Illness Benefit was introduced. In March 1993 this benefit was replaced with a Lifestyle Critical Illness Benefit. In the case of both these benefits, units are deducted each month to provide a transfer of funds to the related Lifeline or Lifestyle Critical Illness Benefit, as appropriate. Further details of these benefits are given on pages 58 and 59. In the event of a claim under this benefit the plan ceases.

- (e) -
- (f) The margins available from this plan which are needed to meet the costs relating to expenses, commissions and mortality are:
 - the unallocated premiums payable during the nil allocation period of the policy
 - the 5% bid/offer spread on the allocation of premiums after this initial period (partially offset by the 102% unit allocation rate on some earlier generations of this business)
 - the monthly deductions for expenses to cover an expense charge
 - the monthly deductions for mortality to meet the expected mortality cost.

The annual management charge on the units allocated by these plans is 0.75% pa, or 1.25% pa, depending on the product generation. However, the effective rate of charge is zero because this is fully reinvested in each plan by the allocation of additional units.

- (g) -
- (h) The surrender value is the value of units allocated.
- (i) The benefits provided by any policy are linked to one or more of the Company's internal linked funds.
- (j) -
- (k) This contract was open to new business during 1998.
- (l) On 1 January 1998, all expense deductions levied on these plans were uplifted to reflect the movement in the Average Earnings Index. Details of the increases are:

	1997 £pa	1998 £pa
Issued before February 1988	22.08	22.92
Issued after January 1988	24.48	25.56

- (a) **Adaptable Investment Plan**
- (b) Non-profit ten year endowment assurance.
- (c) Premiums may be paid monthly or annually.
- (d) The plan is available as a single life or joint life second death contract. The percentage of premiums allocated to units depends on the policy duration or, for increase premiums, the duration of the increase.

Units are deducted each month to cover an expense charge and mortality cost. The monthly expense charge is adjusted at the beginning of each calendar year by an amount that the Actuary considers appropriate in the light of the growth in the Average Earnings Index. The deductions for mortality reflect the Company's own experience and can be varied at the Actuary's discretion.

The death benefit is the greater of the sum assured and the value of units allocated.

If the surrender value exceeds the current Company minimum, the policy may be made paid-up. In this instance, the units allocated remain unchanged and the death benefit reduces to the surrender value. Monthly unit deductions to provide the expense charge continue.

At the end of the tenth policy year there is the option to continue full premiums for a further ten years. Alternatively, the policy may be converted to a whole life assurance with a sum assured of £50 and a nominal annual premium of £1. Annual or half-yearly withdrawals may then be taken from the plan.

There is an option to increase the regular premium on each policy anniversary in line with the increase in the Average Earnings Index. The sum assured for the increase is calculated as for a new policy.

For single life policies accepted at standard rates, there is also a waiver of premium on disability benefit available. An additional premium is charged for this option which is not invested in units.

(e) -

(f) The margins available from this plan which are needed to meet the costs relating to expenses, commissions and mortality are:

- the unallocated premiums arising from the margin included in the unit allocation rate. Unit allocation is at the rate of 75% for the first policy year, 100% for years 2-5 and 102% for subsequent years.
- the 5% bid/offer spread in the allocation of units
- the monthly deductions for expenses to cover an expense charge
- the monthly deductions for mortality to meet the expected mortality cost.

The annual management charge on the units allocated by these plans is 0.75% pa, however, the effective rate of charge is zero because this is fully reinvested in each plan by the allocation of additional units.

(g) -

(h) The surrender value is the value of units allocated.

(i) The benefits provided by any policy are linked to one or more of the Company's internal linked funds.

(j) -

(k) This plan has not been offered by the Company since 1988.

(l) On 1 January 1998, the expense deduction levied on this plan was uplifted to reflect the movement in the Average Earnings Index. This resulted in the expense deduction increasing from £20.88 in 1997 to £21.60 pa in 1998.

(a) Income Protection Plan

(b) Non-profit term assurance.

(c) Premiums may be paid monthly or annually.

(d) For each policy there is an initial period during which there is no allocation of premium to units. After this period has expired, allocation to units is normally at the rate of 100%. The exception to this is for plans issued between July 1988 and May 1990, where the ultimate allocation rate is 102%.

Units are deducted each month to cover an expense charge and mortality costs. The monthly expense charge is adjusted at the beginning of each calendar year by an amount that the Actuary considers appropriate in the light of the growth in the Average Earnings Index. The deductions for mortality reflect the Company's own mortality experience and can be varied at the Actuary's discretion.

Units are also deducted each month to provide a transfer of funds to a related Income Protection Plan Disability Benefit. Further details are given within the description of the Income Protection Plan Disability Benefit.

The sum assured is equal to the total initial annualised premium. The death benefit is the greater of the sum assured and the value of units allocated. A policy may not be made paid-up.

All policies are subject to Policy Reviews, at predetermined times, to ensure they remain adequately funded, and this may result in an increase to the premium. For most policies this first occurs at the end of the fifth policy year. This is then repeated at 5 yearly intervals up to five years before the Termination Date when the frequency will increase to yearly.

(e) -

- (f) The margins available from this plan which are needed to meet the costs relating to expenses, commissions and mortality are:

- the unallocated premiums payable during the nil allocation period of the policy
- the 5% bid/offer spread on the allocation of premiums after this initial period (partially offset by the 102% unit allocation rate on some earlier generations of this business)
- the monthly deductions for expenses to cover an expense charge
- the monthly deductions for mortality to meet the expected mortality cost.

The annual management charge on the units allocated by these plans is 0.75% pa or 1.25% pa, depending on the product generation. However, the effective rate of charge is zero because this is fully reinvested in each plan by the allocation of additional units.

- (g) -

- (h) The surrender value is the value of units allocated.

- (i) The benefits provided by any policy are linked to one or more of the Company's internal linked funds.

- (k) This contract was open to new business during 1998.

- (l) On 1 January 1998, the expense deduction levied on this plan was uplifted to reflect the movement in the Average Earnings Index. This resulted in the annual expense deduction increasing from £22.08 pa in 1997 to £22.92 pa in 1998.

(a) Adaptable Term Plan

- (b) Non-profit term assurance

- (c) *Premiums may be paid monthly or annually.*

- (d) The plan is available as a single life or joint life first death contract. For each policy there is an initial period during which there is no allocation of premiums to units. After this period has expired, allocation to units is at the rate of 100%.

Units are deducted each month to cover an expense charge and mortality costs. The monthly expense charge is adjusted at the beginning of each calendar year by an amount that the Actuary considers appropriate in the light of the growth in the Average Earnings Index. The deductions for mortality reflect the Company's own mortality experience and can be varied at the Actuary's discretion.

The death benefit is equal to the sum assured. The policy may not be made paid-up. If premiums cease, the policy lapses without value.

All policies are subject to Policy Reviews at predetermined times to ensure they remain adequately funded, and this may result in an adjustment to the premium or sum assured. For most plans, this will occur on every fifth anniversary and on each of the last four anniversaries before expiry.

For lives accepted at standard rates, the following options may be added to the plan.

The Conversion option enables the policyholder to convert the plan into a whole life or endowment policy for the same sum assured. The premium charged will be based on then current rates.

The Indexation option enables the policyholders to increase the cover under the plan on each policy anniversary in line with the growth in the Average Earnings Index. The premium for the increase is again calculated using then current rates.

The Renewal option may be added to the plan at commencement. This enables the policyholder at the end of the term to renew the life cover for a further term. The premium payable will be based on then current rates.

There is an option to add a waiver of premium on disability benefit at commencement of the policy. This applies to the single life version or to one of the lives assured under the joint life first death version.

- (e) -

- (f) The margins available from this plan which are needed to meet the costs relating to expenses, commissions and mortality are:

- the unallocated premiums payable during the nil allocation period of the policy
- the 5% bid/offer spread on the allocation of premiums after this initial period

- the monthly deductions for expenses to cover an expense charge
- the monthly deductions for mortality to meet the expected mortality cost.

The annual management charge on the units allocated by the plans is 0.75% pa or 1.25% pa, depending on the product generation. However, the effective rate of charge is zero because this is fully reinvested in each plan by the allocation of additional units.

- (g) -
- (h) There is no surrender value available under this contract.
- (i) The benefits provided under this plan are linked to one or more of the Company's internal linked funds.
- (j) -
- (k) The contract was open to new business during 1998.
- (l) On 1 January 1998, all expense deductions levied on these plans were uplifted to reflect the movement on the Average Earnings Index. This has resulted in the deductions for level plans moving from £19.80 pa in 1997 to £20.64 pa in 1998.

(a) Lifestyle

- (b) Non-profit term assurance.
- (c) Premiums may be paid monthly or annually.
- (d) The plan is available on a single life or joint life first death contract. For each policy there is an initial period during which there is no allocation of premiums to units. After this has expired, allocation to units is at the rate of 100%.

Units are deducted each month to cover an expense charge and mortality costs. The monthly expense charge is adjusted at the beginning of each calendar year by an amount that the Actuary considers appropriate in the light of the growth in the Average Earnings Index. The deductions for mortality reflect the Company's own mortality experience and can be varied at the Actuary's discretion.

Units are also deducted each month to provide a transfer of funds to a related Lifestyle Critical Illness Benefit. In the event of a claim under this benefit the plan ceases. Further details are given within the description of the Lifestyle Critical Illness Benefit.

The death benefit is equal to the total annualised premium. The policy may not be made paid-up. If premiums cease, the policy lapses without value.

All policies are subject to Policy Reviews at predetermined times to ensure they remain adequately funded, and this may result in an adjustment to the premium or Lifestyle Critical Illness Benefit. For most policies this is on every fifth anniversary and on each of the last four anniversaries prior to expiry.

The Indexation option enables the policyholder to increase the cover under the plan on each policy anniversary in line with the growth in the Average Earnings Index. The premium for the increase is calculated using the then current rates.

For lives accepted at standard rates a Renewal option may also be added to the plan at commencement. This enables the policyholder at the end of the term to renew the benefits for a further term. The premiums payable will be based on then current rates.

For lives accepted at standard rates there is also the option to add a waiver of premium on disability benefit to the plan at commencement. This applies to the single life version or to one of the lives assured under the joint life first death version.

- (e) -
- (f) The margins available from this plan which are needed to meet the costs relating to expenses, commissions and mortality are:
 - the unallocated premiums payable during the nil allocation period
 - the 5% bid/offer spread on the allocation of premiums after this initial period
 - the monthly deductions for expenses to cover an expense charge
 - the monthly deductions for mortality to meet the expected mortality cost.

The annual management charge on the units allocated by these plans is 1.25% pa, however, the effective rate of charge is zero because this charge is fully reinvested in each plan by the allocation of additional units.

- (g) -
- (h) There is no surrender value available under this contract.
- (i) The benefits provided by this plan are linked to the Company's Fixed Interest Fund.
- (j) -
- (k) This contract was open to new business during 1998.
- (l) On 1 January 1998, all expense deductions on these plans were uplifted to reflect the movement in the Average Earnings Index. This has resulted in the deductions for level plans moving from £22.08 pa in 1997 to £22.92 in 1998.

(a) Growth Retirement Plan

- (b) Non-profit deferred annuity
- (c) Regular premiums may be paid monthly or annually. Additionally, there is the option to pay single premiums from time to time.
- (d) The benefits provided by this plan are written under the provisions of the Income and Corporations Taxes Act 1970.

For the first two policy years, the units allocated in respect of regular contributions are of the Capital type. For subsequent regular premiums and all single premiums, the units allocated are of the Accumulation type. For Generations 1,2 and 3 of this plan all premiums are allocated to units at the rate of 100%, whereas for Generation 4, the unit allocation rate depends on the term of the plan.

If premiums are payable monthly, an additional Service Premium is payable which is not allocated to units.

At the vesting age, the units allocated are used to determine the annuity to be paid. The annuity may be linked to units of the Company's Pension Funds, or may be of a level amount. The Company also offers the option to transfer the fund to any other office. For generations 1 and 2 of this plan there is a mortality guarantee provided in the annuity rates that the amount of the annuity will be based on the a(55) annuitant mortality table.

For Generations 2 and 3 of this plan, the value of units allocated in respect of basic contributions will be increased by 2% when an annuity or death benefit becomes payable if the basic contributions have been paid each year.

If the policyholder decides to start drawing on annuity at other than the vesting age, the annuity will be based on the sum of:

1. The value of the Capital units allocated, reduced by a factor which depends on the generation and the outstanding term.
2. The value of the Accumulation units allocated.

On death before the annuity commences, either the value of units allocated or an annuity based on that value and under the same terms as those at the vesting age is paid. After one years premiums have been paid, the policy may be made paid-up with the units allocated remaining unaltered.

There is an optional additional benefit providing waiver of premium on disability. An additional premium is payable for this benefit which is not invested in units.

- (e) -
- (f) The margins available from this plan which are needed to meet the costs relating to expenses, commissions and mortality are:
 - The annual management charges on the unit funds. For Accumulation units, this charge is at the rate of 0.375% pa for Generation 1 and 0.75% pa for later Generations. For Capital Units, the annual management charge is 3.5% pa higher than the corresponding Accumulation unit charge.
 - the 5% bid/offer spread on the allocation of premiums to units
 - Unallocated premiums arising from the margin in the unit allocation rate (for shorter term Generation 4 business)
 - any Service Premiums payable.
- (g) The rates of annual management charges on the unit funds are fixed by the policy provisions.
- (h) The transfer value is calculated using the same method as that used to determine the amount of the fund available on early retirement.

- (i) The benefits provided by any policy are linked to one or more of the Company's internal linked funds.
- (j) -
- (k) The plan has not been offered by the Company since 1984.
- (l) -

(a) Personal Pension Plan

- (b) Non-profit deferred annuity
- (c) Regular premiums may be paid monthly or annually. Additionally, there is the option to pay single premiums from time to time.
- (d) For plans issued prior to July 1988, the benefits under this plan are approved under the Income and Corporation Taxes Act 1970. For plans issued after this date, the benefits are written under the Income and Corporation Taxes Act 1988.

For the first two policy years, the units allocated in respect of regular contributions are of the Capital type. For subsequent regular premiums and all single premiums, the units allocated are of the Accumulation type. From June 1988, the plan is also available to receive Protected Rights payments from the DSS, which are also allocated to Accumulation Units.

Each policy has a Selected Retirement Age, and periodic premiums are payable to this age. The policyholder has the right to increase periodic premiums.

Units are deducted each month to provide an expense charge. The amount of the expense charge is adjusted at the beginning of each year by an amount that the Actuary considers appropriate in the light of the growth in the Average Earnings Index.

At or after a Normal Retirement Age the value of units allocated may be used, without penalty, to determine the annuity to be paid. The amount of this annuity will be determined by applying the Company's then current annuity rates to the value of the units. As an alternative, the Company offers the option to transfer the fund to any other office.

If the policyholder decides to start drawing an annuity earlier than the Normal Retirement Age the annuity will be based on the sum of:

1. The value of the Capital units allocated reduced by a factor which depends on the state of health of the policyholder and the number of years to the Normal Retirement Age.
2. The value of Accumulation units allocated.

The basic death benefit provided by the plan, excluding any additional benefits which may be added, is the value of Accumulation units allocated.

For plans issued prior to July 1988 a Contribution Protection Benefit was available. If the benefit is selected, then the death benefit is increased by the amounts allocated to Capital units. Units are deducted each month to meet the mortality cost associated with this benefit. The deductions for mortality reflect the Company's own mortality experience and can be varied at the Actuary's discretion. In July 1988 this benefit was replaced with a Full Return of Fund Benefit which provides a sum assured equal to the value of Capital units allocated in the policy. The cost of mortality associated with this benefit is again met by monthly unit deduction.

An optional term assurance benefit, referred to as a Personal Life Plan, may also be added to this plan. This benefit may also exist on a stand-alone basis. The cost of mortality associated with this benefit is met by monthly unit deduction. Where this benefit exists with a Personal Pension Plan, the Company has the right to make appropriate deductions from the units allocated to the Personal Pension Plan to support the Personal Life Plan.

Personal Life Plans with no related Personal Pension Plan are subject to Policy Reviews at predetermined times to ensure they remain adequately funded and this may result in an adjustment to the premium or sum assured. These normally occur on every fifth policy anniversary and on each of the last four anniversaries before expiry of the benefit.

For lives accepted at standard rates, there is an option to increase the sum assured under the Personal Life Plan at each policy anniversary in line with the growth in the Average Earnings Index. The premium for the increase will be based on current rates at the time of increase.

The Personal Pension Plan may be made paid-up at any time without penalty. If premiums cease on a Personal Life Plan the life assurance lapses without value. Contribution Protection Benefit or Full Return of Fund Benefit may be continued. The monthly deductions to cover the expense charge and any mortality cost continue until the

annuity commences. If the value of units allocated to the policy becomes insufficient to cover the monthly deduction then the policy terminates without value.

Provided that the policyholder is accepted at standard rates, a benefit to provide for waiver of the Personal Pension Plan periodic premium on disability may be added to the policy. An additional premium is payable for this benefit which is not invested in units.

From July 1988 the Personal Pension Plan was available to be administered for a group of policyholders, but the plans continue to be individually identifiable. In this case the plan is referred to as a Group Personal Pension Plan.

(e) -

(f) The margins available from this plan which are needed to meet the costs relating to expenses, commissions and mortality are:

- the annual management charge on the Capital unit funds at the rate of 4.25% pa taken daily. For the Accumulation unit funds the annual management charge is 0.75% pa taken daily, however, this is fully reinvested in each policy by the allocation of additional units, so that the effective rate of charge is zero.
- the monthly deductions for expenses to cover an expense charge.
- where applicable, the monthly deductions for mortality to meet the expected mortality cost
- the margin or cost included in the unit allocation rate. For regular premiums to the Personal Pension Plan, unit allocation is at the rate of 100%, except for the premiums due on or after the eleventh policy anniversary prior to the Normal Retirement Age, when the rate increases to 105%. The allocation rate for single premiums ranges from 96% to 102% depending on the type of single premium and the generation of policy.

For the Personal Life Plan, there is an initial period during which there is no allocation to units, after which allocation is at the rate of 100%.

- the 5% bid/offer spread on the allocation of premiums to units.

(g) -

(h) The transfer value is calculated using the same method as that used to determine the amount of the fund available on early retirement.

(i) The benefits provided by any policy are linked to one or more of the Company's internal linked funds.

(j) For policies issued or increases commencing in January, May and December 1994 there is a bonus unit allocation, payable on the fifth policy anniversary (or on the fifth anniversary of the premium increase), equal to 5% of the total new regular premiums paid over this five year period.

(h) These plans have not been offered by the Company since February 1995.

(i) On 1 January 1998, all expense deductions levied on these plans were uplifted to reflect the movement in the Average Earnings Index. The expense deductions have moved as follows:

	1997 £pa	1998 £pa
Personal Pension Plan		
issued before July 1987	29.76	31.08
issued between July 1987 and June 1988	38.16	39.84
issued after June 1988	44.52	46.32
Additional charge for adding life cover	19.20	20.04
Protected Rights Only	10.08	10.56
Standalone Personal Life Plan		
issued before July 1988	38.16	39.84
issued after June 1988	44.52	46.32
Group Personal Pension Plan	44.52	46.32

(a) **Personal Pension Account**

(b) Non-profit deferred annuity.

(c) Regular premiums may be paid monthly or annually. Additionally, there is the option to pay single premiums from time to time.

(d) The benefits provided by this contract are approved under the Income and Corporation Taxes Act 1988.

Each policy has a Selected Retirement Age as well as a Contribution Payment Term (CPT) and the CPT may cease at any time before the Selected Retirement Age. Each policy has an initial period, which depends on the CPT, during which the allocation of regular premiums is at the reduced rate of 35%. After the period has elapsed, the allocation of regular premiums is at the rate of 105% for the remainder of the CPT. The allocation of all single premiums including Protected Rights payments, is at the rate of 100%.

Where regular premiums are paid, units are deducted each month from the units allocated in respect of these contributions to provide an expense charge. These deductions are only levied during the CPT, and the amount of the deduction is adjusted at the beginning of each calendar year by an amount that the Actuary considers appropriate in the light of the growth in the Average Earnings Index.

An optional term assurance benefit may also be added to this account. Where this benefit is selected, an additional premium is payable and an additional expense deduction applies. The cost of mortality associated with this benefit is met by monthly unit deduction. These deductions reflect the Company's own experience and can be varied at the Actuary's discretion.

The units in respect of this benefit are separately identifiable, and at regular intervals the Company carries out a review to ensure that the benefits remain adequately funded. This may result in adjustment to the life cover premium or sum assured.

For lives accepted at standard rates an indexation option is available which provides for the cover under the Term Assurance benefit to be increased each year. The increase rates may be chosen at outset between the growth in the Average Earnings Index and the fixed rates of 5% or 10% pa.

The benefits paid on death before retirement are the sum assured under any term assurance benefit plus the value of units allocated, excluding the units allocated in respect of the term assurance benefit, uplifted by a factor in the case of units allocated in respect of regular contributions. The uplift factor depends on the duration in force and the CPT, and tends to a value of 1 as the policy approaches the end of the CPT.

If the policy is made paid-up, then any term assurance benefit will lapse without value, but there is no other penalty. The monthly deductions to cover the expense charge continue until the end of the CPT, if the value of units allocated to the policy becomes exhausted, then the policy lapses without value.

For lives accepted at standard rates, a waiver of premium on disability benefit may be added to the policy. An additional premium is payable for this option which is not invested in units.

The Personal Pension Account is also available to be administered for a Group of policyholders, but the policies continue to be separately identifiable. In this case it is referred to as a Group Personal Pension Account.

