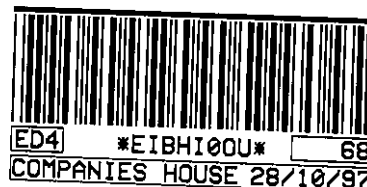


Statement of solvency

Name of company **Royal Heritage Life Assurance Limited**

Global business

Financial year ended **31st December 1996**Company
registration
number

GL/UK/CM

Period ended

day month year

Units

R9	1016269	GL	31	12	1996	£000
----	---------	----	----	----	------	------

	As at the end of this financial year	As at the end of the previous year	Source		
	1	2	Form	Line	Column

GENERAL BUSINESS**Available assets**

Other than long term business assets allocated towards general business required minimum margin	11			See instructions 1 and 2
---	----	--	--	--------------------------

Required minimum margin

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

LONG TERM BUSINESS**Available assets**

Long term business admissible assets	21	793176	796515	10 . 11
Other than long term business assets allocated towards long term business required minimum margin	22	28103	24038	See instructions 1 and 3
Total mathematical reserves (after distribution of surplus)	23	772447	782177	See instruction 4
Other insurance and non-insurance liabilities	24	17536	11354	See instruction 5
Available assets for long term business required minimum margin (21+22-23-24)	25	31296	27022	

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

Future profits	31			
Zillmerising	32			
Hidden reserves	33			

Total of available assets and implicit items (25+31+32+33)	34	31296	27022	
--	----	-------	-------	--

Required minimum margin

Required minimum margin for long term business	41	5810	5988	60 . 69
Explicit required minimum margin (1/6 x 41, or minimum guarantee fund if greater)	42	968	998	
Excess (deficiency) of available assets over explicit required minimum margin (25-42)	43	30328	26024	
Excess (deficiency) of available assets and implicit items over the required minimum margin (34-41)	44	25486	21034	

CONTINGENT LIABILITIES

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

Covering sheet to Form 9

Name of company **Royal Heritage Life Assurance Limited**

Global business

Financial year ended **31st December 1996**

..... **R CALVER** **Director**

..... **J C HANCE** **Director**

..... **D R PARRY** **Managing Director**

June 1997

Statement of net assets

Name of company **Royal Heritage Life Assurance Limited**

Global business

Financial year ended **31st December 1996**Company
registration
number

GL/UK/CM

Period ended

day month year

Units

R10	1016269	GL	31	12	1996	£000
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		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	793176	796515	13	89	1
Long term business - liabilities and margins	12	793176	796515	14	59	1
Other than Long term business - admissible assets	21	34273	26806	13	89	1
Other than Long term business - liabilities	22	6170	2768	15	69	1
Net admissible assets (21-22)	23	28103	24038			
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	28103	24038			

Represented by:

Paid up share capital (other than cumulative preference share capital)	51	4088	4088	
Amounts included in lines 24 to 27 above	52			
Amounts representing the balance of net assets	56	24015	19950	
Total (51 to 56) and equal to line 29 above	59	28103	24038	

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

Balance brought forward at the beginning of the financial year	61	19950	9302	10 . 56 . 2
Retained profit/(loss) for the financial year	62	4065	10648	16 . 59 . 1
Movement in asset valuation differences	63			See instruction 2
Decrease/(increase) in the provision for adverse changes	64			See instruction 3
Other movements (particulars to be specified by way of supplementary note)	65			
Balance carried forward at the end of the financial year (61 to 65)	69	24015	19950	

Analysis of admissible assets

Name of company **Royal Heritage Life Assurance Limited**

Global business

Financial year ended **31st December 1996**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	1016269	GL	31	12	1996	£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					
Investments in group undertakings and participating interests	UK insurance dependants	Shares	21						
		Debt securities issued by, and loans to, dependants	22						
	Other insurance dependants	Shares	23						
		Debt securities issued by, and loans to, dependants	24						
	Non-insurance dependants	Shares	25						
		Debt securities issued by, and loans to, dependants	26						
	Other group undertakings and participating interests	Shares	27						
		Debt securities issued by, and loans to, group undertakings	28						
		Participating interests	29						
Debt securities issued by, and loans to, undertakings in which the company has a participating interest		30							
Total sheet 1 (11 to 30)			39						

Analysis of admissible assetsName of company **Royal Heritage Life Assurance Limited**

Global business

Financial year ended **31st December 1996**Category of assets **Total other than long term business assets**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R13	1016269	GL	31	12	1996	£000	1
Investments (continued)					As at the end of this financial year 1		As at the end of the previous year 2		
Deposits with ceding undertakings									
Assets held to cover linked liabilities									
Other financial investments	Equity shares			41					
	Other shares and other variable yield securities			42					
	Holdings in collective investment schemes			43					
	Rights under derivative contracts			44					
	Debt securities and other fixed income securities	Fixed interest	Approved securities	45					
			Other	46					
		Variable interest	Approved securities	47					
			Other	48					
	Participation in investment pools			49					
	Loans secured by mortgages			50					
	Other loans	Loans to public or local authorities and nationalised industries or undertakings		51					
		Loans secured by policies of insurance issued by the company		52					
		Other		53					
	Deposits with approved credit institutions and approved financial institutions	Withdrawal subject to a time restriction of one month or less		54	29066		26768		
		Withdrawal subject to a time restriction of more than one month		55	5146				
	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	34212		26768			

Analysis of admissible assetsName of company **Royal Heritage Life Assurance Limited**

Global business

Financial year ended **31st December 1996**Category of assets **Total other than long term business assets**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R13	1016269	GL	31	12	1996	£000	1
Debtors					As at the end of this financial year 1		As at the end of the previous year 2		
Other assets									
Debtors arising out of direct insurance operations	Policyholders			71					
	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					
		Due more than 12 months after the end of the financial year		79					
Tangible assets				80					
Cash at bank and in hand	Deposits not subject to time restriction on withdrawal, with approved credit institutions and approved financial institutions and local authorities			81					
	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		61		38	
	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		61		38	
Grand total of admissible assets (39+69+88)				89		34273		26806	
Reconciliation to asset values determined in accordance with the shareholder accounts rules									
Total admissible assets (as per line 89 above)				91		34273		26806	
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					
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		34273		26806	
Amounts included in line 89 attributable to debts due from related companies, other than those under contracts of insurance or reinsurance				100					

Analysis of admissible assets

Name of company **Royal Heritage Life Assurance Limited**

Global business

Financial year ended **31st December 1996**Category of assets **Total long term business assets**

			Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
					day	month	year			
			R13	1016269	GL	31	12	1996	£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	350		550	
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	350		550	

Analysis of admissible assetsName of company **Royal Heritage Life Assurance Limited**

Global business

Financial year ended **31st December 1996**Category of assets **Total long term business assets**

		Company registration number	GL/UK/CM	Period ended day month year			Units	Category of assets	
		R13	1016269	GL	31	12	1996	£000	10
Investments (continued)					As at the end of this financial year 1		As at the end of the previous year 2		
Deposits with ceding undertakings									
Assets held to cover linked liabilities									
Other financial investments	Equity shares			41					
	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	38292		37963		
			Other	46	994		1485		
		Variable interest	Approved securities	47					
			Other	48					
	Participation in investment pools			49					
	Loans secured by mortgages			50	28		28		
	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	19431		14218		
		Withdrawal subject to a time restriction of more than one month		55					
	Other			56					
Deposits with ceding undertakings			57						
Assets held to match linked liabilities	Index linked		58						
	Property linked		59	731301		739697			
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	790046		793391			

Analysis of admissible assetsName of company **Royal Heritage Life Assurance Limited**

Global business

Financial year ended **31st December 1996**Category of assets **Total long term business assets**

Category of assets		Total long term business assets		Company registration number	GL/UK/CM	Period ended day month year			Units	Category of assets
		R13	1016269	GL	31	12	1996	£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	47			162	
	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	376			29	
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	455			1285	
		Due more than 12 months after the end of the financial year			79					
Tangible assets					80					
Cash at bank and in hand	Deposits not subject to time restriction on withdrawal, with approved credit institutions and approved financial institutions and local authorities				81	343				
	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	1559			1098	
	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	2780			2574	
Grand total of admissible assets (39+69+88)					89	793176			796515	
Reconciliation to asset values determined in accordance with the shareholder accounts rules										
Total admissible assets (as per line 89 above)					91	793176			796515	
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				155	
Solvency margin deduction for insurance dependants					93					
Other differences in the valuation of assets (other than for assets not valued above)					94					
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	793176			796670	
Amounts included in line 89 attributable to debts due from related companies, other than those under contracts of insurance or reinsurance					100	214			1285	

Long term business liabilities and margins

Name of company **Royal Heritage Life Assurance Limited**

Global business

Financial year ended **31st December 1996**

		Company registration number	GL/UK/CM	Period ended			Units		
		R14	1016269	GL	31	12	1996	£000	
		As at the end of this financial year 1		As at the end of the previous year 2		Source			
						Form	Line	Column	
Ordinary Long Term Business (all funds)	Mathematical reserves, after distribution of surplus	11	772447	782177		See Instruction 1			
	Balance of long term business funds	12	3193	2984		See Instruction 2			
	Ordinary long term business funds (11+12)	13	775640	785161		40 . 59			
	Valuation deficiencies	14				See Instruction 3			
Industrial Assurance Business	Mathematical reserves, after distribution of surplus	15				See Instruction 1			
	Balance of long term business funds	16				See Instruction 2			
	Industrial long term business funds (15+16)	17				40 . 59			
	Valuation deficiencies	18				See Instruction 3			
Creditors and other liabilities	Deposits received from reinsurers	21							
	Arising out of insurance operations	Direct business	31	1993	1870				
		Reinsurance accepted	32						
		Reinsurance ceded	33	265	194				
	Debenture loans	Secured	34						
		Unsecured	35						
	Amounts owed to credit institutions	41							
	Taxation	42	6350	3306					
	Accruals and deferred income	44							
	Other creditors	47	8928	5984					
Provision for adverse changes (calculated in accordance with regulation 61 of the Insurance Companies Regulations 1994)	49								
Excess of the value of admissible assets representing the long term business funds over the amounts of those funds		51				See Instruction 4			
Total (13+14+17 to 51)		59	793176	796515					

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	4906	2210	
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62	747160	756985	

Liabilities (other than long term business)Name of company **Royal Heritage Life Assurance Limited**

Global business

Financial year ended **31st December 1996**

		Company registration number	GL/UK/CM	Period ended			Units	
		R15	1016269	GL	31 day	12 month	1996 year	£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	670		268		
	Other		22					
Deposits received from reinsurers			31					
Creditors	Arising out of insurance operations	Direct business	41					
		Reinsurance accepted	42					
		Reinsurance ceded	43					
	Debenture loans	Secured	44					
		Unsecured	45					
	Amounts owed to credit institutions		46					
	Other creditors	Taxation	47					
		Recommended dividend	48	5500		2500		
		Other	49					
Accruals and deferred income			51					
Total (19 to 51)			59	6170		2768		
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	6170		2768		
Amounts included in line 69 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance			71					

Profit and loss account (non-technical account)

Name of company **Royal Heritage Life Assurance Limited**

Global business

Financial year ended **31st December 1996**

		Company registration number	GL/UK/CM	Period ended			Units	
				day	month	year		
		R16	1016269	GL	31	12	1996	£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	8631		12604	40 . 26		
Investment income	Income	14	1393		812			
	Value re-adjustments on investments	15						
	Gains on the realisation of investments	16						
Investment charges	Investment management charges, including interest	17						
	Value re-adjustments on investments	18						
	Loss on the realisation of investments	19						
Allocated investment return transferred to the general business technical account		20				20 . 51		
Other income and charges (particulars to be specified by way of supplementary note)		21						
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)		29	10024		13416			
Tax on profit or loss on ordinary activities		31	459		268			
Profit or loss on ordinary activities after tax (29-31)		39	9565		13148			
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	9565		13148			
Dividends (paid and proposed)		51	5500		2500			
Profit or loss retained for the financial year (49-51)		59	4065		10648			

Long term business : Revenue account

Name of company **Royal Heritage Life Assurance Limited**

Global business

Ordinary business

Financial year ended **31st December 1996**Name and number of fund **Ordinary Long Term 1**

	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund	
			day	month	year					
	R40	1016269	GL	31	12	1996	£000	OB	1	0
Items to be shown net of reinsurance ceded							The financial year	Previous year		
							1	2		
Earned premiums							11	36946	40528	
Investment income receivable before deduction of tax							12	34263	34189	
Increase (decrease) in the value of non-linked assets brought into account							13	(495)	3353	
Increase (decrease) in the value of linked assets							14	36716	70706	
Other income							15			
Total income (11 to 15)							19	107430	148776	
Claims incurred							21	95705	86751	
Expenses payable							22	9552	9394	
Interest payable before deduction of tax							23			
Taxation							24	1808	3488	
Other expenditure							25	1255		
Transfer to (from) non technical account							26	8631	12604	
Total expenditure (21 to 26)							29	116951	112237	
Increase (decrease) in fund in financial year (19-29)							39	(9521)	36539	
Fund brought forward							49	785161	748622	
Fund carried forward (39+49)							59	775640	785161	

Long term business : Analysis of premiums and expenses

Name of company **Royal Heritage Life Assurance Limited**

Global business

Ordinary business

Financial year ended **31st December 1996**Name and number of fund **Ordinary Long Term 1**

		Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund	
		R41	1016269	GL	31	12	1996	£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	11438				11438	
		Regular premium			12	17118		3298		13820	
	Pension business contracts	Single premium			13	4322				4322	
		Regular premium			14	7371		17		7354	
	Permanent health contracts	Single premium			15						
		Regular premium			16	19		7		12	
	Other contracts	Single premium			17						
		Regular premium			18						
	Total premiums	Single premium			19	15760				15760	
		Regular premium			29	24508		3322		21186	
Total premiums at lines 19 and 29 attributable to	UK contracts			31	40251		3317		36934		
	Overseas contracts			32	17		5		12		
Expenses payable in the financial year	Commission payable in connection with acquisition of business			41	597				597		
	Other commission payable			42	455		263		192		
	Management expenses in connection with acquisition of business			43	2277				2277		
	Management expenses in connection with maintenance of business			44	3271				3271		
	Other management expenses			45	3215				3215		
	Total expenses (41 to 45)			49	9815		263		9552		
	Total expenses at line 49 attributable to	UK contracts			51	9815		263		9552	
		Overseas contracts			52						

Long term business : Analysis of claims

Name of company **Royal Heritage Life Assurance Limited**

Global business

Ordinary business

Financial year ended **31st December 1996**Name and number of fund **Ordinary Long Term 1**

		Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund	
				day	month	year					
		R42	1016269	GL	31	12	1996	£000	OB	1	0
				Gross			Recoverable from reinsurers		Net of reinsurance (1-2) 3		
Claims incurred in the financial year				1			2				
Life assurance and annuity contracts	On death	11	9176	2767	6409						
	By way of lump sums on maturity	12	155		155						
	By way of annuity payments	13	79		79						
	By way of payments arising from other insured events	14									
	On surrender or partial surrender	15	69413	549	68864						
	Total life assurance and annuity claims (11 to 15)	19	78823	3316	75507						
Pension business contracts	On death	21	903		903						
	By way of lump sums on vesting	22	4523		4523						
	By way of vested annuity payments	23	739	418	321						
	On surrender or partial surrender	24	14448		14448						
	Total pension business claims (21 to 24)	29	20613	418	20195						
Permanent health contracts	By way of lump sums	31									
	By way of periodical payments	32	3		3						
	Total permanent health claims (31+32)	39	3		3						
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	99439	3734	95705						
Total claims at line 59 attributable to	UK contracts	61	99439	3734	95705						
	Overseas contracts	62									

Long term business : Summarised balance sheet for internal linked funds

Name of company **Royal Heritage Life Assurance Limited**

Global business

Ordinary business

Financial year ended **31st December 1996**Name and number of fund **Summary of Internal Linked Funds 1**

Name of fund	Directly held assets	Investment in other internal linked funds of the company	Total assets (2+3)	GL/UK/CM		Period ended			Units	OB/IB	No of fund/Summary	No of part of Fund
				R43	1016269	GL	31	12	1996			
						Provision for tax on unrealised capital gains			Secured and unsecured loans	Other liabilities		Net asset value (4-5-6-7)
1	2	3	4			5		6		7		8
OPTION PROPERTY	7068		7068									7068
OPTION EQUITY	20448		20448			474				344		19630
OPTION HIGH YIELD	21649		21649									21649
OPTION MANAGED	789	25045	25834									25834
OPTION DEPOSIT		2845	2845									2845
OPTION MONEY	6474		6474									6474
OPTION INCOME DISTRIBUTION	76760		76760			1538				527		74695
OPTION INTERNATIONAL MANAGED	28079		28079			275				14		27790
OPTION EMERGING COMPANIES	7561		7561									7561
OPTION INCOME DISTRIBUTION II	144	9465	9609									9609
MULTIPLE GROWTH FUND	114582	35517	150099			3572				1764		144763
PENSION PROPERTY	3787		3787									3787
PENSION MANAGED	27569	46339	73908									73908
Total												

Long term business : Summarised balance sheet for internal linked funds

Name of company
Royal Heritage Life Assurance Limited

Global business

Ordinary business

31st December 1996

Summary of Internal Linked Funds 1

Financial year ended 31st December 1996												
Name and number of fund Summary of Internal Linked Funds 1												
Name of fund	1	Directly held assets	Investment in other internal linked funds of the company	registration number		GL/UK/CM		day month year		Units		Net asset value (4-5-6-7)
				R43	1016269	GL	31	12	1996	£000	OB	
		2	3	4	5	6	7	8				
PENSION DEPOSIT			11467	11469				11469				11469
PENSION EQUITY		67113		67113					9636			57477
PENSION FIXED INTEREST		11350		11350								11350
PENSION MONEY		17298		17298								17298
PERSONAL BONDS FUND		128204	55938	184142	4117				352			179673
BROKER BONDS FUND		56558	1664	58222	1044				41			57137
SELF MANAGED FUNDS		44251	904	45155					35			44565
EXECUTIVE PENSION FUNDS		7261		7261					65			7196
UNIT TRUST LINKED PENSION		53708		53708								53708
UNIT TRUST LINKED LIFE		53693		53693	2879				21			50793
				</								

Total

Long term business : Aggregate revenue account for internal linked funds

Name of company **Royal Heritage Life Assurance Limited**

Global business

Ordinary business

Financial year ended **31st December 1996**Name and number of fund **Summary of Internal Linked Funds 1**

	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund
			day	month	year				
R44	1016269	GL	31	12	1996	£000	OB	1	1
Value of total creation of units						11			30798
Investment income attributable to the funds before deduction of tax						12			29988
Increase (decrease) in the value of investments in the financial year						13			36235
Other income						14			
Total income (11 to 14)						19			97021
Value of total cancellation of units						21			94329
Charges for management						22			6583
Charges in respect of tax on investment income						23			4739
Taxation on realised capital gains						24			3508
Increase (decrease) in amount set aside for tax on capital gains not yet realised						25			(5216)
Other expenditure						26			1869
Total expenditure (21 to 26)						29			105812
Increase (decrease) in funds in financial year (19-29)						39			(8791)
Internal linked funds brought forward						49			735886
Internal linked funds carried forward (39+49)						59			727095

Name of company

Royal Heritage Life Assurance Limited

Global business

Ordinary business

Financial year ended

31st December 1996

Name and number of fund

Summary of Internal Linked Funds 1

Linked Funds 1									
R45	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund	No of part of Fund
			day	month	year				
		GL	31	12	1996	£000	OB	1	1
Name of 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	
1		2	3		4		5	6	
OPTION PROPERTY									
A series		(1655)				24.00	13.04		
O series							0.00		5.1440
OPTION EQUITY									
A series		2622		18.08		24.00	0.95		5.4585
O series							0.00		12.4816
OPTION DEPOSIT									
A series						24.00	0.00		13.2449
O series							0.00		4.2519
OPTION HIGH YIELD									
A series		(489)				24.00	91.04		4.5120
O series							0.00		6.7567
OPTION MANAGED									
A series		(412)				24.00	4.49		7.1699
O series							0.00		9.5011
L series							0.00		10.0822
OPTION DEPOSIT									
A series						24.00	0.00		9.7264
O series							0.00		4.2519
OPTION MONEY									
A series						24.00	91.10		4.5120
O series							0.00		1.1851
OPTION INCOME DISTRIBUTION									
		6409				24.00	0.00		1.2576
						24.00	15.01		

Returns under Insurance Companies Legislation

Long term business : Supplementary information for internal linked funds

Name of company

Royal Heritage Life Assurance Limited

Global business

Ordinary business

Financial year ended

31st December 1996

Name and number of fund

Summary of Internal Linked Funds 1

Name of fund 1	Company registration number	GL/UK/CM	Period ended			Units £000	OB/IB OB	No of fund 1	No of part of Fund 1
			day	month	year				
	R45	1016269	GL	31	12	1996			
			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	
			2	3		4	5	6	
A series							0.00	2.4699	
O series							0.00	2.6177	
L series							0.00	2.5254	
OPTION INTERNATIONAL MANAGED			1176		23.38	24.00	3.21		
A series							0.00	5.0990	
O series							0.00	5.4108	
L series							0.00	5.2199	
OPTION EMERGING COMPANIES			(30)			24.00	0.00	5.7373	
A series							0.00	6.0882	
O series						24.00	2.61		
OPTION INCOME DISTRIBUTION II							0.00	2.5121	
A series							0.00	2.6658	
O series						24.00	1.24		
MULTIPLE GROWTH FUND			16399		21.78		0.00	9.0990	
A series							0.00	9.0990	
O series							0.00	9.0990	
B series							0.00		
PENSION PROPERTY							0.00	11.4956	
A series							0.00	10.9087	
B series							0.00	2.9492	
D series							0.00		
PENSION MANAGED							0.00	21.3916	
A series									

Long term business : Supplementary information for internal linked funds

Name of company **Royal Heritage Life Assurance Limited**

Global business

Ordinary business

Financial year ended **31st December 1996**Name and number of fund **Summary of Internal Linked Funds 1**

Name of fund	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund	No of part of Fund
			day	month	year				
			R45	1016269	GL				
1	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	
2	3	4	5	6					
B series							0.00	20.2995	
D series							0.00	2.7348	
PENSION DEPOSIT							0.00		
A series							0.00	10.0495	
B series							0.00	9.5364	
D series							0.00	2.9792	
PENSION EQUITY							(16.76)		
A series							0.00	45.2035	
B series							0.00	42.8956	
D series							0.00	3.0538	
PENSION FIXED INTEREST							88.03		
A series							0.00	14.2392	
B series							0.00	13.5122	
D series							0.00	3.5295	
PENSION MONEY							95.07		
A series							0.00	1.3215	
B series							0.00	1.2540	
D series							0.00	1.3888	
PERSONAL BOND FUNDS		15122		27.23		24.25	14.88		
BROKER BOND FUNDS		3500		29.83		24.00	20.37		
SELF MANAGED FUNDS							23.16		
EXECUTIVE PENSION PLANS							3.34		
UNIT TRUST LINKED PENSION							0.00		

Long term business : Supplementary information for internal linked fundsName of company **Royal Heritage Life Assurance Limited**

Global business

Ordinary business

Financial year ended **31st December 1996**Name and number of fund **Summary of Internal Linked Funds 1**

	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund	No of part of Fund	
			day	month	year					
	R45	1016269	GL	31	12	1996	£000	OB	1	1
Name of 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		
1			2	3		4	5	6		
UNIT TRUST LINKED LIFE			11031	26.10		24.00	2.11			
				</						

SCHEDULE 4

ROYAL HERITAGE LIFE ASSURANCE LIMITED

VALUATION REPORT on the ordinary long-term business of Royal Heritage Life Assurance Limited.

1. The valuation relates to 31st December 1996.
2. The latest previous valuation, under Section 18 of the Insurance Companies Act 1982, related to 31st December 1995.
3. The valuation conforms with Regulation 64 of the Insurance Companies Regulations.
4. (1) (a) Not applicable as there are no accumulating with-profits policies.
(b) Not applicable as there are no policies falling within the this category.
(c) Seniorplan Whole Life Assurances (also written as Freedomplan, Over 50s Plan and Funeralplan) (now discontinued)

These are whole life non-profit assurances written without medical evidence or underwriting, and are available to lives aged 50 to 80 attained at entry. Except in the case of death from accidental causes the sum assured in the first two years is restricted to the return of premiums paid with interest. For certain policies the benefit payable in the case of death from accidental causes is twice the sum assured or sum assured plus £500 or £1,000. For certain policies written on lives aged under 56 attained at entry the restriction on the sum assured is applicable for three years. Surrender and paid-up values are available after three years premiums have been paid but are not guaranteed.

Immediate Annuities

There are annuities payable regularly for a selected term or until the annuitant's death if sooner. They can be written on a single life, joint life first death or joint life last survivor basis. The annuity can be guaranteed for a certain period, can escalate at a constant rate per annum, and can be with or without proportion or overlap. They can be written as pensions business or as general annuity business.

Deferred Annuities

These are deferred versions of the above immediate annuities.

School Fees Annuities (now discontinued)

These are single premium non-profit deferred capital protected temporary annuities on the lives of children.

Group Annuities

This is a pensions annuity contract for the Royal British Legion under which the annuity is payable monthly for life and escalates at 5% compound each 1st April. The annuity may be on a single life or be two thirds reversionary on a joint life basis.

Pension Plans (Guaranteed Basis) (now discontinued)

Refer to 5(1) Directors Plans (Series I) and Personal Retirement Plans (Series III). These provide for a guaranteed sum at a future fixed date.

Hospital Cash Plans (now discontinued)

These are five year renewable regular premium non-profit policies providing a regular income on the hospitalisation of the live or lives assured. They are written without medical evidence or underwriting. There are no surrender or paid-up values.

Seniorcare Plans (now discontinued)

These are similar to Hospital Cash Plans, except that they were available to single lives aged 50 to 74 attained at entry only.

Asset Management Contract Term Assurance

The non-linked term assurance benefit available in conjunction the Asset Management Contract is detailed within the section on linked contracts.

Directors Plan Term Assurance

The non-linked term assurance benefit available in conjunction the Directors Plan contract is detailed within the section on linked contracts.

Personal Retirement Plan Series III Term Assurance

The non-linked term assurance benefit available in conjunction the Personal Retirement Plan Series III contract is detailed within the section on linked contracts.

Miscellaneous Products

For the products listed below, the information required under sub-paragraph 4-(1) has not been provided because:

- (a) no contracts were effected by the company during the report period; and
- (b) the products have been included under the miscellaneous headings specified within Forms 51.

- Guaranteed Growth Bond
- Level Temporary Assurance
- Convertible Temporary Assurance
- Family Income Benefit
- Living Assurance Plans
- Seniorsaver Endowment Assurance
- Whole Life Assurance
- Isle of Man Substitute Plans (Series IV)
- Group Life Assurance
- Miscellaneous Reassurance Accepted

5 (1) LINKED CONTRACTS

(1) Description of products.

Multiple Growth Bonds

(a) This contract is Multiple Growth Bond.

(b) Type of contract:

- United Kingdom business
- life assurance and general annuity business
- direct written business
- with profit policy
- whole life assurance
- property-linked

(c) Single premiums are payable.

(d) (i) **Benefits**

The benefit on death of the life is equal to the value of units allocated increased by a factor in the first ten years. The factor is dependent upon the age attained at death and is shown in the table below:

Age attained at death	Factor
Up to 35	1.5
36 - 40	1.35
41 - 45	1.20
46 - 50	1.12
51 - 55	1.07
56 - 60	1.04
61 - 65	1.02
66 - 75	1.01
76 or more	1.00

An age adjustment of -4 years is applied to determine the relevant factor for female lives.

