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BAE SYSTEMS (Insurance) Limited



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BAE SYSTEMS (Insurance) Limited
Accounts and Statements Rules
Appendices 1, 2, 5, 6, 7

Annual FSA Insurance Returns for the year ended 31st December 2001



Returns under the Accounts and Statements Rules

(Appendices 1, 2, 5, 6, 7)

Statement of solvency

Printed 26th APR 02 at 10:33

Name of insurer **BAE SYSTEMS (Insurance) Limited**

Global business

Financial year ended **31st December 2001**

R9	Company registration number 999757	GL/UK/CM GL	Period ended			Units £000
			day	month	year	
			31	12	2001	
		As at the end of this financial year	As at the end of the previous year		Source	
		1	2		Form	Line
						Column

GENERAL INSURANCE BUSINESS**Available assets**

Other than long term insurance business assets allocated towards general insurance business required minimum margin	11	20705	(3423)	See instructions 1 and 2
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Required minimum margin

Required minimum margin for general insurance business	12	725	915	12 49
Excess (deficiency) of available assets over the required minimum margin (11-12)	13	19980	(4338)	

LONG TERM INSURANCE BUSINESS**Available assets**

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

Implicit Items admitted under Rule 2.10(5) as modified

Future profits	31			
Zillmerising	32			
Hidden reserves	33			

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

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

CONTINGENT LIABILITIES

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

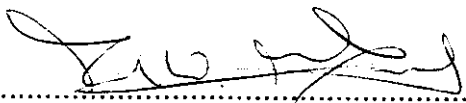
Covering sheet to Form 9

Printed 26th APR 02 at 10:33

Name of insurer **BAE SYSTEMS (Insurance) Limited**

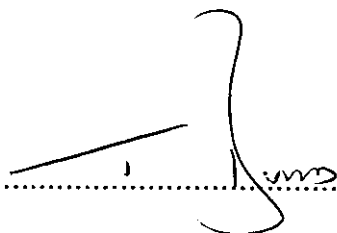
Global business

Financial year ended **31st December 2001**



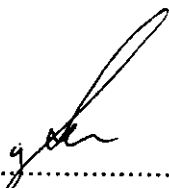
P W McDonald

Chairman



T Burns

Director



D S Parkes

Secretary

Farnborough, 30 April 2002

Statement of net assets

Printed 26th APR 02 at 10:33

Name of insurer **BAE SYSTEMS (Insurance) Limited**

Global business

Financial year ended **31st December 2001**

		Company registration number	GL/UK/CM	Period ended			Units
				day	month	year	
	R10	999757	GL	31	12	2001	£000
		As at the end of this financial year 1	As at the end of the previous year 2	Source			
				Form	Line	Column	
Long term insurance business - admissible assets	11			13	89	1	
Long term insurance business - liabilities and margins	12			14	59	1	

Other than Long term insurance business - admissible assets		21	39294	11809	13 . 89 . 1
Other than Long term insurance business - liabilities		22	18589	15232	15 . 69 . 1
Net admissible assets (21-22)		23	20705	(3423)	
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 insurance 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	20705	(3423)	

Represented by:

Paid up share capital (other than cumulative preference share capital)	51	5700	5700	
Amounts included in lines 24 to 27 above	52			
Amounts representing the balance of net assets	56	15005	(9123)	
Total (51 to 56) and equal to line 29 above	59	20705	(3423)	

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

Balance brought forward at the beginning of the financial year	61	(9123)	11704	10 . 56 . 2
Retained profit/(loss) for the financial year	62	627	2674	16 . 59 . 1
Movement in asset valuation differences	63	23501	(23501)	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	15005	(9123)	