From February 1997, existing policyholders with a Personal Pension Plan, Growth Retirement Plan or Personal Pension Account have the option to switch into an Income Withdrawal Account, which then allows the withdrawal of income in line with Revenue limits. From February 1997, this contract was also open to new business.

(e) -

(f) The margins arising from this plan which are needed to meet the costs relating to expenses, commissions and mortality are:-

- The annual management charge on the unit funds of 1% pa taken daily. However, during the CPT, this charge in respect of the units allocated from regular contributions is reinvested by the allocation of additional units to each policy.
- the monthly deductions for expenses to cover an expense charge
- where applicable, the monthly deductions for mortality to meet the expected mortality cost
- the margin included in the unit allocation rate. For investment premiums, the rates are as mentioned under (d) above. For life cover premiums there is an initial period during which there is no allocation to units, after which allocation is at the rate of 100%.
- the 5% bid/offer spread on the allocation of premiums to units.

(g) -

(h) The transfer value is the value of units allocated, excluding any units allocated in respect of the term assurance benefit.

(i) The benefits provided by any policy may be linked to one or more of the Company's internal linked funds. In addition, the following other property linked funds are available:

Pensions Guaranteed (100%) Equity FTSE Spot
Pensions Guaranteed (100%) Equity FTSE Average
Pensions Guaranteed (97.5%) Equity FTSE Spot
Pensions Guaranteed (97.5%) Equity FTSE Average

In these cases, the policyholders benefits are determined by reference to the value of the notional units allocated in these funds.

(j) -

(k) This contract was open to new business during 1998.

(l) On 1 January 1998, all expense deductions levied on these plans were uplifted to reflect the movement in the Average Earnings Index. The expense deductions have moved as follows:

	1997 £pa	1998 £pa
Personal Pension Account	44.28	46.20
Group Personal Pension Account	44.28	46.20
Additional Charge for adding life cover	4.44	4.68
Additional Charge for Protected Rights	10.08	10.56
Standalone Life Cover	29.64	30.96

(a) **Executive Pension Plan**

(b) Non-profit deferred annuity.

(c) Regular premiums may be paid monthly or annually. Additionally, there is the option to pay single premiums from time to time and receive Protected Rights Payments from the DSS.

(d) The benefits provided by this plan are written under the provisions of the Finance Act 1970.

Each policy has a Standard Retirement Age of 65 for males and 60 for females and regular premiums are payable to this age. There is an option to increase regular premiums from time to time. For the first two policy years, and in the first two years of any increase, the units allocated in respect of regular contributions are of the Capital type. For subsequent regular premiums, single premiums and Protected Rights payments the units allocated are of the Accumulation type. If premiums are paid monthly, an additional Service Premium may be payable which is not invested in units.

At the Standard Retirement Age the units allocated are used to determine the annuity to be paid. The annuity may be taken out with the Company or alternatively there is the option to transfer the fund to any other office. For Generation 1 policies there is a guaranteed minimum pension based on the non Protected Rights amount allocated to units.

If the policyholder decides to start drawing an annuity at other than the vesting age, the annuity will be based on the sum of:

1. The value of the Capital units allocated, reduced by a factor which depends on the generation and the number of years to the Standard Retirement Age.
2. The value of the Accumulation units allocated.

On death before retirement the value of units allocated is paid. The policy may be made paid-up, without penalty, at any time.

(e) -

(f) The margins arising from the product which are needed to meet the costs relating to expenses, commissions and mortality are:

- the annual management charges on the unit funds. For Accumulation units, this charge is at the rate of 0.375% pa taken daily for Generation 1 policies and 0.75% pa taken daily for later Generations. For Capital units, the annual management charge is 3.5% pa higher than the corresponding Accumulation unit charge.
- the 5% bid/offer spread on the allocation of premiums to units
- unallocated premiums arising from the margin in the unit allocation rate. The unit allocation rate for both regular and single premiums depends on age at entry for Generations 1 & 2 and on the number of years from the commencement date (or date of payment of a single premium) to the Standard Retirement Age for Generation 3. The rate varies from 95% for short term business up to 100% for longer term business. The allocation rate for Protected Rights payments varies from 94% to 96%, depending on the amount of the payment.
- any Service Premiums payable.

(g) The rates of annual management charges on the unit funds are fixed by the policy provisions.

- (h) The transfer value is calculated using the same method as that used to determine the amount of the fund available on early retirement.
- (i) The benefits provided by any policy are linked to one or more of the Company's internal linked funds.
- (j) -
- (k) This plan has not been offered by the Company since 1984.
- (l) -

(a) Executive Retirement Plan

- (b) Non-profit deferred annuity.
- (c) Regular premiums may be paid monthly or annually. Additionally, there is the option to pay single premiums from time to time.
- (d) For plans issued prior to July 1988, the benefits under this plan are approved under the Income and Corporation Taxes Act 1970. For plans issued after this date, the benefits are written under the Income and Corporation Taxes Act 1988.

For the first two policy years, the units allocated in respect of regular contributions are of the Capital type. For subsequent regular premiums and all single premiums, the units allocated are of the Accumulation type. From June 1988, the plan is also available to receive Protected Rights payments from the DSS, which are also allocated to Accumulation units.

Each policy has a Selected Retirement Age, and periodic premiums are payable to this age. The policyholder has the right to increase periodic premiums.

Units are deducted each month to provide an expense charge. The amount of the expense charge is adjusted at the beginning of each year by an amount that the Actuary considers appropriate in the light of the growth in the Average Earnings Index.

At or after Normal Retirement Age the value of units allocated may be used, without penalty, to determine the annuity to be paid. The amount of the annuity will be determined by applying the Company's then current annuity rates to the value of the units. As an alternative, the Company offers the option to transfer the fund to any other office.

If the policyholder decides to start drawing an annuity at earlier than the Normal Retirement age the annuity will be based on the sum of:

1. The value of the Capital units allocated reduced by a factor which depends on the state of health of the policyholder and the number of years to the Normal Retirement Age.
2. The value of Accumulation units allocated.

The basic death benefit provided by the plan, excluding any additional benefits which may be added, is the value of Accumulation units allocated.

For plans issued prior to July 1988 a Contribution Protection Benefit was available. If this benefit is selected, then the death benefit is increased by the amounts allocated to Capital units. Units are deducted each month to meet the mortality cost associated with this benefit. The deductions for mortality reflect the Company's own mortality experience and can be varied at the Actuary's discretion. In July 1988 this benefit was replaced with a Full Return of Fund Benefit which provides a sum assured equal to the value of Capital units allocated to the policy. The cost of mortality associated with this benefit is again met by monthly unit deduction.

An optional term assurance benefit may also be added to this plan. The cost of mortality associated with this benefit is met by monthly unit deduction. The charges for mortality are again based on the Company's experience and can be varied at the Actuary's discretion.

For lives accepted at standard rates, there is an option to increase the sum assured under the term assurance benefit at each policy anniversary in line with the growth in the Average Earnings Index. The premium for the increase will be based on current rates at the time of increase.

The policy may be made paid-up at any time without penalty. Contribution Protection Benefit and Full Return of Fund Benefit may be continued. The monthly deductions to cover the expense charge and any mortality cost continue until the annuity commences. If the value of the units allocated to the policy becomes insufficient to cover the monthly deduction then the policy terminates without value.

Executive Retirement Plans can also be administered for a group of policyholders, where they are known as Group Executive Retirement Plans. An additional scheme charge is payable in this case, which is adjusted at the beginning of each calendar year by an amount that the Actuary considers appropriate in the light of the growth in the Average Earnings Index.

Executive Retirement Plans can be written for existing members of other occupational schemes. In this case the policy is known as an AVC Pension Plan and is subject to different monthly expense charges. Protected rights benefits are not available for the AVC pension plan.

- (e) -
- (f) The margins available from this plan which are needed to meet the costs relating to expenses, commissions and mortality are:
- the annual management charge on the Capital unit funds at the rate of 4.25% pa taken daily. For the Accumulation unit funds the annual management charge is 0.75% pa taken daily, however, this is fully reinvested in each policy by the allocation of additional units, so that the effective rate of charge is zero.
 - the monthly deductions for expenses to cover an expense charge.
 - where applicable, the monthly deductions for mortality to meet the expected mortality cost.
 - the margin included in the unit allocation rate. For regular premiums to the Executive Retirement Plan, unit allocation is at the rate of 100% except for the premiums due on or after the eleventh policy anniversary prior to the Normal Retirement Age, when the rate increases to 105%. The allocation rate for single premiums ranges from 96% to 102% depending on the type of single premium and the generation of policy. For the term assurance additional benefit there is an initial period during which there is no allocation to units, after which allocation is at the rate of 100%.
 - the 5% bid/offer spread on the allocation of premiums to units.
- (g) -
- (h) The transfer value is calculated using the same method as that used to determine the amount of the fund available on early retirement.
- (i) The benefits provided by any policy are linked to one or more of the Company's internal linked funds.
- (j) -
- (k) These plans have not been offered by the Company since February 1995.
- (l) On 1 January 1998, all expense deductions levied on these plans were uplifted to reflect the movement in the Average Earnings Index. The expense deductions have moved as follows:

	1997 £pa	1998 £pa
Executive Retirement Plan	71.40	74.52
Group Executive Retirement Plan	71.40	74.52
AVC Pension Plan		
issued before July 1988	38.28	39.96
issued after June 1988	44.52	46.32
Additional charge for adding life cover	19.20	20.04

- (a) **Executive Pension Account**
- (b) Non-profit deferred annuity.
- (c) Regular premiums may be paid monthly or annually. Additionally, there is the option to pay single premiums from time to time.
- (d) The benefits provided by this contract are approved under the Income and Corporation Taxes Act 1988.

Each policy has a Selected Retirement Age as well as a Contribution Payment Term (CPT), and the CPT may cease at any time before the Selected Retirement Age. Each policy has an initial period, which depends on the CPT, during which the allocation of regular premiums is at the reduced rate of 35%. After the period has elapsed, the allocation of regular premiums is at the rate of 105% for the remainder of the CPT. The allocation of all single premiums is at the rate of 100%.

Where regular premiums are paid, units are deducted each month from the units allocated in respect of these contributions to provide an expense charge. These deductions are only levied during the CPT, and the amount of the deduction is adjusted at the beginning of each calendar year by an amount that the Actuary considers appropriate in the light of the growth in the Average Earnings Index.

An optional term assurance benefit may also be added to this account. Where this benefit is selected, an additional premium is payable and an additional expense deduction applies. The cost of mortality associated with this benefit is met by monthly unit deduction. These deductions reflect the Company's own experience and can be varied at the Actuary's discretion. The units in respect of this benefit are separately identifiable, and at regular intervals the Company carries out a review to ensure that the benefits remain adequately funded. This may result in adjustment to the life cover premium or sum assured.

For lives accepted at standard rates an indexation option is available which provides for the cover under the term assurance benefit to be increased each year. The increase rates may be chosen at outset between the growth in the Average Earnings Index and the fixed rates of 5% or 10% pa.

The benefits paid on death before retirement are the sum assured under any term assurance benefit plus the value of units allocated, excluding the units allocated in respect of the term assurance benefit, uplifted by a factor in the case of units allocated in respect of regular contributions. The uplift factor depends on the duration in force and the CPT, and tends to a value of 1 as the policy approaches the end of the CPT.

If the policy is made paid-up, then any term assurance benefit will lapse without value, but there is no other penalty. The monthly deductions to cover the expense charge continue until the end of the CPT. If the value of units allocated to the policy becomes exhausted, then a policy lapses without value.

Executive Pension Accounts can be written for existing members of other occupational schemes. In this case the policy is known as an AVC Pension Account and is subject to different monthly expense charges.

(e) -

(f) The margins arising from this plan which are needed to meet the costs relating to expenses, commissions and mortality are:

- the annual management charge on the unit funds of 1% pa taken daily. However, during the CPT this charge in respect of the units allocated from regular contributions is reinvested by the allocation of additional units to each policy.
- the monthly deductions for expenses to cover an expense charge
- where applicable, the monthly deductions for mortality to meet the expected mortality cost
- the margin included in the unit allocation rate. For investment premiums, the rates are as mentioned under (d) above. For life cover premiums there is an initial period during which there is no allocation to units, after which allocation is at the rate of 100%.
- the 5% bid/offer spread on the allocation of premiums to units.

(g) -

(h) The transfer value is the value of units allocated, excluding the units allocated in respect of any term assurance benefit.

(i) The benefits provided by any policy may be linked to one or more of the Company's internal linked funds. In addition, the following other property linked funds are available:

Pensions Guaranteed (100%) Equity FTSE Spot
Pensions Guaranteed (100%) Equity FTSE Average
Pensions Guaranteed (97.5%) Equity FTSE Spot
Pensions Guaranteed (97.5%) Equity FTSE Average

In these cases, the policyholders benefits are determined by reference to the value of the notional units allocated in these funds.

(j) -

(k) This contract was open to new business during 1998.

(l) On 1 January 1998, all expense deductions levied on these plans were uplifted to reflect the movement in the Average Earnings Index. The expense deductions have moved as follows:

	1997 £pa	1998 £pa
Executive Pension Account	71.28	74.28
AVC Pension Account	44.28	46.20
Additional charge for adding life cover	4.44	4.68

(a) **Unit Linked Pensions in Payment**

(b) Non-profit annuity in payment.

- (c) A single premium contract.
- (d) These annuities arise from a death or a maturity under a Growth Retirement Plan, Personal Pension Plan, or a Personal Pension Account. Where this type of annuity is selected, the annuity is expressed in terms of a fixed number of units per annum. The amount of the annuity will therefore depend on the unit prices at the date of payment. From February 1997 the Company was also open to new business.
- (e) -
- (f) The premium basis incorporates a loading for initial expenses and a mortality basis which allows for future improvements in experience. The Company meets its renewal expenses from the annual management charge on the unit funds. This is at the rate of 0.375% pa or 0.75% pa, depending on the generation of the original pension policy.
- (g) The rates of annual management charges referred to above are fixed by the policy provisions.
- (h) -
- (i) -
- (j) -
- (k) The contract was open to new business during 1998.
- (l) -

(a) Group Pension Scheme

- (b) Deposit Administration Contract
- (c) The Company makes monthly contributions into these schemes.
- (d) The Company runs two internal schemes for the benefit of head office staff and branch managers, for which the Company bears neither financial nor mortality risk.
- (e) -
- (f) -
- (g) -
- (h) -
- (i) -
- (j) -
- (k) The Company does not market these schemes externally.
- (l) -

(a) Income Protection Plan Disability Benefit

- (b) Non-profit permanent health insurance.
- (c) Premium transfers from the related Income Protection Plan are made each month.
- (d) This is an additional benefit on all Income Protection Plans which provides an annuity during disability and a waiver of premium benefit.

Each month an amount is received by transfer from a related Income Protection Plan. The amount is calculated as the present value of all disability payments, waiver of premium benefits and claim expenses arising from the expected disability claims during the month. The amounts transferred are calculated from tables maintained by the Actuary which reflect the Company's own morbidity experience and can be varied to reflect the Company's actual claim costs at the Actuary's discretion. The morbidity experience is reviewed on a monthly basis.

The disability benefit is available in two forms:

1. Level, where the amount of the benefit does not change.

2. Indexed, where the benefit is increased on the policy anniversary in line with the growth in the Average Earnings Index. The policyholder can elect for this indexation to take place on every policy anniversary or only on those anniversaries when a claim is still being paid, in which case the benefit reverts to its original value at the end of the claim. The indexed form of the benefit is only available to standard lives.
- (e) -
- (f) The Company recovers its costs relating to morbidity claims, waiver of premiums claims and claim expenses from the premium transfer from the related Income Protection Plan.
- (g) -
- (h) This benefit has no surrender value. If the related Income Protection Plan is surrendered, this benefit expires.
- (i) 100% of the premium transfers from the Income Protection Plan are allocated to units in the PHI Claims Fund.
- (j) -
- (k) This benefit was open to new business during 1998.
- (l) On 1 January 1998 the Company reviewed the level of claim admittance expenses and claim payment expenses which are used in determining the appropriate amount of premium transfer from the related Income Protection Plan. These amounts were uplifted in line with the growth in the Average Earnings Index, and the values are as follows:

	1997 £pa	1998 £pa
Claim Admittance Expense	219.25	228.63
Claim Payment Expense		
Year 1	573.96	598.56
Year 2	275.04	286.80
Year 3 and over	185.28	193.20

(a) Lifeline Critical Illness Benefit

- (b) Non-profit permanent health insurance
- (c) Premium transfers from the related Adaptable Life Plan or Adaptable Endowment Plan are made each month.
- (d) This is an optional additional benefit on Adaptable Life Plan and Adaptable Endowment Plan which provides a lump sum on the diagnosis of specified illnesses, occurrence of specified events or permanent total disability before age 65 for males, 60 for females (or the end of the term of the underlying contract if earlier).

Each month an amount is received by transfer from the related Adaptable Life Plan or Adaptable Endowment Plan. The amount is calculated as the expected cost of the Lifeline Critical Illness Benefit and can be varied to reflect the Company's actual claim costs at the Actuary's absolute discretion.

The amount of the Lifeline Critical Illness Benefit is the greater of the sum assured or cash value under the underlying plan.

- (e) -
- (f) The Company recovers its costs relating to Critical Illness Claims from the premium transfer from the related Adaptable Life Plan or Adaptable Endowment Plan.
- (g) -
- (h) There is no surrender value relating to this additional benefit. If the related Adaptable Life Plan or Adaptable Endowment Plan is surrendered, this benefit expires.
- (i) -
- (j) -
- (k) This benefit was withdrawn in February 1993.
- (l) -

(a) **Lifestyle Critical Illness Benefit**

- (b) Non-profit permanent health insurance.
- (c) Premium transfers from the related Lifestyle or Adaptable Endowment Plan are made each month.
- (d) This is an additional benefit on all Lifestyle policies and became an optional additional benefit on Adaptable Endowment Plans issued after February 1993. It provides a lump sum on the survival of the life assured for the period of 28 days from the diagnosis of specified diseases, occurrence of specified events, or permanent total disability before age 65 for males, 60 for females (or the end of the term of the underlying contract if earlier). For policies issued after February 1993, the range of illnesses covered by this benefit was extended.

Each month an amount is received by transfer from the related Lifestyle or Adaptable Endowment Plan policy. The amount is calculated as the expected cost of the Lifestyle Critical Illness Benefit and can be varied to reflect the Company's actual claim costs at the Actuary's absolute discretion.

The amount of the Lifestyle Critical Illness Benefit is the greater of the sum assured or cash value under the underlying plan.

- (e) -
- (f) The Company recovers its costs relating to Critical Illness claims from the premium transfer from the related Lifestyle or Adaptable Endowment Plan policy.
- (g) -
- (h) There is no surrender value for this benefit. If premiums on the related policy cease, this benefit expires.
- (i) -
- (j) -
- (k) This benefit was open to new business during 1998.
- (l) -

(a) **Lifestyle Plus Critical Illness Benefit.**

- (b) Non-profit permanent health insurance.
- (c) Premium transfers from the related Lifestyle Plus policy are made each month.
- (d) This is an additional benefit on all Lifestyle Plus policies and provides a lump sum on the survival of the life assured for the period of 28 days from the diagnosis of specified medical conditions, occurrence of specified events, or permanent total disability before age 65 for males, 60 for females.

Each month an amount is received by transfer from the related Lifestyle Plus policy. The amount is calculated as the expected cost of the Lifestyle Plus Critical Illness Benefit and can be varied to reflect the Company's actual claim costs at the Actuary's absolute discretion.

The amount of the Lifestyle Plus Critical Illness Benefit is the greater of the sum assured or cash value under the underlying plan.

- (e) -
- (f) The Company recovers its costs relating to Critical Illness claims from the premium transfer from the related Lifestyle Plus policy.
- (g) -
- (h) There is no surrender value for this benefit. If premiums on the related policy cease, this benefit expires.
- (i) -
- (j) -
- (k) This benefit was open to new business during 1998.
- (l) -

5.(4) Unit Valuation

The aim is to maintain equity between policyholders entering, exiting and continuing in a unit linked fund. Unit pricing methods may be adjusted to maintain this principle. Current methods are outlined below.

The determination of unit prices depends on whether the fund is in a net inflow or outflow position. Judgement is used to determine the trend in the fund.

When the fund is in a net inflow position, units are created or cancelled at the bare price. This price is determined by valuing the assets at the lowest offered dealing price including all costs that would be incurred in purchasing such assets and net of all investment management charges, mortgages, charges on the investments, liabilities and provisions in respect of the investments and deductions, if any, for tax. This total is divided by the number of units.

Units are allocated to policies at the offer price which is determined as the bare price divided by 95/100 plus a rounding adjustment of 1% or 1p, whichever is the lesser. Units are deallocated at 95% of the offer price.

When the fund is in a net outflow position units are created or cancelled at the bare price. This is determined by valuing the assets at the bid price, net of all costs that would be incurred in disposing of the assets, investment management charges, charges on investments, liabilities and provisions in respect of investments and deductions, if any, for tax. This total is divided by the number of units.

Units are deallocated to policies at the bid price which is determined as the bare price less a rounding adjustment of 1% or 1p, whichever is the lesser. Units are allocated at the offer price which is the bid price divided by 95/100.

Valuations are taken daily. The creation or cancellation takes place at the most recent valuation i.e. units created or cancelled during overnight processing use the price determined earlier in the day.