(ii) **Eligibility to participate in profits**

The contract is eligible to participate in profits.

(iii) **Guarantees and material options not referred to above**

(aa) Withdrawals of any amount up to the surrender value may be taken.

(bb) Interest free loans of up to the surrender value are available.

(e) Investment returns under this contract are not guaranteed.

- (f) The company recovers its costs (including acquisition and renewal expenses, commission and the costs of providing the benefits under the contract) through the following charges:
- (i) Allocation Rates: 97.5% of the premium is allocated to purchase units in the Multiple Growth Fund.
 - (ii) Management Charge: A management charge is deducted periodically from the fund at a rate of 1% p.a..
 - (iii) Investment Expenses: All direct costs of investment, such as dealing costs, property maintenance costs and professional fees are borne by the internal linked funds.
- (g) Restrictions on increases in charges:
- (i) Allocation Rates: These rates are fixed, and cannot be changed by the company.
 - (ii) Management Charge: The rate of management charge may be varied but with a maximum of 1%.
 - (iii) Investment Expenses: These may be varied without upper limit provided such expenses are consistent with the definition given above.
- (h) The surrender value is the unit value less a deduction of 0.5% per complete or partial year before the fifth policy anniversary.
- On certain versions of the bond the surrender value is guaranteed to be at least equal to the original premium paid.
- (i) Benefits are determined by reference to the value of the internal linked funds.
- Benefits are not determined by reference to the value of assets or an index.
- (j) All features material to the method and basis of valuation have been disclosed.
- (k) The contract is closed for new business and has been throughout the year up to the date of valuation.
- (l) No increases in the charges have been made in the year to the valuation date.

Multiple Growth Plans (Selected Term: Series I and II)

- (a) This contract is Multiple Growth Plan.

(b) Type of contract:

- United Kingdom business
- life assurance and general annuity business
- direct written business
- with profit policy
- endowment insurance
- property-linked

(c) Premiums are payable monthly or annually.

(d) (i) Benefits

The benefit on death during the term is the sum of the total premiums payable and the excess, if any, of the unit value over premiums paid.

A bonus of a variable percentage of unit holdings is payable on 31 December each year.

The benefit on maturity is the unit value of the policy.

(ii) Eligibility to participate in profits

The contract is eligible to participate in profits.

(iii) Guarantees and material options not referred to above

(aa) Interest free loans are available up to the surrender value of the policy for Series I of the policy only. A service charge of £5 will apply for each loan.

(bb) For the first two years, the policy has no paid-up value; thereafter the paid-up value is the unit value.

(e) Investment returns under this contract are not guaranteed.

(f) The company recovers its costs (including acquisition and renewal expenses, commission and the costs of providing the benefits under the contract) through the following charges:

(i) Allocation Rates: The premium is allocated to purchase accumulation units in the Multiple Growth Fund. In the first year 50% of the premium is invested; thereafter the percentage is as follows:

Age next birthday at issue.	Term	Percentage (%)
Up to 30	Up to 25 years	96
Up to 30	26 or more years	94
31 - 40	All	94
41 - 45	All	92
46 - 49	All	90

An age adjustment of -4 years is applied to determine the relevant factor for female lives.

- (ii) Management Charge: A management charge is deducted periodically from the fund at a rate of 1% p.a..
- (iii) Investment Expenses: All direct costs of investment, such as dealing costs, property maintenance costs and professional fees are borne by the internal linked funds.
- (g) Restrictions on increases in charges:
 - (i) Allocation Rates: These rates are fixed, and cannot be changed by the company.
 - (ii) Management Charge: The rate of management charge may be varied but with a maximum of 1%.
 - (iii) Investment Expenses: These may be varied without upper limit provided such expenses are consistent with the definition given above.
- (h) The surrender value is the unit value less a deduction of (annualised premium) / t, if t is less than 15, where t is the number of complete years of premiums paid.
- (i) Benefits are determined by reference to the value of the internal linked funds.
Benefits are not determined by reference to the value of assets or an index.
- (j) All features material to the method and basis of valuation have been disclosed.
- (k) The contract is closed for new business and has been throughout the year up to the date of valuation.
- (l) No increases in the charges have been made in the year to the valuation date.

Multiple Growth Plans (Extendible Term)

- (a) This contract is Multiple Growth Plan.
- (b) Type of contract:
 - United Kingdom business
 - life assurance and general annuity business
 - direct written business
 - with profit policy
 - whole life assurance
 - property-linked
- (c) Premiums are payable monthly or annually.

(d) (i) Benefits

The death benefit within the first fifteen years is the sum of the 15 annual premiums and the excess, if any, of the unit value over premiums paid. After fifteen years the death benefit is the unit value.

A bonus of a variable percentage of unit holdings is payable on 31 December each year.

(ii) Eligibility to participate in profits

The contract is eligible to participate in profits.

(iii) Guarantees and material options not referred to above

- (aa) Interest free loans are available up to the surrender value of the policy for Series I of the policy only. A service charge of £5 will apply for each loan.
- (bb) For the first two years, the policy has no paid-up value; thereafter the paid-up value is the unit value.
- (cc) On the tenth anniversary, the policyholder may choose to continue paying premiums or to withdraw cash as a regular tax-free income (subject to a £5 nominal annual premium).

(e) Investment returns under this contract are not guaranteed.

(f) The company recovers its costs (including acquisition and renewal expenses, commission and the costs of providing the benefits under the contract) through the following charges:

- (i) Allocation Rates: The premium is allocated to purchase accumulation units in the Multiple Growth Fund. In the first year 50% of the premium is invested. The percentage for premiums invested in years 2 - 15 are as follows:

Age next birthday at issue.	Percentage (%)
Up to 30	96
31 - 40	94
41 - 45	92
46 - 50	90
51 - 55	86

An age adjustment of -4 years is applied to determine the relevant factor for female lives.

After 15 years, 98% of premiums are invested.

- (ii) Management Charge: A management charge is deducted periodically from the fund at a rate of 1% p.a..

- (iii) Investment Expenses: All direct costs of investment, such as dealing costs, property maintenance costs and professional fees are borne by the internal linked funds.
- (g) Restrictions on increases in charges:
 - (i) Allocation Rates: These rates are fixed, and cannot be changed by the company.
 - (ii) Management Charge: The rate of management charge may be varied but with a maximum of 1%.
 - (iii) Investment Expenses: These may be varied without upper limit provided such expenses are consistent with the definition given above.
- (h) The surrender value is the paid-up value less a deduction of (annualised premium) / t , if t is less than 10, where t is the number of complete years of premiums paid.
- (i) Benefits are determined by reference to the value of the internal linked funds.
Benefits are not determined by reference to the value of assets or an index.
- (j) All features material to the method and basis of valuation have been disclosed.
- (k) The contract is closed for new business and has been throughout the year up to the date of valuation.
- (l) No increases in the charges have been made in the year to the valuation date.

Fair Share Whole Life Plans (Single Life: Series I)

- (a) This contract is Fair Share Whole Life (Single Life: Series I).
- (b) Type of contract:
 - United Kingdom business
 - life assurance and general annuity business
 - direct written business
 - with profit policy
 - whole life assurance
 - property-linked
- (c) Premiums are payable monthly or annually.

Premiums cease at the policy anniversary on or prior to the 95th birthday of the life assured.

(d) (i) Benefits

For a period, known as the guarantee period, which is equal to one fifth (part years are rounded to the next higher year) of the premium paying term of the policy the sum payable on death is guaranteed.

The benefit on death outside the guarantee period, but prior to the 95th birthday of the life assured, would be the value of units allocated. However, if the unit value is lower than would have been achieved if the unit price had increased at the assumed rate throughout, then the sum payable on death after the guarantee period is reduced (by formula); conversely if the actual performance is better than expected then the sum payable on death after the guarantee period is increased (by formula).

The benefit on death, aged 95 or more, is the value of units allocated.

A bonus of a variable percentage of unit holdings is payable on 31 December each year.

(ii) Eligibility to participate in profits

The contract is eligible to participate in profits.

(iii) Guarantees and material options not referred to above

(aa) Interest free loans are available up to the surrender value of the policy. A service charge of £5 will apply for each loan. This option is not available on later versions of the policy.

(bb) The paid-up value of the policy is the unit value.

(cc) On the fifth or the tenth policy anniversary or the life's 18th, 21st or 25th birthday, the policyholder may effect a further policy without medical evidence, subject to limits on the sum assured.

(e) Investment returns under this contract are not guaranteed.

(f) The company recovers its costs (including acquisition and renewal expenses, commission and the costs of providing the benefits under the contract) through the following charges:

(i) Policy charge: There is a policy charge of £0.20 on each monthly premium and a charge of £2.40 on each annual premium. For later versions of the policy, these charges were £0.50 and £6.00 for monthly and annual premiums respectively.

(ii) Allocation Rates: The premium is allocated to purchase accumulation units in the Multiple Growth Fund. After the expiry of the non-investment period, which varies with the age at entry of the life assured, 95% of each premium, after deduction of a risk premium and a policy charge, is invested.

(iii) Management Charge A management charge is deducted periodically from the fund at a rate of 1% p.a.

- (iv) Mortality Charge: A monthly deduction is made from the unit holdings.
- (v) Investment Expenses: All direct costs of investment, such as dealing costs, property maintenance costs and professional fees are borne by the internal linked funds.
- (g) Restrictions on increases in charges:
 - (i) Policy charge: These rates are fixed, and cannot be changed by the company.
 - (ii) Allocation Rates: These rates are fixed, and cannot be changed by the company.
 - (iii) Management Charge: The rate of management charge may be varied but with a maximum of 1%.
 - (iv) Mortality Charge: The level of monthly deduction can be varied at the company's discretion.
 - (v) Investment Expenses: These may be varied without upper limit provided such expenses are consistent with the definition given above.
- (h) The surrender value is equal to the unit value.
- (i) Benefits are determined by reference to the value of the internal linked funds.
Benefits are not determined by reference to the value of assets or an index.
- (j) All features material to the method and basis of valuation have been disclosed.
- (k) The contract is closed for new business and has been throughout the year up to the date of valuation.
- (l) No increases in the charges have been made in the year to the valuation date.

Fair Share Whole Life Plans (Single Life: Series II)

- (a) This contract is Fair Share Whole Life (Single Life: Series II).

- (b) Type of contract:
- United Kingdom business
 - life assurance and general annuity business
 - direct written business
 - non-profit policy
 - whole life assurance
 - property-linked
- (c) As for Fair Share Whole Life (Single Life: Series I).
- (d) (i) Benefits
- As for Fair Share Whole Life (Single Life: Series I) except that there is no bonus payable each year.
- (ii) Eligibility to participate in profits
- The contract is not eligible to participate in profits.
- (iii) Guarantees and material options not referred to above
- (aa) The paid-up value of the policy is the unit value.
- (bb) On certain events the policyholder may effect a further policy without medical evidence, subject to limits on the sum assured. Possible events include the third, fifth or tenth policy anniversary or on marriage or birth of a child of the life assured. The option may only be exercised once.
- (e) Investment returns under this contract are not guaranteed.
- (f) The company recovers its costs (including acquisition and renewal expenses, commission and the costs of providing the benefits under the contract) through charges as for Fair Share Whole Life (Single Life: Series I) except:
- (i) Policy charge: There is a policy charge of £0.60 on each monthly premium and a charge of £7.20 on each annual premium.
- (g) Restrictions on increases in charges:
- As for Fair Share Whole Life (Single Life: Series I).
- (h) As for Fair Share Whole Life (Single Life: Series I).
- (i) As for Fair Share Whole Life (Single Life: Series I).
- (j) As for Fair Share Whole Life (Single Life: Series I).
- (k) As for Fair Share Whole Life (Single Life: Series I).

- (l) As for Fair Share Whole Life (Single Life: Series I).

Fair Share Whole Life Plans (Joint Life: Series I and II)

- (a) This contract is Fair Share Whole Life (Joint Life: Series I and II).

These policies are as for Fair Share Whole Life (Single Life: Series I and II) except that they are joint life last survivor and joint life first death policies respectively. All benefits and premiums are determined by reference to the single life policy using an equivalent male age. For certain policies the benefit payable in the case of death from accidental causes is twice the sum assured.

Fair Share Endowment Plans (Series I, II and III)

- (a) This contract is Fair Share Endowment (Series I, II and III).

- (b) Type of contract:

- United Kingdom business
- life assurance and general annuity business
- direct written business
- with profit policy
- endowment insurance
- property-linked

- (c) Premiums are payable monthly or annually.

- (d) (i) Benefits

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

The maturity benefit is the bid value of units allocated. In addition, for Series I plans, if the term selected is at least 20 years and the age at entry is under 50 attained, the sum assured at maturity is guaranteed to be not less than the sum of the premiums payable under the plan increased by 1% for each year of the contract.

- (ii) Eligibility to participate in profits

The contract is eligible to participate in profits.

- (iii) Guarantees and material options not referred to above

- (aa) On certain events the policyholder may effect a further policy without medical evidence, subject to limits on the sum assured. Possible events include the third, fifth or tenth policy anniversary or on marriage or birth of a child of the life assured. Possible allowable events differ for each Series.

- (bb) Interest free loans are available up to the surrender value of the policy. A service charge of £5 will apply for each loan.
- (cc) The paid-up value of the policy is the unit value.
- (e) Investment returns under this contract are not guaranteed.
- (f) The company recovers its costs (including acquisition and renewal expenses, commission and the costs of providing the benefits under the contract) through the following charges:
 - (i) Policy Charge: Policy charges of £2.40 and £0.20 are deducted from annual and monthly premiums respectively.
 - (ii) Allocation Rates: The premium is allocated to purchase accumulation units in the Multiple Growth Fund. After the expiry of the non-investment period, which varies with the age at entry of the life assured, 94% of each premium, after deduction of a risk premium and a policy charge, is invested.
 - (iii) Management Charge A management charge is deducted periodically from the fund at a rate of 1% p.a.
 - (iv) Mortality Charge: A monthly deduction is made from the unit holdings.
 - (v) Investment Expenses: All direct costs of investment, such as dealing costs, property maintenance costs and professional fees are borne by the internal linked funds.
- (g) Restrictions on increases in charges:
 - (i) Policy Charges: The policy charge is fixed and cannot be changed by the company.
 - (ii) Allocation Rates: These rates are fixed, and cannot be changed by the company.
 - (iii) Management Charge The rate of management charge may be varied but with a maximum of 1%.
 - (iv) Mortality Charge: The level of monthly deduction can be varied at the company's discretion.
 - (v) Investment Expenses: These may be varied without upper limit provided such expenses are consistent with the definition given above.
- (h) The surrender value of the policy will be equal to the value of the units attaching.
- (i) Benefits are determined by reference to the value of the internal linked funds.

Benefits are not determined by reference to the value of assets or an index.

- (j) All features material to the method and basis of valuation have been disclosed.
- (k) The contract is closed for new business and has been throughout the year up to the date of valuation.
- (l) No increases in the charges have been made in the year to the valuation date.

INVESTMENT BONDS

- (a) This category is Investment Bonds. It includes various similar bonds that are described below as Linked Bonds and Single Premium Bonds.

Linked Bonds

- (b) Type of contracts:
 - United Kingdom business
 - life assurance and general annuity business
 - direct written business
 - non-profit policy
 - whole life assurance
 - property-linked

- (c) Single premiums are payable.

- (d) (i) Benefits

On certain bonds the death benefit in the first ten years is a percentage of the bid value of the units. This percentage varies with age at death from 150% at ages less than 36 attained to 101% at ages 66 - 75 next birthday and 100% at ages over 75 attained. For other bonds sold prior to 1 May 1991, the death benefit is the value of units at the bid price. For other bonds issued on or after 1 May 1991, the death benefit is 101% if the bid value of units.

- (ii) Eligibility to participate in profits

The contract is not eligible to participate in profits.

- (iii) Guarantees and material options not referred to above

- (aa) Partial surrenders are available for certain bond versions. Arrangements can also be established for regular partial surrenders (automatic withdrawals) to be made.

- (e) Investment returns under this contract are not guaranteed.

- (f) The company recovers its costs (including acquisition and renewal expenses, commission and the costs of providing the benefits under the contract) through the following charges:

- (i) Allocation Rates: For bonds commencing on or after 1 November 1991 a variable percentage of the single premium is invested in units at the offer price as follows:

Single Premium	Percentage invested (%)
£200,000 +	102.5
£100,000 - £199,999	102
£50,000 - £99,999	101
£25,000 - £49,999	100.5
£3,000 - £24,999	100

For bonds commencing prior to 1 November 1991, the whole of the single premium is invested in units at the offer price.

- (ii) Management Charge: A management charge is deducted periodically from the fund at a rate of 0.75% p.a., 1.125% p.a. and 1% p.a. for policies prior to 1 January 1990, between 1 January 1990 and 1 November 1991, and policies after 1 November 1991 respectively.

Other versions of the policy have management charges of 0.5% p.a. or 1% p.a.

- (iii) Bid/Offer spread: Units in internal linked funds are allocated at the calculated offer price. For the purpose of calculating benefits, units are valued at the calculated bid price. The bid price is approximately 5% lower than the offer price.

- (iv) Investment Fee: In addition to the fund management charge there is a further regular investment management fee for certain bonds where external Investment Management services are provided. Usually this is debited to the fund weekly and is typically 0.75% or 1% per annum plus VAT. The amount is as agreed with the Investment Manager.

- (v) Investment Expenses: All direct costs of investment, such as dealing costs, property maintenance costs and professional fees are borne by the internal linked funds.

- (g) Restrictions on increases in charges:

- (i) Allocation Rates: These rates are fixed, and cannot be changed by the company.
- (ii) Management Charge: The rate of management charge may be varied but with a maximum of 1.25%.
- (iii) Bid/Offer spread: The Bid price may not be less than 94.5% of the Offer price.

- (iv) Investment Fee: The fee can be changed to reflect the fee charged by an Investment Manager.
- (v) Investment Expenses: These may be varied without upper limit provided such expenses are consistent with the definition given above.
- (h) The surrender value is the bid value of units.
- (i) Benefits are determined by reference to the value of the internal linked funds.
Benefits are not determined by reference to the value of assets or an index.
- (j) All features material to the method and basis of valuation have been disclosed.
- (k) The category is closed for new business and has been throughout the year up to the date of valuation.
- (l) No increases in the charges have been made in the year to the valuation date.

Single Premium Bonds

- (b) Type of contract:
 - United Kingdom business
 - life assurance and general annuity business
 - direct written business
 - non-profit policy
 - whole life assurance
 - property-linked
- (c) Single premiums are payable.
- (d) (i) Benefits

The benefit on death (of the single life or the second life for last survivor policies) is 101% of the bid value of units at the date of notification, subject to a minimum of the premium paid for joint life last survivor policies on certain versions of the product.
- (ii) Eligibility to participate in profits

The contract is not eligible to participate in profits.

(iii) Guarantees and material options not referred to above

- (aa) Certain versions of the policy allow additional single premiums to be paid, subject to a minimum.
- (bb) Partial surrenders are available. Arrangements can also be established for regular partial surrenders (automatic withdrawals) to be made. Withdrawals should comprise either a fixed amount or a fixed percentage of the bid value of the units at the date of withdrawal, subject to a minimum.
- (e) Investment returns under this contract are not guaranteed.
- (f) The company recovers its costs (including acquisition and renewal expenses, commission and the costs of providing the benefits under the contract) through the following charges:
- (i) Policy Charge: For policies taken out after 5 October 1992, a policy charge of £100 is deducted from initial single premiums and a charge of £50 is deducted from additional premiums. Prior to 5 October 1992 there was no policy charge.
- (ii) Allocation Rates: A percentage of the single premium less any policy charge, is used to purchase units in internal linked funds at the offer price. Current specimen allocation percentages are shown below:
- | Single Premium | Percentage invested (%) |
|-------------------|-------------------------|
| £30,000 + | 102 |
| £15,000 - £29,999 | 101.5 |
| £10,000 - £14,999 | 101 |
- Additional premiums below £10,000 are allocated at 100%.
- In addition, for all single and additional premiums there will be a loyalty bonus payable of 0.75% of the unit holding on the 3rd, 4th and 5th anniversaries of the payment of the corresponding premium.
- (iii) Management Charge: A management charge of 5% of the initial unit value is deducted from the fund. A further charge of 1.00% per annum is deducted from the fund.
- (iv) Bid/Offer spread: Units in internal linked funds are allocated at the calculated offer price. For the purpose of calculating benefits, units are valued at the calculated bid price. The bid price is approximately 5% lower than the offer price.
- (v) Investment Expenses: All direct costs of investment, such as dealing costs, property maintenance costs and professional fees are borne by the internal linked funds.

- (g) Restrictions on increases in charges:
- (i) Policy charges: The policy charges are fixed, and cannot be changed by the company.
 - (ii) Allocation Rates: These rates are fixed, and cannot be changed by the company.
 - (iii) Management Charge: The rate of management charge may be varied but with a maximum of 1.25%.
 - (iv) Bid/Offer spread: The Bid price may not be less than 94.5% of the Offer price.
 - (iv) Investment Fee: These rates are fixed and cannot be changed by the company.
 - (v) Investment Expenses: These may be varied without upper limit provided such expenses are consistent with the definition given above.
- (h) The surrender value is the bid value of units. In certain versions of the policy, there is a surrender deduction of 2% of the bid value of the units in the first 2 years.
- (i) Benefits are determined by reference to the value of the internal linked funds
Benefits are not determined by reference to the value of assets or an index.
- (j) All features material to the method and basis of valuation have been disclosed.
- (k) The contract is open to new business and has been throughout the year up to the date of valuation.
- (l) No increases in the charges have been made in the year to the valuation date.

Personal Bond Fund (Version I and II)

- (a) This contract is Personal Bond Fund (Version I and II).
- (b) Type of contract:
- United Kingdom business
 - life assurance and general annuity business
 - direct written business
 - non-profit policy
 - whole life assurance
 - property-linked

(c) Single premiums are payable.

(d) (i) Benefits

The contract is linked to special internal funds known as Personal Bond Funds. The bond invests in a range of investment options normally available to a life assurance company, as chosen by the policyholder.

The benefit on death is the value of units at the bid price at the date of death, except for bonds issued on or after 1 May 1991 where the death benefit is 101% of the value of units at the bid price.

(ii) Eligibility to participate in profits

The contract is not eligible to participate in profits.

(iii) Guarantees and material options not referred to above

(aa) Additional single premiums are allowed at any time, subject to a minimum.

(bb) Income may be withdrawn either annually, half-yearly, quarterly or monthly, subject to minimum levels. Single withdrawals may be taken at any time.

(e) Investment returns under this contract are not guaranteed.

(f) The company recovers its costs (including acquisition and renewal expenses, commission and the costs of providing the benefits under the contract) through the following charges:

(i) Allocation Rates: For bonds issued between 1 November 1991 and 5 June 1994 inclusive (Version II), a variable percentage of the single premium is invested in the units at the appropriate offer price as follows:-

Single Premium	Percentage invested (%)
£200,000 +	102.5
£100,000 - £199,999	102
£50,000 - £99,999	101
£25,000 - £49,999	100.5

For bonds issued prior to 1 November 1991 (Version I), a percentage of the single premium was invested in units at the appropriate offer price on either the standard basis or the alternative basis as described below:

Single Premium	Allocation Percentage (%)	
	Standard basis	Alternative Basis
£15,000 - £199,999	100	99
£200,000 - £499,999	101	1.01 x 99
£500,000 or more	102	1.02 x 99

- (ii) Management Charge: Version I: A management charge of 1.25% p.a. of the unit value is deducted from the fund (or 0.5% in the case of Standard internal linked fund investments).
Version II: 5% of the initial unit value plus 1% p.a. is deducted from the fund.
- (iii) Bid/Offer spread: Units are allocated at the calculated offer price. For the purpose of calculating benefits, units are valued at the calculated bid price. For Version I, Standard basis and for Version II, the bid price is approximately 5% lower than the offer price. Version I Alternative basis has no bid/offer spread.
- (iv) Investment Expenses: All direct costs of investment, such as dealing costs, property maintenance costs and professional fees are borne by the internal linked funds.
- (g) Restrictions on increases in charges:
- (i) Allocation Rates: These rates are fixed, and cannot be changed by the company.
- (ii) Management Charge: The rate of management charge may be varied without upper limit.
- (iii) Bid/Offer spread: The Bid price may not be less than 94.5% of the Offer price.
- (iv) Investment Expenses: These may be varied without upper limit provided such expenses are consistent with the definition given above.
- (h) For Version I, Standard basis and for Version II, the surrender value is the bid value of units. For Version I, Alternative Basis, the surrender value is the unit value less a percentage of the fund value. This percentage is 5% in the first year and reduces by 1% per annum thereafter
- (i) Benefits are determined by reference to the value of the internal linked funds
Benefits are not determined by reference to the value of assets or an index.
- (j) All features material to the method and basis of valuation have been disclosed.
- (k) The contract is closed to new business and has been throughout the year up to the date of valuation.

- (l) No increases in the charges have been made in the year to the valuation date.

Personal Bonds (Version III)

- (a) This contract is Personal Bond Fund (Version III).

- (b) Type of contract:

- United Kingdom business
- life assurance and general annuity business
- direct written business
- non-profit policy
- whole life assurance
- property-linked

- (c) Single premiums are payable.

- (d) (i) Benefits

The contract is linked to special internal funds known as Personal Bond Funds. The bond invests in a range of investment options normally available to a life assurance company, as chosen by the policyholder.

The benefit on death is 101% of the bid value of units at the date of notification of death.

- (ii) Eligibility to participate in profits

The contract is not eligible to participate in profits.

- (iii) Guarantees and material options not referred to above

- (aa) Additional single premiums are allowed at any time, subject to a minimum.

- (bb) Partial surrenders are available. Arrangements can also be established for regular partial surrenders (automatic withdrawals) to be made. Partial surrenders of up to 5% of the initial premium are allowed each year.

- (e) Investment returns under this contract are not guaranteed.

- (f) The company recovers its costs (including acquisition and renewal expenses, commission and the costs of providing the benefits under the contract) through the following charges:

- (i) Allocation Rates: Version III bonds are those issued on or after 6 June 1994 and a percentage of the single premium is invested in units at the appropriate offer price as follows:

Single Premium	Percentage invested (%)
£100,000 +	102
£50,000 - £99,999	101

- (ii) Management Charge: Currently 5% of the initial fund plus 1.25% per annum is deducted from the fund. Where the initial premium paid is £200,000 or more the annual charge reduces to 1.20% p.a.. Where the initial premium paid is £500,000 or more the annual charge reduces to 1.15% p.a..

- (iii) Bid/Offer spread: Units are allocated at the calculated offer price. For the purpose of calculating benefits, units are valued at the calculated bid price. The bid price is approximately 5% lower than the offer price.

- (iv) Investment Expenses: All direct costs of investment, such as dealing costs, property maintenance costs and professional fees are borne by the internal linked funds.

- (g) Restrictions on increases in charges:

- (i) Allocation Rates: These rates are fixed, and cannot be changed by the company.

- (ii) Management Charge: The rate of management charge may be varied without upper limit.

- (iii) Bid/Offer spread: The Bid price may not be less than 94.5% of the Offer price.

- (iv) Investment Expenses: These may be varied without upper limit provided such expenses are consistent with the definition given above.

- (h) The surrender value is the bid value of the units at the date of surrender less a deduction in the first five years. The deduction is 5% of the unit value in the first year and reduces by 1% per annum thereafter.

- (i) Benefits are determined by reference to the value of the internal linked funds
Benefits are not determined by reference to the value of assets or an index.

- (j) All features material to the method and basis of valuation have been disclosed.

- (k) The contract is closed to new business except for increment on existing policies and this has been throughout the year up to the date of valuation.

- (i) No increases in the charges have been made in the year to the valuation date.