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

Printed 26th APR 02 at 10:33

Name of insurer **BAE SYSTEMS (Insurance) Limited**

Global business

Financial year ended **31st December 2001**

			Company registration number	GL/UK/CM	Period ended			Units	
			R11	999757	GL	31	12	2001	£000
				This financial year			Previous year		
				1			2		
Gross premiums receivable				11				10705	
Premium taxes and levies (included in line 11)				12					
Sub-total A (11-12)				13				10705	
Adjusted Sub-total A if financial year is not a 12 month period to produce an annual figure				14					
Division of Sub-total A (or adjusted Sub-total A if appropriate)	Other than health insurance	Up to and including sterling equivalent of 10M EURO x 18/100	15				1046		
		Excess (if any) over 10M EURO x 16/100	16				783		
	Health insurance	Up to and including sterling equivalent of 10M EURO x 6/100	17						
		Excess (if any) over 10M EURO x 16/300	18						
Sub-total B (15+16+17+18)				19				1829	
Claims paid				21	3488			3421	
Claims outstanding carried forward at the end of the financial year		For insurance business accounted for on an underwriting year basis	22						
		For insurance business accounted for on an accident year basis	23	8155			8030		
Claims outstanding brought forward at the beginning of the financial year		For insurance business accounted for on an underwriting year basis	24						
		For insurance business accounted for on an accident year basis	25	8030			6940		
Sub-total C (21+22+23-(24+25))				29	3613			4511	
Amounts recoverable from reinsurers in respect of claims included in Sub-total C				30	2814			2838	
Sub-total D (29-30)				39	799			1673	
First result Sub-total B x Sub-total D (or, if ½ is a greater fraction, x ½) Sub-total C				41				915	

General insurance business : Calculation of required margin of solvency - second method, and statement of required minimum marginName of insurer **BAE SYSTEMS (Insurance) Limited**

Global business

Financial year ended **31st December 2001**Company
registration
number

GL/UK/CM

Period ended
day month year

Units

R12	999757	GL	31	12	2001	£000
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			This financial year	Previous year	Source		
			1	2	Form	Line	Column
Reference period (No. of financial years) Insert "0" if there is no reference period otherwise insert "3" or "7"			3	11			See Instruction 1
Claims paid in reference period			21	13156	18187		
Claims outstanding carried forward at the end of the reference period	For insurance business accounted for on an underwriting year basis		22				
	For insurance business accounted for on an accident year basis		23	8155	8030		
Claims outstanding brought forward at the beginning of the reference period	For insurance business accounted for on an underwriting year basis		24				
	For insurance business accounted for on an accident year basis		25	4102	6940		
Sub-total E (21+22+23-(24+25))			29	17209	19277		
Sub-total F - Conversion of Sub-total E to annual figure (Multiply by 12 and divide by number of months in reference period)			31	5736	6426		
Division of Sub-total F	Other than health insurance	Up to and including sterling equivalent of 7M EURO x 26/100	32	1131	1057		
		Excess (if any) over 7M EURO x 23/100	33	319	543		
	Health insurance	Up to and including sterling equivalent of 7M EURO x 26/300	34				
		Excess (if any) over 7M EURO x 23/300	35				
Sub-total G (32 to 35)			39	1450	1600		
Second result Sub-total G x Sub-total D (or, if ½ is a greater fraction, x ½) Sub-total C			41	725	800		

First result	42		915	11	41
Required margin of solvency (the higher of lines 41 and 42)	43	725	915		

Minimum guarantee fund	44	186	174		
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Required minimum margin (the higher of lines 43 and 44)	49	725	915		
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Analysis of admissible assets

Name of insurer **BAE SYSTEMS (Insurance) Limited**

Global business

Financial year ended **31st December 2001**Category of assets **Assets maintained in the United Kingdom**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R13	999757	GL	31 day	12 month	2001 year	£000	3
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 business 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 insurer has a participating interest			30						
Total sheet 1 (11 to 30)					39				

Analysis of admissible assets

Name of insurer **BAE SYSTEMS (Insurance) Limited**

Global business

Financial year ended **31st December 2001**Category of assets **Assets maintained in the United Kingdom**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R13	999757	GL	31	12	2001	£000	3
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			29000		
		Withdrawal subject to a time restriction of more than one month		55					4164
	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			5984		5226
	Provision for unexpired risks			62					
	Other			63					
Total sheet 2 (41 to 63)				69			34984		9390

Analysis of admissible assets

Name of insurer **BAE SYSTEMS (Insurance) Limited**

Global business

Financial year ended **31st December 2001**Category of assets **Assets maintained in the United Kingdom**