Where the fund invests in unit trusts or other collective investment schemes managed by companies connected with the Company the units or shares are valued at the price at which the Company would have been able to purchase those investments, unless the intention is to realise the holding in the short term in which case the bid price is used. Special arrangements have been made to invest in the unit trusts and collective investment schemes free of managers initial charges.

Where the fund invests in collective investment schemes not managed by the Company or its group undertakings the assets are valued at offer price when the fund is on a net inflow basis and at bid price when it is on an outflow basis.

5.(5) Capital Gains Tax

The provision for tax is calculated on a daily basis on the movements in unrealised gains, using a tax rate reflecting the expected tax payable by the Company as these gains are realised. Tax is provided on deemed disposals of units trusts and collective investment schemes with the gains being spread over 7 years in accordance with the Taxes Act.

The Capital Gains Tax reserve is held within the internal linked funds.

The following percentages were provided for during the year:

Realised gains	26%
Unrealised gains	
- equities and other company securities	26%
- unit trusts	18.28% - 21.74%
- property	26%

5.(6) Investments in Collective Investment Funds

The internal linked funds receive the following rates of discount, commission or other allowance when purchasing, selling or holding units in collective investment funds:

	Initial Charge Discount	Annual Management Charge Rebate	Funds buy at
Managed by Threadneedle Investment Services Ltd			
Unit Trusts	4.50%	0.25%	Creation price
OEICS, except	0.00%	1.00%	Net asset value price
Global Bond, UK Equity Income, UK Institutional Growth, UK Growth & Income	0.00%	0.75%	Net asset value price
Global Select Growth, Emerging Market Bond	3.75%	1.50%	Net asset value price
UK Monthly Income	3.75%	1.25%	Net asset value price
UK Corporate Bond	2.00%	0.50%	Net asset value price
Overseas Earnings	0.00%	1.50%	Net asset value price
UK Money Securities	0.00%	0.50%	Net asset value price
Shares in Allied Dunbar Specialist Funds Limited	5.00%	1.50%	Creation Price
Units in Barings unit trusts	5.00%	0.25%	Creation price + 0.25%
Units in HSBC James Capel unit trusts	5.25%	0.25%	Creation price + 0.25%
Units in Threadneedle Global Asset funds	4.75%	*	Net asset value price

On investments managed by Threadneedle Investment Services Ltd and shares in Allied Dunbar Specialist Funds Ltd the figures represent a full rebate of initial and annual management charges. Purchases in the OEICs may be subject to a dilution levy at the investment manager's discretion.

* AMC rebate is the lesser of the total fund fee or 2.4% less 0.6% Luxembourg tax and custody fee.

All of the benefits are passed on to the policyholder.

6.(1) Valuation Principles

The following general valuation principles apply:

Non-Linked Contracts - Direct Business

Life Assurance and General Annuity Business

The amount of the mathematical reserve is calculated as follows:

- A. The present value of the sum assured is calculated.
- B. The present value of the modified net premium is calculated.
- C. The mathematical reserve is the greater of:
 - (i) the difference between A and B
 - (ii) where appropriate, the surrender value
 - (iii) zero.

This method is modified for certain plans as follows:

Renewable Convertible Term Assurance

The value of the sum assured is increased by any outstanding initial commission.

Home Income Plan

The amount of the mathematical reserve is the sum of:

1. The value of the annuity payments.
2. The value of the return on death.

Lifetime Income Plan

A. The amount of the mathematical reserve for the immediate annuity is the sum of:

1. The value of the annuity payments.
2. The value of the return on death.

B. The amount of the mathematical reserve for the deferred annuity is the greater of:

1. The value of the annuity payments plus the value of the return on death before the payments begin.
2. The value of the return on death assuming that the annuity is not taken.

C. The amount of the mathematical reserve for the additional annuity is the value of the annuity payments.

Pension Business

Pensions in Payment

The amount of the mathematical reserve is the value of the annuity payments.

Executive Retirement Plan Mortgage Related

The amount of the mathematical reserve in the accumulated amount of the Initial Contributions reduced by a pure endowment factor plus the accumulated amount of the Subsequent Contributions. There is no additional reserve because:

- A. Any expenses are provided by an expense deduction which can be adjusted each year at the discretion of the Actuary.
- B. Any mortality costs are provided by mortality deductions which can be amended in line with the Company's own mortality experience, again at the discretion of the Actuary.
- C. The accumulation of the fund is based on a rate of interest which is declared from time to time, at the discretion of the Company with the advice of the Actuary.

Other Pensions Plans

The amount of the mathematical reserves for all other non-linked pension plans is calculated as follows:

A. Outgo from the Company each year arises from:

1. Expenses including any outstanding initial commission.
2. Amounts to be accumulated, including amounts resulting from increases in any endowment assurance and reduction factors applied to the accumulated amount of the Initial Premiums.
3. Interest at the relevant rate on the accumulated amount of the Subsequent Premiums and at the relevant rate less 3.5% on the accumulated amount of the Initial Premiums multiplied by any endowment assurance factors and any reduction factors. The relevant interest rate is the rate used to accumulate premiums as outlined in the product descriptions above.

B. Income to the Company each year arises from:

1. Basic Premiums and any Service Premiums.
 2. Interest on both the accumulated amount of the Subsequent Premiums and the accumulated amount of the Initial Premiums reduced by any endowment assurance factors and any reduction factors.
- C. For each year from the valuation date the difference between the projected outgo and the projected amount available to meet the outgo is calculated.
- D. The discounted value of each series of differences is calculated, that is the first year's difference, the first two years' differences and so on.
- E. The amount of the mathematical reserve is the accumulated amount of the Initial Premiums, reduced by an endowment assurance factor and any reduction factor, plus the accumulated amount of the Subsequent Premiums plus the larger of zero and the maximum of the series of discounted differences.

The amount of the mathematical reserve for Growth Retirement Plan Building Society Related Generation 1 is increased to provide for the mortality risk that the Company bears in respect of any annuity payable.

Permanent Health Insurance

Group Disability Scheme

The amount of the mathematical reserve is the value of the disability benefit payments in respect of in-force claims, assuming that claimants do not recover before their retirement age.

Non-Linked Contracts - Reassurance Ceded

The amount of the mathematical reserve is calculated as for inwards business except for Group Life Assurance where it is zero.

Linked Contracts - Direct Business

Life Assurance and Pensions Business

The amount of the mathematical reserve is the sum of the unit liability, the mortality and expenses reserve, and the options and guarantees reserve. These are calculated as follows:

- A. The unit liability is the greater of zero and the sum of the value of the Capital Units allocated, reduced by an assurance factor (except in the case of Growth Protector policies) and the value of the Accumulation Units allocated.

B. Outgo arises from:

1. The mortality cost, obtained by applying the appropriate mortality rate to the sum at risk.
2. Where appropriate, transfers to any related disability or critical illness benefits.
3. Expenses including any renewal commission and any outstanding initial commission.
4. Allocations to units, less the initial management charge, including any allocations resulting from increases in the assurance factor applied to the Capital Units.
5. Decreases in any surrender charge plus interest on the average amount of the surrender charge for each future year.

C. Income arises from:

1. Basic Premium and any Service Premium.
2. Where appropriate, management charges on the unit liability.
3. Where appropriate, mortality and expense deductions provided by the monthly cancellation of units.

4. Where appropriate, deductions in respect of any related disability or critical illness benefits provided by the monthly cancellation of units.
 5. Where appropriate, tax relief on the expenses accruing after the valuation date (allowing for the timing of relief), but excluding relief on spread expenses brought forward at the valuation date.
- D. For each year from the valuation date the difference between the projected outgo and the projected amount available to meet the outgo is calculated. In projecting unit liabilities allowance is made for any regular partial withdrawals.
 - E. The discounted value of each series of differences is calculated; that is the first year's difference, the first two year's differences and so on.
 - F. For plans where there is a surrender charge, the mortality and expense reserve is the larger of zero and the maximum of the series of discounted differences, reduced by any surrender charge. For all other plans the mortality and expenses reserve is the larger of zero and the maximum of the discounted values of the series of differences reduced by the value of the units allocated if negative.

For annual premium life policies where units are deducted to support mortality costs, expense charges and transfers to any related disability and critical illness benefits, the minimum value of the mortality and expense reserve is calculated as the projected outgo from these items up to the next anniversary less the unit liability.

- G. Where appropriate, the options and guarantees reserve for waiver of premium benefit is calculated as the increase, if any, of the mathematical reserve following the inclusion of the cost of waiver of premium benefit as outgo, and the inclusion of the additional premium as income.

This cost is calculated as the present value of future payments, together with the expenses of administering claims, multiplied, where appropriate, by a claim inception rate.

The reserves established for waiver of premium benefits were compared with those which resulted from a net premium approach with appropriate mortality, morbidity and expenses modification. The comparison shows the reserves to be larger.

- H. If the calculated mathematical reserve is less than zero, the mortality and expenses reserve is increased to ensure that the final mathematical reserve is not less than zero.
- I. Where appropriate, the mortality and expenses reserve has been increased to make allowance for claims incurred prior to 31 December 1998 but which had not been reported to the Company.

These principles and methods are amended for certain plans as follows:

Maximum Protection Plan

The cost of the waiver of premium benefit, where applicable, is included as outgo in the mortality and expenses reserve calculation and is assumed to be 1.5% per annum of the premium to be waived. The options and guarantees reserve is the cost of one year's waiver of premium benefit, where applicable.

Whole Life Plan, Adaptable Investment Plan and Income Protection Plan

Mortality costs are not included in the discounted cash flow for these plans as they are assumed to be directly offset by the deductions from the units allocated.

Single Premium Bond

The sum at risk on which the mortality cost is based is obtained by multiplying the projected value of units plus any Fixed Account Amount by the appropriate death benefit factor minus one.

The mortality and expenses reserve includes the Fixed Account Amount less any Loans. The options and guarantees reserve includes the value of any Fixed Account Loans.

Investment Bond and Distribution Bond

The value of units allocated is increased by two amounts. The first represents the discounted value of any unit related bonus payments due on 1 January 2000. The second covers any accrued liability for annual fund related commission at the valuation date.

Maximum Investment Plan 1979

For the joint life and last survivor version the mortality and expenses reserve is calculated three times:

1. Assuming the male only is alive at the valuation date.
2. Assuming the female only is alive at the valuation date.
3. Assuming both the male and female are alive at the valuation date.

The mortality and expenses reserve shown for this version is the sum of the three mortality and expenses reserves, each multiplied by the probability that the value applies, less any surrender charge.

Maximum Investment Plan 1992

The surrender charge used in the calculation of the mathematical reserve is restricted to the maximum amount that can be supported by the excess of future income over outgo, ignoring the surrender charge.

Growth Retirement Plan and Executive Pension Plan

For Growth Retirement Plan Generation 1, Generation 2 and Generation 3 policies separate discounted cash flow reserve calculations are carried out for unit and non-unit related items. Included in these cash flows are the cost of any mortality guarantee provided in the annuity rates and the cost of any maturity bonus payable.

For Executive Pension Plan Generation 1 policies, Guarantee Premiums are included in the outgo in the calculation of the mortality and expenses reserve, if applicable. These are the lesser of one tenth of the Annualised Basic Premium divided by the number of years from the commencement date to the Standard Retirement Age and one per cent of the Annualised Basic Premium.

Personal Pension Plan and Executive Retirement Plan

The unit liability is reduced by the value of any mortality margins in respect of capital units. Additional non-unit provisions have been set up to cover the costs of redress to clients disadvantaged as a result of pensions transfers and opt-out sales.

Unit-Linked Annuity in Payment

The amount of the mathematical reserve is the value of the annuity payments.

Group Pension Scheme

The amount of the mathematical reserve is the value of the units allocated.

Income Protection Plan Disability Benefit

The mathematical reserves represent the cost of the disability annuity, waiver of premium benefit and claim payment expenses for all claims in payment together with an additional provision for claims incurred prior to the valuation date which had not been reported to the Company prior to 8 January 1999.

Lifeline Critical Illness Benefit, Lifestyle Critical Illness Benefit and Lifestyle Plus Critical Illness Benefit

No additional reserve is held for these benefits as the transfer from the life contract each month equals the expected cost of the benefit and may be adjusted at the Actuary's discretion.

Linked Contracts - Reassurance Ceded

Risk Premium Reassurance - Life Assurance, Pension and Permanent Health Insurance Business

The amount of the mathematical reserve is one half of the net annualised premiums paid for Annual Premium Contracts.

The following specific points also apply:

- a) For derivatives held within the linked funds, allowance has been made for the market value of these in the calculation of the unit price.

For Guaranteed Equity Bonds where the liability is linked to movements in the FTSE 100 index, the Company invests in FTSE 3 month call options to match the liability, which are held in the GEB FTSE fund, shown in Form 55.

Policyholders are allocated notional units in this fund, and the price of the fund is calculated at quarterly intervals, on pre-defined Set Dates. The calculation of the price will reflect the increase (if any) in the FTSE 100 index over the previous quarter multiplied by a percentage factor, determined at the start of the previous quarter. The Company's liability represents the value of these allocated units.

For our Personal Pension Account and Executive Pension Account, in addition to the range of internal linked funds, the Company offers the choice of four alternative Guaranteed Equity Funds which provide a return linked to movements in the FTSE 100 index. The Company invests in FTSE 3 month call options to match this liability, which are held in the Pensions Guaranteed FTSE funds shown in Form 55.

Policyholders are allocated notional units in these funds, and the price of these funds are calculated at quarterly intervals, on pre-defined dates. For the "Spot" funds, the calculation of the price will reflect the increase (if any) in the FTSE 100 index over the previous quarter whereas for the "Average" funds, the price calculation reflects the increase (if any) in the average FTSE index over the value at the start of that period. The Company's liability represents the value of these allocated units.

- b) Unit Liabilities and the future cash flows underlying the non-unit reserves have been determined having regard to the reasonable expectation of policyholders, given the statements made in both our marketing and contract literature.
- c) The liabilities in respect of Endowment Assurance, Renewable Convertible Term Assurance, Family Income Benefit, Executive Pensions Plan Life Assurance Benefit, Self-Employed Life Plan and Executive Pension Plan Death in Service Benefit have been calculated using the net premium method. The premium valued was never greater than the premium receivable less the net renewal costs.
- d) The valuation methods ensure that no policy has a mathematical reserve of less than zero.
- e) There are no with profit policies.
- f) The prospective liability for tax on unrealised capital gains in respect of the internal linked funds is provided for in the Capital Gains Tax Reserve. The reserve is equal to the allowance for future tax on unrealised gains in the unit pricing calculation at the valuation date. The Company has the right to vary the level of the adjustment such that no profit or loss accrues to the Company.
- g) No reserve was considered necessary for guaranteed surrender and maturity benefits.
- h) On all types of non-linked policy where guaranteed surrender values are granted, the reserve was set to the greatest of the current guaranteed surrender value, the liability under the policy assuming it will be surrendered at the most onerous time from the point of view of the Company, and the liability under the policy assuming that no surrender takes place.

The reserve for Renewable Convertible Term Assurance has been increased to allow for the option to renew policies for a further period. The method has been to assume an 80% increase in mortality rates for policies renewing.

For Growth Retirement Plan Generations 1 and 2 and Growth Retirement Plan Building Society Related Generation 1, the value of the units allocated and allocations to units are increased to provide for the mortality risk that the Company bears in respect of any annuity payable. The method used to calculate the amount of this additional reserve is to include the cost of the guarantee in the final year's cash flow in the discounted cash flow reserve calculation. In assessing the cost of the guarantee, the guaranteed a(55) mortality basis is compared against the anticipated future reserving basis of 94% IM80(C=2000) for males and 70% IF80(C=2000) for females.

7.(1) The rates of interest used in the valuation are shown in Forms 51 to 53.

The mortality tables used in the valuation are represented by letters in Forms 51 to 53. Complete details are as follows:

A	60%	AM80	Ultimate
B	70%	AM80	Ultimate
C	107%	IM80	Select (C=2000)
D	93%	IF80	Select (C=2000)
E	93%	IM80	Select (C=2000)
F	102%	IF80	Select (C=2000)
G	80%	AM80	Ultimate
H	95%	AF80	Ultimate
I	65%	AF80	Ultimate
J	A percentage of AM80 Ultimate ranging from 79% for ages below 36 to 47% for ages over 59.		
K	A percentage of AF80 Ultimate ranging from 83% for ages below 36 to 52% for ages over 59.		
L	99%	IM80	Select (C=2000)
M	78%	IF80	Select (C=2000)
N	66%	AF80	Ultimate

For plans where the premium rates differ according to the smoking status of the life assured the mortality rates in the published table are multiplied by a factor as follows:

Smoking Status	Factor
Non Smoker	80%
Smoker	167%

Disability benefit and waiver of premium benefit claims in payment were valued using termination rates based on the Experience table from the US Disability Table Study submitted to the Governors of the Society of Actuaries in 1985, adjusted for our experience. Future outgo for these benefits has been calculated allowing for using inception rates based on the experience included in CMI Report Number 7, again adjusted for our experience.

- (2) Published tables were used throughout the valuation.
- (3) The Company writes the vast majority of its business on UK lives with a small amount of business also covering Swedish lives. This Swedish business consists primarily of Investment Bonds, where the Company bears very little mortality risk, and so it is not considered appropriate to adopt different valuation mortality bases for this compared to the UK business.
- (4) Valuation mortality bases for annuity contracts are based on our current smoothed experience, adjusted to allow for future mortality improvements. The basis for these adjustments in the case of Pensions in Payment is to assume a 25% reduction in the mortality rate over 20 years for males and a 40% reduction over 20 years for females. In the case of Home Income Plan and Lifetime Income Plan the basis assumes a 17% reduction in the mortality rate over 20 years.
- (5) For contracts which provide a mortality guarantee, an additional AIDS mortality reserve has been established. This has been calculated using the R6A reserving basis, adjusted so that the peak level of mortality is maintained at each age.

The additional AIDS mortality reserve in respect of the renewal option under Renewable Convertible Term Assurance has been calculated assuming that these contracts are whole life contracts.

No additional AIDS mortality reserve has been set up for products without mortality guarantees where mortality deductions can be varied. This is because the Company's automated mortality analysis system is regularly used to examine experience by type of business and policy duration and the Company's computer systems are sufficiently flexible that mortality deductions can be varied at very short notice. Mortality deductions include an allowance for AIDS claims which exceeds anticipated levels based on recent experience.

No additional AIDS reserve has been established in respect of Income Protection Plan. This is because morbidity deductions reflect the Company's actual morbidity experience monitored on a monthly basis using the Company's automated morbidity analysis system.

The total AIDS reserves at the valuation date amounted to £240,000.

- (6) For non-linked liabilities, Mismatching Reserves have been calculated assuming an increase in current yields of 3 percentage points and a fall of 20% from present levels.

The Mismatching Reserve for unit linked business has been calculated using the approach recommended in section 5.6 of the Valuation Research Working Party Report on Valuation Liabilities for Linked Long-Term Business. The reserves are those which result from a simultaneous 25% fall in the value of equities, properties, and gilt-edged securities. The unit growth and interest rates have not been adjusted. A 25% rise was also considered, but detailed calculations were not prepared on this basis as it was clear that the resulting liabilities would be lower. In addition, Mismatching Reserves have been established in respect of sterling reserves on linked business on the same basis as for non linked business.

- (7) For non-linked contracts, the nature and term of the admissible assets notionally allocated to the liabilities and the expected incidence of asset and liability cash flows has been taken into account in determining the mathematical reserves. Thus, any cash flow mismatching reserve is integral to the basic reserve.
- (8) For non-linked liabilities, Mismatching Reserves have been calculated on a cash flow basis, allowing for the effect on asset income of an immediate 20% reduction in reinvestment rates and the effect of a 3% addition to the yield. The reduction in yield scenario produced the highest Mismatching Reserve, which amounted to £3.3m. On application of this test, the aggregate value of assets rose by £67.4m and the aggregate liabilities rose by £70.7m.

For unit linked business, the Mismatching Reserve was calculated by performing a separate valuation using the lower unit prices resulting from the 25% fall in the value of equities, properties and gilt edged securities. This resulted in the value of assets falling by £4,140.2m and the value of liabilities falling by £4,133.4m. Although the fall in unit assets and unit liabilities were exactly matched, the fall in unit prices did give rise to an increase in non-unit reserves of £6.8m.

- (9) All the Company's liabilities are denominated in sterling.

8. (a) Where applicable, the proportion of the Office Premium reserved for future expenses is shown in Form 51.
- (b) No specific provision is made for expenses after premiums have ceased on ADP Endowment Assurance and ADP Pure Endowment as there is a sufficient margin in the rate of interest. For ADP Individual Annuities an additional reserve for future expenses was provided equal to 2.7% of the basic reserve. For ADP Scheme Annuities an additional reserve for future expenses was provided equal to 6.5% of the basic reserve. For Home Income Plan an additional reserve for future expenses was provided equal to 1.65% of the basic reserve. For Lifetime Income Plan an additional reserve for future expenses was provided equal to 6.2% of the basic reserve.

The allowance for future expenses on Growth Retirement Plan Building Society Related and Growth Retirement Plan Deposit Administration is 10.75% of the annualised premium increased by 3.0% for each year from the valuation date. Where premiums have ceased the initial allowance is 0.13% of the accumulated amount of the Initial Premiums reduced by an endowment assurance factor plus the accumulated amount of the Subsequent Premiums. The initial allowance is increased by 3.0% for each year from the valuation date.

For Executive Pension Plan Mortgage Related and Executive Pension Plan Deposit Administration the allowance for future expenses is 6.0% of the annualised premium increased by 3.0% for each year from the valuation date. Where premiums have ceased the initial allowance is 0.16% of the accumulated amount of the Initial Premiums reduced by an endowment assurance factor plus the accumulated amount of the Subsequent Premiums. The initial allowance is increased by 3.0% for each year from the valuation date.