Capital Accumulation Plans

- (a) This contract is Capital Accumulation Plan.

- (b) Type of contract:

- United Kingdom business
- life assurance and general annuity business
- direct written business
- non-profit policy
- whole life assurance
- property-linked

- (c) Premiums are payable monthly or annually.

The premium is initially payable for 15 years.

- (d) (i) Benefits

The benefit on death is the maximum of the sum assured (defined as the annualised premium x 11.25) and the bid value of units allocated.

The benefit on maturity is the bid value of units allocated.

A waiver of premium benefit, payable on certain injuries or illnesses, is also available for an additional premium.

- (ii) Eligibility to participate in profits

The contract is not eligible to participate in profits.

- (iii) Guarantees and material options not referred to above

- (aa) After fifteenth years, the following options are available:-

(1) the policy may be made paid-up.

(2) the policy value may be withdrawn as a capital sum, or a regular income may be taken while paying an annual premium of £5, which does not purchase units.

(3) premiums may be continued at not less than half the original level, the percentage of each premium invested being increased to 100%.

- (bb) On certain events the policyholder may effect a further policy without medical evidence, subject to limits on the sum assured. Possible events include the third, fifth or tenth policy anniversary or on marriage or birth of a child of the life assured. The option may only be exercised once.

- (cc) Paid-up values of the policy are available at a percentage of the unit value, dependent upon the number of complete years elapsed since issue. Specimen percentages are shown in the table below:

Number of complete years elapsed since issue	Percentage Payable
less than 2	0
2	20
4	40
6	60
8	80
10 or more	100

- (e) Investment returns under this contract are not guaranteed.
- (f) The company recovers its costs (including acquisition and renewal expenses, commission and the costs of providing the benefits under the contract) through the following charges:
- (i) Policy charge: A policy charge of £7.20 (£0.60) is deducted from each annual (monthly) premium. There are no policy charges on policies over £600 (£50) per annum (month).
- (ii) Allocation Rates: In the first ten years, premiums are used to purchase capital units at the offer price and accumulation units thereafter. In the first 15 years the percentage of premium invested depends upon the age at entry as follows:

Age Next Birthday at entry	Percentage Allocation	
	Premium under £600 p.a.	Premium over £600 p.a.
Up to 40	95	98
41 - 45	93	96
46 - 50	90	93
51 - 55	85	88

100% of premium is invested after the fifteenth policy anniversary if premiums are continued.

- (iii) Management Charge: A management charge is deducted periodically from the internal linked funds. Capital units and Accumulation units incur management charges at rates of 5% and 1% respectively.
- (iv) Bid/Offer spread: Units are allocated at the calculated offer price. For the purpose of calculating benefits, units are valued at the calculated bid price. The bid price is approximately 5% lower than the offer price.
- (g) Restrictions on increases in charges:
- (i) Policy charge: The charges are fixed, and cannot be changed by the company.

- (ii) Allocation Rates: These rates are fixed, and cannot be changed by the company.
- (iii) Management Charge: The rate of management charge may be varied subject to maxima of 6% p.a. and 2% p.a. for Capital and Accumulation units respectively.
- (iv) Bid/Offer spread: The Bid price may not be less than 94.5% of the Offer price.
- (h) The surrender value is equal to the bid value of units allocated.
- (i) Benefits are determined by reference to the value of the internal linked funds.
Benefits are not determined by reference to the value of assets or an index.
- (j) All features material to the method and basis of valuation have been disclosed.
- (k) The contract is closed to new business and this has been throughout the year up to the date of valuation.
- (l) No increases in the charges have been made in the year to the valuation date.

Personal Savings Plans

The details of the contract are as for Capital Accumulation Plan, with the following exceptions:

- (a) This contract is Personal Savings Plan.
- (f) (ii) Allocation Rates: In the first ten years, premiums are used to purchase capital units at the offer price and accumulation units thereafter. In the first 15 years the percentage of premium invested depends upon the age at entry as follows:

Age Next Birthday at entry	Percentage Allocation	
	Premium under £600 p.a.	Premium over £600 p.a.
Up to 40	101	104
41 - 45	99	102
46 - 50	96	99
51 - 55	91	94

100% of premium (or original percentage if greater) is invested after the fifteenth policy anniversary if premiums are continued.

- (g) Restrictions on increases in charges:
- (ii) Management Charge: The rate of management charge may be varied without limit although limits do exist on some of the unit funds.

Lifestyle

- (a) This contract is Lifestyle.
- (b) Type of contract:
- United Kingdom business
 - life assurance and general annuity business
 - direct written business
 - non-profit policy
 - whole life assurance
 - property-linked

- (c) Premiums are payable monthly or annually.

(d) (i) Benefits

The benefit on death is the maximum of the sum assured and the bid value of units allocated. The initial sum assured is subject to minimum and maximum (qualifying) sum assured bounds.

A waiver of premium benefit, payable on certain injuries or illnesses, is also available for an additional premium.

(ii) Eligibility to participate in profits

The contract is not eligible to participate in profits.

(iii) Guarantees and material options not referred to above

- (aa) RPI option: The premium and sum assured may be linked to the General Index of Retail Prices.
- (bb) On certain events the policyholder may effect a further policy without medical evidence, subject to limits on the sum assured. Possible events include the third, fifth or tenth policy anniversary or on marriage or birth of a child of the life assured. The option may only be exercised once.
- (cc) The paid-up value of the policy is the bid value of units.
- (dd) A Low Start option is available where premium increases by 20% of the first year's premium each anniversary for the first five years.
- (ee) Premiums and hence sum assured can be increased or decreased, subject to limits.

- (ff) If the sum assured decreases, a further policy may be effected without further evidence of health, subject to limits.
 - (gg) The death benefit may be paid in instalments.
 - (hh) There is an additional bonus allocation of 20% of the annual premium at the tenth anniversary and a further 5% of annual premium quinquennially thereafter.
- (e) Investment returns under this contract are not guaranteed.
- (f) The company recovers its costs (including acquisition and renewal expenses, commission and the costs of providing the benefits under the contract) through the following charges:
- (i) Policy charge: A policy charge of $\pounds(1/12 \times 3.333 \times \text{RPI})$ is deducted each month from the fund. RPI figures are taken from 1974 base with a three month lag.
 - (ii) Allocation Rates: An investment debt is set up at commencement against the contract. This debt is dependent upon annual premium and age. After paying off the debt, 100% of premium (less any mortality or policy charge) is used to purchase units. Series B units are purchased during the first ten years and Series L units thereafter.
 - (iii) Management Charge: A management charge is deducted periodically from the Series B units at the lower of 1% p.a. or the maximum allowable charge. The Series L annual management charge is 0.75% p.a. less than Series B.
 - (iv) Bid/Offer spread: Units are allocated at the calculated offer price. For the purpose of calculating benefits, units are valued at the calculated bid price. The bid price is approximately 5% lower than the offer price.
 - (v) Mortality charge: A monthly deduction is made from the unit holding.
 - (vi) Investment Expenses: All direct costs of investment, such as dealing costs, property maintenance costs and professional fees are borne by the internal linked funds.
- (g) Restrictions on increases in charges:
- (i) Policy charges: The charges are increased in line with RPI as described above. No further alteration of the charge can be made by the company.
 - (ii) Allocation Rates: These rates are fixed, and cannot be changed by the company.
 - (iii) Management Charge: The rate of management charge may be varied subject to maxima.

- (iv) Bid/Offer spread: The Bid price may not be less than 94.5% of the Offer price.
- (v) Mortality charge: These rates are fixed and cannot be changed by the company.
- (vi) Investment Expenses: These may be varied without upper limit provided such expenses are consistent with the definition given above.
- (h) The surrender value is equal to the bid value of units allocated.
- (i) Benefits are determined by reference to the value of the internal linked funds.
Benefits are not determined by reference to the value of assets or an index.
- (j) All features material to the method and basis of valuation have been disclosed.
- (k) The contract is closed to new business and this has been throughout the year up to the date of valuation.
- (l) No increases in the charges have been made in the year to the valuation date except that dependent upon RPI as described above.

Fair Share Investment Plans

This details of the contract are as for Fair Share Endowment Series III, with the following exceptions:

- (a) This contract is Fair Share Investment.
- (d) (iii) Guarantees and material options not referred to above
 - (aa) On certain events the policyholder may effect a further policy without medical evidence, subject to limits on the sum assured. Possible events include the third, fifth or tenth policy anniversary or on marriage or birth of a child of the life assured.
 - (bb) A waiver of premium option is available for the three months before and after the birth of a child.
 - (cc) The paid-up value of the policy is the unit value.
- (k) The contract is closed for new business except for increments to or conversions of existing policies. This has been the case throughout the year up to the date of valuation.

Multiple Investment Programmes

(a) This contract is Multiple Investment Programme.

(b) Type of contract:

- United Kingdom business
- life assurance and general annuity business
- direct written business
- non-profit policy
- endowment insurance
- property-linked

(c) Premiums are payable monthly or annually.

The policy is a ten year contract.

(d) (i) Benefits

The death benefit during the first ten years is the greater of the bid value of units and a percentage of the premiums payable during the first ten years. The percentage varies from 75% at age 56 next birthday or less at entry to 37% at age 75 next birthday at entry.

The benefit on maturity is the bid value of units allocated.

(ii) Eligibility to participate in profits

The contract is not eligible to participate in profits.

(iii) Guarantees and material options not referred to above

(aa) After ten years, the following options are available:-

(1) the policy may be made paid-up.

(2) premiums may be continued in full for a further ten years.

(3) regular partial surrender payments may be taken on payment of a £1 annual premium.

(bb) The policy may be made paid-up with value equal to the bid value of units less a discontinuance charge as follows:

Number of complete years since issue	Charge as a percentage of annualised premium	
	Pre 4/89 policies	Post 4/89 policies
0	45	75
1	36	60
2	27	45
3	18	30
4	9	15
5 or more	0	0

- (e) Investment returns under this contract are not guaranteed.
- (f) The company recovers its costs (including acquisition and renewal expenses, commission and the costs of providing the benefits under the contract) through the following charges:
- (i) Policy charge: Version I incurred a $0.05 \times \text{RPI}$ ($0.05 \times \text{RPI} / 12$) charge on annual (monthly) premiums below £2000 (£200). The RPI figure was taken from the 1974 base with a 3 month lag.
- For Version II, III and IV policies issued before April 1989, the charges were as above but with the RPI figure taken from, the 1987 Rebased index with a 3 month lag.
- Policies issued after April 1989 incurred a $0.20 \times \text{RPI}$ ($0.20 \times \text{RPI} / 12$) charge on annual (monthly) premiums below £2000 (£200). The RPI figure was taken from the 1987 base with a 3 month lag.
- (ii) Allocation Rates: A proportion of each premium, after deduction of the policy charge and the mortality charge, is allocated to purchase units in the internal linked funds at the offer price. The proportion is as shown below:
- | Year | Percentage Allocation | |
|-------|-----------------------|----------------------|
| | Pre April 89 Policy | Post April 89 Policy |
| 1 - 5 | 100.5 | 96 |
| 6 + | 110.5 | 110.5 |
- (iii) Management Charge: A management charge of 1% p.a. is deducted periodically from the internal linked funds.
- (iv) Bid/Offer spread: Units are allocated at the calculated offer price. For the purpose of calculating benefits, units are valued at the calculated bid price. The bid price is approximately 5% lower than the offer price.
- (v) Mortality Charge: A mortality charge is deducted periodically from unit holdings.
- (vi) Investment Expenses: All direct costs of investment, such as dealing costs, property maintenance costs and professional fees are borne by the internal linked funds.
- (g) Restrictions on increases in charges:
- (i) Policy charge: The charges are fixed, and cannot be changed by the company.
- (ii) Allocation Rates: These rates are fixed subject to the movements in the RPI, as described above, and cannot be changed by the company.

- (iii) Management Charge: The rate of management charge may be varied without limit.
- (iv) Bid/Offer spread: The Bid price may not be less than 94.5% of the Offer price.
- (v) Mortality Charge: The level of deduction can be varied at the company's discretion.
- (vi) Investment Expenses: These may be varied without upper limit provided such expenses are consistent with the definition given above.
- (h) The surrender value is equal to the paid-up value of units allocated. Policies will not be given a surrender value until one complete years premium has been paid.
- (i) Benefits are determined by reference to the value of the internal linked funds.
Benefits are not determined by reference to the value of assets or an index.
- (j) All features material to the method and basis of valuation have been disclosed.
- (k) The contract is closed to new business and this has been throughout the year up to the date of valuation.
- (l) No increases in the charges other than those relating to increases in the RPI, as described above, have been made in the year to the valuation date.

Isle of Man Substitute Plans (Series I and II)

- (a) This contract is Isle of Man Substitute Plan (Series I and II).

- (b) Type of contract:
 - United Kingdom business
 - life assurance and general annuity business
 - direct written business
 - non-profit policy
 - endowment insurance
 - property-linked

- (c) Premiums are payable monthly or annually.

The term is ten years, but these plans were issued in substitution for policies originally issued by Royal Life Insurance International Limited. The ten year term is related to the original date of issue.

(d) (i) Benefits

The death benefit during the first ten years is the greater of the bid value of units and a percentage of the premiums payable during the first 10 years. This percentage varies from 75% at age 56 or less next birthday at entry to 37% at age 75 next birthday at entry.

(ii) Eligibility to participate in profits

The contract is not eligible to participate in profits.

(iii) Guarantees and material options not referred to above

(aa) After ten years, the following options are available:-

(1) the policy may be made paid-up.

(2) the policy value may be withdrawn as a capital sum, or a regular income may be taken while paying an annual premium of £5, which does not purchase units.

(3) premiums may be continued at not less than half the original level, the percentage of each premium invested being increased to 100% on Series I and 99% on Series II.

(bb) Paid-up values of the policy are available at a percentage of the unit value, dependent upon the number of complete years elapsed since issue.

(e) Investment returns under this contract are not guaranteed.

(f) The company recovers its costs (including acquisition and renewal expenses, commission and the costs of providing the benefits under the contract) through the following charges:

(i) Policy charge: A policy charge of £10 (£2.5 or £10/12 or £0.25) is deducted from each annual (monthly) premium on certain versions of the policy

(ii) Allocation Rates: A percentage of premium is used to purchase units at the offer price. The percentage varies from 107% to 65% dependent upon age, number of years from inception and product version. 1% of the allocation rate is deducted on substitution.

(iii) Management Charge: A management charge, currently 1% p.a., is deducted periodically from the internal linked funds.

(iv) Bid/Offer spread: Units are allocated at the calculated offer price. For the purpose of calculating benefits, units are valued at the calculated bid price. The bid price is approximately 5% lower than the offer price.

(v) Investment Expenses: All direct costs of investment, such as dealing costs, property maintenance costs and professional fees are borne by the internal linked funds.

- (g) Restrictions on increases in charges:
- (i) Policy charge: The charges are fixed, and cannot be changed by the company.
 - (ii) Allocation Rates: These rates are fixed, and cannot be changed by the company.
 - (iii) Management Charge: The rate of management charge may be varied subject to a maximum of 1.25% p.a..
 - (iv) Bid/Offer spread: The Bid price may not be less than 94.5% of the Offer price.
 - (v) Investment Expenses: These may be varied without upper limit provided such expenses are consistent with the definition given above.
- (h) The surrender value is equal to the bid value of units allocated less a deduction for Version II. The deduction is a percentage of one year's premium which varies from 45% in year one to 7.5% in year 7 and nil thereafter. This differs for some versions of the policy.
- (i) Benefits are determined by reference to the value of the internal linked funds.
Benefits are not determined by reference to the value of assets or an index.
- (j) All features material to the method and basis of valuation have been disclosed.
- (k) The contract is open to new business via substitutions and this has been the case throughout the year up to the date of valuation.
- (l) No increases in the charges have been made in the year to the valuation date.

Isle of Man Substitute Plans (Series III) -

- (a) This contract is Isle of Man Substitute Plan (Series III).
- (b) Type of contract:
- United Kingdom business
 - life assurance and general annuity business
 - direct written business
 - non-profit policy
 - whole life assurance
 - property-linked

- (c) Premiums are payable monthly or annually.
- (d) (i) Benefits
- The death benefit is the bid value of units
- (ii) Eligibility to participate in profits
- The contract is not eligible to participate in profits.
- (iii) Guarantees and material options not referred to above
- There are no guarantees or material options not referred to above.
- (e) Investment returns under this contract are not guaranteed.
- (f) The company recovers its costs (including acquisition and renewal expenses, commission and the costs of providing the benefits under the contract) through the following charges:
- (i) Policy charge: A policy charge is deducted from each annual (monthly) premium.
- (ii) Allocation Rates: A percentage of premium is used to purchase units at the offer price. The percentage varies from 57% to 106% dependent upon age and number of years from inception.
- (iii) Management Charge: A management charge, currently 1%, is deducted periodically from the internal linked funds.
- (iv) Bid/Offer spread: Units are allocated at the calculated offer price. For the purpose of calculating benefits, units are valued at the calculated bid price. The bid price is approximately 5% lower than the offer price.
- (v) Investment Expenses: All direct costs of investment, such as dealing costs, property maintenance costs and professional fees are borne by the internal linked funds.
- (g) Restrictions on increases in charges:
- (i) Policy charge: The charges are fixed, and cannot be changed by the company.
- (ii) Allocation Rates: These rates are fixed, and cannot be changed by the company.
- (iii) Management Charge: The rate of management charge may be varied without limit.
- (iv) Bid/Offer spread: The Bid price may not be less than 94.5% of the Offer price.

- (v) Investment Expenses: These may be varied without upper limit provided such expenses are consistent with the definition given above.
- (h) The surrender value is equal to the bid value of units allocated less a deduction.
- (i) Benefits are determined by reference to the value of the internal linked funds.
Benefits are not determined by reference to the value of assets or an index.
- (j) All features material to the method and basis of valuation have been disclosed.
- (k) The contract is open to new business via substitutions and this has been the case throughout the year up to the date of valuation.
- (l) No increases in the charges have been made in the year to the valuation date.

PENSION CONTRACTS

Asset Management Contract (Series V)

- (a) This contract is Asset Management Contract (Series V).

- (b) Type of contract:
- United Kingdom business
 - pension business
 - direct written business
 - non-profit policy
 - deferred annuity & term assurance
 - property-linked

- (c) Monthly, annual and single premiums are payable.

- (d) (i) Benefits

These contracts are available to the Trustees of retirement benefits schemes exempt approved or approval under Section 591 of the Income and Corporation Taxes Act 1988.

The benefit is the full bid value of the units allocated.

- (ii) Eligibility to participate in profits

The contract is not eligible to participate in profits.

(iii) Guarantees and material options not referred to above

- (aa) The policy may be made paid-up.
 - (bb) Life assurance benefit is available such that on death, the benefit will be the greater of the value of units and the sum assured.
 - (cc) Provided the policyholder was selected for Life Assurance Benefit at the normal rates, then a further Whole Life or Endowment policy may be taken out within one month of the end of the Benefit. No further medical evidence will be needed.
- (e) Investment returns under this contract are not guaranteed.
- (f) The company recovers its costs (including acquisition and renewal expenses, commission and the costs of providing the benefits under the contract) through the following charges:
- (i) **Allocation Rates:** A proportion of regular premiums and single premiums is allocated to purchase Capital or Accumulation units in internal linked funds at the respective offer price. Capital units are purchased during the first year and Accumulation units are purchased thereafter.

Allocation rates for regular premiums vary by term to normal retirement date. Specimen allocation rates are shown in the table below:-

<u>Number of complete years to normal retirement date</u>	<u>Allocation rate (%) Annual Premiums</u>
20	100
15	100
10	100
5	95

For annual contributions of £100,000 or greater, the above percentage is multiplied by 1.01

For monthly premiums below £200 per month, the allocation rates are 97% of those above.

If single premiums are made where no regular premiums are paid, the allocation rate depends upon the amount invested. Specimen allocation rates are shown below:

<u>Single Premium</u>	<u>Allocation rate (%)</u>
£15,000	100
£10,000	100

If single premiums are made accompanying a regular premium, the allocation rate is 100%.

- (ii) Bid/Offer spread: Accumulation units in internal linked funds are allocated at the calculated offer prices. For the purpose of calculating benefits, units are valued at the calculated bid prices. Bid prices are approximately 5% lower than offer prices.
- (iii) Management charge: An annual management charge of 0.875% on Accumulation units and 6.875% on Capital units is deducted periodically from the internal linked funds.
- (iv) Mortality charge: If the Life Assurance Benefit option has been exercised, a monthly deduction is made from the unit holding.
- (v) Investment Expenses: All direct costs of investment, such as dealing costs, property maintenance costs and professional fees are borne by the internal linked funds.
- (g) Restrictions on increases in charges:
 - (i) Allocation Rates: These rates are fixed and cannot be changed by the company.
 - (ii) Bid/offer spread: Units in internal linked funds are allocated at the calculated offer price. For the purposes of calculating benefits, units are valued at the calculated bid price. The bid price is approximately 5% lower than the offer price.
 - (iii) Management Charge: The rate of management charge may be varied but the maximum rate is 2% for Accumulation units and 8% for Capital units.
 - (iv) Mortality Charge: The deduction may be varied at the company's discretion.
 - (v) Investment Expenses: These may be varied without upper limit provided such expenses are consistent with the definition given above.
- (h) The transfer value is the bid value of accumulation units plus $1/(1.08)^N$ times the nominal value of the Capital units, where N is the term outstanding to normal retirement date in years and months to the nearest month.
- (i) Benefits are determined by reference to the value of the internal linked funds.
Benefits are not determined by reference to the value of assets or an index.
- (j) All features material to the method and basis of valuation have been disclosed.
- (k) The contract is closed for new business except for additional single premiums and regular premium increments to existing contracts. This has been the case throughout the year up to the date of valuation.
- (l) There were no increases in charges in the year to the valuation date.

Asset Management Contract (Series VI)

As for Asset Management Contract (Series V) except:

- (a) This contract is Asset Management Contract (Series VI).
- (f) (ii) Allocation Rates: Allocation rates for single premiums not accompanied by regular premiums differ from Series V. Specimen allocation rates are shown in the table below:-

<u>Single Premium</u>	<u>Allocation rate (%)</u>
£150,000	101
£100,000	101
£50,000	100
£9,000	99
£5,000	98

Trustee Capital Builder (Series I)

- (a) This contract is Trustee Capital Builder (Series I).

- (b) Type of contract:
- United Kingdom business
 - pension business
 - direct written business
 - non-profit policy
 - deferred annuity
 - property-linked

- (c) Single premiums only are payable.

- (d) (i) Benefits

Contracts are pension arrangements available to the Trustees of self-administered schemes exempt approved under Section 591 of the Income and Corporation Taxes Act 1988.

The benefit is the full bid value of the units allocated.

- (ii) Eligibility to participate in profits

The contract is not eligible to participate in profits.

- (iii) Guarantees and material options not referred to above

Additional single contributions are allowable at any time subject to a minimum.

- (e) Investment returns under this contract are not guaranteed.

- (f) The company recovers its costs (including acquisition and renewal expenses, commission and the costs of providing the benefits under the contract) through the following charges:

- (i) Policy Charge: Policy charges are made by monthly unit deduction and depend upon the 1974 based RPI rate.

The policy charge is 16p x RPI per month in the first year and is 1.45p x RPI per month thereafter.

- (ii) Allocation Rates: The proportion of premiums invested and the surrender deduction are related. The allocation rate together with the deduction are chosen by the Trustees. Specimen allocation rates and surrender deductions in the first year, are shown below:

<u>1st year surrender deduction (%)</u>	<u>Allocation rate (%)</u>
8.75	104
7.50	103
6.25	102
5.00	101
3.75	100
2.50	99

- (iii) Investment Expenses: All direct costs of investment, such as dealing costs, property maintenance costs and professional fees are borne by the internal linked funds.

- (g) Restrictions on increases in charges:

- (i) Policy Charges: The policy charge varies in line with RPI as described above.

- (ii) Allocation Rates: Once chosen by the Trustee, these rates are fixed and cannot be changed by the company.

- (iii) Investment Expenses: These may be varied without upper limit provided such expenses are consistent with the definition given above.

- (h) The transfer value is the bid value of units less any surrender deduction. The deduction is as described above. The deduction then reduces by 0.25% for each year the policy is in-force.

- (i) Benefits are determined by reference to the value of the internal linked funds

Benefits are not determined by reference to the value of assets or an index.

- (j) All features material to the method and basis of valuation have been disclosed.

- (k) The contract is closed for new business and has been throughout the year up to the date of valuation.
- (l) Increases in policy charges have been made in the year to the valuation date in accordance with increases in RPI as described in (f). No other increases in charges have occurred.

Trustee Capital Builder (Series III)

All sections are as for Trustee Capital Builder (Series I) except:

- (a) This contract is Trustee Capital Builder (Series III).
- (f) (ii) Allocation Rates: Allocation rates differ from Trustee Capital Builder (Series I). Specimen allocation rates and surrender deductions in the first year, are shown below:

<u>1st year surrender deduction (%)</u>	<u>Allocation rate (%)</u>
8.75	100
7.50	99
6.25	98
5.00	97
3.75	96
2.50	95

Personal Retirement Plan (Series I and II)

- (a) This contract is Personal Retirement Plan (Series I and II).
- (b) Type of contract:
- United Kingdom business
 - pension business
 - direct written business
 - non-profit policy
 - deferred annuity
 - property-linked

- (c) Single, annual or monthly premiums are payable.

- (d) (i) Benefits

Contracts are approved under Section 620 and 621 of the Income and Corporation Taxes Act 1988, providing benefits for the self-employed and those employees who are not members of an occupational scheme.

On retirement, or on earlier death, the full bid value of units allocated is used to provide benefits.

Benefits may be taken wholly in pension form or as a combination of pension and cash. Restrictions are placed on how benefits may be taken consistent with Inland Revenue requirements. Proceeds from the policy may be used to purchase an annuity from any other insurer approved by the Inland Revenue for this purpose.

(ii) Eligibility to participate in profits

The contract is not eligible to participate in profits.

(iii) Guarantees and material options not referred to above

(aa) Paid up benefits are available.

(bb) Premiums may be increased or decreased at plan anniversaries, subject to minimum levels.

(e) Investment returns under this contract are not guaranteed.

(f) The company recovers its costs (including acquisition and renewal expenses, commission and the costs of providing the benefits under the contract) through the following charges:

(i) Allocation Rates: A proportion of regular premiums and single premiums is allocated to purchase units in internal linked funds at the offer price. Allocation rates for regular premiums vary by prospective premium paying term. Specimen allocation rates are shown in the table below:-

Prospective Premium Paying Term	Allocation rate (%)		
	Year 1	Year 2	Thereafter
2	90	100	100
5	84	100	100
10	75	100	100
15	66	100	100
20	78	78	100
25	73	73	100

Single premiums are allocated at 100%

(ii) Management charge: An annual management charge of 0.50% p.a. is taken monthly by cancelling units in the fund.

(iii) Bid/Offer Spread: Units in internal linked funds are allocated at the calculated offer price. For the purpose of calculating benefits, units are valued at the bid price. The bid price is approximately 5% lower than the offer price.

- (iv) Investment Expenses: All direct costs of investment, such as dealing costs, property maintenance costs and professional fees are borne by the internal linked funds.
- (g) Restrictions on increases in charges:
 - (i) Allocation Rates: These rates are fixed and cannot be changed by the company.
 - (ii) Management Charge: The rate of management charge may be varied without upper limit.
 - (iii) Bid/Offer Spread: The Bid price may not be less than 94.5% of the Offer Price
 - (iv) Investment Expenses: These may be varied without upper limit provided such expenses are consistent with the definition given above.
- (h) The policy cannot be surrendered.
- (i) Benefits are determined by reference to the value of the internal linked funds.
Benefits are not determined by reference to the value of assets or an index.
- (j) All features material to the method and basis of valuation have been disclosed.
- (k) The contract is closed for new business except for additional single premiums and regular premium increments to existing contracts. This has been the case throughout the year up to the date of valuation.
- (l) No increases in charges have been made in the year to the valuation date.