For Executive Pension Plan Mortgage Related and Executive Retirement Plan Mortgage Related, provision for future renewal expenses is made under the associated linked Executive Pension Plan contract or the associated linked Executive Retirement Plan contract.

For Non-Linked Pensions in Payment a reserve was provided for future expenses equal to 2.60% of the basic reserve.

- (c) Prospective methods of valuation were used throughout the valuation.
- (d) All contracts falling within the circumstances described in regulation 67(1) of the Insurance Companies Regulations 1994 were valued in accordance with that regulation.

The amount of mathematical reserves for the non-linked contracts Growth Retirement Plan Building Society Related, Growth Retirement Plan Deposit Administration, Executive Pension Plan Building Society Related, Executive Pension Plan Deposit Administration, Executive Pension Plan Mortgage Related and Executive Retirement Plan Mortgage Related is calculated as the discounted value of a series of differences. Rates of interest which are not described elsewhere but are used in the valuation of these contracts are as follows:

3.5% In calculating the endowment assurance factor for reducing the accumulated amount of the Initial Premium under Growth Retirement Plan Building Society Related Generation 1.

4.25% In calculating the endowment assurance factor for reducing the accumulated amount of the Initial Premiums under Growth Retirement Plan Building Society Related Generation 2 and Generation 3, Growth Retirement Plan Deposit Administration, Executive Pension Plan Building Society Related, Executive Pension Plan Deposit Administration and the Initial Contributions under Executive Pension Plan Mortgage Related Benefit.

4.25% In calculating the pure endowment assurance factor for reducing the accumulated amount of the Initial Contributions under the Executive Retirement Plan Mortgage Related.

4.25% In projecting the accumulated amounts from Subsequent Premiums and Subsequent Contributions. For amounts accumulated from Initial Premiums and Initial Contributions this rate is reduced by 3.5%.

9. (a) The valuation rates of interest and mortality tables used are shown in Form 53. Other rates of interest used are as follows:

3.5% In calculating the endowment assurance factor for reducing the value of the Capital Units allocated to Growth Retirement Plan Generation 1 and Generation 2 and Executive Pension Plan Generation 1.

4.25% In calculating the endowment assurance factor for reducing the value of the Capital Units allocated to Growth Retirement Plan Generation 3 and Generation 4 and Executive Pension Plan Generation 2 and Generation 3.

4.25% In calculating the pure endowment assurance factor for reducing the value of the Capital Units allocated to Personal Pension Plan and Executive Retirement Plan.

4.0% (4.5% gross) In projecting the value of the units allocated under the linked assurances. This underlying rate is reduced by the appropriate Accumulation or Capital Unit annual charge.

4.5% In projecting the value of the units allocated under linked pension contracts. This underlying rate is reduced by the appropriate annual management charge.

The allowance for future expenses and the expense deductions for the products shown in the table below are a fixed amount per plan, or, in the case of the expense allowance for Maximum Investment Plan 92, a fixed amount for each separately administered policy. Within the valuation, expense allowances have been increased by 3.0% and expense deductions by 3.5% for each year from the valuation date. The fixed amounts are as follows:

	Expense Deduction £	Expense Allowance	
		In-Force £	Paid Up £
Adaptable Life Plan			
issued before February 1994	24.12	19.20	7.45
issued after January 1994	20.76	19.20	7.45
Lifestyle Plus	24.12	18.70	7.45
Adaptable Endowment Plan			
issued before February 1988	24.12	18.70	7.45
issued after January 1988	26.76	18.70	7.45
Adaptable Investment Plan	22.68	25.50	7.45
Maximum Investment Plan 1992	24.12	17.50	7.45
Adaptable Term Plan	21.72	15.90	-
Income Protection Plan	24.12	17.40	-
Lifestyle	24.12	17.50	-
Personal Pension Plan			
issued before July 1987	32.64	26.50	11.40
issued between July 1987 and June 1988	41.76	26.50	11.40
issued after June 1988	48.60	26.50	11.40
Group Personal Pension Plan	48.60	51.00	11.40
Protected Rights Only	11.04	-	8.90
Executive Retirement Plan	78.12	72.20	29.70
Group Executive Retirement Plan	78.12	83.90	14.70
AVC Pension Plan			
issued before July 1988	41.88	28.60	16.60
issued after June 1988	48.60	28.60	16.60
Personal Pension Account	48.60	26.50	11.40
Group Personal Pension Account	48.60	51.00	11.40
Executive Pension Account	78.00	72.20	29.70
AVC Pension Account	48.60	28.60	16.60

In addition to the per policy expense allowances above there is a further expense provision in respect of new business which allows for the additional costs incurred during the early years of a contract. These short term expenses are assumed to be spread evenly over the first five policy years and have given rise to additional provisions of £4.0m.

There is an additional expense deduction of £21.00 for Personal Pension Plans and AVC Pension Plans with Death-in-Service Sum Assured benefits. The expense allowance and charge for Personal Life Plans without a related Personal Pension Plan are as for Personal Pension Plans without Death-in-Service Sum Assured benefits.

There is an additional expense deduction of £22.08 for Executive Retirement Plans with Protected Rights benefits.

There is an additional expense deduction of £4.92 for Personal Pension Accounts, Group Personal Pension Accounts, Executive Pension Accounts and AVC Pension Accounts which have Term assurance benefits.

For Personal Pension Accounts and Group Personal Pension Accounts with Protected Rights benefits there is an additional expense deduction of £11.04.

The allowance for future expenses on other in force linked contracts is a proportion of the annualised Basic Premium increased by 3.0% for each year from the valuation date. The proportions of the annualised Basic Premiums used are as follows:

9.00%	For Flexible Investment Plan, Variable Investment Plan 97, Variable Investment Plan 100, Variable Investment Plan, Maximum Investment Plan 1979.
14.00%	For Growth Protector Plan, Growth Savings Plan and Maximum Protection Plan.
16.75%	For 10/15 Plus Plan.
5.50%	For Whole Life Plan.
6.00%	For Executive Pension Plan.
10.75%	For Growth Retirement Plan.

Other than for policies where the paid-up expense allowance has been specified above, if premiums have ceased and if no future premiums are payable the initial allowance for future expenses is a proportion of the valuation unit liability. The initial allowance is increased by 3.0% for each year from the valuation date. The proportions of the valuation unit liabilities used are as follows:

0.05%	For Investment Bonds.
0.21%	For Single Premium Bonds.
0.06%	For Distribution Bond
0.09%	For Guaranteed Equity Bond
0.08%	For other paid up linked assurances.
0.16%	For Executive Pension Plan
0.13%	For Growth Retirement Plan.

(b) -

10.(1) As mentioned in 9(a) above, the assumed rate of expense inflation used in the valuation is 3.0% pa. This has been allowed for directly.

(2) The 1999 expense allowance included in the valuation was £40.4m for ongoing renewal expenses, together with £9.0m for short term expenses. No direct allowance is made for expenses charged to the unit funds in the valuation expense loadings. In 1998, these expenses charged to the unit funds amounted to £26.6m. The form of the renewal expense loading varies by product, as described in 9a) above.

(3) The Company carried out a full profitability review of its 1998 and 1999 new business towards the end of 1998 using its current levels of expenses. The 1998 production assumed reflected our best view of actual production for the full year and the 1999 production was assumed to be 5% higher. This showed that the Company does not have an expense overrun in respect of its new business, and therefore no additional provision in respect of this is considered necessary.

(4) The calculation of the costs which would be incurred if the Company were to cease to transact new business twelve months after the valuation date allow for the expected level of redundancy costs and the capitalised value of future rental commitments under leases in respect of Head Office and Branch properties which would become vacant. These costs however are more than offset by a prudent assessment of the margins arising from the existing business over this period, so that no closure to new business reserve is considered necessary.

11.(1) All non-linked liabilities and corresponding matching assets are denominated in sterling.

12.(1)(a) No premiums were paid for reinsurance ceded on a facultative basis to reinsurers who are not authorised to carry on business in the United Kingdom.

(2)(a) **ERC Frankona Reassurance Limited.**

(b) The reinsurer is authorised to carry on business in the United Kingdom.

(c) The Company and the reinsurer are not connected.

(d) Death benefits, accidental death benefits and waiver of premium benefits are covered by the treaty. Sums assured under periodic premium assurances are reinsured on a risk premium basis with the exception of term assurance, Accidental Death Benefit and Executive Pension Plan Death in Service Benefit which are on original terms.

Sums assured under Single Premium Bonds are also effectively reinsured on original terms as the appropriate portion of the allowance for the mortality cost is passed on to the reinsurer as a premium.

The maximum sum assured to which the treaty applies for underwriting autonomy is £2,650,000. Sums assured above this level and certain cases with impairments were referred to the reinsurer's underwriters before being reinsured within the terms of the treaty.

(e) Gross premiums of £774,351 were paid during the year.

(f) There are no deposit back arrangements.

(g) All reinsurance premium payments, including any refunds, are net of commission.

(h) The treaty is open to new business.

(a) General & Cologne Re

- (b) The reinsurer is authorised to carry on insurance business in the United Kingdom.
- (c) The Company and the reinsurer are not connected.
- (d) Death benefits, disability benefits, critical illness benefits and waiver of premium benefits are covered by the treaty. Sums assured under periodic premium assurances are reinsured on a risk premium basis. Waiver of premium benefits are reinsured on an original terms basis.

The maximum sum assured to which the treaty applies for underwriting autonomy is £2,900,000 for death benefits, £1,000,000 for Lifeline and Lifestyle benefits and £46,000 per annum for disability and waiver of premium benefits. Sums assured above this level and certain cases with impairments were referred to the reinsurers' underwriters before being reinsured within the terms of the treaty.

- (e) Gross premiums of £8,632,780 were paid during the year.
- (f) There are no deposit back arrangements.
- (g) All reinsurance premium payments, including any refunds, are net of commission.
- (h) The treaty is open to new business.

(3) -

13-16 There are no with profit policies.

19.(2) The Company has no derivative contracts reported in Form 48.

21.(2) The only assets the Company holds where adjustments to the asset yields to allow for risk of default are considered necessary are variable interest commercial mortgages and fixed interest Home Income Plan mortgages. The adjustment made to the asset yields are 0.25% pa and 0.05% pa respectively, which has regard to the Company's experience of default under these loans and its view as to the level of security provided by them. In addition to this, the asset values include general provisions, calculated in accordance with generally accepted accounting principles.

(3) Neither equities nor properties are used to match non-linked liabilities in the notional allocations.

23. The required margin of solvency for Accidental Death Benefit is included within Form 60.

The entry in line 51 of Form 60 exceeds the amount that would be obtained if Form 61 were to be completed, as it has been calculated as 18% of the in force annual office premium, with no offset for reinsurance.

In practice, 100% of the benefit is reinsured on the same conditions as the inwards contract, but at a substantially lower premium.

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

Allied Dunbar Assurance plc

Global business

United Kingdom business

Non-linked

Financial year ended 31 December 1998

		Company registration number	GL/UK/CM		Period ended			Units	UK/OS	NL/N
		R46	865292	GL	31	12	1998	£000	UK	NL
		Life assurance and general annuity		Pensions business		Permanent health		Other business		
		No of contracts	Annual premiums	No of contracts	Annual premiums	No of contracts	Annual premiums	No of contracts	Annual premiums	
		1	2	3	4	5	6	7	8	
In force at beginning of year	11	17,871	730	61,843	1,678					
New business and increases	12	53	8	38	21					
Net transfers and other alterations 'on'	13	9	-	9,272	44					
Total 'on' (12 + 13)	19	62	8	9,310	65					
Deaths	21	1,235	6	1,497	8					
Other insured events	22	-	-	-	-					
Maturities	23	10	4	246	25					
Surrender	24	5	-	-	-					
Forfeitures	25	216	25	568	143					
Conversions to paid-up policies for reduced benefits	26	-	-	-	52					
Net transfers, expires and other alterations 'off'	27	1,257	101	634	93					
Total 'off' (21 to 27)	29	2,723	136	2,945	321					
In force at end of year (11+19 -29)	39	15,210	602	68,208	1,421					

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

Allied Dunbar Assurance plc

Global business

United Kingdom business

Linked

Financial year ended 31 December 1998

		Company registration number	GL/UK/CM		Period ended			Units	UK/OS	NL/LN
		R46	865292	GL	31	12	1998	£000	UK	LN
		Life assurance and general annuity		Pensions business		Permanent health		Other business		
		No of contracts	Annual premiums	No of contracts	Annual premiums	No of contracts	Annual premiums	No of contracts	Annual premiums	
		1	2	3	4	5	6	7	8	
In force at beginning of year	11	981,880	461,631	1,009,252	595,570	257,475	41,594			
New business and increases	12	104,725	84,712	35,063	97,221	45,825	7,029			
Net transfers and other alterations 'on'	13	6,492	3,108	5,052	38,552	726	4,413			
Total 'on' (12 + 13)	19	111,217	87,820	40,115	135,773	46,551	11,442			
Deaths	21	5,549	1,333	2,041	866	201	65			
Other insured events	22	137	130	-	-	131	22			
Maturities	23	3,647	1,001	17,723	5,065	-	-			
Surrender	24	30,826	11,518	-	-	3,398	475			
Forfeitures	25	34,738	20,414	3,216	970	18,849	3,448			
Conversions to paid-up policies for reduced benefits	26	-	5,637	-	82,684	-	-			
Net transfers, expires and other alterations 'off'	27	5,399	11,157	9,080	21,083	141	1,340			
Total 'off' (21 to 27)	29	80,296	51,191	32,060	110,668	22,720	5,350			
In force at end of year (11+19-29)	39	1,012,801	498,260	1,017,307	620,675	281,306	47,686			

Long term business : Analysis of new ordinary long term business

Allied Dunbar Assurance plc

Global business

Financial year ended 31 December 1998									
Company registration number				GL/JUK/CM		Period ended			Units
						day	month	year	
R47				865292		GL	31	12	1998
						£000			
						NIL			
UNITED KINGDOM DIRECT WRITTEN BUSINESS									
Type of insurance	Single premium contracts					Regular premium contracts			
	No of contracts	Premiums	Sums assured, annuities per annum or other measures of benefit	No of contracts	Annual premiums	Sums assured, annuities per annum or other measures of benefit			
1	2	3	4	5	6	7			
Life Assurance and General Annuity Business									
Non-linked Non-profit Policies									
Term Assurance									
ADP Immediate Annuity									
	-	-	-	34	8	421			
	19	445	80 p.a.	-	-	-			
Total Life Assurance and General Annuity Business									
	19	445	80 p.a.	34	8	421			
Pension Business									
Non-linked Non-profit Policies									
Term Assurance									
Deferred Annuity									
Annuity in Payment									
	-	30	854	-	17	3,119			
	-	1	-	-	4	-			
	38	1,187	86	-	-	-			
Total Pension Business									
	38	1,218	940	-	21	3,119			

Long term business : Analysis of new ordinary long term business

Allied Dunbar Assurance plc

Global business

Company registration number		GL/JUK/CM		Period ended			Units	
		GL/JUK/CM		day	month	year	Units	N/L/N
R47		865292		31	12	1998	£000	LN
Type of insurance		Single premium contracts			Regular premium contracts			
		No of contracts	Premiums	Sums assured, annuities per annum or other measures of benefit	No of contracts	Annual	Sums assured, annuities per annum or other measures of benefit	
1		2	3	4	5	6	7	
UNITED KINGDOM DIRECT WRITTEN BUSINESS								
Life Assurance and General Annuity Business								
Other Linked Contracts								
Whole Life Assurance		12,309	362,870	362,870	27,408	22,218	2,609,030	
Endowment Assurance		-	-	-	33,258	43,289	1,351,689	
Term Assurance		-	-	-	31,750	19,205	2,979,792	
Total Life Assurance and General Annuity Business		12,309	362,870	362,870	92,416	84,712	6,940,511	
Pension Business								
Other Linked Contracts								
Deferred Annuity and Term Business		1,403	174,151	214,728	33,660	97,221	1,217,095	
Total Pension Business		1,403	174,151	214,728	33,660	97,221	1,217,095	
Permanent Health Business								
Other Linked Contracts								
Permanent Health		-	-	-	8,632	2,144	158,425 p.a.	
Critical Illness Benefits		-	-	-	37,193	4,885	2,561,922	
Total Permanent Health Business		-	-	-	45,825	7,029	158,425 p.a.	
Overall Total		13,712	537,021	577,598	171,901	188,962	158,425 p.a.	10,719,528

Long term business : Expected income from admissible assets not held to match liabilities in respect of linked benefits

Allied Dunbar Assurance plc

Global business

Financial year ended 31 December 1998

Category of assets : Total

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
				day	month	year			
		R48	865292	GL	31	12	1998	£000	10
Type of asset			Value of admissible assets as shown on Form 13 1	Expected income from admissible assets 2			Yield % 3		
Land and buildings			11						
Fixed interest securities	Approved securities	12	621,200	39,946			4.56		
	Other	13	24,844	1,517			6.01		
Variable interest and variable yield securities (excluding items shown at line 16)	Approved securities	14							
	Other	15	81,790	5,872			7.24		
Equity shares and holdings in collective investment schemes			16						
Loans secured by mortgages			17	195,365	17,976			9.20	
All other assets	Producing income	18	164,080	11,997			7.31		
	Not producing income	19	72,211						
Total (11 to 19)			29	1,159,490	77,308			5.67	

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

Allied Dunbar Assurance plc

Global business

Financial year ended 31 December 1998

Financial year ended 31 December 1998											
Category of assets : Total											
Company registration number											
GLUKCOM											
Period ended											
day month year											
Units											
Category of assets											
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Long term business : Valuation summary of non-linked contracts (other than accumulating with-profit policies)

Allied Dunbar Assurance plc

Global business

United Kingdom business

Financial year ended 31 December 1998

Life Assurance and General Annuity Business - Direct Business

Long Term Assurance Fund

Long Term Assurance Fund																								
Type of insurance or name of contract			R51		865292		GL		31		12		1998		£000		UK		L & GA		Amount of mathematical reserves			
1			Valuation basis		No of contracts		Amount of sums assured or annuities per annum, including vested reversionary bonuses		5		Amount of annual premiums		Proportion of office premiums reserved for expenses and profits		8		Value of sums assured or annuities per annum, including vested reversionary bonuses		9		Value of annual premiums		12	
			Rate of interest								Mortality or morbidity table										3			
2			3		4		5		6		7		8		9		10		11		12			
HOME INCOME PLAN			7.80		C,D		24,824 p.a.		8,120		-		-		111,821		-		-		111,821			
LIFETIME INCOME PLAN			8.00		E,F		265 p.a.		811		-		-		1,698		-		-		1,698			
Deferred Annuity			8.00		E,F		497 p.a.		1,299		-		-		2,469		-		-		2,469			
Immediate Annuity			8.00		E,F		125 p.a.		355		-		-		535		-		-		535			
Additional Annuity																								
MISCELLANEOUS			-		-		77,563		4,625		602		303		-		1,509		771		926			
55 p.a.																								
AIDS RESERVE			-		-		-		-		-		-		-		-		-		64			
MISMATCHING RESERVE			-		-		-		-		-		-		359		-		-		359			
INWARDS TOTALS			-		-		77,563		15,210		602		303		-		1,509		771		117,873			
25,765 p.a.																								
REASSURANCE TOTALS			-		-		4,313		-		7		-		-		-		-		6			
NET TOTALS			-		-		73,250		15,210		596		303		-		1,509		771		117,866			
25,765 p.a.																								

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

Allied Dunbar Assurance plc

Global business

United Kingdom business

Financial year ended 31 December 1998

Pension Business - Direct Business

Long Term Assurance Fund

Type of insurance or name of contract	Company registration number		GLUK/CM		Period ended		Units		Type of business		Category of surplus	
	865292		GL		1998		£000		UK		Pens	
	R51		GL		12		1998		UK		Pens	
	R51		GL		12		1998		UK		Pens	
1	No of contracts	Valuation basis		Amount of sums assured or annuities per annum, including vested reversionary bonuses	5	Proportion of office premiums reserved for expenses and profits	8	Value of sums assured or annuities per annum, including vested reversionary bonuses	9	Value of annual premiums		Amount of mathematical reserves
		Rate of interest	Mortality or morbidity table							Office premiums	Net premiums	
		2	3		4		7			10	11	12
GROWTH RETIREMENT PLAN BUILDING SOCIETY RELATED		%										
Gen 1 - In Force	10	4.40	A,I	210		-	-	-	-	-	-	225
Gen 1 - Paid Up	19	4.40	A,I	198		-	-	-	-	-	-	204
Gen 2 - In Force	217	4.40	A,I	4,970		49	-	-	-	-	-	4,855
Gen 2 - Paid Up	593	4.40	A,I	6,185		-	-	-	-	-	-	5,830
Gen 3 - In Force	153	4.40	A,I	3,402		44	-	-	-	-	-	3,445
Gen 3 - Paid Up	442	4.40	A,I	4,284		-	-	-	-	-	-	4,222
GROWTH RETIREMENT PLAN DEPOSIT ADMINISTRATION												
In Force	89	4.40	A,I	1,427		-	-	-	-	-	-	1,402
Paid Up	270	4.40	A,I	2,823		-	-	-	-	-	-	2,696
EXECUTIVE PENSION PLAN BUILDING SOCIETY RELATED												
Gen 1 - In Force	8	4.40	A,I	727		11	-	-	-	-	-	709
Gen 1 - Paid Up	97	4.40	A,I	4,390		-	-	-	-	-	-	4,182
Gen 2 - In Force	17	4.40	A,I	1,017		16	-	-	-	-	-	1,008
Gen 2 - Paid Up	86	4.40	A,I	2,999		-	-	-	-	-	-	2,892
EXECUTIVE PENSION PLAN DEPOSIT ADMINISTRATION												
In Force	45	4.40	A,I	4,135		94	-	-	-	-	-	4,017
Paid Up	199	4.40	A,I	6,988		-	-	-	-	-	-	7,019

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

Global business

United Kingdom business

Financial year ended 31 December 1998

Pension Business - Direct Business

Long Term Assurance Fund

Long Term Assurance Fund																				
Type of insurance or name of contract	Valuation basis			No of contracts	R51	865292		GL	31	12	1998	£000	UK	Pens	11	Amount of mathematical reserves				
	Rate of interest		Mortality or morbidity table			Amount of annual premiums											Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums	
	2	3				6	7												8	9
1				4	5											12				
EXECUTIVE PENSION PLAN																				
MORTGAGE RELATED																				
Gen 1 - In Force	4.40	A,I	5		295	-	-	-	-	-	-	-	-	-	-	295				
Gen 1 - Paid Up	4.40	A,I	4		126	-	-	-	-	-	-	-	-	-	-	126				
Gen 2 - In Force	4.40	A,I	45		1,173	-	-	-	-	-	-	-	-	-	-	1,173				
Gen 2 - Paid Up	4.40	A,I	29		604	-	-	-	-	-	-	-	-	-	-	604				
Gen 3 - In Force	4.40	A,I	239		7,507	-	-	-	-	-	-	-	-	-	-	7,506				
Gen 3 - Paid Up	4.40	A,I	169		4,262	-	-	-	-	-	-	-	-	-	-	4,363				
EXECUTIVE RETIREMENT PLAN																				
MORTGAGE RELATED																				
In Force	4.40	A,I	779		16,455	-	-	-	-	-	-	-	-	-	-	17,087				
Paid Up	4.40	A,I	345		5,802	-	-	-	-	-	-	-	-	-	-	6,134				
PENSION IN PAYMENT	4.40	L,M	58,157		41,769 p.a.	-	-	-	-	-	539,302	-	-	-	-	539,302				
MISCELLANEOUS	-	-	6,195		795,538 425 p.a.	2,526	757	-	-	-	10,833	6,748	-	4,506	-	6,340				
AIDS RESERVES	-	-	-		-	-	-	-	-	-	-	-	-	-	-	11				
MISMATCHING RESERVE	-	-	-		-	-	-	-	-	-	2,925	-	-	-	-	2,925				
INWARDS TOTALS	-	-	68,212		875,539 42,194 p.a.	2,772	757	-	-	-	553,080	6,748	-	4,506	-	628,575				
REASSURANCE TOTALS	-	-	-		24,743 99 p.a.	80	48	-	-	-	718	389	-	264	-	456				
NET TOTALS	-	-	68,212		850,796 42,094 p.a.	2,692	709	-	-	-	552,343	6,350	-	4,242	-	628,119				

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

Allied Dunbar Assurance plc

Global business

United Kingdom business

Financial year ended 31 December 1998

Permanent Health Insurance Business - Direct Business

Long Term Assurance Fund

Long Term Assurance Fund																		
Type of insurance or name of contract	Valuation basis	No of contracts	R51	865292	GL	31	12	1998	£000	UK	PHI	Amount of mathematical reserves						
													Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums	
													Office premiums	Net premiums			Office premiums	Net premiums
1	2	3	4	5	6	7	8	9	10	11	12							
GROUP DISABILITY SCHEME	%																	
	4.40	-	1	8,387 p.a.	100	-	-	2,013	-	-		2,013						
INWARDS TOTALS	-	-	1	8,387 p.a.	100	-	-	2,013	-	-		2,013						
NON-LINKED BUSINESS TOTALS	-	-	83,423	924,046 76,246 p.a.	3,387	1,012	-	672,925	7,859	5,013		747,999						

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

Allied Dunbar Assurance plc

Global business

United Kingdom business

Financial year ended 31 December 1998

Pension Business - Reassurance Ceded

Long Term Assurance Fund

Long Term Assurance Fund																	
Type of insurance or name of contract				Valuation basis		No of contracts	R51	865292		GL	31	12	1998	£000	UK	Pens	Amount of mathematical reserves
1				Rate of interest	Mortality or morbidity table	4	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses		Value of annual premiums			Amount of mathematical reserves	
				2	3			Office premiums	Net premiums		Office premiums	reversionary bonuses	Office premiums	Net premiums			
MISCELLANEOUS				%	-	364	24,743 99 p.a.	80	48	-	-	718	399	264	456		
REASSURANCE TOTALS				-	-	364	24,743 99 p.a.	80	48	-	-	718	399	264	456		

Long term business : Valuation summary of property linked contracts

Allied Dunbar Assurance plc

Global business

United Kingdom business

Financial year ended 31 December 1998

Life Assurance and General Annuity Business - Direct Business

Long Term Assurance Fund

Life Assurance and General Annuity Business - Direct Business																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																									
Company registration number										GLUK/CM				Period ended		Units		UKOS		Type of business		Category of surplus																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																			
Long Term Assurance Fund										R53		865292		GL	31	12	1998	£000	UK	L & GA	11																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																				
										Amount of sums assured or annuities per annum, including vested reversionary bonuses										Amount of annual premiums		Category of unit link	Unit liability		Other liabilities		Amount of mathematical reserve																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																														
Name of Contract	Valuation basis		No of Contracts	Guaranteed on death	Current on death / current payable per annum	Guaranteed on maturity	Office premiums	Net premiums	Category of unit link	Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees	Amount of mathematical reserve																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																											
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Long term business : Valuation summary of property linked contracts

Allied Dunbar Assurance plc

Global business

United Kingdom business

Financial year ended 31 December 1998

Life Assurance and General Annuity Business - Direct Business

Long Term Assurance Fund

Financial year ended 31 December 1998																				
Life Assurance and General Annuity Business - Direct Business																				
Long Term Assurance Fund																				
Name of Contract	Valuation basis			No of Contracts	Amount of sums assured or annuities per annum, including vested reversionary benefits						Company registration number		GLUKCM		Period ended		Units		Type of business	Category of surplus
	Rate of interest	Mortality or Morbidity table	Guaranteed on death		Current on death / current payable per annum	Guaranteed on maturity	Amount of annual premiums		Category of unit link	Unit liability		Discounted value	Other liabilities							
							Office premiums	Net premiums		Current benefit value	Mortality and expenses		Options and guarantees other than investment performance guarantees							
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15						
	%																			
MAXIMUM INVESTMENT PLAN 1979 In Force Paid Up	3.25 3.25	B B	14,286 550	17,963 -	263,731 11,413	- -	2,386 -	2,386 -	Internal Internal	263,731 11,413	263,731 11,413	23 -	- -	263,755 11,413						263,755 11,413
ADAPTABLE ENDOWMENT PLAN In Force Paid Up Hardship Protection	3.25 3.25 3.25	A.N A.N A.N	188,293 1,922 2,641	6,752,461 592 106,705	6,773,423 10,010 106,906	- - -	177,769 - -	174,512 - -	Internal Internal Internal	859,108 9,430 11,286	859,108 9,430 11,286	799 1 -	6,726 - 1	866,633 9,431 11,287						866,633 9,431 11,287
ADAPTABLE INVESTMENT PLAN In Force Paid Up	3.25 3.25	A.N A.N	6,591 487	36,593 786	113,050 8,222	- -	5,023 -	5,023 -	Internal Internal	111,629 8,126	111,629 8,126	8 -	3,584 -	115,221 8,126						115,221 8,126
MAXIMUM INVESTMENT PLAN 1992 In Force Paid Up Extended Term	3.25 3.25 3.25	A.N A.N A.N	70,061 489 731	668,758 5,346 6,008	676,103 5,403 6,198	- - -	60,463 - -	59,861 - -	Internal Internal Internal	195,262 1,275 1,834	195,262 1,275 1,834	(25,640) 8 -	280 - 9	169,901 1,283 1,843						169,901 1,283 1,843
ADAPTABLE TERM PLAN I.P.P. LIFE ASSURANCE LIFESTYLE	3.25 3.25 3.25	A.N A.N A.N	125,967 92,535 18,030	14,775,758 27,404 10,621	14,775,758 34,393 10,621	- - -	59,343 21,481 6,693	58,440 21,481 6,550	Internal Internal Internal	19,034 10,190 701	19,034 10,190 701	2,556 650 321	1,287 - 190	22,877 10,840 1,212						22,877 10,840 1,212
CAPITAL GAINS TAX RESERVE	-	-	-	-	-	-	-	-	-	-	-	308,799	-	308,799						308,799
MISCELLANEOUS	-	-	19,767	58,210	196,925	37,120	3,313	1,885	-	173,824	169,954	757	5	170,716						170,716
AIDS RESERVE	-	-	-	-	-	-	-	-	-	-	-	47	-	47						47
MISMATCHING RESERVE	-	-	-	-	-	-	-	-	-	-	-	6,244	-	6,244						6,244
INWARDS TOTALS	-	-	1,012,801	42,978,538	45,269,295	37,120	496,260	489,380	-	5,850,441	5,846,570	298,921	32,816	6,178,308						6,178,308
REASSURANCE TOTALS	-	-	-	3,090,816	3,092,316	-	6,960	-	-	-	-	3,422	557	3,979						3,979
NET TOTALS	-	-	1,012,801	39,887,723	42,176,979	37,120	491,300	489,380	-	5,850,441	5,846,570	295,500	32,258	6,174,329						6,174,329

Long term business : Valuation summary of property linked contracts

Allied Dunbar Assurance plc

Global business

United Kingdom business

Financial year ended 31 December 1998

Pension Business - Direct Business

Long Term Assurance Fund

Financial year ended 31 December 1998

Pension Business - Direct Business

Long Term Assurance Fund

Name of Contract	Valuation basis		No of Contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses					Amount of annual premiums		Category of unit link	Unit liability		Other liabilities		Amount of mathematical reserve
	Rate of interest	Mortality or Morbidity table		Guaranteed on death	Current on death / current payable per annum	Guaranteed on maturity	Office premiums	Net premiums	Current benefit value	Discounted value		Mortality and expenses	Options and guarantees other than investment performance guarantees			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		
	%															
GROWTH RETIREMENT PLAN																
Gen 1 - In Force	4.40	A.I	414	-	27,300	-	82	82	Internal	29,334	28,965	26	-	28,991	-	28,991
- Paid Up	4.40	A.I	1,386	-	45,534	-	-	-	Internal	48,940	47,628	248	-	47,876	-	47,876
Gen 2 - In Force	4.40	A.I	2,007	-	84,243	-	406	406	Internal	89,618	87,716	158	-	87,874	-	87,874
- Paid Up	4.40	A.I	5,463	-	109,356	-	-	-	Internal	117,633	112,360	707	-	113,067	-	113,067
Gen 3 - In Force	4.40	A.I	2,785	-	83,805	-	623	616	Internal	82,369	79,711	69	1	79,780	-	79,780
- Paid Up	4.40	A.I	6,221	-	94,618	-	-	-	Internal	94,511	88,199	151	-	88,350	-	88,350
Gen 4 - In Force	4.40	A.I	29,672	-	569,684	-	10,786	10,544	Internal	569,683	553,977	210	37	554,223	-	554,223
- Paid Up	4.40	A.I	64,341	-	585,013	-	-	-	Internal	585,009	550,719	703	-	551,422	-	551,422
PERSONAL PENSION PLAN AND PERSONAL LIFE PLAN																
In Force	4.40	J.K	213,218	6,336,067	9,977,036	-	292,836	287,829	Internal	4,093,770	3,761,193	142,801	9,372	3,913,366	-	3,913,366
- Paid Up	4.40	J.K	403,223	198,687	3,369,294	-	-	-	Internal	3,500,703	3,212,996	2,013	5	3,215,014	-	3,215,014
EXECUTIVE PENSION PLAN																
Gen 1 - In Force	4.40	A.I	50	-	8,820	360 p.a.	111	110	Internal	8,820	8,539	4	-	8,544	-	8,544
- Paid Up	4.40	A.I	813	-	27,650	769 p.a.	-	-	Internal	27,839	26,686	-	-	26,686	-	26,686
Gen 2 - In Force	4.40	A.I	288	-	40,807	-	640	632	Internal	40,807	39,186	-	-	39,186	-	39,186
- Paid Up	4.40	A.I	1,246	-	85,247	-	-	-	Internal	85,246	80,148	26	-	80,174	-	80,174
Gen 3 - In Force	4.40	A.I	3,478	-	330,180	-	10,158	10,022	Internal	330,177	312,073	53	-	312,125	-	312,125
- Paid Up	4.40	A.I	16,280	-	606,342	-	-	-	Internal	616,173	571,262	609	-	571,871	-	571,871
EXECUTIVE RETIREMENT PLAN																
In Force	4.40	J.K	48,448	844,689	1,916,860	-	119,171	119,163	Internal	1,235,315	1,104,291	17,095	13	1,121,400	-	1,121,400
- Paid Up	4.40	J.K	55,577	206,442	930,892	-	-	-	Internal	974,688	827,983	42	1	828,025	-	828,025

Long term business : Valuation summary of property linked contracts

Allied Dunbar Assurance plc

Global business

United Kingdom business

Financial year ended 31 December 1998

Pension Business - Direct Business

Long Term Assurance Fund

Financial year ended 31 December 1998																
Pension Business - Direct Business																
Long Term Assurance Fund																
Name of Contract	Valuation basis		No of Contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses				Amount of annual premiums		Category of unit link	Unit liability			Other liabilities		Amount of mathematical reserve
	Rate of interest	Mortality or Morbidity table		Guaranteed on death	Current on death / current payable per annum	Guaranteed on maturity	Office premiums	Net premiums	Current benefit value		Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		
PERSONAL PENSION ACCOUNT In Force	%															
	4.40	J,K	98,533	3,128,883	3,392,206	-	127,035	124,136	Other Internal	1,233	1,233	14,228	806	16,267		
Paid Up	4.40	J,K	26,096	-	143,917	-	-	-	Other Internal	181,703	181,703	-	-	181,703		
										1,730	1,730	307	9	2,046		
										131,491	131,491	-	-	131,491		
EXECUTIVE PENSION ACCOUNT In Force																
Paid Up	4.40	J,K	30,086	480,934	604,938	-	58,753	58,753	Other Internal	969	969	11,646	-	12,616		
										84,868	84,868	-	-	84,868		
										6,700	6,700	145	-	6,845		
										41,551	41,551	-	-	41,551		
GROUP PENSION SCHEME	-	-	2	-	-	-	-	-	Internal	41,691	41,691	-	-	41,691		
CAPITAL GAINS TAX RESERVE	-	-	-	-	-	-	-	-	-	-	-	286	-	286		
MISCELLANEOUS	-	-	1,034	-	-	-	73	-	-	10,350	13,311	36	-	13,347		
AIDS RESERVE	-	-	-	-	-	-	-	-	-	-	-	118	-	118		
MISMATCHING RESERVE	-	-	-	-	-	-	-	-	-	-	-	522	-	522		
INWARDS TOTALS	-	-	1,017,309	11,195,702	23,106,188	1,120 p.a.	620,675	612,291	-	13,032,924	11,998,880	192,202	10,244	12,201,326		
REASSURANCE TOTALS	-	-	-	241,392	237,200	-	723	-	-	-	-	-	41	362		
NET TOTALS	-	-	1,017,309	10,954,309	22,868,988	1,120 p.a.	619,951	612,291	-	13,032,924	11,998,880	191,881	10,203	12,200,964		

Long term business : Valuation summary of property linked contracts

Allied Dunbar Assurance plc

Global business

United Kingdom business

Financial year ended 31 December 1998

Permanent Health Insurance Business - Direct Business

Long Term Assurance Fund

Financial year ended 31 December 1998																	
Permanent Health Insurance Business - Direct Business																	
Long Term Assurance Fund																	
Name of Contract	Valuation basis		No of Contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses					Amount of annual premiums		Category of unit link	Unit liability		Units		UK/OS Type of business	Category of surplus
				Rate of interest	Mortality or Morbidity table	Guaranteed on death	Current on death / current payable per annum	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses other than investment performance guarantees			
	2	3													4		
1																	
I.P.P. INCOME BENEFIT	%																
LIFELINE CRITICAL ILLNESS	4.33	-	92,535	1,381,955 p.a.	1,381,955 p.a.	-	21,598	21,598	-	-	145,461	145,461	4,885	-	-	-	150,346
LIFESTYLE CRITICAL ILLNESS	-	-	33,791	1,476,749	1,476,749	-	5,739	5,739	-	-	-	-	-	-	-	-	-
LIFESTYLE PLUS CRITICAL ILLNESS	-	-	83,780	4,071,778	4,071,778	-	10,230	10,230	-	-	-	-	-	-	-	-	-
	-	-	71,200	4,882,923	4,882,923	-	10,119	10,119	-	-	-	-	-	-	-	-	-
INWARDS TOTALS	-	-	281,306	1,381,955 p.a. 10,431,450	1,381,955 p.a. 10,431,450	-	47,686	47,686	-	-	145,461	145,461	4,885	-	-	-	150,346
REASSURANCE TOTALS	-	-	-	24,042 p.a. 1,208,824	24,042 p.a. 1,208,824	-	1,725	-	-	-	159	159	691	-	-	-	851
NET TOTALS	-	-	281,306	1,357,914 p.a. 9,222,626	1,357,914 p.a. 9,222,626	-	45,960	47,686	-	-	145,301	145,301	4,194	-	-	-	149,495
LINKED BUSINESS TOTALS	-	-	2,311,416	50,842,032 1,357,914 p.a. 9,222,626	65,045,967 1,357,914 p.a. 9,222,626	37,120 1,120 p.a.	1,157,211	1,149,356	-	-	19,028,666	17,990,751	491,575	42,461	-	-	18,524,789

Long term business : Valuation summary of property linked contracts

Allied Dunbar Assurance plc

Global business

United Kingdom business

Financial year ended 31 December 1998

Life Assurance and General Annuity Business - Reassurance Coded

Long Term Assurance Fund

Financial year ended 31 December 1998																
Life Assurance and General Annuity Business - Reassurance Ceded																
Long Term Assurance Fund																
Name of Contract	Valuation basis		No of Contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses					Amount of annual premiums		Category of unit link	Unit liability		Other liabilities		Amount of mathematical reserve
				Guaranteed on death	Current on death / current payable per annum	Guaranteed on maturity	Office premiums	Net premiums	Current benefit value	Discounted value		Mortality and expenses	Options and guarantees other than investment performance guarantees			
	Rate of interest	Mortality or Morbidity table												5	6	
1	2	3	4	5	6	7	8	9	10	11	12	1998	£000	UK	L & GA	11
	%															
RISK PREMIUM																
ANNUAL PREMIUM	-	-	19,880	3,090,816	3,090,816	-	6,960	-	-	-	-	-	3,422		557	3,979
SINGLE PREMIUM	-	-	950	-	1,500	-	-	-	-	-	-	-	-		-	-
REASSURANCE TOTAL	-	-	20,830	3,090,816	3,092,316	-	6,960	-	-	-	-	-	3,422		557	3,979

Long term business : Valuation summary of property linked contracts

Allied Dunbar Assurance plc

Global business

United Kingdom business

Financial year ended 31 December 1998

Pension Business - Reassurance Ceded

Long Term Assurance Fund

Financial year ended 31 December 1998																
Pension Business - Reassurance Ceded																
Long Term Assurance Fund																
Name of Contract	Valuation basis		No of Contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses				Amount of annual premiums		Category of unit link	Unit liability			Other liabilities		Amount of mathematical reserve
				Guaranteed on death	Current on death / current payable per annum	Guaranteed on maturity	Office premiums	Net premiums	Current benefit value		Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees			
	Rate of Interest	Mortality or Morbidity table														
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		
RISK PREMIUM	%															
ANNUAL PREMIUM	-	-	1,845	241,392	237,200	-	723	-	-	-	-	321	41	362		
REASSURANCE TOTAL	-	-	1,845	241,392	237,200	-	723	-	-	-	-	321	41	362		
Company registration number		GL/UKCM		Period ended		Units		UKOS		Type of business		Category of surplus				
865292		GL		31 12 1998		£000		UK		Pens		11				
R53																

Long term business : Valuation summary of property linked contracts

Allied Dunbar Assurance plc

Global business

United Kingdom business

Financial year ended 31 December 1998

Permanent Health Insurance Business - Reassurance Ceded

Long Term Assurance Fund

Financial year ended 31 December 1998																		
Permanent Health Insurance Business - Reassurance Ceded																		
Long Term Assurance Fund																		
Name of Contract	Valuation basis		No of Contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses						Amount of annual premiums		Category of unit link	Unit liability			Other liabilities		Amount of mathematical reserve
				Guaranteed on death	Current on death / current payable per annum	Guaranteed on maturity	Office premiums	Net premiums	Current benefit value	Discounted value	Mortality and expenses		Options and guarantees other than investment performance guarantees					
	Rate of interest	Mortality or Morbidity table																
1	2	3	4	5	6	7	8	9	10	11	12	1998	£000	UK	PHI	11		
	%																	
IPP INCOME BENEFIT	-	-	1,453	24,042 p.a.	24,042 p.a.	-	-	-	-	159	159	159	-	-	-	159		
RISK PREMIUM	-	-	9,767	1,208,824	1,208,824	-	1,725	-	-	-	-	-	691	-	-	691		
REASSURANCE TOTALS	-	-	11,220	24,042 p.a.	1,208,824	-	1,725	-	-	159	159	159	691	-	-	691	851	