Personal Retirement Plan (Series III)

- (a) This contract is Personal Retirement Plan (Series III).
- (b) As for Personal Retirement Plan (Series I and II).
- (c) As for Personal Retirement Plan (Series I and II).
- (d) (i) Benefits

As for Personal Retirement Plan (Series I and II), except that a waiver of premium benefit, payable on certain injuries or illnesses, is also available for an additional premium.

(ii) Eligibility to participate in profits

As for Personal Retirement Plan (Series I and II).

(iii) Guarantees and material options not referred to above

- (aa) Paid-up policies are available after the first year.
- (bb) Premiums may be increased or decreased at plan anniversaries, subject to minimum levels.
- (cc) Additional Life Assurance benefit is available for an additional premium. The benefit on death would then be the sum of the bid value of units allocated and the life assurance sum assured.
- (dd) Provided that the policyholder was selected for Life Assurance Benefit at the normal rates, a further Whole Life or Endowment policy may be taken out on the normal retirement date or on earlier leaving employer's service. No further medical evidence will be needed.

(e) As for Personal Retirement Plan (Series I and II).

(f) The company recovers its costs (including acquisition and renewal expenses, commission and the costs of providing the benefits under the contract) through the following charges:

- (i) Allocation Rates: A proportion of regular premiums is allocated to purchase Capital or Accumulation units in internal linked funds at the respective offer price. Capital units are purchased during the first year and Accumulation units thereafter. Allocation rates for regular premiums vary by term to intended retirement date. Specimen allocation rates are shown in the table below:-

<u>Number of complete years to normal retirement date</u>	<u>Allocation rate (%)</u>
10 or more	100
8	98
6	96
4	93
2	85

Monthly premiums are allocated as above if they are £200 per month or more, or at the above percentages multiplied by 0.97 if less.

100% of single contributions are allocated in accumulation units unless the plan is set up for less than years, where the following specimen rates apply:

<u>Number of complete years to normal retirement date</u>	<u>Allocation rate (%)</u>
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9 or more	100
8	99
6	97
4	95
2	95

- (ii) Management charge: An annual management charge of 0.875% p.a. of the fund in respect of Accumulation units and 6.875% of the fund in respect of Capital units is taken monthly by cancelling units in the fund.
- (iii) Bid/Offer Spread: As for Personal Retirement Plan (Series I and II)
- (v) Mortality charge: If the Life Assurance Benefit option has been exercised, a monthly premium is charged to cover the sum assured benefit
- (g) Restrictions on increases in charges:
 - As for Personal Retirement Plan (Series I and II) except:
 - (ii) Management Charge: The rate of management charge may be varied subject to a 2% p.a. (8% p.a.) limit on Accumulation (Capital) units.
 - (iv) Mortality charge: No further increase in the rate of charge is allowable.
- (h) The transfer value equals the bid value of the Accumulation units plus

$$\frac{\text{(Bid value of Capital units)}}{1.08^N}$$

where N is term in years to the normal retirement date to the nearest month.
- (i) As for Personal Retirement Plan (Series I and II).
- (j) As for Personal Retirement Plan (Series I and II).
- (k) As for Personal Retirement Plan (Series I and II).
- (l) As for Personal Retirement Plan (Series I and II).

Personal Capital Builder (Series I)

(a) This contract is Personal Capital Builder (Series I).

(b) Type of contract:

- United Kingdom business
- pension business
- direct written business
- non-profit policy
- deferred annuity & term assurance
- property-linked

(c) Single, annual or monthly premiums are payable.

(d) (i) Benefits

Contracts are approved under Section 620 and 621 of the Income and Corporation Taxes Act 1988, providing benefits for the self-employed and those employees who are not members of an occupational scheme. The policy is written to an intended retirement date specified at the outset in the age range of 60 to 75.

On or after the intended retirement date, the full bid value of units allocated is used to provide benefits. On retirement before the intended retirement date, a proportion of the value of units is available to provide benefits.

Benefits may be taken wholly in pension form or as a combination of pension and cash. Restrictions are placed on how benefits may be taken consistent with Inland Revenue requirements. Proceeds from the policy may be used to purchase an annuity from any other insurer approved by the Inland Revenue for this purpose.

A waiver of premium benefit, payable on certain injuries or illnesses, is also available for an additional percentage of premium.

(ii) Eligibility to participate in profits

The contract is not eligible to participate in profits.

(iii) Guarantees and material options not referred to above

- (aa) Paid up benefits are available but if premiums cease, any life cover will also cease.
- (bb) Premiums may be increased or decreased at any time subject to minimum levels.
- (cc) Life assurance benefit is available such that on death, the benefit will be the greater of the value of units and the sum assured.

The Life Assurance benefit can be linked to the RPI provided the Inland Revenue maxima are not exceeded.

- (dd) On the plan anniversary, premiums may be increased by RPI or by 5%, whichever is greater.
- (ee) Provided the policyholder was selected for Life Assurance Benefit at the normal rates, then a further Whole Life or Endowment policy may be taken out within one month of the end of the Benefit. No further medical evidence will be needed.
- (e) Investment returns under this contract are not guaranteed.
- (f) The company recovers its costs (including acquisition and renewal expenses, commission and the costs of providing the benefits under the contract) through the following charges:
- (i) Policy Charge: Policy charges are made by monthly unit deduction (from regular units in preference to single premium units) and depend upon the 1974 based RPI rate.
- Annual premiums incur a charge of $1.92p \times \text{RPI}$ per month in the first year and a charge of $0.67p \times \text{RPI}$ per month thereafter.
- Monthly premiums incur a charge of $2.25p \times \text{RPI}$ per month in the first year and a charge of $1.00p \times \text{RPI}$ per month thereafter.
- Paid-up or single premiums incur a charge of $1.25p \times \text{RPI}$ per month in the first year and a charge of $0.125p \times \text{RPI}$ per month thereafter.
- Single premiums paid alongside a regular premium incur no additional policy charge.
- (ii) Allocation Rates: A proportion of regular premiums and single premiums is allocated to purchase units in internal linked funds. There is no difference between bid and offer prices. Allocation rates for regular premiums vary by term to intended retirement date. Specimen allocation rates are shown in the table below:-

<u>Number of complete years to intended retirement date</u>	<u>Allocation rate (%)</u>
40	102
35	101
30	101
25	101
20	100
15	99

The effective rate of premium allocation may exceed 100%. However, such excess is anticipated to be more than offset through a combination of the management charge and/or the transfer value terms.

- (iii) Management charge: An annual management charge of 0.40% p.a. of the fund in respect of single premiums and regular premiums is taken monthly by cancelling units in the fund.
- (iv) Mortality charge: If the Life Assurance Benefit option has been exercised, a monthly deduction is made from the unit holding of a number of units whose value equals the charge for providing a month's cover of the excess of the benefit over the value of the units prior to deduction.
- (v) Investment Expenses: All direct costs of investment, such as dealing costs, property maintenance costs and professional fees are borne by the internal linked funds.
- (g) Restrictions on increases in charges:
 - (i) Policy Charges: The policy charge varies in line with RPI as described above.
 - (ii) Allocation Rates: These rates are fixed and cannot be changed by the company.
 - (iii) Management Charge: The rate of management charge may be varied without upper limit.
 - (iv) Mortality Charge: No further increase in the rate of charge is allowable.
 - (v) Investment Expenses: These may be varied without upper limit provided such expenses are consistent with the definition given above.
- (h) The transfer value is $(1 - N / 400) \times \text{Value of the fund}$, where N is the number of years from transfer date to the intended retirement date to the nearest month.
- (i) Benefits are determined by reference to the value of the internal linked funds.
Benefits are not determined by reference to the value of assets or an index.
- (j) All features material to the method and basis of valuation have been disclosed.
- (k) The contract is closed for new business except for additional single premiums and regular premium increments to existing contracts. This has been the case throughout the year up to the date of valuation.
- (l) Increases in policy charges have been made in the year to the valuation date in accordance with increases in RPI as described in (f). No other increases in charges have occurred.

Personal Capital Builder (Series III)

- (a) This contract is Personal Capital Builder (Series III).
- (b) As for Personal Capital Builder (Series I).
- (c) As for Personal Capital Builder (Series I).
- (d) (i) Benefits
As for Personal Capital Builder (Series I).
- (ii) Eligibility to participate in profits
As for Personal Capital Builder (Series I).
- (iii) Guarantees and material options not referred to above
As for Personal Capital Builder (Series I) except:
 - (aa) If the policy is made paid-up, a deduction will be made from the unit value. The deduction depends upon the annualised premium, the term to intended retirement date and the original allocation percentage of the policy. If premiums are discontinued in the first year then the policy lapses.
- (e) As for Personal Capital Builder (Series I).
- (f) The company recovers its costs (including acquisition and renewal expenses, commission and the costs of providing the benefits under the contract) through the following charges:
 - (i) Policy Charge: Policy charges are made by monthly unit deduction (from regular units in preference to single premium units) and depend upon the 1974 based RPI rate.

Annual premiums incur a charge of 0.5p x RPI per month. Monthly premiums incur a charge of 0.75p x RPI per month.

Single premiums incur a charge of 1p x RPI per month in the first year and a charge of 0.125p x RPI per month thereafter. Paid-up policies incur a charge of 0.125p x RPI per month.

Single premiums paid alongside a regular premium incur no additional policy charge.

- (ii) Allocation Rates: A proportion of regular premiums and single premiums (less any policy charge) is allocated to purchase units in internal linked funds. There is no difference between bid and offer prices. Allocation rates for regular premiums vary by term to intended retirement date. Specimen allocation rates are shown in the table below:-

<u>Number of complete years to intended retirement date</u>	<u>Allocation rate (%)</u>	
	<u>Annual premiums</u>	<u>Single Premiums</u>
40	118	100
35	115	100
30	111	99
25	106	98
20	102	97
15	98	96
10	95	95
5	90	94

Monthly premiums are allocated at rates 2 percentage points less than apply for annual premiums.

The effective rate of premium allocation may exceed 100%. However, such excess is anticipated to be more than offset through a combination of the management charge and/or the transfer value terms.

- (iii) Management charge: An annual management charge of 0.25% p.a. of the fund in respect of single premiums and 1.5% p.a. of the fund in respect of regular premiums is taken monthly by cancelling units in the fund.
- (iv) Mortality charge: As for Personal Capital Builder (Series I).
- (v) Investment Expenses: All direct costs of investment, such as dealing costs, property maintenance costs and professional fees are borne by the internal linked funds.
- (g) Restrictions on increases in charges:
- As for Personal Capital Builder (Series I).
- (h) The transfer value for single premium policies is as for Personal Capital Builder (Series I). The transfer value for regular premium policies equals
- $$(\text{Paid up value})/1.015^N$$
- where N is term in years to the intended retirement date to the nearest month.
- (i) As for Personal Capital Builder (Series I).
- (j) As for Personal Capital Builder (Series I).

(k) As for Personal Capital Builder (Series I).

(l) As for Personal Capital Builder (Series I).

Additional Capital Builder (Series I)

(a) This contract is Additional Capital Builder (Series I).

(b) Type of contract:

- United Kingdom business
- pension business
- direct written business
- non-profit policy
- deferred annuity
- property-linked

(c) Single, annual or monthly premiums are payable.

(d) (i) Benefits

Contracts are FSAVC contracts approved under Section 591 of the Income and Corporation Taxes Act 1988, providing benefits for members of Occupational Pension Schemes who wish to top up scheme benefits. The policy is written to an intended retirement date specified at the outset. Benefits must be taken at the same time as benefits are taken from the main scheme.

On retirement, the full bid value of units allocated is used to provide benefits.

Benefits must be taken wholly in pension form. Restrictions are placed on how benefits may be taken consistent with Inland Revenue requirements. Proceeds from the policy may be used to purchase an annuity from any other insurer approved by the Inland Revenue for this purpose.

(ii) Eligibility to participate in profits

The contract is not eligible to participate in profits.

(iii) Guarantees and material options not referred to above

(aa) A policy may be made paid-up subject to a deduction from the units value. The deduction depends upon the annualised premium, the term to intended retirement date and the original allocation percentage of the policy. If premiums are discontinued in the first year then the policy lapses.

(bb) Premiums may be increased or decreased at any time subject to minimum levels.

- (e) Investment returns under this contract are not guaranteed.
- (f) The company recovers its costs (including acquisition and renewal expenses, commission and the costs of providing the benefits under the contract) through the following charges:
- (i) Policy Charge: Policy charges are made by monthly unit deduction (from regular units in preference to single premium units) and depend upon the 1974 based RPI rate.
- Annual premiums incur a charge of 2p x RPI per month.
Monthly premiums incur a charge of 3p x RPI per month.
- Single premiums incur a charge of 4p x RPI per month in the first year and a charge of 0.5p x RPI per month thereafter. Paid-up policies incur a charge of 0.5p x RPI per month.
- Single premiums paid alongside a regular premium incur no additional policy charge.
- (ii) Allocation Rates: A proportion of regular premiums and single premiums is allocated to purchase units in internal linked funds. There is no difference between bid and offer prices. Allocation rates for regular premiums vary by term to intended retirement date. Specimen allocation rates are shown in the table below:-

<u>Number of complete years to intended retirement date</u>	<u>Allocation rate (%)</u>	
	<u>Annual premiums</u>	<u>Single Premiums</u>
40	115	97
35	112	96
30	108	95
25	103	94
20	99	94
15	95	93
10	90	92
5	85	91

For some policies, the percentage of annual premium invested is up to 2% higher than quoted above.

Monthly premiums are allocated at rates 2 percentage points less than apply for annual premiums.

Contributions after the intended retirement date are treated as single premiums and are allocated at 91%.

The effective rate or premium allocation may exceed 100%. However, such excess is anticipated to be more than offset through a combination of the management charge and/or the transfer value terms.

- (iii) Management charge: An annual management charge of 0.40% p.a. of the fund in respect of single premiums and 1.5% p.a. of the fund in respect of regular premiums is taken monthly by cancelling units in the fund. Contributions received after the intended retirement date incur a 0.40% p.a. charge.
 - (iv) Premium reduction: On reduction of regular premium paid, a deduction of units is made which is dependent upon the amount of the premium reduction, the term to intended retirement date and the original allocation percentage for the policy.
 - (v) Investment Expenses: All direct costs of investment, such as dealing costs, property maintenance costs and professional fees are borne by the internal linked funds.
- (g) Restrictions on increases in charges:
 - (i) Policy Charges: The policy charge varies in line with RPI as described above.
 - (ii) Allocation Rates: These rates are fixed and cannot be changed by the company.
 - (iii) Management Charge: The rate of management charge may be varied without upper limit.
 - (iv) Premium reduction: No further increase in the rate of charge is allowable.
 - (v) Investment Expenses: These may be varied without upper limit provided such expenses are consistent with the definition given above.
- (h) The transfer value for single premium cases is $(1 - N / 400) \times \text{Value of the fund}$.
 The transfer value for regular premium cases is $(\text{Paid up value})/1.015^N$
 In both cases, N is the term in years to the intended retirement date to the nearest month.
- (i) Benefits are determined by reference to the value of the internal linked funds.
 Benefits are not determined by reference to the value of assets or an index.
- (j) All features material to the method and basis of valuation have been disclosed.
- (k) The contract is closed for new business except for additional single premiums and regular premium increments to existing contracts. This has been the case throughout the year up to the date of valuation.

- (l) Increases in policy charges have been made in the year to the valuation date in accordance with increases in RPI as described in (f). No other increases in charges have occurred.

Additional Capital Builder (Series II)

- (a) This contract is Additional Capital Builder (Series II).

All further sections as for Additional Capital Builder (Series 1) with the following exceptions:

- (f) (i) Policy Charge: Annual premiums incur a charge of 3.5p x RPI per month. Monthly premiums incur a charge of 4.5p x RPI per month.
- Single premiums incur a charge of 6.75p x RPI per month in the first year and a charge of 2p x RPI per month thereafter. Paid-up policies incur a charge of 2p x RPI per month.
- (ii) Allocation Rates: Specimen allocation rates are as shown in the table below:-

<u>Number of complete years to intended retirement date</u>	<u>Allocation rate (%)</u>	
	<u>Annual premiums</u>	<u>Single Premiums</u>
40	135	100
35	126	99
30	117	98
25	110	96
20	104	95
15	101	94
10	97	93
5	94	91

Monthly premiums are allocated at rates 1 percentage point less than apply for annual premiums.

Additional Capital Builder (Series V)

- (a) This contract is Additional Capital Builder (Series V).

All sections as for Additional Capital Builder (Series I), with the following exceptions:

- (f) (i) Policy Charge: There are no policy charges.

Executive Capital Builder (Series I)

(a) This contract is Executive Capital Builder (Series I).

(b) Type of contract:

- United Kingdom business
- pension business
- direct written business
- non-profit policy
- deferred annuity
- property-linked

(c) Single, annual or monthly premiums are payable.

(d) (i) Benefits

Contracts are approved under Section 591, Chapter 1, Part XIV of the Income and Corporation Taxes Act 1988, providing benefits for directors and other key employees. The policy is written to a normal retirement date specified at the outset in the age range of 55 to 75.

On or after the intended retirement date, the full bid value of units allocated is used to provide benefits. On retirement before the intended retirement date, the bid value of the units less a reduction is available to provide benefits.

Benefits may be taken wholly in pension form or as a combination of pension and cash. Restrictions are placed on how benefits may be taken consistent with Inland Revenue requirements. Proceeds from the policy may be used to purchase an annuity from any other insurer approved by the Inland Revenue for this purpose.

(ii) Eligibility to participate in profits

The contract is not eligible to participate in profits.

(iii) Guarantees and material options not referred to above

(aa) Paid up benefits are available but if premiums cease, any life cover will also cease.

(bb) Premiums may be increased or decreased at any time subject to minimum levels.

(cc) Life assurance benefit is available such that on death, the benefit will be the greater of the value of units and the sum assured.

The Life Assurance benefit can be linked to the RPI provided the Inland Revenue maxima are not exceeded.

(dd) On the plan anniversary, premiums may be increased by RPI or by 5%, whichever is greater.

- (ee) Provided the policyholder was selected for Life Assurance Benefit at the normal rates, then a further Whole Life or Endowment policy may be taken out within one month of the end of the Benefit. No further medical evidence will be needed.
- (e) Investment returns under this contract are not guaranteed.
- (f) The company recovers its costs (including acquisition and renewal expenses, commission and the costs of providing the benefits under the contract) through the following charges:
- (i) Policy Charge: Policy charges are made by monthly unit deduction (from regular units in preference to single premium units) and depend upon the 1974 based RPI rate.
- All cases incur a charge of 5p x RPI per month in the first year.
- Annual premiums also incur a charge of 2.5p x RPI per month in the first year and thereafter. Monthly premiums also incur a charge of 4.17p x RPI per month in the first year and thereafter.
- Paid-up or single premiums also incur a charge of 0.33p x RPI per month in the first year and thereafter.
- Single premiums paid alongside a regular premium incur no additional policy charge.
- (ii) Allocation Rates: A proportion of regular premiums and single premiums is allocated to purchase units in internal linked funds. There is no difference between bid and offer prices. Allocation rates for regular premiums vary by term to normal retirement date. Specimen allocation rates are shown in the table below:-

<u>Number of complete years to normal retirement date</u>	<u>Allocation rate (%)</u>	
	<u>Regular premiums</u>	<u>Single Premiums</u>
40	102	102
35	101	101
30	101	101
25	101	101
20	100	100
15	99	99
10	99	99
5	98	98

The effective rate of premium allocation may exceed 100%. However, such excess is anticipated to be more than offset through a combination of the management charge and/or the transfer value terms.

- (iii) Management charge: An annual management charge of 0.40% p.a. of the fund in respect of single premiums and 0.25% p.a. of the fund in respect of regular premiums is taken monthly by cancelling units in the fund.
 - (iv) Mortality charge: If the Life Assurance Benefit option has been exercised, a monthly deduction is made from the unit holding.
 - (v) Investment Expenses: All direct costs of investment, such as dealing costs, property maintenance costs and professional fees are borne by the internal linked funds.
- (g) Restrictions on increases in charges:
- (i) Policy Charges: The policy charge varies in line with RPI as described above.
 - (ii) Allocation Rates: These rates are fixed and cannot be changed by the company.
 - (iii) Management Charge: The rate of management charge may be varied without upper limit.
 - (iv) Mortality Charge: No further increase in the rate of charge is allowable.
 - (v) Investment Expenses: These may be varied without upper limit provided such expenses are consistent with the definition given above.
- (h) The transfer value is equal to the bid value of the units allocated less a reduction of 0.25n% of the fund value, where n is the outstanding term to retirement in years and months.
- (i) Benefits are determined by reference to the value of the internal linked funds.
Benefits are not determined by reference to the value of assets or an index.
- (j) All features material to the method and basis of valuation have been disclosed.
- (k) The contract is closed for new business except for additional single premiums and regular premium increments to existing contracts. This has been the case throughout the year up to the date of valuation.
- (l) Increases in policy charges have been made in the year to the valuation date in accordance with increases in RPI as described in (f). No other increases in charges have occurred.

Executive Capital Builder (Series III)

- (a) This contract is Executive Capital Builder (Series III).
- (b) As for Executive Capital Builder (Series I).
- (c) As for Executive Capital Builder (Series I).
- (d) (i) Benefits
As for Executive Capital Builder (Series I).
- (ii) Eligibility to participate in profits
As for Executive Capital Builder (Series I).
- (iii) Guarantees and material options not referred to above
As for Executive Capital Builder (Series I) except that:
 - (aa) There is a reduction in the number of units if the policy is made paid up. This reduction is dependent upon the original and outstanding terms to retirement and the amount of the regular premium and will be deducted from the regular premium unit value only.
- (e) As for Executive Capital Builder (Series I).
- (f) The company recovers its costs (including acquisition and renewal expenses, commission and the costs of providing the benefits under the contract) through charges as for Executive Capital Builder (Series I), with the following exceptions:
 - (i) Policy Charge: Annual premiums incur a charge of 2.5p x RPI per month. Monthly premiums also a charge of 4.17p x RPI per month.

Single premiums incur a charge of 4.17p x RPI per month in the first year and 0.33p x RPI per month thereafter.

Paid-up policies incur a charge of 0.33p x RPI per month.

Single premiums paid alongside a regular premium incur no additional policy charge.

- (ii) Allocation Rates: As for Executive Capital Builder (Series I) except that the allocation rates differ. Specimen allocation rates are shown in the table below:-

<u>Number of complete years to intended retirement date</u>	<u>Allocation rate (%)</u>	
	<u>Annual premiums</u>	<u>Single Premiums</u>
40	123	100
35	118	100
30	114	99
25	109	98
20	105	97
15	101	96
10	97	95
5	92	94

Monthly premium percentages are 2 percentage points lower than the annual premium allocation rates.

The effective rate of premium allocation may exceed 100%. However, such excess is anticipated to be more than offset through a combination of the management charge and/or the transfer value terms.

- (g) Restrictions on increases in charges:

As for Executive Capital Builder (Series I).

- (h) The transfer value is equal the bid value of the units less an adjustment. The reduction is a reduction in the fund to $1/1.015^n$ of its previous value for regular premiums and reduction by $n/4\%$ for single premiums, where n is the outstanding term to retirement in years and months.

- (i) As for Executive Capital Builder (Series I).

- (j) As for Executive Capital Builder (Series I).

- (k) As for Executive Capital Builder (Series I).

- (l) As for Executive Capital Builder (Series I).

Executive Capital Builder (Series IV)

All sections are as for Executive Capital Builder (Series III) except:

- (a) This contract is Executive Capital Builder (Series IV).

- (f) (i) **Policy Charge:** Policy charges are made by monthly unit deduction (from regular units in preference to single premium units) and depend upon the 1987 based RPI rate.

Annual premiums incur a charge of 5p x RPI per month.
Monthly premiums also a charge of 6p x RPI per month.
Single premiums incur a charge of 10p x RPI per month in the first year and 0.8p x RPI per month thereafter.
Paid-up policies incur a charge of 1p x RPI per month.

Single premiums paid alongside a regular premium incur no additional policy charge.

- (ii) **Allocation Rates:** As for Executive Capital Builder (Series I) except that the allocation rates differ. Specimen allocation rates are shown in the table below:-

<u>Number of complete years to intended retirement date</u>	<u>Allocation rate (%)</u>	
	<u>Annual premiums</u>	<u>Single Premiums</u>
40	134	100
35	125	99
30	117	97
25	109	96
20	104	95
15	100	94
10	96	93
5	91	92

Monthly premium percentages are 1 percentage point lower than the annual premium allocation rates.

Transfer value percentages are 3 percentage point higher than the single premium allocation rates.

The effective rate of premium allocation may exceed 100%. However, such excess is anticipated to be more than offset through a combination of the management charge and/or the transfer value terms.

- (k) The contract has been closed to new business, except incremental premiums, throughout the year up to the date of the valuation.

Personal Pension Builder

- (a) This contract is Personal Pension Builder.

- (b) Type of contract:
- United Kingdom business
 - pension business
 - direct written business
 - non-profit policy
 - deferred annuity & term assurance
 - property-linked

- (c) Single, annual or monthly premiums are payable.

(d) (i) Benefits

Contracts are approved under Chapter IV, Part XIV of the Income and Corporation Taxes Act 1988, providing benefits for the self-employed and those employees who are not members of an occupational scheme. The policy is written to an intended retirement date specified at the outset in the age range of 50 to 75.

On or after the intended retirement date, the full bid value of units allocated is used to provide benefits. On retirement before the intended retirement date, a proportion of the value of units is available to provide benefits.

Benefits may be taken wholly in pension form or as a combination of pension and cash. Restrictions are placed on how benefits may be taken consistent with Inland Revenue requirements. Proceeds from the policy may be used to purchase an annuity from any other insurer approved by the Inland Revenue for this purpose.

A waiver of premium benefit, payable on certain injuries or illnesses, is also available for an additional percentage of premium.

(ii) Eligibility to participate in profits

The contract is not eligible to participate in profits.

(iii) Guarantees and material options not referred to above

(aa) Paid up benefits are available, after one years premiums have been paid, subject to a deduction from the unit value. The deduction is dependent upon annualised premium, term to intended retirement date and the original allocation rate for the policy.

(bb) Premiums may be increased or decreased at any time subject to minimum levels. A premium reduction incurs a deduction from the unit value.

- (e) Investment returns under this contract are not guaranteed.

- (f) The company recovers its costs (including acquisition and renewal expenses, commission and the costs of providing the benefits under the contract) through the following charges:

- (i) Policy Charge: Policy charges are made by monthly unit deduction and depend upon the 1987 based RPI rate.

Regular premiums incur a charge of 2p x RPI per month.

Single premiums incur a charge of 4p x RPI per month in the first year and a charge of 0.5p x RPI per month thereafter.

Paid-up policies incur a charge of 1p x RPI per month.

Single premiums paid alongside a regular premium incur no additional policy charge.

- (ii) Allocation Rates: A proportion of regular premiums and single premiums is allocated to purchase units in internal linked funds. There is no difference between bid and offer prices. Allocation rates for regular premiums vary by term to intended retirement date. Specimen allocation rates are shown in the following table:-

<u>Number of complete years to intended retirement date</u>	<u>Allocation rate (%)</u>	
	<u>Annual Premium</u>	<u>Single Premium</u>
40	135	100
35	126	99
30	117	97
25	109	96
20	104	95
15	100	94

Monthly premiums are allocated at rates 1 percentage point less than apply for annual premiums.

The effective rate of premium allocation may exceed 100%. However, such excess is anticipated to be more than offset through a combination of the management charge and/or the transfer value terms.

- (iii) Management charge: An annual management charge of 0.40% p.a. of the fund in respect of single premiums and 1.50% of the fund in respect of regular premiums is taken monthly by cancelling units in the fund.
- (iv) Investment Expenses: All direct costs of investment, such as dealing costs, property maintenance costs and professional fees are borne by the internal linked funds.
- (g) Restrictions on increases in charges:
- (i) Policy Charges: The policy charge varies in line with RPI as described above.

- (ii) Allocation Rates: These rates are fixed and cannot be changed by the company.
 - (iii) Management Charge: The rate of management charge may be varied without upper limit.
 - (iv) Investment Expenses: These may be varied without upper limit provided such expenses are consistent with the definition given above.
- (h) The transfer value for single premium cases is $(1 - N / 400) \times \text{Value of the fund}$.
- The transfer value for regular premium cases is $(\text{Paid up value}) / 1.015^N$
- In both cases, N is the term in years to the intended retirement date to the nearest month.
- (i) Benefits are determined by reference to the value of the internal linked funds.
- Benefits are not determined by reference to the value of assets or an index.
- (j) All features material to the method and basis of valuation have been disclosed.
 - (k) The contract is closed for new business except for additional single premiums and regular premium increments to existing contracts. This has been the case throughout the year up to the date of valuation.
 - (l) Increases in policy charges have been made in the year to the valuation date in accordance with increases in RPI as described in (f). No other increases in charges have occurred.

Optional Pension Builder (Series I)

- (a) This contract is Optional Pension Builder (Series I).
- (b) Type of contract:
 - United Kingdom business
 - pension business
 - direct written business
 - non-profit policy
 - deferred annuity
 - property-linked
- (c) Regular single premiums or transfer values only are payable.

(d) (i) Benefits

Contracts are approved Chapter IV, Part XIV of the Income and Corporation Taxes Act 1988 as "appropriate personal pension schemes" which may be effected by individuals contracting out of SERPS. Benefits under these contracts are "Protected Rights" and as such fall within the restrictions set by the Inland Revenue.

On retirement on or after the State Retirement Age, the full bid value of units allocated is used to provide benefits. Retirement before the State Retirement Age is not permitted.

Proceeds from the policy may be used to purchase an annuity from any other insurer approved by the Inland Revenue for this purpose.

(ii) Eligibility to participate in profits

The contract is not eligible to participate in profits.

(iii) Guarantees and material options not referred to above

- (aa) If contributions are discontinued the policy will be made paid-up. Premiums can be restarted at any time, subject to conditions ruling at that time.

(e) Investment returns under this contract are not guaranteed.

(f) The company recovers its costs (including acquisition and renewal expenses, commission and the costs of providing the benefits under the contract) through the following charges:

- (i) Policy Charge: Policy charges are made by monthly unit deduction and depend upon the 1987 based RPI rate.

Ongoing premiums incur a charge of 3p x RPI per month.
Paid-up policies incur a charge of 0.5p x RPI per month.

- (ii) Allocation Rates: A proportion of premiums is allocated to purchase units in internal linked funds. There is no difference between bid and offer prices. Allocation rates for premiums vary by term to state pension age. Specimen allocation rates are shown in the table below:-

<u>Number of complete years to State Pension Age</u>	<u>Allocation rate (%)</u>	
	<u>Regular Premiums</u>	<u>Transfer Premium</u>
40	119	103
35	115	102
30	111	101
25	107	101
20	103	100
15	99	99
10	95	98

The allocation rate of regular premiums is 4 percentage points higher than quoted above for some versions of the policy.

The effective rate of premium allocation may exceed 100%. However, such excess is anticipated to be more than offset through a combination of the management charge and/or the transfer value terms.

- (iii) Management charge: An annual management charge of 0.875% p.a. of the fund in respect of regular premiums is taken monthly by cancelling units in the fund. There is no annual management charge for transfer payments.
- (iv) Investment Expenses: All direct costs of investment, such as dealing costs, property maintenance costs and professional fees are borne by the internal linked funds.
- (g) Restrictions on increases in charges:
 - (i) Policy Charges: The policy charge varies in line with RPI as described above.
 - (ii) Allocation Rates: These rates are fixed and cannot be changed by the company.
 - (iii) Management Charge: The rate of management charge may be varied without upper limit.
 - (iv) Investment Expenses: These may be varied without upper limit provided such expenses are consistent with the definition given above.
- (h) The transfer value the value of the units allocated less a reduction. For regular premiums the reduction is $7n/8\%$ where n is the outstanding term to state retirement age. For lump sum premiums the reduction is $1/4n\%$
- (i) Benefits are determined by reference to the value of the internal linked funds.
Benefits are not determined by reference to the value of assets or an index.
- (j) All features material to the method and basis of valuation have been disclosed.
- (k) The contract is closed for new business except for additional single premiums and regular premium increments to existing contracts. This has been the case throughout the year up to the date of valuation.
- (l) Increases in policy charges have been made in the year to the valuation date in accordance with increases in RPI as described in (f). No other increases in charges have occurred.

Directors Plan (Series I)

- (a) This contract is Directors Plan (Series I).
- (b) Type of contract:
- United Kingdom business
 - pension business
 - direct written business
 - non-profit policy
 - deferred annuity & term assurance
 - property-linked

- (c) Single, annual or monthly premiums are payable.

(d) (i) Benefits

Contracts are approved under Section 591 of the Income and Corporation Taxes Act 1988, providing benefits for company directors and others taxed on a Schedule E Basis. The policy is written to a normal retirement date specified at the outset in the age range of 60 to 75.

On or after the normal retirement date, or on earlier death, the full bid value of units allocated is used to provide benefits. On retirement before the normal retirement date, a proportion of the value of units is available to provide benefits.

Benefits may be taken wholly in pension form or as a combination of pension and cash. Restrictions are placed on how benefits may be taken consistent with Inland Revenue requirements. Proceeds from the policy may be used to purchase an annuity from any other insurer approved by the Inland Revenue for this purpose.

(ii) Eligibility to participate in profits

The contract is not eligible to participate in profits.

(iii) Guarantees and material options not referred to above

- (aa) Paid up benefits are available but if premiums cease, any life cover will also cease.
- (bb) Premiums may be increased or decreased at each plan anniversary subject to minimum levels.
- (cc) Life assurance benefit is available such that on death, the benefit will be the sum of the bid value of units allocated and the life assurance sum assured. This option will be paid for by extra premium.
- (dd) Provided the policyholder was selected for Life Assurance Benefit at the normal rates, then a further Whole Life or Endowment policy may be

taken out on the normal retirement date or on earlier leaving employer's service. No further medical evidence will be needed.

- (ee) An unsecured loan facility is available of up to 50% of the value of the unit holding. The loan may be repaid at any time within the term of the contract.
- (e) Investment returns under this contract are not guaranteed.
- (f) The company recovers its costs (including acquisition and renewal expenses, commission and the costs of providing the benefits under the contract) through the following charges:
 - (i) Allocation Rates: A proportion of regular premiums and single premiums is allocated to purchase Capital or Accumulation units in internal linked funds at the respective offer price. Capital units are purchased during the first year and Accumulation units are purchased thereafter.

Allocation rates for regular premiums vary by term to normal retirement date. Specimen allocation rates are shown in the table below:-

<u>Number of complete years to normal retirement date</u>	<u>Allocation rate (%) Annual Premiums</u>
20	100
15	100
10	100
5	95

For monthly premiums, the allocation rates are 95% of those above.

If single premiums are made where no regular premiums are paid, the allocation rate depends upon the amount invested. Specimen allocation rates are shown below:

<u>Single Premium</u>	<u>Allocation rate (%)</u>
£15,000	100
£10,000	100
£8,000	99
£5,000	98

If single premiums are made accompanying a regular premium, the allocation rate is 100%.

- (ii) Bid/Offer spread: Accumulation and Capital units in internal linked funds are allocated at the calculated offer prices. For the purpose of calculating benefits, units are valued at the calculated bid prices. Bid prices are approximately 5% lower than offer prices.
- (iii) Management charge: An annual management charge of 0.5% on Accumulation units and 6.5% on Capital units is deducted periodically from the internal linked funds.

- (iv) Mortality charge: If the Life Assurance Benefit option has been exercised, an extra premium is paid whose value equals the charge for providing a month's cover of the sum assured.
 - (v) Investment Expenses: All direct costs of investment, such as dealing costs, property maintenance costs and professional fees are borne by the internal linked funds.
- (g) Restrictions on increases in charges:
- (i) Allocation Rates: These rates are fixed and cannot be changed by the company.
 - (ii) Bid/Offer spread: The Bid price may not be less than 94.5% of the Offer price.
 - (iii) Management Charge: The rate of management charge may be varied but with maxima of 1.25% and 7.25% on Accumulation units and Capital Units respectively.
 - (iv) Mortality Charge: No further increase in the rate of charge is allowable.
 - (v) Investment Expenses: These may be varied without upper limit provided such expenses are consistent with the definition given above.
- (h) The transfer value is equal to the bid value of the allocated Accumulation units plus (nominal value of the capital units) / $(1.0725)^N$, where N is the term outstanding to the Normal Retirement Date to the nearest month.
- (i) Benefits are determined by reference to the value of the internal linked funds.
Benefits are not determined by reference to the value of assets or an index.
- (j) All features material to the method and basis of valuation have been disclosed.
- (k) The contract is closed for new business except for additional single premiums and regular premium increments to existing contracts. This has been the case throughout the year up to the date of valuation.
- (l) There were no increase in charges in the year to the date of valuation.

Directors Plan (Series II)

All sections are as for Directors Plan (Series I) except:

- (a) This contract is Directors Plan (Series II).

- (f) (i) Allocation rates: Annual and single premium rates are as for Directors Plan (Series I), but the monthly premium allocation rates differ. For monthly premiums above (less than) £200 per month, the allocation rates are 100% (97%) of the annual premium rate.
- (iii) Management charge: There is an annual management charge of 0.875% on Accumulation units and 6.875% on Capital units is deducted periodically from the internal linked funds.
- (g) Restrictions on increases in charges:
 - (iii) Management Charge: The rate of management charge may be varied subject to a maximum of 2% p.a. (8% p.a.) for Accumulation (Capital) units.
- (h) The transfer value is equal to the bid value of the allocated Accumulation units plus (nominal value of the capital units) / $(1.08)^N$, where N is the term outstanding to the Normal Retirement Date to the nearest month.

Miscellaneous Products

For the products listed below, the information required under sub-paragraph (a) to (k) is not provided because:

- (a) no contracts were effected by the company during the report period; and
- (b) the products have been included under the miscellaneous headings within Form 53.

Flexibond
 Gartmore Investment Bond
 Wealth Preservation Trust
 Discounted Capital Trust
 Five Star
 Flexible Investment Plan
 Maximum Investment Plan
 Multiple Protection Plan
 School Plan

5. (4) Unit Valuation

Prices of units in internal linked funds are calculated periodically as described below.

- (i) The assets of the fund are valued at 8 a.m. on the valuation day using, where applicable, the latest available prices supplied by a recognised supplier. Income from the assets of the fund less any appropriate tax charge is credited to the fund. Allowance is made for accrued income less deductions for any tax charges, both actual and prospective and any other appropriate deductions permitted by policy conditions. Certain costs incurred are met by the fund e.g. custodian's fees, stamp duty and other dealing costs.

The assets of the fund are valued on a cancellation basis (i.e. the price at which assets would be sold) or a creation basis (i.e. the price at which the assets would be purchased) depending on the current and recent trend and magnitude of unit transactions in the fund.

- (ii) The value determined in (i) is adjusted by an allowance for dealing costs representing dealing costs incurred in purchasing an identical portfolio if valued on a creation basis or dealing costs incurred in realising the portfolio if valued on a cancellation basis.
- (iii) A fund management charge is deducted from the fund at the published rate applied to the value of the assets of the fund.
- (iv) The value of the fund thus determined divided by the number of units in issue represents the creation price (if assets are valued on a creation basis) or cancellation price (if assets are valued on a cancellation basis).
- (v) The offer price is calculated as the creation price or cancellation price, if the assets of the fund are valued on a creation basis and cancellation basis respectively, multiplied by 100/95 (1 for the Multiple Growth Fund) and rounded. The bid price is calculated as 95% (100% for the Multiple Growth Fund and D Series pension funds) of the offer price and rounded.

- (vi) Prices in Option Deposit and Money funds are guaranteed not to fall.

Units are allocated to policies at the offer price calculated at the first valuation subsequent to decision to allocate units. The fund is credited with an amount equal to the number of units allocated multiplied by the creation price or cancellation price (depending on whether the assets of the fund are being valued on a creation basis or cancellation basis respectively).

Units are de-allocated from policies at the bid price calculated at the first valuation subsequent to the decision to de-allocate units. The fund is debited with an amount equal to the number of units so allocated multiplied by the creation price or cancellation price (depending on whether the assets of the fund are being valued on a creation basis or cancellation basis respectively).

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 buy or sell the units or shares (depending on whether the assets of the fund are being valued on a creation basis or cancellation basis respectively). Account is taken of any special arrangements which exist to invest in unit trusts or other collective investment schemes at a reduced initial charge. The assets are invested at 8 a.m.. The Company deals at the price calculated at the next public valuation which is at 8 a.m..

Where policy benefits are linked to directly held assets , namely authorised unit trusts, units are allocated or de-allocated to policies at the published prices at the next valuation following the decision to allocate or de-allocate.

5. (5) Capital Gains Tax

The following is not applicable to internal linked funds to which benefits in respect of pension policies are linked.

(a) Tax on Realised Capital Gains

The provision for tax on realised capital gains on chargeable assets within internal funds is calculated at each valuation by applying a tax rate to the realised capital gain calculated on the excess of the proceeds on disposal of the asset less the book cost of the asset with appropriate allowance for indexation relief.

Any brought forward realised capital losses are applied to offset any realised capital gains within the same fund.

The tax rate applied to realised capital gains does not exceed that which would apply if the fund comprised the whole of the Company's life assurance fund with no allowance being made for expenses. Throughout the report period the rate of tax has been 24% - 25% for chargeable assets excluding gilts and bonds and, where a tax rate has applied, 20% for gilts and bonds.

The provision for tax on realised capital gains is periodically deducted from the fund.

For realised capital gains arising from Sections 212 to 214a of the Taxation of Chargeable Gains Act 1992, one seventh of the gain is provided for as above. The balance of the instalments are taxed at an appropriate rate (21% - 22% during the report period) and the provision is held within the fund . When the capital gains tax charge on a subsequent instalment falls due, the instalment is removed from this provision and treated as other realised tax charges described above.

Where policy benefits are linked to directly held assets, namely authorised unit trusts, a deduction is made from the policy benefits when units are de-allocated representing tax on the realised capital gains as permitted by policy conditions. Throughout the report period the rate of tax applied has been 24% - 25%.

(b) Tax on Unrealised Capital Gains

The provision for tax on unrealised capital gains on chargeable assets within internal funds is calculated at each valuation by applying a tax rate to the unrealised capital gain calculated on the excess of the proceeds on disposal of the asset less the book cost of the asset with appropriate allowance for indexation relief.

Any brought forward realised capital losses remaining after offsetting against the provision for realised capital gains are applied to offset any unrealised capital gains within the same fund

Throughout the report period the rates of tax applied have been:

Equities and other company securities	18% - 25%
Unit trusts etc.*	20% - 25%
Property	20% - 25%
Gilts and bonds	20%

* i.e. assets within the scope of the deemed disposal provisions.

5.(6) Investments in Collective Investment Funds

The internal linked funds purchase units in collective investment funds managed by Royal Life Fund Management at the creation price which represents the discount on Initial Charges as detailed below. In addition, the fund management company reimburses a proportion of the annual management charge as detailed below:

	Initial Charge Discount	Annual Management Charge Rebate
Unit trusts managed by Royal Life Fund Management Ltd.		
U.K. Emerging Companies	5.25%	0.50%
European	6.00%	1.00%
International Growth	5.25%	1.00%
Pacific Basin	5.00%	1.00%
United States	5.00%	0.50%
UK Index Tracking	5.25%	0.00%

All the benefits are passed on to the internal linked fund and therefore reflected in the unit price.

The internal linked funds purchase units in collective investment funds managed by certain companies with no connection with the Company where discounts are received on the Initial Charges. These are detailed below:

Unit Trust Management Company	Initial Charge Discount	Fund buys at:
Framlington	4.00%	-
Henderson	-	Creation price + 0.5%
Barings	4.5%	-
Gartmore	4.5%	-
Invesco	3.0%	-
Perpetual	4.5%	-
Schroder	3.0%	-

Personal Bond Funds, Broker Bond Funds, Exclusive Pension Portfolios and Self Managed Funds invest in other collective investment schemes than detailed above. Where discounts in the initial charge apply these are in the range 1% - 5%.

All the benefits are passed on to the internal linked fund and therefore reflected in the unit price.

The Company holds authorised unit trusts which are direct holdings of assets matching liabilities in respect of property linked benefits. These include the following where a discount is received on the Initial Charge. The benefit of the discount is retained by the Company.

	Initial Charge Discount
Unit trusts managed by Gartmore	
UK & Smaller Companies	4.50%
British	4.50%
Gold & International Resources	4.50%
Global	3.00%
Far Eastern	4.50%
High Income	4.50%
Income	4.50%

6. (1) The general principles and methods adopted in determining the liability for each class of contract are as follows:-

In respect of all unit linked contracts the liability is determined on the following basis:-

Unit liability - for all contracts, the unit liabilities were taken as the number of units deemed allocated in accordance with the funding plan multiplied by the unit price in the relevant fund or unit trusts at the valuation date. For this purpose unit prices in the internal linked funds have been calculated using the mid-market value at the valuation date of the assets of the relevant fund.

Non-unit liability - allowance is made within the cash flow projection (see Section 9) for mortality and expenses.

The total liability is the sum of the unit and non-unit liabilities.

The basis for products done using a discounted cash flow basis is set out in (b) below. For other products the following approach was taken.

Multiple Protection Plans	15% of the periodic premium
For Five Star High Investment Plans, Flexible Investment Plans, and Maximum Investment Plans	The proportion currently not being invested in units (allowing for a 5% bid/offer spread where applicable and excluding any charge for waiver of premium benefits) Subject to deductions set out in (iii) below.
Isle of Man Substitute Plans (Series I and II)	5% of annual premium
Schoolplan (vesting)	£21.25 per outstanding payment
Staff Pensions	1% of unit liability plus one month's premium.

To provide for future expenses on certain single premium, limited premium and fully paid contracts, the basic reserve was increased by the following percentage:-

Wealth Preservation Trust	10%
Flexibonds	5%
Isle of Man Substitute Plans (Series III)	5%
Schoolplan (deferred)	5%

For all paid-up unit linked policies a further reserve was held calculated on the basis set out in (b) below.

On Multi Protection Plans, an additional reserve was made for other benefits equal to, in respect of hospitalisation benefit, 2.5% of the full periodic premium and, in respect of other benefits, 7.5% of the full periodic premium.

An additional reserve was made for waiver of premiums benefits equal to the annual charge made for this benefit.

Deductions were made from the reserves under the following contracts:-

The deduction was the smaller of the linked liability and two thirds of the surrender adjustment for Maximum Investment Plans and Flexible Investment Plans, and Five Star High Investment Plans.

The nature, including currency, and the term of the assets were considered appropriate in relation to the liabilities covered and were taken into consideration in the determination of the amount of the long term liabilities. The linked assets are matched closely with the linked liabilities as regards the number of units of each type allocated to policies.

Consideration has been given to the availability of guaranteed insurability options in respect of the contracts in force. The major class with such options is the Fair Share Whole Life range of products. Further contracts may be effected without further evidence of health at specified anniversaries, on the birth of a child, on marriage or on moving house. The incidence of the exercise of these options for the in force business has been investigated and is extremely low. Therefore no further additional provision has been made on this account .

Where appropriate, the mathematical reserves reflect reserves for guarantees or expense overrun not otherwise provided for.

The mathematical reserves include a data contingency reserve of £0.475m and a general contingency reserve of £1.423m.

(a) There were no derivative instruments in the non-linked fund and no additional allowance was required.

(b) Due regard has been given to the reasonable expectations of policyholders in the determination of unit liabilities and the non-unit reserves with reference to the terms and conditions contained in the policy and the statements made in both marketing and contract literature.

(c) The net premium method has not been used for the valuation of linked business since this method cannot be applied to linked contracts. For Hospital Cash Plans, Patients Cash Reserve Plans and Seniorcare Plans, where there are no published tables, the reserve has been calculated as a percentage of the annual premium.

(d) Negative reserves have been eliminated to ensure that no contract has been treated as an asset.

(e) A specific reserve has not been made for future bonuses.

(f) For assets of internal linked funds, provision for tax on unrealised capital gains has been implicitly included in the unit liability, the latter being equal to the value of the corresponding linked funds which has been adjusted to allow for future tax on capital gains.

(g) (i) The only investment performance guarantee occurs on Fairshare Endowment Plans (Series 1). The maturity guarantee reserve for these policies was tested using a model office portfolio closely resembling the actual in force portfolio of the Fair Share Endowment Plans (Series I) at 31st December 1996. A projection of maturity guarantee outgo for the portfolio was carried out using the model recommended by the Maturity Guarantees Working Party of the Institute and Faculty of Actuaries to simulate unit price performance. *

The parameters used were as follows:-

Number of simulations	10,000
Simulation used for result	10th highest
Rate used to discount maturity group	5.15% per annum
Mean of dividend growth (μ (d))	4%
Standard deviation of growth (σ (epsilon))	0.13
Long term dividend yield trend ($\exp \mu$ (y))	5% per annum
Dividend yield stabilisation factor (α)	0.6
Standard deviation of dividend yield (σ (eta))	0.2
Initial gross dividend yield (YpO)	4.10% per annum
(l - Long term tax rate) (k)	0.80

* (Journal of the Institute of Actuaries, Volume 107, pp 106f)

The projection produced a lower reserving requirement than that made.

(ii) In respect of those Multiple Growth Bonds which have a special minimum value on surrender of 100% of premiums paid to date (payable in certain extreme circumstances) it was not considered necessary to incorporate an additional reserve.

(iii) The prices of units in the Option and Pension Deposit funds are guaranteed not to fall. It was not considered necessary to establish an additional reserve in respect of these guarantees.

(iv) For non-linked single premium contracts to which guaranteed surrender values currently apply, the reserve was, if necessary increased so that it is not less than the current guaranteed surrender value.

(h) The liabilities for all annuities have been increased by 15% for General Annuities and 8% for Pension Annuities. These provisions also allow for future improvements in mortality and have been included where applicable in column (9) of Form 51. There are no other guarantees other than the guarantee of a minimum sum assured on death for which the basis of the provision made is described in 8 below.

7. (1) The rates of interest and tables of mortality assumed in the valuation of non-linked contracts are shown on Form 51.

The rates of interest and tables of mortality assumed in the valuation of linked business are:-

Rate of Interest - 5.15% p.a. (net of tax) for life business and 6.44% p.a. for pensions business.

Mortality Table - A1967/70 Ultimate, plus an additional allowance for AIDS related claims on the basis described in paragraph 7.(5).

(2) The mortality tables used have been published.

(3) Almost the whole of the business in force has been written in the UK and it is not considered necessary to make any alternative assumptions in respect of the small amount of overseas business in force.

(4) The percentage increases to the reserves for annuity contracts include an allowance equivalent to a deduction of 1 year from age on the a(90) table for general annuity business and 1.5 years from age on the PA(90) table for pension business to allow for future improvements in mortality.

(5) A specific allowance of £0.420m (£0.039m after reinsurance) has been made for the additional risk arising in the future from AIDS related claims.

The calculation of this reserve reflects the methodology referred to in Bulletin number 4 of the Institute of Actuaries Working Party. Accordingly an additional mortality assumption of 33% of R6A has been assumed.

Consideration has been given to the availability of guaranteed insurability options under the contracts in force. Further contracts may be effected without further evidence of health under specified circumstances. It was not considered necessary to establish an additional reserve in respect of these options.

(6) In considering the need for a provision, the following assumptions were considered:-

i) The effects of a three percentage point rise in fixed interest yields coupled with a 25% fall in the market values of ordinary shares which are being used to match the actuarial liabilities, or

ii) The effects of a 20% fall in fixed interest yields coupled with a 25% fall in the market values of ordinary shares which are being used to match the actuarial liabilities.

(7) It was not considered necessary to establish a reserve pursuant to regulation 75(a) of the Insurance Company Regulations 1994.

(8) Scenario (i) described in sub-paragraph (6) above produces the more onerous requirement. No reserve has been made pursuant to regulation 75(b) of the Insurance Company Regulations 1994.

(a) The valuation assumptions described in paragraph 9. incorporate an assumed immediate fall in unit value 25% and no other changes in the valuation basis were considered necessary.

(b) The mismatching reserve was calculated by performing a separate valuation of the matching non-linked assets and liabilities on the assumption that equities and properties fell by 25% and fixed interest yields increased by 3%.

(c) This resulted in the value of matching assets falling by £5.281m and the value of liabilities falling by £5.494m.

(9) No adjustment to rate of interest assumed in the valuation was considered necessary in view of the nature and extent of liabilities denominated in currencies other than sterling.

8. (a) Where applicable, the proportion of the office premium reserved for future expenses is shown in Form 51.

(b) To provide for future expenses on certain single premium, limited premium and fully paid contracts, the reserve was increased by the following percentage :-

Guaranteed Growth Bonds and guaranteed benefits under non-linked deferred annuity contracts - 1%

Other non-linked contracts (i.e. immediate annuities, School Fees annuities, group annuities and Isle of man substitute Plan Series IV) - 2%

(c) A prospective net premium method of valuation has not been used for the following types of assurances where the total liabilities for that type are relatively small. The reserves for these minor classes were taken as multiples of the single, annual or equivalent annual premium. The multiples were as follows:-

Group Life Assurance	1.0
Temporary assurances by single premium	1.0
Other risk premium reassurances accepted	1.0
Other reassurances accepted by annual premium	2.0
Hospital Cash Plans	0.3
Seniorcare Plans	0.4
Extra Premiums	1.0
Living Assurance Plans	$0.25 + 0.25t$
Patients Cash Reserve Plan	$0.5 + 0.4t$

where t is the curtate duration of the contract, in years.

In the case of Living Assurance Plans, the reserves in respect of the Sum Assured on death and benefit payable on diagnosis of certain diseases were each taken as one half of the above reserves.

For policies providing hospitalisation benefits there are no suitable published tables available and the reserves on the above basis were felt to be adequate. For other policies approximate reserve values have been calculated on a true unillmerised net premium basis using a rate of interest of 4.5% and A67/70 mortality, and using the whole of the data grouped in a suitable manner. As a result, it is considered that the mathematical reserves actually held for each category are not less than those that would be determined on a basis in accordance with Regulations 64 to 75 of the Insurance Companies Regulations 1994.

(d) Not applicable.

9. The general principles adopted in the valuation have been described in Section 6.

A non-unit liability is set up sufficient to cover any shortfall of charges for mortality and expenses. This was calculated separately for each policy. For policies other than those listed in Section 6(a) a projection produces the expected net non-unit cash flow in each future year by comparing income of any balance of premium over the amount invested in units plus management charges with expenditure of expenses, commission and mortality cost.

Any excess of outgo over income is discounted to the valuation date and a reserve established so that the net outgo can be met each year in the future without recourse to future finance.

(a) The following assumptions were used :

Unit Values - Any fall in unit values will reduce the management charge deducted from the funds and hence increase the reserve required. We have assumed an immediate fall of 25% in unit values.

Unit Growth - 7.2% gross, 5.5% net per annum is assumed (before deduction of management charges and allowing for reinvested income).