Long term business : Analysis of units in internal linked funds and direct holdings of assets matching liabilities in respect of property linked benefits

Allied Dunbar Assurance plc

Global business

United Kingdom business

Financial year ended 31 December 1998

Long Term Assurance Fund

Internal linked fund

ASSURANCE FUNDS	Name of fund link or directly held asset	Name of unit type	Valuation price per unit or asset	Total actual number of units in force or directly held assets	Company registration number		GLUK/CM		Period ended		Units		UK/DS	Category of surplus	IL/DH
					R55	865292	GL	6	7	12	1998	£000	UK	11	ILF
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Equity Fund	Capital Accumulation	Gen. 1	12,816,437	14	3,219,465	-	3,218,786	-	-	879	-	-	-	-	-
		Gen. 2	23,530,364	1,538,157	35,005	-	-	-	-	35,005	-	-	-	-	3
		Gen. 3	22,757,894	1,184,511	118,451	-	-	-	-	118,451	-	-	-	-	39
		Gen. 4	21,486,702	5,512,788	82,940	-	-	-	-	82,940	-	-	-	-	165
		Gen. 5	0,537,204	154,391,803	36,327	-	-	-	-	36,327	-	-	-	-	107
	Total		21,427,426	1,695,329	3,492,188	-	3,218,786	-	-	273,402	-	-	-	-	314
Property Fund	Capital Accumulation	Gen. 1	5,121,687	24	-	-	-	-	-	-	-	-	-	-	-
		Gen. 2	8,657,935	49,819,837	441,300	-	433,277	-	-	8,023	-	-	-	-	4,730
		Gen. 3	8,566,527	1,895,179	14,548	-	-	-	-	14,548	-	-	-	-	(3)
		Gen. 4	8,087,644	10,382,448	83,970	-	-	-	-	83,970	-	-	-	-	70
		Gen. 5	0,369,719	208,677,907	77,151	-	-	-	-	77,151	-	-	-	-	(151)
	Total		8,082,806	1,837,501	14,852	-	-	-	-	14,852	-	-	-	-	195
Managed Fund	Capital Accumulation	Gen. 1	7,364,468	865,218	651,821	-	433,277	-	-	198,544	-	-	-	-	4,842
		Gen. 2	7,367,542	4,383,304	32,295	-	-	-	-	7,112	-	-	-	-	59
		Gen. 3	10,250,250	1,191,701	12,215	-	-	-	-	32,295	-	-	-	-	99
		Gen. 4	18,046,645	215,935,988	3,886,926	-	3,867,982	-	-	12,215	-	-	-	-	5
		Gen. 5	17,452,654	16,706,966	291,581	-	-	-	-	28,942	-	-	-	-	2
	Total		16,452,468	59,524,096	979,320	-	-	-	-	291,581	-	-	-	-	27
Fixed Interest	Capital Accumulation	Gen. 1	0,525,452	2,734,392,548	1,436,793	-	-	-	-	979,320	-	-	-	-	(183)
		Gen. 2	16,408,670	67,557,420	1,108,607	-	-	-	-	1,436,793	-	-	-	-	2,105
		Gen. 3	2,613,976	18,889,811	89,215	-	-	-	-	1,108,607	-	-	-	-	1,235
		Gen. 4	4,729,923	5,321,810	23,730	-	-	-	-	3,896,867	-	-	-	-	3,348
		Gen. 5	0,357,642	111,447,367	14,896	-	-	-	-	9,969	-	-	-	-	(2)
	Total		4,455,281	3,343,321	167,699	-	79,248	-	-	23,730	-	-	-	-	10
Overseas Earnings Fund	Capital Accumulation	Gen. 1	9,931,647	9,701,438	40,306	-	-	-	-	39,666	-	-	-	-	192
		Gen. 2	15,646,794	69,847,329	10,674	-	-	-	-	14,254	-	-	-	-	642
		Gen. 3	0,577,051	685,925	10,674	-	-	-	-	88,452	-	-	-	-	842
		Gen. 4	15,560,963	685,925	10,674	-	-	-	-	100,806	-	-	-	-	48
		Gen. 5	9,931,647	9,701,438	40,306	-	-	-	-	40,217	-	-	-	-	88
	Total		4,740,838	10,353,935	41,943	-	46,884	-	-	10,674	-	-	-	-	27
Gilt Edged Fund	Capital Accumulation	Gen. 1	7,408,938	76,656	4,940	-	-	-	-	151,785	-	-	-	-	163
		Gen. 2	7,408,938	10,353,935	41,943	-	-	-	-	29,772	-	-	-	-	24
		Gen. 3	0,547,269	76,644,869	4,940	-	-	-	-	41,943	-	-	-	-	55
		Gen. 4	7,386,442	668,773	123,539	-	46,884	-	-	4,940	-	-	-	-	13
		Gen. 5	7,386,442	668,773	123,539	-	46,884	-	-	76,655	-	-	-	-	92
	Total			12,362,661	7,897,157	-	4,685,704	-	-	76,655	-	-	-	-	9,800
	Sub Total														

Long term business : Analysis of units in internal linked funds and direct holdings of assets matching liabilities in respect of property linked benefits

Allied Dunbar Assurance plc

Global business

United Kingdom business

Financial year ended 31 December 1998

Long Term Assurance Fund

Internal linked fund

Internal linked fund	Company registration number	GL/UKCM	Period ended		Units	UKOS	Category of surplus	IL/DH				
			day	month					year			
			31	12					1998	£000	UK	11
ASSURANCE FUNDS	1	2	3	4	5	6	7	8	9	Value of units or directly held assets deemed allocated to contracts		value of surplus units or directly held assets (7 - 8 + 9)
Name of fund link or directly held asset	Name of unit type	Valuation price per unit or asset	Total actual number of units in force or directly held assets	Value of total actual units in force or directly held assets	Value of actual units held by other internal linked funds	Value of directly held assets and actual units in force excluding those held by other internal linked funds (5 - 6)	Value of units or directly held assets deemed allocated to contracts		Reinsurance ceded	Gross	-	-
American Equity Fund	Capital	10.9625483	26	-	-	-	-	-	-	-	-	-
	Accumulation	16.5273183	10,411,978	172,081	79,382	92,699	92,647	52				
	Gen. 3	0.7767803	34,715,423	27,036	-	27,036	26,981	55				
	Gen. 5	16.4811173	566,821	9,342	-	9,342	9,404	62				
	Total			208,459	79,382	129,077	129,032	44				
American Property Fund	Accumulation	1.3185356	2,977,533	3,926	3,611	315	315	-	-	-	-	-
	Gen. 3	0.2168041	922,593	200	-	200	199	-	-	-	-	-
	Gen. 4	1.3183234	70,272	93	-	93	80	-	-	-	-	-
	Gen. 5											
	Total			4,219	3,611	608	595	13				
American Managed Fund	Accumulation	6.7925644	6,810,158	46,258	13,761	32,497	32,499	-	-	-	-	(2)
	Gen. 3	0.7007433	13,983,501	9,729	-	9,729	9,708	21				
	Gen. 4	6.7892281	593,962	4,033	-	4,033	4,025	7				
	Gen. 5											
	Total			60,020	13,761	46,259	46,232	28				
European Fund	Accumulation	0.7377039	98,828,101	72,907	53,445	19,462	19,467	-	-	-	-	(5)
	Gen. 3	0.5987581	69,939,874	41,877	-	41,877	41,701	176				
	Gen. 4	0.7359172	15,718,480	11,568	-	11,568	11,529	39				
	Gen. 5											
	Total			125,352	53,445	72,907	72,697	211				
Far East Fund	Accumulation	2.2926935	20,157,424	46,215	29,381	16,834	16,829	5				
	Gen. 3	0.2532842	85,576,247	21,675	-	21,675	21,593	82				
	Gen. 4	2.2861003	3,370,593	7,706	-	7,706	7,694	21				
	Gen. 5											
	Total			75,596	29,381	46,215	46,107	108				
High Income Fund	Accumulation	0.5388399	832,499,308	448,583	442,609	5,974	5,980	(6)				
	Gen. 3	0.5277629	476,381,529	251,416	-	251,416	251,138	279				
	Gen. 4 (1)	0.5183996	116,248,331	60,263	-	60,263	60,217	46				
	Gen. 5	0.5374915	653,888	351	-	351	352	-				
	Total			760,613	442,609	318,004	317,686	319				
GEB Cash Fund	Accumulation	5.8693055	129,407	760	-	760	586	175				
	Gen. 5											
	Distribution Bond Capital Fund	0.2916972	1,182,349,386	344,888	-	344,888	344,704	185				
	Gen. 6											
Distribution Bond Cash Fund	Accumulation	5.9559826	127,960	762	-	762	761	1				
	Gen. 6											
	Sub Total			1,581,669	622,189	959,480	958,398	1,083				
	Sub Total brought forward				12,382,861	7,697,157	4,685,704	4,676,104	9,600			
Sub Total carried forward				13,954,530	8,319,346	5,645,184	5,634,503	10,684				

Long term business : Analysts of units in internal linked funds and direct holdings of assets matching liabilities in respect of property linked benefits

Allied Dunbar Assurance plc
Global business
United Kingdom business
Financial year ended 31 December 1998
Long Term Assurance Fund

Internal linked fund															Category of surplus	ILDH													
															Units	UK/OS													
															Period ended														
															month	year													
															day														
Company registration number															GL	UK													
GLUK/CM															1998	£000													
R55															865292	11													
Value of total actual units in force or directly held assets															Value of actual units held by other internal linked funds	Value of directly held assets and actual units in force excluding those held by other internal linked funds (5 - 6)	Value of units or directly held assets deemed allocated to contracts	Value of surplus units or directly held assets (7 - 8 + 9)											
Name of unit type															2	3	4	5	6	7	8	9	10	11	12	13	14	15	
Valuation price per unit or asset															3	4	5	6	7	8	9	10	11	12	13	14	15		
Total actual number of units in force or directly held assets															4	5	6	7	8	9	10	11	12	13	14	15			
ASSURANCE FUNDS															1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Name of fund link or directly held asset															1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Managed Income															1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Cautious Managed Growth															1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Balanced Managed Growth															1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Adventurous Managed Growth															1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
UK Equity Income															1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
UK Monthly Income															1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
UK Corporate Bond															1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Money Securities															1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
UK Growth and income															1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
UK Growth															1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
UK Smaller Companies Growth															1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
UK Select Growth															1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
American Growth															1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
American Select Growth															1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
American Smaller Companies Growth															1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
European Growth															1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
European Select Growth															1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
European Smaller Companies Growth															1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Japan Growth															1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Japan Smaller Companies Growth															1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Asia Growth															1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Far East and Japan Growth															1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Latin America Growth															1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Global Bond															1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Global Select Growth															1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Sub Total															1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Sub Total brought forward															1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Assurance Fund Total															1	2	3	4	5	6	7	8	9	10	11	12	13	14	15

Long term business : Analysis of units in internal linked funds and direct holdings of assets matching liabilities in respect of property linked benefits

Allied Dunbar Assurance plc

Global business

United Kingdom business

Financial year ended 31 December 1998

Long Term Assurance Fund

Directly held assets

Directly held assets											
Company registration number				GLUK/CM		Period ended		Units	UKOS	Category of surplus	ILDH
						day	month	year			
R55				865292	GL	31	12	1998	£000	UK	DHA
ASSURANCE FUNDS	Name of fund link or directly held asset	Name of unit type	Valuation price per unit or asset	Total actual number of units in force or directly held assets	Value of total actual units in force or directly held assets	Value of actual units held by other internal linked funds	Value of directly held assets and actual units in force excluding those held by other internal linked funds (5 - 6)	Value of units or directly held assets deemed allocated to contracts		Value of surplus units or directly held assets (7 - 8 + 9)	
								Gross	Reinsurance ceded		
	1	2	3	4	5	6	7	8	9	10	
	GEB FTSE Fund		Deposit FTSE option Income Due or Accrued Provision for CGT	52,078 (9) 66 (400)	52,078 (9) 66 (400)	- - - -	52,078 (9) 66 (400)				
		Total			51,735	-	51,735	51,389	-	346	
Assurance Fund Total					51,735	-	51,735	51,389	-	346	

Long term business : Analysis of units in internal linked funds and direct holdings of assets matching liabilities in respect of property linked benefits

Allied Dunbar Assurance plc

Global business

United Kingdom business

Financial year ended 31 December 1998

Long Term Assurance Fund

Internal linked fund

Internal linked fund															Company registration number		GL/UKCM		Period ended		Units		UKOS		Category of surplus		IUDH							
															day		month		year															
															R65		865292		GL		31		12		1998		£000		UK		11		ILF	
															Value of total actual units in force or directly held assets		Value of actual units held by other internal linked funds		Value of directly held assets and actual units in force excluding those held by other internal linked funds (5 - 6)		Value of units or directly held assets deemed allocated to contracts		Value of surplus units or directly held assets (7 - 8 + 9)											
															5		6		7		8		9		10									
															26,770		-		26,770		27,009		-		(239)									
															127,382		-		127,382		127,209		-		173									
															7,800,779		7,800,760		-		-		-		19									
															84,161		-		94,161		94,108		-		53									
															696,327		-		696,327		696,163		-		164									
															18,417		-		18,417		18,543		-		(126)									
															8,763,836		7,800,760		963,076		963,032		-		44									
															1,868		-		1,868		1,863		-		5									
															41,826		-		41,826		42,141		-		(315)									
															22,977		849,084		22,977		22,953		24		43									
															874,530		-		25,446		25,403		-		93									
															149,300		-		149,300		149,300		-		71									
															149,946		-		149,946		149,874		-		176									
															20,030		849,084		411,393		411,296		-		97									
															37,760		-		37,760		37,760		-		20									
															369,844		-		369,844		372,516		-		(2,673)									
															939,826		8,814,762		939,826		938,538		-		1,288									
															9,059,506		-		244,744		244,248		-		496									
															1,312,051		-		1,312,051		1,311,662		-		389									
															5,813,365		-		5,813,365		5,820,696		-		(7,333)									
															341,672		-		341,672		341,784		-		(112)									
															17,874,044		8,814,762		9,059,282		9,067,206		-		(7,924)									
															2,618		-		2,618		2,617		-		1									
															32,685		-		32,685		32,616		-		70									
															33,570		423,460		33,570		33,490		-		80									
															451,040		-		27,560		27,319		-		260									
															129,477		-		129,477		129,345		-		132									
															205,101		-		205,101		204,616		-		486									
															19,998		-		19,998		20,003		-		(4)									
															874,490		423,460		451,030		450,005		-		1,025									
															10,770		-		10,770		10,771		-		-									
															17,171		139,437		17,171		17,159		-		12									
															179,464		-		40,027		39,967		-		59									
															97,165		-		97,165		97,083		-		82									
															14,327		-		14,327		14,349		-		(22)									
															318,897		139,437		179,460		179,329		-		131									
															29,081,744		18,027,503		11,064,241		11,070,869		-		(6,627)									
															Total		Total		Total		Total		Total		Total									
															Pension Equity Fund		Pension Property Fund		Pension Managed Fund		Pension Fixed Interest Fund		Pension Gilt-Edged Fund		Sub Total									
															Capital		Capital		Capital		Capital		Capital		Capital									
															Accumulation		Accumulation		Accumulation		Accumulation		Accumulation		Accumulation									
															Gen. 1		Gen. 1		Gen. 1		Gen. 1		Gen. 1		Gen. 1									
															Gen. 2		Gen. 2		Gen. 2		Gen. 2		Gen. 2		Gen. 2									
															Gen. 3		Gen. 3		Gen. 3		Gen. 3		Gen. 3		Gen. 3									
															Gen. 4		Gen. 4		Gen. 4		Gen. 4		Gen. 4		Gen. 4									
															Gen. 5		Gen. 5		Gen. 5		Gen. 5		Gen. 5		Gen. 5									
															Gen. 6		Gen. 6		Gen. 6		Gen. 6		Gen. 6		Gen. 6									
															Gen. 7		Gen. 7		Gen. 7		Gen. 7		Gen. 7		Gen. 7									

Long term business : Analysis of units in internal linked funds and direct holdings of assets matching liabilities in respect of property linked benefits

Allied Dunbar Assurance plc

Global business

United Kingdom business

Financial year ended 31 December 1998

Long Term Assurance Fund

Internal linked fund

Internal linked fund															Company registration number	GL/JUK/CM	Period ended		Units	UK/OS	Category of surplus	IL/DH		
															day	month	year							
															R55	865292	GL	31	12	1998	£000	UK	11	ILF
PENSION FUNDS	Name of fund link or directly held asset	Name of unit type	Valuation price per unit or asset	Total actual number of units in force or directly held assets	Value of total actual units in force or directly held assets	Value of actual units held by other internal linked funds	Value of directly held assets and actual units in force excluding those held by other internal linked funds (5 - 6)	Value of units or directly held assets deemed allocated to contracts			Value of surplus units or directly held assets (7 - 8 + 9)													
								Gross	Reinsurance ceded															
	1	2	3	4	5	6	7	8	9	10														
Pension American Equity Fund	Capital Accumulation	Gen. 3	4,647,972	13,357,312	62,084	-	62,084	62,013	-	72														
		Gen. 3	7,864,149	43,106,505	338,996	68,378	270,618	270,467	-	151														
		Gen. 7	2,343,059	2,683,677	6,288	-	6,288	6,304	-	-	(16)													
	Total				407,368	68,378	338,990	338,784	-	207														
Pension Far East Fund	Capital Accumulation	Gen. 3	2,012,256	17,229,565	34,671	-	34,671	34,723	-	(52)														
		Gen. 3	3,404,649	64,413,758	219,307	41,035	178,272	178,192	-	79														
		Gen. 7	0,661,886	9,610,997	6,361	-	6,361	6,386	-	-	(25)													
	Total				260,339	41,035	219,304	219,302	-	2														
Pension European Fund	Capital Accumulation	Gen. 3	0,789,301	59,927,478	47,300	-	47,300	47,265	-	35														
		Gen. 3	1,200,658	262,797,170	315,537	60,310	255,227	255,233	-	(6)														
		Gen. 7	2,017,260	6,446,691	13,005	-	13,005	13,011	-	-	(6)													
	Total				375,842	60,310	315,532	315,509	-	23														
Pension GEC Average 100%	Accumulation	Gen. 7	1,119,258	1,827	2	-	2	-	-	2														
Pension GEC Average 97.5%	Accumulation	Gen. 7	1,119,262	107,201	120	-	120	116	-	4														
Pension GEC Spot 100%	Accumulation	Gen. 7	1,119,262	10,165	11	-	11	11	-	-														
Pension GEC Spot 97.5%	Accumulation	Gen. 7	1,119,262	45,719	51	-	51	49	-	3														
Sub Total					1,043,733	169,723	874,010	873,770	-	240														
Sub Total brought forward					29,091,744	18,027,503	11,064,241	11,070,869	-	(6,627)														
Sub Total carried forward					30,135,477	18,197,226	11,938,251	11,944,639	-	(6,387)														

Long term business : Analysis of units in internal linked funds and direct holdings of assets matching liabilities in respect of property linked benefits

Allied Dunbar Assurance plc

Global business

United Kingdom business

Financial year ended 31 December 1998

Long Term Assurance Fund

Internal linked fund

Internal linked fund																					
Company registration number				GLJUKCM		Period ended		Units		UKOS		Category of surplus									
						day		month		year											
				865292		GL		31		12		1998		£000		UK		11		ILF	
PENSION FUNDS				R55		Value of total actual units in force or directly held assets		Value of actual units held by other internal linked funds		Value of directly held assets and actual units in force excluding those held by other internal linked funds (5 - 6)		Value of units or directly held assets deemed allocated to contracts		Value of surplus units or directly held assets (7 - 8 + 9)							
Name of fund link or directly held asset				2		3		4		5		6		7		8		9		10	
				Name of unit type		Valuation price per unit or asset		Total actual number of units in force or directly held assets								Gross		Reinsurance ceded			
Baring Pension Equity				Capital Accumulation Gen. 3		0.5224694		1,878,334		981		-		981		5,209		-		(3)	
				Gen. 7		1.4811851		32,488		48		1,030		48		53		-		(5)	
				Total						7,290		1,030		6,260		6,246		-		14	
Baring Pension American Equity				Capital Accumulation Gen. 3		0.9612056		404,180		389		-		389		390		-		(1)	
				Gen. 7		2.5147213		18,604		47		436		47		47		-		3	
				Total						2,914		436		2,478		2,476		-		2	
Baring Pension European				Capital Accumulation Gen. 3		1.0480920		2,171,086		2,278		-		2,278		2,280		-		(3)	
				Gen. 7		1.9951702		30,621		61		2,339		61		50		-		14	
				Total						14,498		2,339		12,159		12,136		-		23	
Baring Pension Far East				Capital Accumulation Gen. 3		0.1936228		2,199,443		426		-		426		427		-		(1)	
				Gen. 7		0.5010818		38,845		19		445		19		19		-		5	
				Total						3,156		445		2,711		2,707		-		4	
HSBC Pension Equity				Capital Accumulation Gen. 3		0.5332724		1,376,622		1,054		-		1,054		1,060		-		(6)	
				Gen. 7		1.7110501		24,278		42		1,096		42		42		-		8	
				Total						8,970		1,096		7,874		7,872		-		2	
HSBC Pension American Equity				Capital Accumulation Gen. 3		0.7509169		280,761		211		-		211		211		-		-	
				Gen. 7		1.9032201		8,899		17		228		17		17		-		1	
				Total						1,814		228		1,586		1,586		-		-	
HSBC Pension European				Capital Accumulation Gen. 3		0.9104699		1,312,964		1,196		-		1,196		1,195		-		1	
				Gen. 7		2.1871366		74,967		164		1,360		164		152		-		24	
				Total						9,378		1,360		8,018		7,981		-		12	
HSBC Pension Far East				Capital Accumulation Gen. 3		0.2417987		1,550,406		375		-		375		376		-		(1)	
				Gen. 7		0.5957826		68,992		41		416		41		41		-		2	
				Total						2,948		416		2,532		2,532		-		-	
Sub Total										50,968		7,350		43,618		43,635		-		83	
Sub Total brought forward								30,135,477		18,197,226		11,938,251		11,944,639		11,944,639		-		(6,387)	
Pension Fund Total								30,186,445		18,204,576		11,981,869		11,988,174		11,988,174		-		(6,304)	