No account has been taken of any increases in management charges allowed under the terms of policies.

The various parameters used are:-

Renewal Expense - A per policy renewal expense plus an allowance for investment expenses where applicable.

Tax Relief on renewal and investment expenses 20%

Inflation - per policy renewal expenses are assumed to inflate at 5.20% per annum.

The gross renewal expense (excluding renewal commission) and fund charges assumed were as follows:-

Single Premium Bonds with fixed maximum charges	£14.30 renewal expense and 1%/0.50% fund charge.
Linked Bonds	£1.59 renewal expense and 1% fund charge
Other Single Premium Bonds	£7.15 renewal expense and 1%/0.50% fund charge
Personal Bond Funds	Renewal expense of £151.38 plus 0.6914% of the original single premium where original single premium exceeds £25,000 and of £37.71 plus 1.1379% of the original single premium otherwise and fund charge of 1.25% where there is a surrender reduction and of 1% otherwise.

Paid-up unit linked life policies	£11.92 renewal expense and 1% fund charge
Directors Plans and Asset Management Contracts	£20.26 renewal expense and 0.5% fund charge for Series I and 0.875% fund charge for Series II.
Personal Retirement Plans	£14.30 renewal expense and 0.5% fund charge for Series I and II and 0.875% fund charge for Series III.
Fair Share Whole Life Plans (with and without profits, single life, joint life First death and Joint Life last survivor).	£25.03 renewal expense and 1% fund charge.
Fair Share Endowment Plans	£25.03 renewal expense and 1% fund charge.
Lifestyle :-	
- regular premium	£20.26 renewal expense and 0.75% fund charge for Series B and zero fund charge for Series L
- Paid-Up policies	£9.54 renewal expense and 0.75% fund charge for Series B and zero fund charge for Series L
Personal Savings Plans	£20.26 renewal expense and 1% fund charge.
Multiple Investment Programm	£3.58 renewal expense and 1% fund charge.
Capital Accumulator Plans	£20.26 renewal expense and 1% fund charge.
Executive Capital Builder (Series III and IV)	
- regular premium	£119.20 renewal expense and 1.5% fund charge
- single premium	£20.26 renewal expense and 0.40% fund charge
- Paid - Up Policies	£20.26 renewal expense and 1.5% fund charge
Executive Capital Builder (Series I)	
- regular premium	£119.20 renewal expense and 0.25% fund charge
- single premium	£20.26 renewal expense and 0.40% fund charge
- Paid - Up Policies	£20.26 renewal expense and 0.25% fund charge
Trustee Capital Builder	£20.26 renewal expense and 0.25% fund charge
Optional Pension Builder	£11.92 renewal expense and 0.875% fund charge
Personal Capital Builder (Series I)	
- regular premium	£52.45 renewal expense and 0.25% fund charge
- single premium	£14.30 renewal expense and 0.40% fund charge
- Paid - Up Policies	£14.30 renewal expense and 0.25% fund charge

Personal Capital Builder
(Series III)

- regular premium	£52.45 renewal expense and 1.5% fund charge
- single premium	£14.30 renewal expense and 0.40% fund charge
- Paid - Up Policies	£14.30 renewal expense and 1.5% fund charge

Personal Pension Builder

- regular premium	£52.45 renewal expense and 1.5% fund charge
- single premium	£14.30 renewal expense and 0.40% fund charge
- Paid - Up Policies	£14.30 renewal expense and 1.5% fund charge

Additional Capital Builder
(all Series)

- regular premium	£52.45 renewal expense plus 1.5% fund charge
- single premium	£14.30 renewal expense plus 0.40% fund charge
- Paid - Up Policies	£14.30 renewal expense plus 1.5% fund charge

The reserve in respect of Directors Plans and Personal Retirement Plans was increased by 20% over the figures calculated using the above basis.

In some cases the above method was applied approximately.

(b) Not applicable since explicit provision has been made for meeting future expenses.

10. (1) The per policy renewal expenses included in paragraph 9 are assumed to inflate at 5.2% per annum. Allowance for this has included in the cash flow projections.

(2) The aggregate amount arising during the twelve months after the valuation date from implicit and explicit reserves made in the valuation to meet expenses in fulfilling contracts in force at the valuation date was £8.470m. This amount was determined in relation to the numbers and type of contracts in force and the future expenses assumed in the valuation which are set out in paragraph 9.

(3) A prudent estimate of the expected new business strain arising in the 12 months following the valuation date was made. This is based on the planned levels of new business (in accordance with the terms of the products to be sold) and expenses, with a margin for prudence. This amount was then compared with a prudent estimate of the surplus expected to emerge on existing business over the 12 months following the valuation date. It was demonstrated that the emerging surplus was expected to exceed the new business strain and as a result it was considered that a reserve was not required.

(4) A prudent estimate of the cost of immediate closure to new business was made as at the valuation date, taking into account redundancy costs etc. and based on recent levels of new business expenses and of maintenance expenses, netted down for tax relief.

Similarly, a prudent estimate was made of the cost of closure to new business 12 months after the valuation date, allowing for expected new business strain arising in the 12 months following the valuation date to be offset by the surplus expected to emerge on existing business over the period.

The closed fund reserve was then taken as the greater of these two amounts. No reserve was necessary as at the valuation date.

11. Less than 2% of non-linked liabilities are expressed to be payable in currencies other than sterling. The non-linked liabilities expressed to be payable in currencies other than sterling are not matched to any extent by assets in the same currency.

12. REINSURANCE

- (1) No reinsurance has been ceded on a facultative basis to reinsurers who are not permitted to carry on business in the United Kingdom.

12 (2)

	<u>(a)</u>	<u>(b)</u>	<u>(d)</u>	<u>(e)</u>	<u>(h)</u>
Mercantile and General	Yes	The surplus over the Company's retention (after the treaty with Legal and General) of all non-group life assurance business written to date Company (three separate treaties with same reinsurer).		106	No
Fortuna	No	A quota share of 50% of Seniorplan (Hong Kong)		Note 1	Yes
Fortuna	No	A 25% quota share of certain Fair Share Endowment and Investment Plans written after 1.4.82.		Note 1	No
Fortuna	No	A 50% quota share of certain Hospital Cash Plan business written prior to 1.8.84		Note 1	No
Fortuna	No	A 50% quota share of all Seniorcare business		Note 1	No
Legal and General	Yes	A 50% quota share of Fair Share Whole Life business written between 1.9.74 and 30.9.80		351	Yes
t' Hooze Huys	No	A 50% quota share of all Seniorplan business written before 1.8.79		Note 2	Yes
t' Hooze Huys	No	A quota share of between 33 1/3% and 50% of Seniorplan business written from 1.8.79		Note 2	No
Royal Life	Yes	100% of Fair Share Whole Life business (after treaties with Mercantile and General and Legal and General)		1298	No
Royal Life	Yes	100% of individual and Group immediate annuities in the pension business fund written before 1.1.94		0	Yes

- (c) The Company and the reinsurer are connected in respect of the treaties with Royal Life only.

- (e) The premiums payable are expressed in £000's.
Note 1: Total premiums paid to Fortuna across the 4 arrangements totalled £22,000.
Note 2: Total premiums paid to t'Hooze Huy across the 2 arrangements totalled £1,555,000.

- (f) The quota share reinsurance arrangements for U.K. business with Fortuna and t' Hooze Huys involve the retention of reserves with Royal Heritage in respect of the reassured share.

In the case of linked contracts the amount retained is equal to the reinsurer's share of the unit liability under the reassured policies.

In the case of non-linked contracts the amount retained is equal to the reinsurer's share of the gross amount of the mathematical reserves.

In the case of the treaties with t' Hooze Huys, Royal Heritage retain further sums of £63,145 and £106,752 in respect of pre and post 1/8/79 business respectively as an additional margin. Further, t' Hooze Huys are entitled to any gains on the realisation of assets earmarked for the purpose of the operation of the treaties. The gross amount of mathematical reserves in respect of Seniorplan policies have been increased by £1,357,000 in respect of unrealised gains on such assets.

- (g) No provision has been made.

Subject to the details set out in (f) above all the above cessions are on an original terms basis, except for the treaty with Mercantile and General and the treaty with Royal Life in respect of Fair Share Whole Life business which are partly on an original term basis, and partly on a risk premium basis.

13. Not applicable.

14. (1) The distribution of profits among policyholders has been determined by the Directors in accordance with recent practice.

(2) The Company aims to distribute profits amongst policyholders by taking a proportion of the distributed surplus and allocating this to the holders of unit linked policies by means of an increase in their policy value less any outstanding loans.

Note that:-

(a) the increase in units forms part of the policyholder's entitlement when the policy is terminated in any way;

(b) holders of all participating policies receive the same proportionate increase in their policy value less any outstanding loans.

(c) there is no specific aim to smooth the distribution of profits.

(3) The method used is to determine a proportion of the distributed surplus and allocate this to holders of with profit policies by means of an equal proportionate increase in their policy value less any outstanding loans.

(4) The bonus policy adopted applied to all the with profits policyholders.

(5) Not applicable.

15. With-Profit policies in force at 31.12.96 linked to the Multiple Growth Fund have been allocated bonuses in the form of additions to the policy value at the rate of 0.98% based on the policy value less any outstanding loans.
16. No interim bonus payment will be made on claims arising in the period before the next investigation.
17. See Forms 46
18. See Form 47.
19. See Form 48 and 49.
20. See Form 53.
21. (1) See Form 57.

(2) The yield on assets other than equity shares, land and approved securities was reduced by 2.5% and 1% of that yield for unapproved securities and other assets respectively.

(3) Neither equities nor land are notionally hypothecated against non-linked liabilities which have been discounted in the valuation.
22. See Form 58.
23. See Form 60.

There is no Supplementary Accident and Sickness Insurance business hence Form 61 has not been prepared.

C D O'Brien
Appointed Actuary
Fellow of the Institute of Actuaries

June 1997

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

Name of company **Royal Heritage Life Assurance Limited**

Global business

United Kingdom business

Linked

Financial year ended **31st December 1996**Company
registration
number

GL/UK/CM

Period ended
day month year

Units

UK/OS

NL/LN

R46**1016269****GL****31****12****1996****£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	224536	14018	16928	6887	158	3		
New business and increases	12	8592	48		171				
Net transfers and other alterations 'on'	13								
Total 'on' (12+13)	19	8592	48		171				
Deaths	21	1152	41	33	10				
Other insured events	22								
Maturities	23	1267	155	164	77	131	3		
Surrenders	24	23744	1282	353	176	24			
Forfeitures	25	40	1	40	6				
Conversions to paid-up policies for reduced benefits	26		76		487				
Net transfers, expiries and other alterations 'off'	27	806	57	112	50				
Total 'off' (21 to 27)	29	27009	1612	702	806	155	3		
In force at end of year (11+19-29)	39	206119	12454	16226	6252	3			

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

Name of company **Royal Heritage Life Assurance Limited**

Global business

United Kingdom business

Non-linked

Financial year ended **31st December 1996**

		Company registration number		GL/UK/CM		Period ended			Units		UK/OS		NL/LN				
						day month year											
		R46		1016269		GL		31 12 1996		£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	62654	4243	852	76	181	18										
New business and increases	12			82													
Net transfers and other alterations 'on'	13			45		1											
Total 'on' (12+13)	19			127		1											
Deaths	21	4031	295	34													
Other insured events	22																
Maturities	23	122	16	2		2											
Surrenders	24	928	68	1													
Forfeitures	25	68	4	20	7	19	2										
Conversions to paid-up policies for reduced benefits	26		24														
Net transfers, expiries and other alterations 'off'	27	506	32		2												
Total 'off' (21 to 27)	29	5655	439	57	9	21	2										
In force at end of year (11+19-29)	39	56999	3804	922	67	161	16										

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

Name of company **Royal Heritage Life Assurance Limited**

Global business

Overseas business

Non-linked

Financial year ended **31st December 1996**Company
registration
number

GL/UK/CM

Period ended

day month year

Units

UK/OS

NL/LN

R46	1016269	GL	31	12	1996	£000	OS	NL
------------	----------------	-----------	-----------	-----------	-------------	-------------	-----------	-----------

		Life assurance and general annuity		Pensions business		Permanent health		Other business	
		No of contracts	Annual premiums	No of contracts	Annual premiums	No of contracts	Annual premiums	No of contracts	Annual premiums
		1	2	3	4	5	6	7	8
In force at beginning of year	11	1	18						
New business and increases	12								
Net transfers and other alterations 'on'	13								
Total 'on' (12+13)	19								
Deaths	21								
Other insured events	22								
Maturities	23								
Surrenders	24								
Forfeitures	25								
Conversions to paid-up policies for reduced benefits	26								
Net transfers, expiries and other alterations 'off'	27		3						
Total 'off' (21 to 27)	29		3						
In force at end of year (11+19-29)	39	1	15						

Long term business : Analysis of new ordinary long term business

Royal Heritage Life Assurance Limited

Global business

Linked

Financial year ended
31st December 1996

Company registration number	GL/UK/CM	Period ended			Units	NL/LN	
		day	month	year			
R47	1016269	GL	31	12	1996	£000	LN

[illegible]

Long term business : Analysis of new ordinary long term business

Royal Heritage Life Assurance Limited

31st December 1996

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Long term business : Analysis of new ordinary long term business

Royal Heritage Life Assurance Limited

Global business

Linked

Financial year ended 31st December 1996

R47	Company registration number	GL/JUK/CM	Period ended			Units	NL/LN
			day	month	year		
	1016269	GL	31	12	1996	£000	LN

[illegible]

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

Name of company **Royal Heritage Life Assurance Limited**

Global business

Financial year ended **31st December 1996**

Category of assets **Total long term business assets**

Company
registration
number

GL/UK/CM

Period ended
day month year

Units

Category
of assets

R48	1016269	GL	31	12	1996	£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	350		
Fixed interest securities	Approved securities	12	39239	3299	7.59
	Other	13	994	84	8.46
Variable yield securities (excluding items shown at line 16)	Approved securities	14			
	Other	15			
Equity shares and holdings in collective investment schemes		16			
Loans secured by mortgages		17	28	3	10.71
All other assets	Producing income	18	19774	1147	5.80
	Not producing income	19	1490		
Total (11 to 19)		29	61875	4533	6.81

Returns under Insurance Companies Legislation

Long term business : Analysis of admissible fixed interest and variable yield securities not held to match liabilities in respect of linked benefitsName of company **Royal Heritage Life Assurance Limited**

Global business

Financial year ended **31st December 1996**Category of assets **Total long term business assets**

Company registration number **1016269** GL/JUK/CM Period ended Units

day month year day month year day month year day month year

Redemption period in years	R49	1016269	GL	31	12	1996	Gross redemption yield %	Value of admissible assets as shown on Form 13	Value of admissible higher yielding assets	Gross redemption yield %	Value of admissible assets as shown on Form 13	Value of admissible higher yielding assets
One year or less	11											
More than one year but not more than five years	12						7.26	3817				
More than five years but not more than ten years	13						7.40	16176				
More than ten years but not more than fifteen years	14						7.79	4786				
More than fifteen years but not more than twenty years	15						7.80	677				
More than twenty years but not more than twenty five years	16						7.83	13783				
More than twenty five years	17											
Irredeemable	18											
Total (11 to 18)	19						7.59	39239				
One year or less	21											
More than one year but not more than five years	22											
More than five years but not more than ten years	23											
More than ten years but not more than fifteen years	24											
More than fifteen years but not more than twenty years	25						8.87	161				
More than twenty years but not more than twenty five years	26						8.30	559				
More than twenty five years	27						8.55	274				
Irredeemable	28											
Total (21 to 28)	29						8.46	994				

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

Name of company **Royal Heritage Life Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 1996**Type of business **Life Assurance & General Annuity Business**Category of surplus **11: Ordinary Long Term Business**Company
registration
number

GL/UK/CM

Period ended
day month year

Units

Type of
businessCategory
of surplus

11: Ordinary Long Term Business												
Category of surplus	R51											
Type of insurance or name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves	
	Rate of interest	Mortality or morbidity table			Office premiums	Net premiums			Office premiums	Net premiums		
1	2	3	4	5	6	7	8	9	10	11	12	
Whole life assurance:-												
Seniorplan Series I	4.50	A6770 ult	27584	20785	2001	1203	0.399	14417	12508	7394	7023	
Seniorplan Series II	4.50	A6770 ult	26479	22302	1685	1029	0.390	16323	9585	5781	10542	
Miscellaneous assurance:-												
Guaranteed Growth Bonds	5.15		8	60				54			54	
Level Temporary Assurance Series I	3.50	A6770 ult	101	1726	5	4	0.235	54	36	27	27	
Level Temporary Assurance Series II	3.50	A6770 ult	147	2565	9	5	0.465	48	48	25	23	
Convertible Temporary Assurance Series I	3.50	A6770 ult	154	2397	7	4	0.390	52	46	29	23	
Convertible Temporary Assurance Series II	3.50	A6770 ult	2068	30851	83	35	0.575	206	228	99	107	
Family Income Benefit	3.50	A6770 ult	336	2637	11	7	0.383	32	35	22	10	
Living Assurance Plans			28	129	1			3			3	
Seniorsaver Endowment	4.50	A6770 ult	3	1				1			1	
Whole Life	3.50	A6770 ult	9	44			0.168	20	8	6	14	
Isle of Man Substitute Plans Series IV	5.15		26	160				163			163	

Returns under Insurance Companies Legislation

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

Name of company **Royal Heritage Life Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 1996**Type of business **Life Assurance & General Annuity Business**Category of surplus **11: Ordinary Long Term Business**

Life Assurance & General Annuity Business														
Type of business	Company registration number			GL/UK/CM			Period ended			Units	UK/OS	Type of business	Category of surplus	
Category of surplus	R51	1016269	GL	31	12	1996	£000	UK	L&GA	11				
Type of insurance or name of contract	Valuation basis	No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves				
				Rate of interest	Mortality or morbidity table			Office premiums	Net premiums		Office premiums	Net premiums		
1	2	3	4	5	6	7	8	9	10	11	12			
Group Life			1	495	4			4			4			
Extra Premiums					1			1			1			
Annuities in Payment :-			3	9				6			6			
Vested School Fees Annuities	6.44							366			366			
Immediate Annuities	6.44	a(90) ult	42	53 pa										
Additional Reserves :-														
Seniorplan Unrealised Gains Reserve								1357			1357			
Seniorplan Reassurance Reserve								7020			7020			
Reserve for Claims Incurred but not Reported								68			68			
Special Reserve for Deaths from AIDS Related Diseases								14			14			
Data Contingency Reserve								17			17			
Sub total: Non Profit contracts			56989	84161 53 pa	3807	2287		40226	22494	13383	26843			
Sub total: Direct Written Business			56989	84161 53 pa	3807	2287		40226	22494	13383	26843			

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

Name of company **Royal Heritage Life Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 1996**Type of business **Life Assurance & General Annuity Business**Category of surplus **11: Ordinary Long Term Business**Company
registration
numberGL/UK/CM
Period ended
day month year

Units

Type of
businessCategory
of surplus

Category of surplus													11: Ordinary Long Term Business												
Type of insurance or name of contract			Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves												
Rate of interest	Mortality or morbidity table	Office premiums	Net premiums	Office premiums			Net premiums																		
1	2	3	4	5	6	7	8	9	10	11	12	13													
Miscellaneous assurance:-																									
Miscellaneous Reassurance Accepted			1	100																					
Annuity in payment:-																									
Immediate Annuities	6.44	a(90) ult	9	7 pa																					
Sub total: Non Profit contracts			10	100 7 pa																					
Sub total: Reassurance Accepted			10	100 7 pa																					
Whole life assurance :-																									
Seniorplan Series I	4.50	A6770 ult		7403	692	415	0.401	5062	4430	2608		2454													
Seniorplan Series II	4.50	A6770 ult		9451	683	421	0.383	6808	3946	2405		4403													
Miscellaneous assurance :-																									
Level Temporary Assurance Series I	3.50	A6770 ult		110	1		0.202	3	1	1		2													
Convertible Temporary Assurance Series I	3.50	A6770 ult		167			0.353	2	1	1		1													
Convertible Temporary Assurance Series II	3.50	A6770 ult		2153	5	2	0.516	8	7	3		5													
Family Income Benefit	3.50	A6770 ult		558	2	2	0.279	7	7	5		2													

Returns under Insurance Companies Legislation

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

Name of company **Royal Heritage Life Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 1996**Type of business **Life Assurance & General Annuity Business**Category of surplus **11: Ordinary Long Term Business**Company
registration
numberPeriod ended
day month year

GL/UK/CM

Units

Type of
businessCategory
of surplus

Category of surplus			11: Ordinary Long Term Business									
Type of insurance or name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves	
	Rate of interest	Mortality or morbidity table			Office premiums	Net premiums			Office premiums	Net premiums		
1	2	3	4	5	6	7	8	9	10	11	12	
Whole Life	3.50	A6770 ult		11			0.122	5	2	2	3	
Extra Premiums												
Sub total: Non Profit contracts				19853	1383	840		11895	8394	5025	6870	
Sub total: Reassurance Ceded				19853	1383	840		11895	8394	5025	6870	
Net total: Life Assurance & General Annuity Business			56999	64408 60 pa	2424	1447		28369	14100	8358	20011	

Long term business : Valuation summary of non-linked contracts (other than accumulating with-profit policies)Name of company **Royal Heritage Life Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 1996**Type of business **Pension Business**Category of surplus **11: Ordinary Long Term Business**

Type of business	Pension Business		Company registration number										Type of business		Category of surplus
Category of surplus	11: Ordinary Long Term Business												UK/OS	Pens	Category of surplus
	Company registration number	GL/UK/CM		Period ended			Units	Value of annual premiums		Net premiums	Amount of mathematical reserves				
	R51	1016269	GL	31	12	1996	£000	UK							
Type of insurance or name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including reversionary bonuses	Value of annual premiums		Type of business		Category of surplus		
	Rate of interest	Mortality or morbidity table			Office premiums	Net premiums			Office premiums	Net premiums	Type of business		Category of surplus		
1	2	3	4	5	6	7	8	9	10	11	Type of business		Category of surplus		
Deferred annuity:-											Type of business		Category of surplus		
Guaranteed Basis	6.44	A67/70 Ult	13	429 pa				290			Type of business		Category of surplus		
Deferred Annuities	6.44	A67/70 Ult	2	119 pa				65			Type of business		Category of surplus		
Annuity in payment:-											Type of business		Category of surplus		
Immediate Annuities	6.44	a(90) ult	639	720 pa				8026			Type of business		Category of surplus		
Group Annuities	6.44	a(90) ult	1	45 pa				345			Type of business		Category of surplus		
Miscellaneous assurances :-											Type of business		Category of surplus		
Asset Management Contract	6.44	A67/70 Ult	2	115			0.202	6	4	3	Type of business		Category of surplus		
Extra Premiums											Type of business		Category of surplus		
Directors Plan Series I	6.44	A67/70 Ult	34	1629	8	6	0.239	90	42	32	Type of business		Category of surplus		
Directors Plan Series II	6.44	A67/70 Ult	54	2823	19	15	0.240	221	131	99	Type of business		Category of surplus		
Personal Retirement Plan Series III	6.44	A67/70 Ult	178	7495	39	29	0.248	550	319	239	Type of business		Category of surplus		
Additional Reserves :-											Type of business		Category of surplus		
Special Reserve for Deaths from AIDS Related Diseases								12			Type of business		Category of surplus		

Returns under Insurance Companies Legislation

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

Name of company **Royal Heritage Life Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 1996**Type of business **Pension Business**Category of surplus **11: Ordinary Long Term Business**

Financial year ended 31st December 1996		Type of business		Pension Business		Company registration number		GL/UK/CM		Period ended			Units		UK/OS		Type of business		Category of surplus	
Category of surplus		11: Ordinary Long Term Business																		
Type of insurance or name of contract		Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves								
		Rate of interest	Mortality or morbidity table			Office premiums	Net premiums			Office premiums	Net premiums									
1	2	3	4	5	6	7	8	9	10	11	12									
Data Contingency Reserve												3								
Sub total: Non Profit contracts			923	12062 1313 pa	66	50		9608	496	373		9235								
Sub total: Direct Written Business			923	12062 1313 pa	66	50		9608	496	373		9235								
Annuity in payment :-																				
Immediate Annuities	6.44	a(90) Ult		393 pa				3579				3579								
Group Annuities	6.44	a(90) Ult		45 pa				345				345								
Miscellaneous assurance :-																				
Convertible Temporary Assurance	6.44	A6770 Ult		1116	7	6		87	46	36		51								
Sub total: Non Profit contracts				1116 438 pa	7	6		4011	46	36		3975								
Sub total: Reassurance Ceded				1116 438 pa	7	6		4011	46	36		3975								
Net total: Pension Business			923	10946 875 pa	59	44		5597	450	337		5260								

Long term business : Valuation summary of non-linked contracts (other than accumulating with-profit policies)Name of company **Royal Heritage Life Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 1996**Type of business **Permanent Health Insurance**Category of surplus **11: Ordinary Long Term Business**

Type of insurance or name of contract		Valuation basis		No of contracts	R51	Company registration number	GL/UK/CM		Period ended		Units	UK/OS	Type of business		Category of surplus
							GL	CM	day	month	year				
1		Rate of interest	Mortality or morbidity table			1016269	GL		31	12	1996	£000	UK	PHI	11
							Amount of annual premiums		Proportion of office premiums reserved for expenses and profits			Value of annual premiums		Amount of mathematical reserves	
							Office premiums	Net premiums				Office premiums	Net premiums		
Permanent health assurance (miscellaneous):- Living Assurance Plans															
Hospital Cash Plans				142		129	1							3	
Seniorcare Plans				19		3	12							4	
Sub total: Non Profit contracts				161		132	16			8				1	
Sub total: Direct Written Business				161		132	16							8	
Permanent health assurance (miscellaneous):- Hospital Cash Plans						1	5								
Seniorcare Plans						1	5								
Sub total: Non Profit contracts						1	5								
Sub total: Reassurance Ceded						1	5								
Net total: Permanent Health Insurance				161		131	11							8	
Net total: United Kingdom business				58083		75485 935 pa	2494		1491			14550	8695	25279	

Returns under Insurance Companies Legislation

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

Name of company **Royal Heritage Life Assurance Limited**

Global business

Overseas business

Financial year ended **31st December 1996**Type of business **Life Assurance & General Annuity Business**Category of surplus **11: Ordinary Long Term Business**

Company registration number	R51	1016269	GL	31	12	1996	Units	UK/OS	Type of business	Category of surplus

Type of insurance or name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table			Office premiums	Net premiums			Office premiums	Net premiums	
1	2	3	4	5	6	7	8	9	10	11	12
Miscellaneous assurance:-											
Miscellaneous Reassurance Accepted			1	180	15			15			15
Sub total: Non Profit contracts			1	180	15			15			15
Sub total: Reassurance Accepted											
Miscellaneous assurance :-				90	8			8			8
Miscellaneous Reassurance Accepted				90	8			8			8
Sub total: Non Profit contracts											
Sub total: Reassurance Ceded				90	8			8			8
Net total: Life Assurance & General Annuity Business			1	90	7			7			7
Net total: Overseas business			1	90	7			7			7