Long term business : Analysis of units in internal linked funds and direct holdings of assets matching liabilities in respect of property linked benefits

Allied Dunbar Assurance plc

Global business

United Kingdom business

Financial year ended 31 December 1998

Long Term Assurance Fund

Directly held assets

Directly held assets														Company registration number		GLUK/ICM		Period ended		Units		UK/OS		Category of surplus		ILDH							
														day		month		year		1998		£000		UK		11		DHA					
														R55		865292		GL		31		12											
PENSION FUNDS														Value of total actual units in force or directly held assets		Value of actual units held by other internal linked funds		Value of directly held assets and actual units in force excluding those held by other internal linked funds (5 - 6)		Value of units or directly held assets deemed allocated to contracts				Value of surplus units or directly held assets (7 - 8 + 9)									
																				Gross		Reinsurance ceded											
Name of fund link or directly held asset														1		2		3		4		5		6		7		8		9		10	
Pension GE FTSE Average 100% Fund														2,817 (3) 3		Deposit FTSE option Income Due or Accrued		2,817 (3) 3		-		2,817 (3) 3											
Total																		2,817		-		2,817		2,025		-				792			
Pension GE FTSE Average 97.5% Fund														4,110 (12) 7		Deposit FTSE option Income Due or Accrued		4,110 (12) 7		-		4,110 (12) 7											
Total														4,105				4,105		-		4,105		4,093		-				12			
Pension GE FTSE Spot 100% Fund														1,721 3		Deposit FTSE option Income Due or Accrued		1,721 - 3		-		1,721 3											
Total														1,724				1,724		-		1,724		1,723		-				1			
Pension GE FTSE Spot 97.5% Fund														2,022 (1) 4		Deposit FTSE option Income Due or Accrued		2,022 (1) 4		-		2,022 (1) 4											
Total														2,025				2,025		-		2,025		2,815		-				(790)			
Pension Fund Total														10,671				10,671		-		10,671		10,655		-				16			

Long term business : Analysis of units in Internal linked funds and direct holdings of assets matching liabilities in respect of property linked benefits

Allied Dunbar Assurance plc

Global business

United Kingdom business

Financial year ended 31 December 1998

Long Term Assurance Fund

Internal linked fund

Internal linked fund																						
PERMANENT HEALTH INSURANCE	Name of fund link or directly held asset	1	Name of unit type	Valuation price per unit or asset	Total actual number of units in force or directly held assets	Value of total actual units in force or directly held assets	Value of actual units held by other internal linked funds	Value of directly held assets and actual units in force excluding those held by other internal linked funds (5 - 6)	7	8	Value of units or directly held assets deemed allocated to contracts		10	Value of surplus units or directly held assets (7 - 8 + 9)								
											R55	865292			GL	31	12	1998	£000	UK	11	ILF
											Gross	Reinsurance ceded										
													</									

Long term business : Matching rectangle

Allied Dunbar Assurance plc

Global business

Financial year ended 31 December 1998

Sterling

Rate of interest 7.80%

Life Assurance and General Annuity Business

Non profit	Company registration number	GLA/JCM	Period ended			Units	Valuation		L & GA/Pens/PHI/Other		WP/NP	Category of assets
			day	month	year		Sig/Non Sig	rate of interest				
Category of assets: Total	R57	865292	GL	31	12	1998	£000	Stg	7.80%	L & GA	NP	10

Type of asset notionally allocated			The valuation		The resilience scenario			
			Value of asset notionally allocated 1	Risk adjusted yield % 2	Value of assets notionally allocated			Risk adjusted yield % 6
					On original allocation 3	Increase or decrease 4	Total under resilience scenario 5	
Land and buildings		11						
	Approved securities	12	11,089	4.78	11,740		11,740	3.82
Fixed interest securities	Other	13						
Variable interest and variable yield securities (excluding items shown at line 16)	Approved securities	14						
	Other	15	732	4.25	732		732	3.40
Equity shares and holdings in collective investment schemes		16						
Loans secured by mortgages		17	100,000	8.62	110,800		110,800	6.90
All other assets	Producing income	18				182	182	
	Not producing income	19						
Total (11 to 19)		29	111,821	8.21	123,272	182	123,454	6.58
Gross valuation interest rate %		31		7.80				6.24
Net valuation interest rate % (where appropriate)		32						
Mathematical reserve or other liability, net of reinsurance		33	111,821				123,454	

Long term business : Matching rectangle

Allied Dunbar Assurance plc

Global business

Financial year ended 31 December 1998

Sterling

Rate of interest 3.25%

Life Assurance and General Annuity Business

Non profit

Category of assets: Total											
R57	865292	GL	31	12	1998	£000	Stg	3.25%	L & GA	NP	10
Type of asset notionally allocated											
			The valuation			The resilience scenario					
			Value of asset notionally allocated 1	Risk adjusted yield % 2	Value of assets notionally allocated			Risk adjusted yield % 6			
					On original allocation 3	Increase or decrease 4	Total under resilience scenario 5				
Land and buildings			11								
Fixed interest securities			12	9,986	4.60	9,986			9,986		4.60
Other			13								
Variable interest and variable yield securities (excluding items shown at line 16)			14								
Other			15	2,729	4.36	2,729			2,729		4.36
Equity shares and holdings in collective investment schemes			16								
Loans secured by mortgages			17								
All other assets			18					6,244	6,244		4.25
Not producing income			19								
Total (11 to 19)			29	12,715	4.55	12,715		6,244	18,959		4.45
Gross valuation interest rate %			31		4.40						4.40
Net valuation interest rate % (where appropriate)			32		3.25						4.25
Mathematical reserve or other liability, net of reinsurance			33	12,715					18,959		

Returns under Insurance Companies Legislation

Long term business : Matching rectangle

Allied Dunbar Assurance plc

Global business

Financial year ended 31 December 1998

Sterling

Rate of interest Balance

Life Assurance and General Annuity Business

Non profit

Category of assets: Total

Non profit		Company registration number	GLUKCM	Period ended			Units	Stg/ Non Stg	Valuation rate of interest	L & GA/Pens/ PFI/Other	WP/NP	Category of assets	
Category of assets: Total				day	month	year							
Category of assets: Total		R57	865292	GL	31	12	1998	£000	Stg	98	L & GA	NP	10
Type of asset notionally allocated		The valuation						The resilience scenario					
		Value of asset notionally allocated	Risk adjusted yield %	Value of assets notionally allocated			Risk adjusted yield %						
		1	2	3	4	5	6						
Land and buildings		11											
Fixed interest securities	Approved securities	12											
	Other	13											
Variable interest and variable yield securities (excluding items shown at line 16)	Approved securities	14											
	Other	15	770	4.36	770			770			770		3.49
Equity shares and holdings in collective investment schemes		16											
Loans secured by mortgages		17	4,916	8.61	5,005			5,005			5,005		6.89
All other assets	Producing income	18	6,603	4.25	6,603			6,603			177		3.40
	Not producing income	19											
Total (11 to 19)		29	12,289	6.00	12,378			(6,426)			5,952		6.35
Gross valuation interest rate %		31											
Net valuation interest rate % (where appropriate)		32											
Mathematical reserve or other liability, net of reinsurance		33	12,289								5,952		

Long term business : Matching rectangle

Allied Dunbar Assurance plc

Global business

Financial year ended 31 December 1998

Sterling

Rate of interest 4.40%

Pension Business

Non profit

Company
registration
number

GLUKCM

Period ended
month yearUnits
Stg/
Non StgValuation
rate of
interestL & GA/Pens/
PHI/Other

WP/NP

Category
of assets

Category of assets: Total		R57		865292		GL	31	12	1998	£000	Stg	4.40%	Pens	NP	10
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Type of asset notionally allocated	The valuation						The resilience scenario								
	Value of asset notionally allocated			Risk adjusted yield %			Value of assets notionally allocated			Risk adjusted yield %					
	1	2	3	4	5	6	On original allocation	Increase or decrease	Total under resilience scenario	7	8	9	10	11	12
Land and buildings	11														
Fixed interest securities	12	468,133	512,414		4.54	3.63			512,414						
	13	24,483	27,405		5.67	4.54			27,405						
Variable interest and variable yield securities (excluding items shown at line 16)	14														
	15	263	263		4.36	3.49	263		263						
Equity shares and holdings in collective investment schemes	16														
Loans secured by mortgages	17	46,423	55,077		8.62	6.90	55,077		55,077						
All other assets	18					3.40		2,925	2,925						
	19														
Total (11 to 19)	29	539,302	595,159		4.94	3.97	595,159	2,925	598,084						
Gross valuation interest rate %	31				4.40	3.52									
Net valuation interest rate % (where appropriate)	32														
Mathematical reserve or other liability, net of reinsurance	33	539,302							598,084						

Long term business : Matching rectangle

Allied Dunbar Assurance plc

Global business

Financial year ended 31 December 1998

Sterling

Rate of interest 4.40%

Pension Business

Non profit

Company
registration
number

GLUKCM

Period ended
month yearUnits
Non StgValuation
rate of
interestL & GA/Pens/
PHI/OtherCategory
of assets

R57	865292	GL	31	12	1998	£000	Stg	4.40%	Pens	NP	10
-----	--------	----	----	----	------	------	-----	-------	------	----	----

Category of assets: Total

Type of asset notionally allocated			The valuation		The resilience scenario				
			Value of asset notionally allocated 1	Risk adjusted yield % 2	Value of assets notionally allocated			Risk adjusted yield % 6	
					On original allocation 3	Increase or decrease 4	Total under resilience scenario 5		
Land and buildings		11							
Fixed interest securities		Approved securities	12	64,013	4.64	64,013		64,013	4.64
		Other	13						
Variable interest and variable yield securities (excluding items shown at line 16)		Approved securities	14						
		Other	15	16,585	4.36	16,585		16,585	4.36
Equity shares and holdings in collective investment schemes		16							
Loans secured by mortgages		17							
All other assets		Producing income	18	120,679	4.25	120,679	522	121,201	4.25
		Not producing income	19						
Total (11 to 19)		29	201,277	4.38	201,277	522	201,799	4.38	
Gross valuation interest rate %		31		4.40					4.40
Net valuation interest rate % (where appropriate)		32							
Mathematical reserve or other liability, net of reinsurance		33	201,277					201,799	

Long term business : Matching rectangle

Allied Dunbar Assurance plc

Global business

Financial year ended 31 December 1998

Sterling

Rate of interest Balance

Pension Business

Non profit											
Company registration number	GLUKCM	Period ended		Units	Stg/ Non Stg	Valuation rate of interest	L & GA/Pens/ PHI/Other	WP/NP	Category of assets		
		day	month							year	
R57	865292	GL	31	12	1998	£000	Stg	98	Pens	NP	10
Category of assets: Total											

Type of asset notionally allocated	The valuation	The resilience scenario									
		Value of assets notionally allocated			Risk adjusted yield %			Total under resilience scenario			Risk adjusted yield %
		Value of asset notionally allocated	On original allocation	Increase or decrease	1	2	3	4	5	6	
Land and buildings	11										
Fixed interest securities	12										
Other	13										
Variable interest and variable yield securities (excluding items shown at line 16)	14										
Other	15	5,885	5,885		4.36				5,885	4.36	
Equity shares and holdings in collective investment schemes	16										
Loans secured by mortgages	17	10	10		7.49				10	7.49	
All other assets	18	3,447	3,447		4.25			(3,447)		4.25	
Producing income	19										
Not producing income	19										
Total (11 to 19)	29	9,342	9,342		4.32			(3,447)	5,895	4.37	
Gross valuation interest rate %	31										
Net valuation interest rate % (where appropriate)	32										
Mathematical reserve or other liability, net of reinsurance	33	9,342							5,895		

Long term business : Matching rectangle

Allied Dunbar Assurance plc

Global business

Financial year ended 31 December 1998

Sterling

Rate of interest 4.33%

Permanent Health Business

Non profit												
Category of assets:	Company registration number	GLUKCM	Period ended			Units	Valuation		L & GA/Pens/ PHI/Other	WP/NP	Category of assets	
			day	month	year		Sgt/ Non Sgt	rate of interest				
Category of assets: Total	R57	865292	GL	31	12	1998	£000	Sgt	4.33%	PHI	NP	10

Type of asset notionally allocated		The valuation		The resilience scenario			
		Value of asset notionally allocated 1	Risk adjusted yield % 2	Value of assets notionally allocated			Risk adjusted yield % 6
				On original allocation 3	Increase or decrease 4	Total under resilience scenario 5	
Land and buildings	11						
	12	Approved securities					
	13	Other					
Variable interest and variable yield securities (excluding items shown at line 16)	14	Approved securities					
	15	Other					
Equity shares and holdings in collective investment schemes	16						
Loans secured by mortgages	17	4,194	6.31	4,194		4,194	6.31
All other assets	18						
	19						
Total (11 to 19)	29	4,194	6.31	4,194		4,194	6.31
Gross valuation interest rate %	31		4.33				4.33
Net valuation interest rate % (where appropriate)	32						
Mathematical reserve or other liability, net of reinsurance	33	4,194				4,194	

Long term business : Matching rectangle

Allied Dunbar Assurance plc

Global business

Financial year ended 31 December 1998

Sterling

Rate of interest Balance

Permanent Health Insurance

Non profit

Company
registration
number

GLUKCM

Period ended
month year
day

Units

Valuation
rate of
interestL & GAPens/
PHI/OtherCategory
of assets

Category of assets: Total												
R57	865292	GL	31	12	1998	£000	Stg	98	PHI	NP	10	
Type of asset notionally allocated			The valuation			The resilience scenario						
			Value of asset notionally allocated	Risk adjusted yield %	Value of assets notionally allocated			Risk adjusted yield %				
			1	2		3	4	5	6			
Land and buildings			11									
Fixed interest securities			Approved securities	12								
			Other	13								
Variable interest and variable yield securities (excluding items shown at line 16)			Approved securities	14								
			Other	15	2,013	4.36	2,013		2,013		4.36	
Equity shares and holdings in collective investment schemes			16									
Loans secured by mortgages			17									
All other assets			Producing income	18								
			Not producing income	19								
Total (11 to 19)			29	2,013	4.36	2,013		2,013		4.36		
Gross valuation interest rate %			31									
Net valuation interest rate % (where appropriate)			32									
Mathematical reserve or other liability, net of reinsurance			33	2,013					2,013			

Long term business : Matching rectangle

Allied Dunbar Assurance plc

Global business

Financial year ended 31 December 1998

Sterling

Rate of interest Total

Non profit

Company
registration
number

GL/UK/CM

Period ended
day month yearUnits
£000Stg/
Non StgValuation
rate of
interestL & GAPens/
PHI/Other

WP/NP

Category
of assets

Category of assets: Total														
R57	865292	GL	31	12	1998	£000	Stg	99		NP	10			
The resilience scenario														
Type of asset notionally allocated														
			The valuation			Value of assets notionally allocated					Risk adjusted yield %			
			Value of asset notionally allocated 1	Risk adjusted yield % 2	On original allocation 3	Increase or decrease 4	Total under resilience scenario 5	Risk adjusted yield % 6						
Land and buildings			11											
Fixed interest securities			12	553,221		598,153			598,153					
Other			13	24,483		27,405			27,405					
Variable interest and variable yield securities (excluding items shown at line 16)			14											
Other			15	28,977		28,977			28,977					
Equity shares and holdings in collective investment schemes			16											
Loans secured by mortgages			17	155,543		175,086			175,086					
All other assets			18	130,729		130,729			130,729					
Not producing income			19											
Total (11 to 19)			29	892,953		960,350			960,350					
Gross valuation interest rate %			31											
Net valuation interest rate % (where appropriate)			32											
Mathematical reserve or other liability, net of reinsurance			33	892,953					960,350					

Long term business : Valuation result and distribution of surplus

Allied Dunbar Assurance plc

Global business

Financial year ended 31 December 1998

Long Term Assurance Fund

Financial year ended 31 December 1998		Company registration number	GL/UK/CM	Period ended			units	Category of surplus	
				day	month	year			
Long Term Assurance Fund		R58	865292	GL	31	12	1998	£000	11
Valuation result	Fund carried forward					11	19,272,787		
	Bonus payments made to policy holders in anticipation of a surplus					12			
	Transfers out of fund/ parts of fund	Transfer to non-technical account				13	62,653		
		Transfer to other funds/parts of funds				14			
	Net transfer out of funds/parts of funds (13 + 14)					15	62,653		
	Total (11 + 12 + 15)					16	19,335,440		
	Mathematical reserves for accumulating with profit policies					17			
	Mathematical reserves for other non linked contracts					18	747,998		
	Mathematical reserves for property linked contracts					19	18,524,789		
	Mathematical reserves for index linked contracts					20			
	Total (17 to 20)					21	19,272,787		
	Surplus including contingency and other reserves held towards the solvency margin (deficiency) (16 - 21)					29	62,653		
Composition of surplus	Balance of surplus brought forward unappropriated from last valuation					31			
	Transfers into fund/part of fund	Transfer from non-technical account				32			
		Transfer from other funds/parts of fund				33			
	Net transfer into fund/part of fund (32 + 33)					34			
	Surplus arising since the last valuation					35	62,653		
	Total (31 + 34 + 35)					39	62,653		
Distribution of surplus	Bonus payments made to policyholders in anticipation of a surplus					41			
	Allocated to policyholders by way of	Cash bonuses				42			
		Reversionary bonuses				43			
		Other bonuses				44			
		Premium reductions				45			
	Total allocated to policyholders (41 to 45)					46			
	Net transfer out of fund/part of fund					47	62,653		
	Total distributed surplus (46 + 47)					48	62,653		
	Balance of surplus (including contingency and other reserves held towards the solvency margin) carried forward unappropriated					49			
	Total (48 + 49)					59	62,653		
Percentage of distributed surplus allocated to policyholders of fund/part of fund					61				
Corresponding percentage at three immediately previous valuations	Latest (year of valuation 1997)					62			
	Earlier (year of valuation 1996)					63			
	Earliest (year of valuation 1995)					64			

Long term business : Required minimum margin

Allied Dunbar Assurance plc

Global business

Financial year ended 31 December 1998

Global business										Company registration number		Period ended			Units																										
Global business										GL/KCM		day		month		year																									
Financial year ended 31 December 1998										R60		865292		GL		31		12		1998		£000																			
Class		Classes 1, II and IX		Class III business with relevant factor of				Classes IV and VI		Classes VII and VIII business with relevant factor of				Unallocated additional mathematical reserves with relevant factor of				Total for all classes																							
Relevant factor (Instruction 1)		4% 1		4% 2		1% 3		Nil 4		Total 5		4% 6		4% 7		1% 8		Nil 9		Total 10		4% 11		1% 12		The financial year 13		The previous year 14													
Mathematical reserves before reinsurance	11	Reserves before distribution of surplus	748,455	762,014	4,258,805	13,358,815	18,379,634	150,346	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	19,278,435	17,047,045														
	12	Reserves for bonus allocated to policyholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-													
	13	Reserves after distribution of surplus	748,455	762,014	4,258,805	13,358,815	18,379,634	150,346	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	19,278,435	17,047,045														
Mathematical reserves after deduction of	14	Reserves before distribution of surplus	747,999	761,416	4,258,665	13,355,213	18,375,293	149,495	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	19,272,787	17,041,724														
	15	Reserves for bonus allocated to policyholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-													
	16	Reserves after distribution of surplus	747,999	761,416	4,258,665	13,355,213	18,375,293	149,495	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	19,272,787	17,041,724														
Ratio of 16 to 13 or 0.85 if greater		17	0.9994																					-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Required margin of solvency - first result = (line 13) * (line 17) * relevant factor		19	29,920																					-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non negative capital at risk before reinsurance	21	Temporary assurances with required margin of solvency of 0.1%																					-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	22	Temporary assurances with required margin of solvency of 0.15%																					-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	23	All other assurances with required margin of solvency of 0.3%	869,542																					-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total (21 to 23)		29	869,542																					50,360,009	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non negative capital at risk after reinsurance (all contracts)		31	843,535																					50,360,009	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ratio of line 31 to line 29, or 0.50 if greater		32	0.9701																					47,034,833	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Required margin of solvency - second result		39	2,531																					0.9340	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sum of first and second results (19 + 39)		49	32,451																					141,105	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Required margin of solvency for supplementary Accident and Sickness Insurance and Class V business		51																						214,156	5,980	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total required margin of solvency for long term business (49 + 51)		59																								-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Minimum guarantee fund		61																								-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Required minimum margin (greater of lines 59 and 61)		69																								-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

NOTES TO SCHEDULES 1 AND 3

0902 Implicit Item

The Secretary of State, on the application of the Company, issued to the Company on 17 July 1998 an Order under Section 68 of the Insurance Companies Act 1982, directing that the Company may take into account the implicit item shown in Form 9 of this return.