Long term business : Valuation summary of property linked contracts

Name of company Royal Heritage Life Assurance Limited

Global business

United Kingdom business

Financial year ended 31st December 1996

Type of business Life Assurance & General Annuity Business

11: Ordinary Long Term Business																					
Category of surplus		R53		1016269		GL		31		12		1996		£000		UK		L&GA		11	
Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Category of unit link		Unit liability		Other liabilities		Amount of mathematical reserves						
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death	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							
Whole life assurance :- Multiple Growth Bonds Multiple Growth Plans - Extendible Term Fair Share Whole Life Plans :- Single Life Last Survivor	5.15	A67/70 ult	573		4232				ILF	4232	4232	8		4240							
			73		620		7		ILF	620	620			620							
	5.15	A67/70 ult	4820	66798	66798		378		ILF	12156	12156	709		12865							
	5.15	A67/70 ult	157	7778	7791		60		ILF	1885	1885	129		2015							
Endowment insurance :- Multiple Growth Plans :- Selected Term Series I Selected Term Series II				573	1122		17		ILF	1122	1122	1		1123							
			99		643				ILF	643	643	20		663							
Fair Share Endowment Plans :- Series I	5.15	A67/70 ult	1039	5798	6229	5279	101		ILF	4395	4395	3		4398							
Series II	5.15	A67/70 ult	669	4360	4473		75		ILF	2803	2803	1		2805							
Additional reserves:-																					

Long term business : Valuation summary of property linked contracts

Name of company Royal Heritage Life Assurance Limited

Global business

United Kingdom business

Financial year ended 31st December 1996

Type of business Life Assurance & General Annuity Business

Category of surplus 11: Ordinary Long Term Business

11: Ordinary Long Term Business																
Category of surplus			R53	1016269	GL	31	12	1996	£000	UK	L&GA	11				
Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Category of unit link	Unit liability		Other liabilities		Amount of mathematical reserves		
	Rate of Interest	Mortality or morbidity table		Guaranteed on death	Current on death	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		
Reserve for Maturity Guarantee	5.15													376		
Paid Up Policies	5.15	A6770 ult	2683		3039				ILF	3039	3039	373		3411		
Extra Premiums							8					8		8		
Sub total: With Profit contracts			10332	85307	94947	5279	646			30895	30895	1252	376	32524		
Whole life assurance :-																
Investment Bonds	5.15	A6770 ult	75069	1067	133818				ILF	133244	133244	1001		134245		
Personal Bonds	5.15	A6770 ult	24256		177631				ILF	176936	176936	1726		178662		
Fair Share Whole Life Plans :																
Single Life	5.15	A6770 ult	29072	563884	563892		4570		ILF	49980	49980	806		50786		
Joint Life Last Survivor	5.15	A6770 ult	99	5525	5525		61		ILF	1051	1051	34		1085		
Joint Life First Death	5.15	A6770 ult	351	6166	6166		72		ILF	1151	1151	3		1154		
Capital Accumulation Plans	5.15	A6770 ult	5803	6260	10213		556		ILF	10213	10213	4		10218		
Personal Savings Plans: Accumulation units	5.15	A6770 ult	14905	13064	14319		1161		ILF	9173	9172	280		14200		
Personal Savings Plans: Capital units	5.15	A6770 ult							ILF	4870	4748					

Long term business : Valuation summary of property linked contracts

Name of company **Royal Heritage Life Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 1996**Type of business **Life Assurance & General Annuity Business**

Category of surplus			11: Ordinary Long Term Business												R53		1016269	GL	31	12	1996	£000	UK	L&GA	11
Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Category of unit link	Unit liability			Other liabilities		Amount of mathematical reserves										
	Rate of Interest	Mortality or morbidity table		Guaranteed on death	Current on death	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											
Lifestyle Plans	5.15	A67/70 ult	2882	56543	56543		300		ILF	1883	1883	49		1932											
Endowment insurance:-																									
Fair Share Investment & Fair Share Endowment Series III	5.15	A67/70 ult	13460	174798	175181		3491		ILF	49739	49739	50		49789											
Miscellaneous assurance :-																									
Discounted Capital Trust - Term Assurance			34		2738				ILF	2738	2738			2738											
Discounted Capital Trust - Pure Endowment			34																						
Multiple Protection Plans	5.15	A67/70 ult	133	1776	1776		24		ILF	176	176			177											
Flexibonds			9		33				ILF	33	33	2		35											
Gartmore Bonds - Original Series			289	18	4392				AUT	4380	4380	77		4456											
Gartmore Bonds - Original Series									ILF	13	13			13											
Wealth Preservation Trusts			6	247	309				ILF	62	62	6		68											
Five Star High Investment Plans			36	126	277		4		ILF	277	277			277											
Flexible Investment			3		21		1		ILF	21	21			21											

Returns under Insurance Companies Legislation

Long term business : Valuation summary of property linked contracts

Name of company Royal Heritage Life Assurance Limited

Global business

United Kingdom business

Financial year ended 31st December 1996

Type of business Life Assurance & General Annuity Business

Category of surplus 11: Ordinary Long Term Business

Company
registration
numberPeriod ended
day month year

Units

UK/OS

Type of
businessCategory
of surplus

11: Ordinary Long Term Business															
Category of surplus			R53	1016269		GL	31	12	1996	£000	UK	L&GA	11		
Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Category of unit link	Unit liability		Other liabilities		Amount of mathematical reserves	
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death	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	
Maximum Investment			518	84	3060		42		ILF	3060	3060	19		3079	
Multiple Investment	5.15	A67/70 ult	9464	7342	14007		1012		ILF	14005	14005	16		14021	
Extra Premiums							28					28		28	
Isla of Man Series I			508	187	6518		25		ILF	6518	6518	1		6519	
Isla of Man Series II			2333	3446	5699		459		ILF	5699	5699	23		5722	
Isla of Man Series III			25		60				ILF	60	60	3		63	
Deferred Annuity :-															
School Plan			11		156				ILF	156	156	8		164	
Annuity in payment :-															
School Plan			6		29				ILF	29	29	52		81	
Additional Reserves :-															
Paid Up Policies: Accumulation units	5.15	A67/70 ult	16481	3034	16064				ILF	13077	13077	1991		15189	
Paid Up Policies: Capital units	5.15	A67/70 ult							ILF	124	121				
Data Contingency Reserve												325		325	

Long term business : Valuation summary of property linked contracts

Name of company **Royal Heritage Life Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 1996**Type of business **Life Assurance & General Annuity Business**Category of surplus **11: Ordinary Long Term Business**

Type of business	Life Assurance & General Annuity Business										Company registration number	GL/UK/CM		Period ended			UK/OS	Type of business	Category of surplus					
	11: Ordinary Long Term Business											R53	1016269	GL	31	12				1996	£000	UK	L&GA	11
	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															
Name of contract	Rate of interest	Mortality or morbidity table			Guaranteed on death	Current on death	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										
General Contingency Reserve															1025									
Risk Benefit Reserve															26									
Additional Expense Reserve															3466									
Unit Mismatching Reserve															355									
Reserve for Claims Incurred but not Reported															18									
Special Reserve for Deaths from AIDS Related Diseases															393									
Closed Fund Reserve																								
Sub total: Non Profit contracts			195787	843567	1198427		11806			488668	488542	11787			500330									
Sub total: Direct Written Business			206119	928874	1293374	5279	12452			519563	519437	13039	376		532854									
Whole life assurance :-																								
Fair Share Whole Life Plans :																								
Single Life	5.15	A67/70 ult		25450	26071		135		ILF	4922	4922	163			5085									
Last Survivor	5.15	A67/70 ult		3720	3855		29		ILF	1014	1014	106			1120									
Additional reserves:-																								

Long term business : Valuation summary of property linked contracts

Name of company Royal Heritage Life Assurance Limited

Global business

United Kingdom business

Financial year ended 31st December 1996

Type of business Life Assurance & General Annuity Business

Category of surplus 11: Ordinary Long Term Business

Company
registration
numberPeriod ended
day month year

Units

UK/OS

Type of
businessCategory
of surplus

11: Ordinary Long Term Business															
Category of surplus			R53	1016269		GL	31	12	1996	£000	UK	L&GA	11		
Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Category of unit link		Unit liability		Other liabilities		Amount of mathematical reserves
	Rate of Interest	Mortality or morbidity table		Guaranteed on death	Current on death	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	
Extra Premiums															
Risk Premium Reassurance				36638	36638							3		3	
Sub total: With Profit contracts				65808	65564		167			5936	5936	272		6208	
Whole life assurance :-															
Fair Share Whole Life Plans :															
Single life	5.15	A6770 ult		24081	24391		147		ILF	3601	3601	344		3945	
Joint Life Last Survivor	5.15	A6770 ult		1235	1256		14		ILF	300	300	27		327	
Joint Life First Death	5.15	A6770 ult		683	709		6		ILF	171	171	(1)		170	
Endowment Assurance Plans :															
Fair Share Endowment	5.15	A6770 ult		1261	1281		35		ILF						
Additional reserves :-															
Extra Premiums							1					1		1	
Risk Premium Reassurance				463558	463558										
Special Reserve for Deaths from AIDS Related Diseases												381		381	

Long term business : Valuation summary of property linked contracts

Name of company Royal Heritage Life Assurance Limited

Global business

United Kingdom business

Financial year ended 31st December 1996

Type of business Life Assurance & General Annuity Business

Category of surplus 11: Ordinary Long Term Business

Company
registration
number

GL/UK/CM

Period ended
day month year

Units

UK/OS

Type of
businessCategory
of surplus

Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Category of unit link		Unit liability		Other liabilities		Amount of mathematical reserves
1	Rate of interest	Mortality or morbidity table	4	Guaranteed on death	Current on death	Guaranteed on maturity	Office premiums	Net premiums	31	12	1996	£000	UK	L&GA	11
Sub total: Non Profit contracts				490818	491195		203				4072	4072	752		4824
Sub total: Reassurance Ceded				556626	557759		370				10008	10008	1024		11032
Net total: Life Assurance & General Annuity Business			206119	372248	735615	5279	12082				509555	509429	12015	376	521822

Returns under Insurance Companies Legislation

Long term business : Valuation summary of property linked contracts

Name of company **Royal Heritage Life Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 1996**Type of business **Pension Business**Category of surplus **11: Ordinary Long Term Business**

11: Ordinary Long Term Business																
Category of surplus			R53	1016269	GL	31	12	1996	£000	UK	Pens	Amount of mathematical reserves				
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				
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death	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		
Deferred Annuity :-																
Personal Retirement Plan Series I & II	6.44	A67/70 Ult	351		10555		32		ILF	10555	10555	4		10559		
Personal Retirement Plan Series II: Accumulation units	6.44	A67/70 Ult	5785		60551		1138		ILF	54076	54076	342		57211		
Personal Retirement Plan Series III: Capital units	6.44	A67/70 Ult							ILF	6475	2793					
Personal Capital Builder Series I	6.44	A67/70 Ult	59		940		46		ILF	940	940	(10)		930		
Personal Capital Builder Series III	6.44	A67/70 Ult	1885		24279		1106		ILF	24279	20904	(178)		20726		
Personal Pension Builder	6.44	A67/70 Ult	3398		39820		2037		ILF	39820	35596	(305)		35291		
Optional Pension Builder	6.44	A67/70 Ult	1126		8805				ILF	8805	8805	(956)		7850		
Directors Plan Series I: Accumulation units	6.44	A67/70 Ult	397		26848		225		ILF	23357	23357	33		25489		
Directors Plan Series I: Capital units	6.44	A67/70 Ult							ILF	3491	2109					
Directors Plan Series II: Accumulation units	6.44	A67/70 Ult	1334		37747		550		ILF	31619	31619	153		34686		
Directors Plan Series II: Capital units	6.44	A67/70 Ult							ILF	6128	2914					
Executive Capital Builder Series I	6.44	A67/70 Ult	7		250		6		ILF	250	250	(2)		248		
Executive Capital Builder Series III	6.44	A67/70 Ult	357		8836		274		ILF	8836	7711	(42)		7669		

Long term business : Valuation summary of property linked contracts

Name of company

Royal Heritage Life Assurance Limited

Global business

United Kingdom business

Financial year ended 31st December 1996

Type of business

Pension Business

Category of surplus 11: Ordinary Long Term Business

11: Ordinary Long Term Business																
Category of surplus			R53	1016269	GL	31	12	1996	£000	UK	Pens	11				
Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Category of unit link	Unit liability		Other liabilities		Amount of mathematical reserves		
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death	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		
Executive Capital Builder Series IV Extra Life Cover	6.44	A67/70 Ult	478	54140	9884		716		ILF	9884	8610	(349)		8261		
Miscellaneous assurance :-			771		54140							10		10		
Asset Management Contracts: Accumulation units	6.44	A67/70 Ult	81		1277		4		ILF	662	662	17		966		
Asset Management Contracts: Capital units	6.44	A67/70 Ult							ILF	615	287					
Trustee Capital Builder	6.44	A67/70 Ult	27		1937				ILF	1937	1937	(67)		1870		
Additional Capital Builder Series I	6.44	A67/70 Ult	105		1091		78		ILF	1090	962	(30)		931		
Additional Capital Builder Series II	6.44	A67/70 Ult	65		525		40		ILF	525	430	(14)		415		
Other Group Deferred Annuity :-																
Group Pension Scheme			1				154		ILF	7355	7355	86		7441		
Additional Reserves :-																
Data Contingency Reserve												130		130		
General Contingency Reserve												398		398		
Risk Benefit Reserve												83		83		

Long term business : Valuation summary of property linked contracts

Name of company Royal Heritage Life Assurance Limited

Global business

United Kingdom business

Financial year ended 31st December 1996

Type of business Pension Business

Category of surplus 11: Ordinary Long Term Business

Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Period ended			Units		Type of business		Category of surplus
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death	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			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Paid Up Reserve																
Additional Expense Reserve																
Unit Mismatching Reserve																
Special Reserve for Deaths from AIDS Related Diseases																
Closed Fund Reserve																
Sub total: Non Profit contracts			16227	54140	287485		6406			240699	221872	3164		225035		
Sub total: Direct Written Business			16227	54140	287485		6406			240699	221872	3164		225035		
Deferred annuity:-																
Extra Life Cover				5089	5089								1	1		
Sub total: Non Profit contracts				5089	5089								1	1		
Sub total: Reassurance Ceded				5089	5089								1	1		
Net total: Pension Business			16227	49051	282396		6406			240699	221872	3163		225034		

Long term business : Valuation summary of property linked contracts

Name of company Royal Heritage Life Assurance Limited

Global business

United Kingdom business

Financial year ended 31st December 1996

Type of business Permanent Health Insurance

Category of surplus 11: Ordinary Long Term Business

Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums			Category of unit link			Unit liability			Other liabilities			Amount of mathematical reserves
1	Rate of interest	Mortality or morbidity table	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
Permanent health assurance (miscellaneous):- Multiple Protection Plans					3														
Sub total: Non Profit contracts					3														
Sub total: Direct Written Business					3														
Not total: Permanent Health Insurance					3														
Net total: United Kingdom business					222349	421299	1018011	5279	18488			760254	731301	15178	376	746856			

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

(Sheet 1)

Name of company **Royal Heritage Life Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 1996**Category of surplus **11: Ordinary Long Term Business**

Internal linked fund

Name of fund link or directly held asset	Name of unit type	Valuation price per unit or asset	Company registration number	GL/JUK/CM	Period ended			Units	UK/OS	Category of surplus	IL/DH
					day	month	year				
					31	12	1996	£000	UK	11	ILH
R55			1016269	GL							
1	2	3	4	5	6	7	8	9	10	11	12
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	Gross	Reinsurance ceded	Value of surplus units or directly held assets (7-8+9)				
Option Property	Series O	5,458,500	7563	41	5498	41	41				
Option Property	Series A	5,144,000	1365975	7027	5498	1529	1529				
Sub total: Option Property				7068		1570	1570				
Option Equity	Series O	13,244,900	31126	412		412	412				
Option Equity	Series A	12,481,600	1539710	19218	13704	5514	5514				
Sub total: Option Equity				19630	13704	5926	5926				
Option High Yield	Series O	7,169,900	76971	552		552	552				
Option High Yield	Series A	6,756,700	3122319	21097	18674	2423	2423				
Sub total: Option High Yield				21649	18674	2975	2975				
Option Managed	Series O	10,082,200	91116	919		919	919				
Option Managed	Series A	9,501,100	2618735	24881	4604	20277	20297				(20)
Option Managed	Series L	9,726,400	3466	34		34	34				
Sub total: Option Managed				25834	4604	21230	21250				(20)
Option Deposit	Series O	4,512,000	41630	188		188	188				

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

Name of company **Royal Heritage Life Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 1996**Category of surplus **11: Ordinary Long Term Business**

Internal linked fund

11: Ordinary Long Term Business												
Category of surplus	Company registration number	GL/UK/CM	Period ended			Units	UK/OS	Category of surplus	IL/DH			
Internal linked fund			day	month	year							
	R55	1016269	GL	31	12	1996	£000	UK	11	ILH		
Name of fund link or directly held 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)				
1	4	5	6	7	8	9	10					
								Gross	Reinsurance ceded			
Option Deposit	625021	2658	1024	1634	1634			1634				
Sub total: Option Deposit		2846	1024	1822	1822			1822				
Option Money	5462947	6474	4012	2462	2462			2462				
Sub total: Option Money		6474	4012	2462	2462			2462				
Option Income Distribution	30279007	74695	13309	61386	61386			61365	21			
Option Income Distribution	79	74695	13309	61386	61386			61365	21			
Sub total: Option Income Distribution												
Option International Managed	5449539	27787	24749	3038	3038			3038				
Option International Managed	710	4	24749	4	4			4				
Sub total: Option International Managed		27791	24749	3042	3042			3042				
Option Emerging Companies	1317787	7561	2318	5243	5243			5243				
Sub total: Option Emerging Companies		7561	2318	5243	5243			5243				
Option Income Distribution II	3825049	9609	360	9249	9206			9206	43			

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

Name of company **Royal Heritage Life Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 1996**Category of surplus **11: Ordinary Long Term Business**

Internal linked fund

Internal linked 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)				
							£000	UK					
										11	ILH		
R55	1016269	GL	31	12	1996	Gross	Reinsurance ceded						
1	2	3	4	5	6	7	8	9	10				
Pension Equity Accumulation	Series O	45.203500	38053	1720		1720	1720						
Pension Equity Accumulation	Series A	45.203500	895081	40461	38506	1955	1955						
Pension Equity Accumulation	Series B	42.895600	125112	5367		5367	5367						
Pension Equity Accumulation	Series D	3.053800	3009855	9191		9191	9191						
Sub total: Pension Equity Accumulation				56739	38506	18233	18233						
Pension Equity Capital	Series A	13.940669	15348	214		214	214						
Pension Equity Capital	Series B	13.222054	39647	524		524	524						
Sub total: Pension Equity Capital				738		738	738						
Pension Fixed Interest Accumulation	Series O	14.239200	16322	232		232	232						
Pension Fixed Interest Accumulation	Series A	14.239200	543688	7742	5945	1797	1797						
Pension Fixed Interest Accumulation	Series B	13.512200	108215	1462		1462	1462						
Pension Fixed Interest Accumulation	Series D	3.529500	456267	1610		1610	1610						
Sub total: Pension Fixed Interest Accumulation				11046	5945	5101	5101						
Pension Fixed Interest Capital	Series A	4.391341	43601	191		191	191						
Pension Fixed Interest Capital	Series B	4.164974	26818	112		112	112						

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

Name of company **Royal Heritage Life Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 1996**Category of surplus **11: Ordinary Long Term Business**

Internal linked fund

Category of surplus

11: Ordinary Long Term Business

Internal linked fund

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	Period ended			Units £000	UK/OS	Category of surplus	IL/DH
						day	month	year				
1	2	3	4	5	6	7	8	9	10	11	12	13
R55	1016269	GL	31	12	1996	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	Value of surplus units or directly held assets (7-8+9)			
Sub total: Pension Fixed Interest Capital				303		303	303					
Pension Managed Accumulation	Series O	21.391600	488632	10025		10025	10025					
Pension Managed Accumulation	Series A	21.391600	427782	9151	98	9053	9053					
Pension Managed Accumulation	Series B	20.299500	1267445	25728		25728	25728					
Pension Managed Accumulation	Series D	2.734800	9231033	25245		25245	25245					
Sub total: Pension Managed Accumulation				70149	98	70051	70051					
Pension Managed Capital	Series A	6.597127	199867	1319		1319	1319					
Pension Managed Capital	Series B	6.257077	389953	2440		2440	2440					
Sub total: Pension Managed Capital				3759		3759	3759					
Pension Deposit Accumulation	Series O	10.049500	114138	1147		1147	1147					
Pension Deposit Accumulation	Series A	10.049500	254294	2556	126	2430	2430					
Pension Deposit Accumulation	Series B	9.536400	403008	3843		3843	3843					
Pension Deposit Accumulation	Series D	2.979200	1118746	3333		3333	3333					
Sub total: Pension Deposit Accumulation				10879	126	10753	10753					

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

Name of company **Royal Heritage Life Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 1996**Category of surplus **11: Ordinary Long Term Business**

Internal linked fund

Internal linked fund														
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)			
1			2	3	4	5	6	7	Gross	Reinsurance ceded	10			
R55	1016269	GL	31	12	1996	£000	UK	11	ILH					
day month year														
Value of units or directly held assets deemed allocated to contracts														
Value of surplus units or directly held assets (7-8+9)														

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

Name of company
Royal Heritage Life Assurance Limited

Global business

United Kingdom business

Financial year ended
31st December 1996

Category of surplus

Internal linked fund

Table 1: Assets and Liabilities of the Company										
R55		1016269	GL	31	12	1996	£000	UK	11	ILH
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	
Sub total: Broker Bond Funds				55319	29123	26196	26249			(53)
Self Managed Funds		1.000000	44565000	44565		44565	44565			
Sub total: Self Managed Funds				44565		44565	44565			
Exclusive Pension Portfolios	Accumulation	1.000000	6772000	6772		6772	6772			
Exclusive Pension Portfolios	Capital	1.000000	424000	424		424	424			
Sub total: Exclusive Pension Portfolios				7196		7196	7196			
Unit Trust Life		1.000000	52611000	52611	13101	39510	39510			
Sub total: Unit Trust Life				52611	13101	39510	39510			
Unit Trust Pension		1.000000	53708000	53708	292	53416	53238			178
Sub total: Unit Trust Pension				53708	292	53416	53238			178
Total: 11: Ordinary Long Term Business				916281	189186	727095	736929	10008		174

Long term business : Analysis of units in internal linked funds and direct holdings of assets matching liabilities in respect of property linked benefitsName of company **Royal Heritage Life Assurance Limited**

Global business

United Kingdom business

Financial year ended **31st December 1996**Category of surplus **11: Ordinary Long Term Business**

Directly held assets

Category of surplus

Directly held assets

11: Ordinary Long Term Business

Company registration number

GL/UK/CM

Period ended

Units

UK/OS

Category of surplus

IL/DH

<div> <div>R55</div> <div>1016269</div> <div>GL</div> <div>31</div> <div>12</div> <div>1996</div> <div>£000</div> <div>UK</div> <div>11</div> <div>DHA</div> </div>												
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)		
						4	5	6	7		8	9
1	2	3	4	5	6	7	8	9	10			
Gartmore	American	1.560900	31953	50		50	66		(16)			
Gartmore	British	0.534800	129195	69		69	69					
Gartmore	Commodity Share	0.975100	17917	17		17	17					
Gartmore	Global	1.135100	3651	4		4	4					
Gartmore	Far Eastern	1.853600	82534	153		153	166		(13)			
Gartmore	High Income	0.409300	8857874	3626		3626	3771		(145)			
Gartmore	Income	1.517500	189052	287		287	287					

Long term business : Matching rectangle

Name of company **Royal Heritage Life Assurance Limited**

Global business

Financial year ended **31st December 1996**

Sterling liabilities

Rate of interest **5.15%**Type of business **Life Assurance and Annuity Business**

With profits

Category of assets **Total long term business assets**

Company registration number

R57		1016269	GL	31	12	1996	£000	Stg	5.15	L&GA	WP	10
Type of asset notionally allocated												
			Value of asset notionally allocated			Risk adjusted yield %		Gross valuation interest rate %		Net valuation interest rate % (where appropriate)		Mathematical reserve or other liability, net of reinsurance
			1			2		3		4		5
Land and buildings			11									
Fixed interest securities	Approved securities		12		1306		7.69					
	Other		13		49		8.25					
Variable yield securities (excluding items shown at line 16)	Approved securities		14									
	Other		15									
Equity shares and holdings in collective investment schemes			16									
Loans secured by mortgages			17									
All other assets	Producing income		18									
	Not producing income		19									
Total			29		1355		7.71		6.44		5.15	1355
Total under resilience scenario			39		1000		10.71		8.75		7.00	1000

Returns under Insurance Companies Legislation

Long term business : Matching rectangle

Name of company **Royal Heritage Life Assurance Limited**

Global business

Financial year ended **31st December 1996**

Sterling liabilities

Rate of interest **0.00%**Type of business **Life Assurance and Annuity Business**

Non profit

Category of assets **Total long term business assets**

Company registration number

R57		1016269	GL	31	12	1996	£000	Stg	0.00	L&GA	NP	10	
Type of asset notionally allocated													
			Value of asset notionally allocated		1	Risk adjusted yield %	2	Gross valuation interest rate %	3	Net valuation interest rate % (where appropriate)	4	Mathematical reserve or other liability, net of reinsurance	5
					11								
Land and buildings					12		7.69						
Fixed interest securities					13		8.25						
					14								
Variable yield securities (excluding items shown at line 16)					15								
					16								
Equity shares and holdings in collective investment schemes					17								
Loans secured by mortgages					18		5.74						
All other assets					19								
					29		5.80					5459	
Total					39		8.80					5459	
Total under resilience scenario													

Long term business : Matching rectangleName of company **Royal Heritage Life Assurance Limited**

Global business

Financial year ended **31st December 1996**

Sterling liabilities

Rate of interest **3.50%**Type of business **Life Assurance and Annuity Business**

Non profit

Category of assets **Total long term business assets**

Company registration number

R57		1016269	GL	31	12	1996	£000	Stg	3.50	L&GA	NP	10
Type of asset notionally allocated												
			Value of asset notionally allocated				Risk adjusted yield %	Gross valuation interest rate %	Net valuation interest rate % (where appropriate)	Mathematical reserve or other liability, net of reinsurance		
			1				2	3	4	5		
Land and buildings			11									
Fixed interest securities	Approved securities		12	198		7.69						
	Other		13	7		8.25						
Variable yield securities (excluding items shown at line 16)	Approved securities		14									
	Other		15									
Equity shares and holdings in collective investment schemes			16									
Loans secured by mortgages			17									
All other assets	Producing income		18									
	Not producing income		19									
Total			29	205		7.71	4.38	3.50			205	
Total under resilience scenario			39	189		10.71	8.75	7.00			189	

Name of company **Royal Heritage Life Assurance Limited**

Global business

Financial year ended **31st December 1996**

Sterling liabilities

Rate of interest **4.50%**

Type of business **Life Assurance and Annuity Business**

Non profit

Category of assets **Total long term business assets**

Company registration number

Type of asset notionally allocated											
R57	1016269	GL	31	12	1996	£000	Stg	4.50	L&GA	NP	10
		Value of asset notionally allocated			Risk adjusted yield %	Gross valuation interest rate %	Net valuation interest rate % (where appropriate)	Mathematical reserve or other liability, net of reinsurance			
		1			2	3	4	5			
Land and buildings		11									
	Approved securities	12	18176	7.48							
Fixed interest securities	Other	13	383	8.25							
Variable yield securities (excluding items shown at line 16)	Approved securities	14									
	Other	15									
Equity shares and holdings in collective investment schemes		16									
Loans secured by mortgages		17									
All other assets	Producing income	18	367	5.74							
	Not producing income	19									
Total		29	18926	7.46		5.63		4.50			18926
Total under resilience scenario		39	16076	10.45		8.75		7.00			16820

Long term business : Matching rectangle

Name of company **Royal Heritage Life Assurance Limited**

Global business

Financial year ended **31st December 1996**

Sterling liabilities

Rate of interest **5.15%**Type of business **Life Assurance and Annuity Business**