1001 Reconciliation to Capital and Reserves in Accounts

	1998 £000's	1997 £000's
Form 13 line 99	532,408	552,951
Form 15 line 59	(70,229)	(86,002)
Sub total	462,109	466,949
Net deferred acquisition cost asset	431,200	400,000
Resilience reserves provided in Annual Return not in A/C's	10,048	11,737
Total per Capital and Reserves in accounts	903,357	878,686

1308 Aggregate value of unlisted Investments

The Company held unlisted shares to the value of £6,938,599 in the Threadneedle Property Partnership Limited, a property investment company.

1310 Amount receivable and payable

Amounts due to and from any one person have been offset where appropriate in accordance with generally accepted accounting principles.

1311 Maximum permitted counterparty limits

- (a) The investment guidelines operated by the Company limit exposure to any one counterparty by reference to the credit rating of that counterparty. Investments may not be placed with counterparties with a credit rating of less than A.

The maximum permitted exposure during the year was:

Any counterparty rated AAA / AA+	£150m
Any counterparty rated AA/A	£75m

These limits apply to aggregate investments in deposits, certificates of deposit, floating rate notes, commercial paper and other non equity securities, derivatives and foreign exchange transactions. They may only be exceeded by agreement between the Investment Fund Managers and the Directors of the Company.

- (b) The limits given above also apply to counterparties other than approved counterparties.

- (c) There were no occasions during the year when these amounts were exceeded.

1312 Exposure to large counterparties

The Company's exposure to a counterparty has not exceeded 5% of the long term business amount.

1401 & 1501 Provision for adverse changes

No derivatives are held and therefore no provision is required.

1402 & 1502 Liabilities

- (a) There are no charges over assets
- (b) No provision has been made in Schedules 1 and 3 in respect of any potential liability to tax on unrealised capital gains. Any such potential liability has been taken into account by the Actuary in the valuation of the liabilities of the Long Term Assurance fund in Schedule 4.

- (c) In December 1993, the Financial Services Authority (FSA) Investigated a review of personal pension transfer and opt-out sales across the insurance industry to establish whether clients have been disadvantaged and are entitled to redress. Certain priority groups were identified for review and these reviews have been completed in line with the plan agreed with the regulator.

The FSA issued guidance in August 1998 with regards to action to be taken in respect of clients who did not fall within the priority groups. The company expects a lower proportion of this group to have been disadvantaged and for the level of redress to be less than for the priority cases, and has set it provision accordingly using a prudent view of the likely outcome. However, until this work is completed uncertainty will continue to exist in respect of these cases.

- (d) The Company has guaranteed certain liabilities of two of its subsidiaries, Dunbar Independent Ltd and Allied Dunbar Financial Advisers Ltd, in relation to its business as a marketing associate of the Company, to the extent that they are not covered by professional indemnity insurance. The Directors are of the opinion that no material loss will arise under these guarantees.

- (i) No maximum liability was specified in the guarantees
- (ii) No provision has been made in respect of these liabilities
- (iii) No amounts were reported under (c) in respect of these liabilities.

- (e) The Company is not aware of any fundamental uncertainties affecting its business

1601 Basis of conversion of foreign currency

Assets and liabilities have been translated at the rate of exchange ruling at 31 December 1998.

Income and expenditure in foreign currencies have been translated at the rate of exchange ruling at the time of the transaction.

1603 Other charges

The total of other charges of £12,288,000 is made up of

	1998 £000's	1997 £000's
Profit / (loss) on the disposal of fixed assets	1,261	869
Depreciation	(11,292)	(10,302)
Audit and other fees	(585)	(594)
Charitable donations	(1,672)	(2,317)
Total	(12,288)	(12,344)

1700 Form 17 Other than long term business

All amounts required to be shown on Form 17 for other than long term business would be zero and so no Form 17 has been prepared.

4002 Other Income

The total of other income of £10,323,000 is made up of:

	1998 £000's	1997 £000's
Commissions received	6,317	4,249
Interest on salesforce loans	1,701	1,724
Will writing fees		140
Recharge of expenses to B.A.T		2,808
P11 Recovery	1,145	950
Sundry income	1,160	1,641
Total	10,323	11,512

4008 Provision of Management Services

Threadneedle Investment Managers Limited, a wholly owned subsidiary of Zurich Financial Services (UKISA) Ltd. provides investment management and advisory services to the Company.

Zurich Financial Services UK Life Limited and Zurich Financial Services Group Services Limited provide support and management services to the Company.

4301 Basis of valuation of assets

- (a) Assets shown in this form have been valued as follows:
- (i) Freehold and leasehold properties have been valued at open market value by independent valuers.
 - (ii) Debt securities and other fixed income securities, shares and other variable yield securities are valued at the lowest offered dealing price.
 - (iii) The managers of Allied Dunbar's unit trust and OEIC holdings include Threadneedle Investment Services Ltd. Special arrangements have been made with them for the Company to invest in the unit trusts and OEICs free of the managers' initial charges. Holdings managed by Threadneedle Investment Services Ltd are also free of any annual charges. Holdings are valued at the price at which the Company would have been able to purchase the units at 31 December 1998.
 - (iv) Interest bearing deposits have been stated at cost.
 - (v) Loans secured by mortgages, forward exchange and futures contracts are stated at the Directors estimate of likely realisable value.
- (b) The Company owns 97% of the equity shares of Allied Dunbar Specialist Funds Limited. This is an open-ended investment company, not entered into on the basis of control of a subsidiary undertaking. The Company's investment is held as an asset to cover linked liabilities. Allied Dunbar Specialist Funds Limited owns listed equities, loan and debenture stock in the emerging Asia markets on behalf of the Equity fund, the Pension Equity fund.

The minority interest of £3.1 million has not been included in the balance sheet of the Company.

- (c) The Company owns the whole of the issued share capital of a United States holding company whose subsidiaries own property on behalf of the American Property fund and the Pension Property fund and the whole of the issued share capital of a French company owning property on behalf of the Property fund.

4302 Aggregate value of derivative contracts

The aggregate value of rights under derivative contracts, or in respect of assets which have the effect of derivative contracts is £51,545,214.

The aggregate value of liabilities under derivative contracts is £18,052,73.

No variation margins are payable on these contracts

4402 Other expenditure

Other expenditure shown in line 26 is made up as follows

	1998 £000's	1997 £000's
Ground rent	2,971	3,569
Property expenses	8,781	7,037
Non recoverable foreign withholding tax	4,136	4,186
Investment management charges	3,257	3,093
Safe custody charges	1,005	863
Other miscellaneous expenses	59	20
Total	20,209	18,768

Derivative contracts

The following information is included pursuant to regulation 23 of the Insurance Companies (Accounts & Statements) Regulations 1996.

- (a) The following investment guidelines are operated by the Company for the use of derivative contracts:

They may be used for the following purposes:

- In respect of shareholder funds to limit the group's exposure to movements in interest rates and stock market levels
- In respect of policyholder funds backing products with guarantees to match the guaranteed liabilities.
- In respect of policyholder funds other than those backing guarantees to assist in efficient portfolio management, limit exposure to interest rates and equities and to hedge overseas investment risks.

They are not permitted for the following purposes

- For policyholder funds where they do not precisely match the liabilities to policyholders.
 - To create geared funds or to make speculative investments
 - Any purpose which would be in breach of the Insurance Companies Regulations 1994.
- (b) No provision has been made in the guidelines for the use of contracts which were not reasonably likely to be exercised at the time when the contract was entered into.
- (c) The Company was not party to any contracts of the kind described in paragraph (b) above.
- (d) The Company has no derivatives that are recorded in Form 13.
- (e) -
- (f) The Company held no derivative contracts outside the linked funds at any time during the financial year.
- (g) All derivatives held during the year were in the property linked funds and so the Company was not exposed to any potential loss due to the failure of any one person to fulfil its obligations under derivative contracts.
- (h) The Company held no derivative contracts outside the linked funds at any time during the financial year.
- (i) The Company received no consideration for granting rights under derivative contracts during the financial year.

Shareholder Controllers

The following information is included pursuant to regulation 24 of the Insurance Companies (Accounts and Statements) Regulations 1996.

- (a) The shareholder controller to 7 September 1998 was British American Financial Services (UK and International) Limited. From 8 September the Company changed its name to Zurich Financial Services (UKISA) Limited.
- (b) At the end of the financial year Zurich Financial Services (UKISA) Limited owned 100% of the voting power and any general meeting of the Company.

NOTES TO SCHEDULE 4

1. Form 46

- 4601 There are 4 non-linked Group Life contracts, 1 non-linked Group disability contract and 2 linked Group Pensions Contracts in-force at the valuation date.
- 4602 The number of contracts shown in-force at the end of the year exceeds the actual number by 948 for non linked life assurance, 3,692 for non-linked pensions and 257,475 for linked permanent health business.

2. Forms 46A and 47A

- 4600 & 4700 The Company has no industrial assurance business.

3. Form 47

- 4701 The total number of contracts stated exceeds the actual number by 42,713.
- 4702 Critical Illness Benefits are critical illness and total permanent disability insurance, and relate to Lifeline, Lifestyle and Lifestyle Plus, as described in Schedule 4.

4. Form 48

- 4801 The amounts of accrued interest included in the value of admissible assets is as follows:

	£000's
Fixed interest securities - Approved securities	11,017
Fixed interest securities - Other	361
Variable yield securities - Other	638

- 4802 The fixed interest Home Income Plan mortgages included in line 17 are valued at their face value.

5. Form 51

- 5101 All policies are non-profit.
- 5102 The total number of non-linked contracts exceeds the actual number by 4,640.
- 5103 The miscellaneous category included in the Pensions Business includes 4 group contracts with premiums amounting to £1,135,409.
- 5104 The key to the letters used to identify the mortality tables can be found in section 7.(1) on page 64.

6. Form 52

- 5200 The Company has no accumulating with-profits policies.

7. Form 53

- 5301 All policies are non-profit.
- 5302 The total number of contracts exceed the actual number by 257,475 for linked Permanent Health Business.
- 5303 The key to the letters used to identify the mortality tables can be found in section 7.(1) on page 64.

8. Form 54

- 5400 The Company has no index linked contracts. All amounts required to be shown would be zero, and therefore no Form 54 has been prepared.

9. **Form 55**

5501 The reconciliation of property linked funds is as follows:

	£000's
Form 55 (column 7)	17,994,010
Add back liabilities:	
CGT (Form 43)	26,979
Other liabilities (Form 43)	24,326
CGT on GEB	400
Total (agrees to Form 13 line 59)	18,345,715

	£000's
Form 43 (column 2)	18,282,909
Add:	
GEB (Form 55)	51,735
Pension Guarantee	10,671
CGT on GEB	400
Total	18,345,715

10. **Form 56**

5600 The Company has no index linked contracts. All amounts required to be shown would be zero, and therefore no Form 56 has been prepared.

11. **Form 57**

5701 The resilience reserves shown on pages 99, 101 and 102 are the additional non-unit reserves which arise following a reduction in yields of 20% from present levels.

5702 The resilience reserves shown on pages 100 and 103 are the additional non unit reserves which arise following a 25% fall in unit values.

5703 The products included in the Balance on page 101 include non-linked endowment assurances, pure endowments, Renewable Convertible Term Assurance, ADP annuities and reserves for extra premiums, AIDS, Accidental Death Benefit and Lifetime Income Plan.

5704 The products included in the Balance on page 104 include ADP Scheme annuities, Group Life Assurance and reserves for AIDS and extra premiums. Deposit Administration, Building Society Related and Mortgage related contracts are excluded from this form as here the reserves largely represent the accumulated value of contributions.

5705 The product included in the Balance on page 106 represents the Group Disability scheme.

SCHEDULE 6

DIRECTORS' CERTIFICATE

We certify:

- 1.(a) that in relation to the part of this return comprising Forms 9, 10, 13 to 17 and 40 – 45 (including the supplementary notes thereto) and the statements required by regulations 23 and 24 of the Insurance Companies (Accounts and Statements) Regulations 1996 ("the Regulations") 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) that in respect of the Company's business which is not excluded by regulation 32 of the Insurance Companies Regulations 1994, the assets held throughout the financial year enabled the company to comply with regulations 27 to 31 (matching and localisation) of those Regulations; and
- (c) in relation to the statement required by regulation 31 of the Regulations:
 - (i) that for the purposes of preparing the statement, proper accounts and records have been maintained; and
 - (ii) that the information given has been ascertained in conformity with that regulation.
2. that the required margin of solvency required by section 32 of the Insurance Companies Act 1982 has been maintained throughout the financial year in question.
- 3.(a) that the requirements of Section 28 to 31 of the Insurance Companies Act 1982 have been fully complied with and in particular that, subject to the provisions of section 29(2) to (4) and section 30, assets attributable to long term business, the income arising therefrom, the proceeds of any realisation of such assets and any other income or proceeds allocated to the long term business funds have been applied otherwise than for the purpose of the long term business;
- (b) that any amount payable from or receivable by the long term business fund in respect of services rendered by or to any other business carried on by the Company or by a person who, for the purposes of Section 31 of the Insurance Companies Act 1982, is connected with it or is a subordinate company of it has been determined and where appropriate apportioned on terms which are believed to be no less than fair to that fund, and any exchange of assets representing such fund or other assets of the company has been made at fair market value;
- (c) all guarantees given by the Company of the performance by a related Company which would fall to be met by any long term business fund have been disclosed in the return, and that the fund or funds on which each such guarantee would fall has been identified therein;
- (d) that in respect of the internal linked funds maintained by the Company, that the investment policy and practice of the Company was during the financial year in question consistent with any representations made to policyholders or potential policyholders of the Company;
- (e) the return in respect of long term business is not distorted by agreements between the Companies concerned or by any arrangements which could affect the apportionment of expenses and income;
- (f) that the Company has fully complied with the requirements of Section 31A of the Insurance Companies Act 1982.
- 4.(a) that the systems of control established and maintained by the company in respect of its business complied at the end of the financial year with the following published guidance:
 - Prudential Guidance Note 1994/6 - "Systems of control over the investments (and counterparty exposure) of insurance companies with particular reference to the use of derivatives".

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

(b) that the return has been prepared in accordance with the following published guidance:

- Prudential Guidance Note 1995/1 - "Guidance for insurance companies and auditors on the Valuation of Assets Regulations",
- Prudential Guidance Note 1995/3 - "The use of derivatives in insurance funds",
- Prudential guidance Note 1998/1 - "The preparation of annual returns to the Insurance Directorate of HM Treasury".

K R BALDWIN, Chief Executive

P A HODKINSON, Managing Director

S P DEIGHTON, Finance Director

23 April 1999

Note to the Annual Return

1. During 1998 the requirements of "Money Laundering - Guidance Notes for Insurance and Retail Products" (revised February 1995) issued by the Joint Money Laundering Steering Group, have not been fully complied with and is therefore omitted from the Directors' certificate. Refresher training has not been carried out formally for the last 3 years. A programme has been designed and roll out is now underway across the business to ensure that all staff in key areas receive this training by June 1999.

APPOINTED ACTUARY'S CERTIFICATE

I certify that:

- (a) (i) in my opinion proper records have been kept by the company adequate for the purpose of the valuation of the liabilities of the long term business;
 - (ii) the mathematical reserves shown in Form 14 constitute proper provision as at 31 December 1998 for the liabilities (other than liabilities which had fallen due before the end of the financial year) arising under or in connection with contracts for long term business; and
 - (iii) for the purpose of sub-paragraph (ii) above the liabilities have been assessed in accordance with Part IX of the Insurance Companies regulations in the context of assets valued in accordance with Part VIII of those Regulations, as shown in Form 13; and
 - (iv) the guidance notes "Actuaries and Long-Term Insurance Business (GN1)" effective 1 December 1998 and "Additional Guidance for Appointed Actuaries (GN8)", issued by the Institute of Actuaries and the Faculty of Actuaries effective 1 September 1996, have been complied with; and
 - (v) that, in my opinion, premiums for contracts entered into during the financial year and the income earned thereon are sufficient, on reasonable actuarial assumptions, and taking into account the other financial resources of the company that are available for the purpose, to enable the company to meet its commitments in respect of those contracts and, in particular, to establish adequate mathematical reserves
- (b) the amount of the required minimum margin applicable to the company's long term business immediately following 31 December 1998 was £252,586,000

J E BULLIMORE, Appointed Actuary

23 April 1999

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

Allied Dunbar Assurance Plc

Global Business

Financial year ended 31 December 1998

1. We have examined the documents prepared by the company pursuant to section 17 of the Insurance Companies Act 1982 ("the Act") and the Insurance Companies (Accounts and Statements) Regulations 1996 ("the Regulations"):
 - Forms [9,10,13 to 17 and 40 to 45] (including the supplementary notes thereto) ("the Forms");
 - The statement required by regulation 23 on pages 110 to 113 ("the statement"); and
 - The certificate signed in accordance with regulation 28(a) on pages 116 and 117 ("the certificate").

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

- (a) paragraph 1 in relation to the statements required by regulations 24 and 31 concerning shareholder controllers and the Appointed Actuary;
- (b) paragraph 4 concerning the investment policy and practice of internal linked funds, required by paragraph 4(d) of Schedule 6; and
- (c) paragraph 5 in so far as it relates to controls with respect to Money Laundering.

Respective responsibilities of the company and its auditors

2. The company is responsible for the preparation of an annual return (including the Forms, statement and certificate) under the provisions of the Act and the Regulations. [The requirements of the Regulations have been modified by Order issued under section 68 of the Act on 17 July 1998]. Under regulation 5 the Forms and statement are required to be prepared in the manner specified by the Regulations and to state fairly the information provided on the basis required by the Regulations.
 - (a) It is our responsibility to form an independent opinion as to whether the Forms and statement meet these requirements, and in the case of the certificate whether it was or was not unreasonable for the persons giving the certificate to have made the statements therein, and to report our opinions to you.

Basis of opinion

3. We conducted our work in accordance with Bulletin 1998/3: "Auditors" reports on regulatory returns made under the Insurance Companies Act 1982" issued by the Auditing Practices Board. Our work included examination, on a test basis, of evidence relevant to the amounts and disclosures in the Forms and statement. The evidence included that previously obtained by us relating to the audit of the financial statements of the company for the financial year on which we reported on 30 April 1999. It also included an assessment of the significant estimates and judgements made by the company in the preparation of the Forms and statement.
4. We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Forms and statement are free from material misstatement, whether caused by fraud or other irregularity or error, and comply with regulation 5.
5. In the case of the certificate, the work performed involved a review of the procedures undertaken by the signatories to enable them to make the statements therein and does not extend to an evaluation of the effectiveness of the company's internal control systems.

In giving our opinion we have relied on:

- (a) the certificate of the actuary on page 119 with respect to the mathematical reserves and the required minimum margin; and
- (b) the identity and value of implicit items as they have been admitted in accordance with regulation 23(5) of the Insurance Companies Regulations 1994 by virtue of an Order issued under section 68 of the Act on 17 July 1998]

Opinion

6. In our opinion:

- (a) the Forms and statement 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.

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
1 Embankment Place
LONDON
WC2N 6NN

May 1999

Statement of Information on the Appointed Actuary to Allied Dunbar Assurance plc

(1) (a) J E Bullimore was the Appointed Actuary at 31 December 1998.

(b) The Actuary has in force three unit-linked policies with the Company as follows:

Type	Sum Assured	1998 Premium	Expiry/Maturity Date
Deferred Annuity	-	£11,973.00	03.09.2011
Deferred Annuity	-	£ 4,800.00	03.09.2011
Deferred Annuity	-	£ 1,827.63	03.09.2016

(c) (i) The aggregate amount of the remuneration and the value of other benefits under the Actuary's contract of employment with the Company during the year ending 31 December 1998 was £149,311. These emoluments (none of which were in respect of fees) include performance related pay, bonuses and an accrual in respect of deferred bonuses which may become payable in future years.

(d) The Actuary is a member of the Allied Dunbar Staff Pension Plan and contributions in respect of his employment during the year ending 31 December 1998 were paid by the Company. No further pecuniary benefit was received by the Actuary from the Company in that year.

(2) The Company requested the Actuary to furnish it with the particulars specified in paragraph 1 of Regulation 31 of the Insurance Companies (Accounts and Statements) Regulations 1996 and pursuant to that request the Actuary has confirmed that the information set out in (1) above is correct.

(3) (a) B M Thomas was the Appointed Actuary prior to relinquishing the position on 19 January 1998.

(b) B M Thomas has in force two regular premium unit-linked policies with the Company as follows:

Type	Sum Assured	Annual Premium	Expiry/Maturity Date
Term Assurance	£125,000	£382.56	01.07.2013
Deferred Annuity	-	£960.00	14.11.2012

(c) (i) The aggregate amount of the remuneration and the value of other benefits under the Actuary's contract of employment with the Company and receivable by him during the year ending 31 December 1998 was £625,650.

(ii) The emoluments as director of the Company which are included in a note to the Accounts of Allied Dunbar Assurance plc as required by section 231 of the Companies Act 1984, are included in item (3) (c) (i) above.

(d) B M Thomas is a member of the Allied Dunbar Staff Pension Plan and contributions in respect of his employment during the year ending 31 December 1998 were paid by the Company. No further pecuniary benefit was received by the Actuary from the Company in that year.

(4) The Company requested B M Thomas to furnish it with the particulars specified in paragraph 1 of Regulation 31 of the Insurance Companies (Accounts and Statements) Regulations 1996 and pursuant to that request the B M Thomas has confirmed that the information set out in (1) above is correct.