Non profit

Category of assets **Total long term business assets**

Company registration number

R57													1016269	GL	31	12	1996	£000	Stg	5.15	L&GA	NP	10		
Type of asset notionally allocated																									
													Value of asset notionally allocated 1												
Land and buildings													11												
Fixed interest securities													12	5769	7.69										
Other													13	218	8.25										
Variable yield securities (excluding items shown at line 16)													14												
Other													15												
Equity shares and holdings in collective investment schemes													16												
Loans secured by mortgages													17												
Producing income													18												
Not producing income													19												
Total													29	5987	7.71	6.44	5.15	5987							
Total under resilience scenario													39	4856	10.71	8.75	7.00	4856							

Returns under Insurance Companies Legislation

Long term business : Matching rectangle

Name of company Royal Heritage Life Assurance Limited

Global business

Financial year ended 31st December 1996

Sterling liabilities

Rate of interest 6.44%

Type of business Life Assurance and Annuity Business

Non profit

Category of assets Total long term business assets

Company registration number

R57		1016269	GL	31	12	1996	£000	Stg	6.44	L&GA	NP	10
Type of asset notionally allocated												
Value of asset notionally allocated												
1												
2												
3												
4												
5												
Land and buildings			11									
Fixed interest securities			12	454		7.69						
Other			13	17		8.25						
Variable yield securities (excluding items shown at line 16)			14									
Other			15									
Equity shares and holdings in collective investment schemes			16									
Loans secured by mortgages			17									
Producing income			18									
Not producing income			19									
Total			29	471		7.71		6.44				471
Total under resilience scenario			39	405		10.71		8.79				405

Long term business : Matching rectangle

Name of company **Royal Heritage Life Assurance Limited**

Global business

Financial year ended **31st December 1996**

Sterling liabilities

Rate of interest **0.00%**Type of business **Pension Business**

Non profit

Category of assets **Total long term business assets**

Company registration number

R57		1016269	GL	31	12	1996	£000	Stg	0.00	Pens	NP	10
Type of asset notionally allocated												
			Value of asset notionally allocated				Risk adjusted yield %	Gross valuation interest rate %	Net valuation interest rate % (where appropriate)	Mathematical reserve or other liability, net of reinsurance		
			1				2	3	4	5		
Land and buildings			11									
Fixed interest securities			12		1	7.70						
Other			13									
Variable yield securities (excluding items shown at line 16)			14									
Other			15									
Equity shares and holdings in collective investment schemes			16									
Loans secured by mortgages			17									
All other assets			18		2140	5.74						
Not producing income			19									
Total			29		2141	5.74						2141
Total under resilience scenario			39		2141	8.74						2141

Returns under Insurance Companies Legislation

Long term business : Matching rectangle

Name of company **Royal Heritage Life Assurance Limited**

Global business

Financial year ended **31st December 1996**

Sterling liabilities

Rate of interest **6.44%**Type of business **Pension Business**

Non profit

Category of assets **Total long term business assets**

Company registration number

Category of assets	GL/JUK/CM	Period ended			Units	Stg/NonStg	Rate of interest	Type of business		WP/NP	Category of assets
		day	month	year				Pens			
	R57	1016269	GL	31	12	1996	£000	Stg	6.44	NP	10
Type of asset notionally allocated											
Land and buildings	11										
Fixed interest securities	12		4639		7.70						
	13										
Variable yield securities (excluding items shown at line 16)	14										
	15										
Equity shares and holdings in collective investment schemes	16										
Loans secured by mortgages	17										
All other assets	18		1642		5.74						
	19										
Total	29		6281		7.19		6.44				6281
Total under resilience scenario	39		5418		10.11		8.79				4461

Name of company **Royal Heritage Life Assurance Limited**

Global business

Financial year ended **31st December 1996**

Sterling liabilities

Rate of interest **3.50%**Type of business **Permanent Health Insurance**

Non profit

Category of assets **Total long term business assets**

Company registration number

R57	1016269	GL	31	12	1996	£000	Stg	3.50	PHI	NP	10
Type of asset notionally allocated											
		Value of asset notionally allocated			Risk adjusted yield %	Gross valuation interest rate %	Net valuation interest rate % (where appropriate)	Mathematical reserve or other liability, net of reinsurance			
		1			2	3	4	5			
Land and buildings		11									
Fixed interest securities	Approved securities	12		8	7.69						
	Other	13									
Variable yield securities (excluding items shown at line 16)	Approved securities	14									
	Other	15									
Equity shares and holdings in collective investment schemes		16									
Loans secured by mortgages		17									
All other assets	Producing income	18									
	Not producing income	19									
Total		29		8	7.69		3.50				8
Total under resilience scenario		39		8	10.69		7.00				8

Returns under Insurance Companies Legislation

Long term business : Matching rectangle

Name of company Royal Heritage Life Assurance Limited

Global business

Financial year ended 31st December 1996

Non sterling liabilities

Rate of interest 0.00%

Type of business Life Assurance and Annuity Business

Non profit

Category of assets Total long term business assets
Company registration number R57 1016269

Category of assets	GL/UK/CM	Period ended			Units	Stg/NonStg	Rate of Interest	Type of business	WP/NP	Category of assets
		day	month	year						
	GL	31	12	1996	£000	NonStg	0.00	L&GA	NP	10
Type of asset notionally allocated		Value of asset notionally allocated			Risk adjusted yield %	Gross valuation interest rate %	Net valuation interest rate % (where appropriate)	Mathematical reserve or other liability, net of reinsurance		
		1			2	3	4	5		
Land and buildings	11									
Fixed interest securities	12	8			7.69					
	13									
Variable yield securities (excluding items shown at line 16)	14									
	15									
Equity shares and holdings in collective investment schemes	16									
Loans secured by mortgages	17									
All other assets	18									
	19									
Total	29	8			7.69					8
Total under resilience scenario	39	8			10.69					8

Long term business : Matching rectangle

Name of company **Royal Heritage Life Assurance Limited**

Global business

Financial year ended **31st December 1996**

Sterling/Non sterling liabilities

Rate of interest **Total**

Type of business

With profits/Non profit

Category of assets **Total**

Category of assets	Total	Company registration number	GL/UK/CM	Period ended			Units	Stg/ NonStg	Rate of interest	Type of business	WP/NP	Category of assets
				day	month	year						
		R57	1016269	GL	31	12	1996	£000		99		10
Type of asset notionally allocated												
				Value of asset notionally allocated		Risk adjusted yield %		Gross valuation interest rate %	Net valuation interest rate % (where appropriate)	Mathematical reserve or other liability, net of reinsurance		
				1		2		3	4	5		
Land and buildings				11								
Fixed interest securities				12	30720							
				13	680							
Variable yield securities (excluding items shown at line 16)				14								
				15								
Equity shares and holdings in collective investment schemes				16								
Loans secured by mortgages				17								
All other assets				18	9441							
				19								
Total				29	40841							40841
Total under resilience scenario				39	35560							35347

Long term business : Valuation result and distribution of surplus

Name of company **Royal Heritage Life Assurance Limited**

Global business

Financial year ended **31st December 1996**Company
registration
number

GL/UK/CM

Period ended
day month year

Units

Category
of surplusCategory of surplus **11: Ordinary Long
Term Business**

R58	1016269	GL	31	12	1996	£000	11
Valuation result	Fund carried forward		11	775640			
	Bonus payments made to policyholders in anticipation of a surplus		12				
	Transfers out of fund/ parts of fund	Transfer to non-technical account	13	8631			
		Transfer to other funds/parts of funds	14				
	Net transfer out of funds/parts of funds (13+14)		15	8631			
	Total (11+12+15)		16	784271			
	Mathematical reserves for accumulating with profit policies		17				
	Mathematical reserves for other non linked contracts		18	25286			
	Mathematical reserves for property linked contracts		19	746857			
	Mathematical reserves for index linked contracts		20				
Composition of surplus	Total (17 to 20)		21	772143			
	Surplus including contingency and other reserves held towards the solvency margin (deficiency) (16-21)		29	12128			
	Balance of surplus brought forward unappropriated from last valuation		31	2984			
	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				
Distribution of surplus	Surplus arising since the last valuation		35	9144			
	Total (31+34+35)		39	12128			
	Bonus payments made to policyholders in anticipation of a surplus		41				
	Allocated to policyholders by way of	Cash bonuses	42				
		Reversionary bonuses	43	304			
		Other bonuses	44				
		Premium reductions	45				
	Total allocated to policyholders (41 to 45)		46	304			
	Net transfer out of fund/part of fund		47	8631			
	Total distributed surplus (46+47)		48	8935			
Percentage of distributed surplus allocated to policyholders of fund/part of fund	Balance of surplus (including contingency and other reserves held towards the solvency margin) carried forward unappropriated		49	3193			
	Total (48+49)		59	12128			
			61	3.40			
			62	3.40			
Corresponding percentage at three immediately previous valuations	Latest	(year of valuation 1995)	62	3.40			
	Earlier	(year of valuation 1994)	63	3.40			
	Earliest	(year of valuation 1993)	64	3.40			

[illegible]

Returns under Insurance Companies Legislation

Notes to the Return

Royal Heritage Life Assurance
Limited
Financial year ended 31 DEC 96

NOTES TO SCHEDULES 1 AND 3

0901 Section 68 Order/modifying 1996 regulation provisions

The Secretary of State for Trade and Industry, on application of the Company, issued to the Company in June 1997 an Order under Section 68 of the Insurance Companies Act 1982 allowing the Company to consolidate details of its internal linked funds for the purpose of preparing Forms 43, 45 & 55.

The Secretary of State for Trade and Industry on the application of Royal Heritage Life Assurance Limited issued to the Company in June 1997 an Order under section 68 of the Insurance Companies Act 1982 granting the Company dispensation from completing certain forms for each of the Company's segregated funds.

The DTI wrote on 1 November 1996 to all companies authorised to carry on long-term insurance business (DD 1996/4), requesting that the statements of compliance with published guidance in the Directors' certificate should consider the Money Laundering - Guidance Notes for Insurance and Retail products (revised February 1995). The DTI acknowledged, in that letter, that they did not expect that auditors will normally be in a position to give an opinion on the "reasonableness" of this statement by the Directors. As a result, the Company has, in common with other long term business insurers, obtained a Section 68 Order which removes this statement from the scope of the audit.

The Insurance Companies (Accounts and Statements) Regulations 1996 ("the Regulations") introduced a new requirement for Directors to certify, in respect of any internal linked fund or 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. The auditors do not consider that it is practicable to obtain sufficient independent audit evidence as to the nature of representations given by an insurance company to policyholders or potential policyholders. As a result, the Company has, in common with other long term business insurers, obtained a Section 68 Order which removes this statement from the scope of the audit.

Returns under Insurance Companies Legislation

Notes to the Return

Royal Heritage Life Assurance
Limited
Financial year ended 31 DEC 96

0903 Additional Information on Shareholder Controllers

Statement Pursuant to Regulation 24 of the Insurance Companies
(Accounts and Statements) Regulations 1996

1. The following persons have, to the knowledge of Royal Heritage Life Assurance Limited (the Company), been shareholder controllers of the Company during the year ended 31st December 1996 in descending order of parentage:

Royal & Sun Alliance Insurance Group plc
Royal Insurance Holdings plc
Royal Life Holdings Limited

2. As at 31st December 1996, the shareholder controllers held 100% of the ordinary shares of its immediate subsidiary company together with the whole of the voting power at any general meeting.

1001 Reconciliation of net assets to the accounts

The reconciliation of the net assets per the DTI return to the net assets of the Companies Act accounts is as follows:

	1996 £000's	1995 £000's
Total admissible assets per Form 13.99 (category of assets "1")	34,273	26,806
Less: Total liabilities per Form 15.59	(6,170)	(2,768)
Net admissible assets	<u>28,103</u>	<u>24,038</u>
Shareholders interest in the long-term fund:		
Deferred tax	(79)	(337)
Prudential actuarial reserves	6,231	6,377
Inadmissible assets in the long-term fund	-	155
Surplus in the long-term fund	3,193	3,139
Fund for future appropriations	(319)	(314)
Capital and reserves per shareholder accounts	<u>37,129</u>	<u>33,058</u>

1310 LTB: Amounts set off

a) In accordance with Schedule 1, paragraphs 8.2 and 8.3, of the Insurance Companies (Accounts and Statements) Regulations 1996, amounts shown in Forms 13, 14 and 15 have been calculated by netting amounts due to any one person against amounts due from that person.

Returns under Insurance Companies Legislation

Notes to the Return

Royal Heritage Life Assurance
Limited
Financial year ended 31 DEC 96

b) Interfund balances which exist between the shareholders funds and life funds have been adjusted by allocating appropriate cash and deposit balances in accordance with paragraph 4.27 of Prudential Guidance Note 1995/1 "Guidance notes on the valuation of assets Regulations".

1311 LTB: Maximum Counterparty limit

The maximum permitted limit to an approved and other than approved counterparty is the limit consistent with the requirement on admissibility of assets unless the Company agrees otherwise.

1314 Valuation

Assets are valued in accordance with the Insurance Companies Regulations 1994, as amended.

1403,1501 Provision for adverse changes (F14L51/F15L51)

No provision for adverse changes have been made as liabilities are matched to assets.

1404 Long Term Business Assets/Liabilities

A provision of £2,012k (1995: £3,263k) has been made for the potential liability to tax in respect of unrealised appreciation of investments.

1601 Basis of foreign currency conversion

In accordance with paragraph 5, Schedule 1, of the Insurance Companies (Accounts and Statements) Regulations 1996, long-term business amounts of income and expenditure in foreign currencies are translated to sterling at rates prevailing during the year.

1700 Form 17 missing for Form 13 Asset Categories 1, >=10

Form 17 has not been prepared as all entries, including comparatives, would be blank.

Returns under Insurance Companies Legislation

Notes to the Return

Royal Heritage Life Assurance
Limited
Financial year ended 31 DEC 96

1703 Statement pursuant to Regulation 23 of the Insurance Companies
(Accounts and Statements) Regulations 1996

a) For the relevant financial year, the use of derivatives are not permitted except in the Linked Funds for quasi derivative instruments such as equity warrants and convertible loans and for currency hedging purposes.

All contracts represented a minimal proportion of the total fund.

All open derivative contracts were regularly monitored and reported.

b) The guidelines prohibit the use of derivative contracts under which the Company had a right or obligation to acquire or dispose of assets which was not, at the time the contract was entered into, reasonably likely to be exercised but the guidelines do not prohibit any such quasi derivative contracts.

c) The Company was not a party to any such contracts of the kind described in b) at any time during the financial year.

d) Derivative contracts are valued at market values and included within the Linked Assets in Form 43. There would be no material change in value of any assets on Form 13 if these contracts had been closed at 31st December 1996.

e) The position under d) would not be different if such options were exercised in such a way as to change the amounts referred to in d) to the maximum extent.

f) The position under d) would not have been materially different during the relevant financial year.

g) The maximum loss which would be incurred by the Company in the event of failure by any one other person to fulfil its obligations under these contracts at the end of the financial year under existing and other foreseeable market conditions is nil.

The exposure would not have been materially different at any other time during the relevant financial year.

h) All derivative assets held during the relevant financial year are admissible.

i) No fixed consideration was received by the Company during the financial year in return for granting rights under derivative contracts.

Returns under Insurance Companies Legislation

Notes to the Return

Royal Heritage Life Assurance
Limited
Financial year ended 31 DEC 96

4002 Other Income and Expenditure

Other expenditure of £1,255k shown in Form 40, line 25, represents the costs arising from the reorganisation and restructure of the business following the merger of Royal Insurance Holdings plc and Sun Alliance Group plc on 19 July 1996.

4008 Management Services

Arrangements were in force during the financial year for the provision of management services to the Company by Royal Life Services Limited and Royal & Sun Alliance Investment Management Limited.

4101 DSS Rebates

DSS rebates are reported in 1996 as single premium. Previously, DSS rebates were reported as periodic premium.

4102 Other management expenses

The other management expenses shown in Form 41, line 45, represents investment management expenses. In 1995 these expenses were netted off against the investment income.

4301 Basis for determining Asset Value

Investments and assets held to cover linked liabilities are shown at market value, for which purpose unlisted investments, mortgages and loans are included at directors' valuation and properties at professional valuation. For listed securities the stock exchange values are used. Properties are valued annually at open market value.

4302 Derivative Contracts/Rights & Liabilities

The value of equity warrants held by the funds are as follows:

	£000's
Option International Managed	81
Multiple Growth Fund	106
	<hr/>
	187

The value of convertible loans held by the funds are as follows:

	£000's
Option International Managed	1,084
Option Income Distribution	674
Multiple Growth Fund	1,889
	<hr/>
	3,647

Returns under Insurance Companies Legislation

Notes to the Return

Royal Heritage Life Assurance
Limited
Financial year ended 31 DEC 96

4401 Brought forward differences

	£000's
Reserves c/f per 1995 DTI return (Form 51)	926,396
Less 1995 value of Interfund holdings per 1995 DTI return (Form 49)	(190,510)
Reserves b/f per 1996 DTI return (Form 44)	<u>735,886</u>

4402 Other Income and Expenditure

Other expenditure relates to sundry expenses which includes such items as audit fees, surveyors fees, bank charges for holding share certificates, broker management fees.

4501,5501 Price per unit

The valuation prices per unit are expressed in pounds sterling.

Returns under Insurance Companies Legislation

Notes to the Return

Royal Heritage Life Assurance
Limited
Financial year ended 31 DEC 96

NOTES TO SCHEDULE 4

4601 Non-Linked Contracts

As at 31 December 1996 there were 3 group life assurance covering approximately 990 lives and 1 group pension business contract covering approximately 28 lives.

4602 Linked Contracts

As at 31 December 1996 there was 1 group pension business contract covering approximately 68 lives.

4603 Linked Contracts

3 Multi Protection Plans are included in both life assurance and general annuity and permanent health insurance business.

4701

For linked pensions business the nature of the business makes it impossible to give a measure of the benefit involved.

4702

For non-group contracts, the number of contracts shown of 8,674 (8,430 single premium contracts and 244 annual premium contracts), equals the number of policies.

4901

Where the borrower has the right to choose the redemption date it has been assumed that the stock will be redeemed on the earliest possible date where the market price as at 31 December 1996 is above par.

5101

For Hospital Cash Plans and Seniorcare Plans the amount of sum assured shown is the amount of daily benefit during hospitalisation.

Returns under Insurance Companies Legislation

Notes to the Return

Royal Heritage Life Assurance
Limited
Financial year ended 31 DEC 96

5301

For PHI business the number of contracts shown in column 4 exceeds the actual number by 3.

5302

ILF - Internal Linked Fund, AUT - Authorised Unit Trust

5501

In accordance with a Section 68 order issued by the Department of Trade and Industry the information relating to various individual funds has been consolidated under 6 headings:

Personal Bond Funds
Broker Bond Funds
Self Managed Funds
Exclusive Pension Portfolios
Unit Trust Life
Unit Trust Pension

For the purpose of presentation only the unit price for these groups of funds is shown as £1.

5701

The hypothecation of assets between liabilities discounted at different interest rates has been rearranged to eliminate, where possible, excesses of liabilities over assets in line 39.

INFORMATION ON APPOINTED ACTUARY

In accordance with Regulation 31 of the Insurance Companies (Accounts and Statements) Regulations 1996, the Appointed Actuary of Royal Heritage Life Assurance Limited, has been requested to furnish the particulars required in paragraph 1 of the Regulation and has accordingly furnished the following statement. The Company has reviewed the requirements of Regulation 31 and is not aware of any further information to that provided by the Actuary.

Particulars of Shareholdings

The Appointed Actuary to the Company was interested during the period from 1st January 1996 to 31st December 1996 in the share capital of the ultimate holding company as follows:-

	1st January 1996 Fully paid shares in Royal Insurance Holdings Plc	31st December 1996 Fully paid shares in *Royal & Sun Alliance Insurance Group Plc
i) 25p Ordinary Shares		
- in own name	23,798	25,392
- held under employee share scheme	1,504	2,311
ii) Options in 25p Ordinary Shares under employee share option schemes	41,180	51,862

* In July 1996 Royal Insurance Holdings Plc and Sun Alliance Group Plc merged to form Royal & Sun Alliance Insurance Group Plc.

Particulars of Pecuniary Interests

There is one long-term insurance contract in existence between the Appointed Actuary and companies in the Royal & Sun Alliance Group Plc effected on normal staff terms. The total Annual Premium for this life contract is £10 .

Particulars of Remuneration, Benefits, Directors Emoluments, Pensions or Compensation

The aggregate amount receivable by way of remuneration and the value of other benefits under a contract of employment with Royal Life Insurance Limited during 1996 was £103,069.

The Appointed Actuary is a member of the Royal Insurance Group Staff Pension Scheme on normal staff terms. The figure shown above excludes the relevant contributions.

Note:

The above information relates to Mr C.D. O'Brien, the Appointed Actuary during 1996.

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

Name of Company: Royal Heritage Life Assurance Limited

Global Business

Financial Year ended: 31st December 1996

We certify:

1. (a) In relation to the part of this return comprising Forms 9, 10, 13 to 17, 40 to 45 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) -
- (c) 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 in question enabled the company to comply with Regulations 27 to 31 (matching and localisation) of those Regulations; and
- (d) in relation to the statement required by Regulation 31:
 - (i) that for the purpose of preparing the statement, proper accounts and records have been maintained; and
 - (ii) that the information given has been obtained in conformity with that Regulation.
2. The required margin of solvency has been maintained throughout the financial year in question.
3. -
4. a) that the requirements of Sections 28 to 31 of the Insurance Companies Act 1982 have been fully complied with and in particular that, subject to the provisions of Section 29(2) to (4) and Section 30 of the Insurance Companies Act 1982, assets attributable to long term business, the income arising therefrom, the proceeds of any realisation of such assets and any other income or proceeds allocated to the long term business funds have not been applied other than for the purpose of the long term business;
- b) that any amount payable from or receivable by the long term business fund of the company 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 for other assets of the company has been made at fair market value;
- c) that no guarantees have been given of the performance by a related company which would fall to be met by the long term business fund;

- d) in respect of the internal linked funds maintained by the company, that, to the best of our knowledge and belief, the investment policy and practice of the company was during the financial year in question consistent with any representations made to policy holders or potential policy holders of the company;
 - e) that the return in respect of long term business is not distorted by agreements with any other company carrying on insurance business with which the company has financial, commercial or administrative links or by any arrangements which could affect the apportionment of expenses and income; and
 - f) that the company has fully complied with the requirements of Section 31A of the Insurance Companies Act 1982.
5. (a) that the systems of control have been established and maintained which complied at the end of the financial year with the following published guidance:
- Prudential Guidance Note 1994/6 - "Systems of control over the investments (and counterparty exposure) of insurance companies with particular reference to the use of derivatives"
- "Money Laundering - Guidance Notes for Insurance and Retail Products" (revised February 1995) issued by the Joint Money Laundering Steering Group
- and it is reasonable to believe that those systems continued to so comply subsequently and will continue to comply in the future; and
- (b) the return has been prepared in accordance with the following published guidance
- Prudential Guidance Note 1995/1 "Guidance notes on the valuation of assets Regulations"
- Prudential Guidance Note 1995/3 "Use of derivative contracts in insurance funds".
- Prudential Guidance Note 1996/3 "The preparation of annual returns to the Department of Trade and Industry"

6. -

R CALVER DIRECTOR

J C HANCE DIRECTOR

D R PARRY MANAGING DIRECTOR

June 1997

APPOINTED ACTUARY'S CERTIFICATE

I certify that:

- a) i) in my opinion proper records have been kept by Royal Heritage Life Assurance Limited adequate for the purpose of the valuation of the liabilities of the long term business of the company, on the basis that such valuation includes a data contingency reserve; and
- ii) the mathematical reserves as shown in Form 14 for the company constitute proper provision at 31st December 1996 for the liabilities (other than liabilities which had fallen due before the end of the financial year) arising under or in connection with contracts for long term business including any increase in those liabilities arising from the distribution of surplus as a result of the investigation as at 31st December 1996 into the financial condition of long term business, and
- iii) for the purposes of the statement in (ii) above the liabilities of the company have been assessed in accordance with Part IX of the Insurance Companies Regulations 1994 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, version 5.0)" and "Additional Guidance for Appointed Actuaries (GN8, version 5.0)", issued by the Institute of Actuaries and the Faculty of Actuaries, have been complied with; and
- v) in my opinion, premiums for contracts entered into during the financial year and the income earned thereon are sufficient, on reasonable actuarial assumptions, and taking into account the other financial resources of the company that are available for the purpose, to enable the company to meet its commitments in respect of those contracts and, in particular, to establish adequate mathematical reserves; and
- b) the amount of the required minimum margin applicable to the company's long term business immediately following the end of 1996 (including any amounts resulting from any increase in liabilities arising from a distribution of surplus as a result of the investigation into the financial condition of long term business) is £5,810,000.

C D O'Brien
Fellow of the Institute of Actuaries
APPOINTED ACTUARY
June 1997

Report of the auditors to the Directors pursuant to Regulation 29 of the Insurance Companies (Accounts & Statements) Regulations 1996

ROYAL HERITAGE LIFE ASSURANCE LIMITED

Global business

Financial year ended 31 December 1996

1. We have audited the documents prepared by the company pursuant to section 17 of the Insurance Companies Act 1982 ("the Act") which are required to be audited by Regulation 29 of the Insurance Companies (Accounts & Statements) Regulations 1996 ("the Regulations"), as modified by Orders issued by the Secretary of State on 4 June 1997 and 6 June 1997. These comprise Forms 9,10,13 to 17 and 40 to 45, the statement furnished pursuant to Regulation 23 on page 156, the supplementary notes on pages 153 to 158, and the certificate provided in accordance with regulation 28(a) on pages 162 and 163 ("the certificate"). In the case of the certificate, our audit did not extend to:
 - (i) paragraph 1 of the certificate in relation to the statements required by Regulation 24 and 31;
 - (ii) paragraph 4(d) of the certificate in relation to paragraph 4(d) of Schedule 6 to the Regulations; and
 - (iii) paragraph 5(a) of the certificate in relation to compliance with the Money Laundering - Guidance Notes for Insurance and Retail Products under paragraph 5(a) of Schedule 6 to the Regulations.

Respective responsibilities of the company and its auditors

2. The company is responsible for the preparation of returns under the provisions of the Act and the Regulations. It is our responsibility to form an independent opinion, based on our audit, on those parts of the returns which are subject to audit by virtue of Regulation 29 and to report our opinion to you.

Basis of opinion

3. We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the documents specified by Regulation 29. It also includes an assessment of the significant estimates and judgements made by the company in the preparation of the documents specified by Regulation 29.
4. We planned and performed our audit 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 documents specified by Regulation 29 are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated whether the documents have been prepared in the manner specified by the Regulations as modified and fairly stated the information provided on the basis required.
5. In giving our opinion we have relied on:
 - (a) the certificate of the actuary on page 164 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.

Opinion

6. In our opinion:

- (a) the Forms, statement and supplementary notes have been properly prepared in accordance with the provisions of the 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.

**Coopers & Lybrand
CHARTERED ACCOUNTANTS
AND REGISTERED AUDITORS**

June 1997

Note: The Order issued by the Secretary of State on 6 June 1997 referred to in this report has the effect of removing from the scope of the audit the statements made in the certificate required by paragraph 4(d) of Schedule 6 to the Regulations and by paragraph 5(a) thereof insofar as it relates to compliance with any published guidance in respect of money laundering. These statements appear in the present certificate as paragraphs 4(d) and 5(a).

The Yorkshire Insurance Company Limited

Annual Returns to the Department of Trade & Industry
under the Insurance Companies Act 1982 and the
Insurance Companies (Accounts and Statements) Regulations 1996
for the year ended 31st December 1996

Long Term Business



General Accident