Category of assets		Assets maintained in the United Kingdom		Company registration number	GL/UK/CM	Period ended			Units	Category of assets
						day	month	year		
		R13	999757	GL	31	12	2001	£000	3	
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			75	
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	1896		1578	
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	37		72	
				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	2376		694	
		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	1			
		Deferred acquisition costs				85				
		Other prepayments and accrued income				86				
Deductions (under rules 4.14(2)(b) and 4.14(3)) from the aggregate value of assets						87				
Total sheet 3 (71 to 86 less 87)						88	4310		2419	
Grand total of admissible assets (39+69+88)						89	39294		11809	
Reconciliation to asset values determined in accordance with the insurance accounts rules										
Total admissible assets (as per line 89 above)						91	39294		11809	
Total assets in excess of the admissibility limits of Appendix 4.2 (as valued in accordance with those Rules before applying admissibility limits)						92			23501	
Solvency margin deduction for subsidiary undertakings which are insurance undertakings						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 insurance accounts rules)						95				
Total assets determined in accordance with the insurance accounts rules (91 to 95)						99	39294		35310	
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance						100				

Liabilities (other than long term insurance business)

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Name of insurer **BAE SYSTEMS (Insurance) Limited**

Global business

Financial year ended **31st December 2001**Company
registration
number

GL/UK/CM

Period ended
day month year

Units

R15	999757	GL	31	12	2001	£000
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				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	8155	8030
	Provision for unexpired risks		13		
	Equalisation provisions	Credit business	14		
		Other than credit business	15		
	Other		16		
	Total (11 to 16)		19	8155	8030
Provisions for other risks and charges	Taxation		21		
	Other		22		
Deposits received from reinsurers			31		
Creditors	Arising out of insurance operations	Direct insurance business	41	39	
		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		
		Other	49	10328	7123
Accruals and deferred income			51	67	79
Total (19 to 51)			59	18589	15232
Provision for adverse changes (calculated in accordance with rule 5.3) [Regulation 61 of the Insurance Companies Regulations 1994]			61		
Cumulative preference share capital			62		
Subordinated loan capital			63		
Total (59 to 63)			69	18589	15232
Amounts included in line 69 attributable to liabilities to related insurers, other than those under contracts of insurance or reinsurance			71	10173	6983

Profit and loss account (non-technical account)

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Name of insurer **BAE SYSTEMS (Insurance) Limited**

Global business

Financial year ended **31st December 2001**

		Company registration number		GL/UK/CM		Period ended			Units	
		R16	999757	GL		31	12	2001	£000	
		This financial year		Previous year		Source				
		1		2		Form	Line	Column		
Transfer (to)/from the general insurance business technical account	From Form 20	11	(831)	954		20 . 59				
	Equalisation provisions	12								
Transfer from the long term insurance business revenue account		13				40 . 26				
Investment income	Income	14	1458	1720						
	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 insurance 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	627	2674						
Tax on profit or loss on ordinary activities		31								
Profit or loss on ordinary activities after tax (29-31)		39	627	2674						
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	627	2674						
Dividends (paid and proposed)		51								
Profit or loss retained for the financial year (49-51)		59	627	2674						

General insurance business : Technical account (excluding equalisation provisions)

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Name of insurer **BAE SYSTEMS (Insurance) Limited**

Global business

Financial year ended **31st December 2001**Accounting class **Summary**

		Company registration number	GL/UK/CM	Period ended			Units	Accounting class/ summary		
		R20	999757	GL	31	12	2001	£000	99	
				This financial year		Previous year		Source		
				1		2		Form	Line	Column
Items to be shown net of reinsurance										
This year's underwriting (accident year accounting)	Earned premium	11	91	3557	21	19	5			
	Claims incurred	12		1730	22	17	4			
	Claims management costs	13			22	18	4			
	Adjustment for discounting	14			22	52	4			
	Increase in provision for unexpired risks	15			22	19	4			
	Other technical income or charges (particulars to be specified by way of supplementary note)	16								
	Net operating expenses	17	123	930	22	42	4			
	Balance of year's underwriting (11-12-13+14-15+16-17)	19	(32)	897						
Adjustment for prior years' underwriting (accident year accounting)	Earned premium	21			21	11	5			
	Claims incurred	22	799	(57)	22	13	4			
	Claims management costs	23			22	14	4			
	Adjustment for discounting	24			22	51	4			
	Other technical income or charges (particulars to be specified by way of supplementary note)	25								
	Net operating expenses	26			22	41	4			
	Balance (21-22-23+24+25-26)	29	(799)	57						
Balance from underwriting year accounting	Per Form 24	31			24	69	99-99			
	Other technical income and charges (particulars to be specified by way of supplementary note)	32								
	Total	39								
Balance of all years' underwriting (19+29+39)		49	(831)	954						
Allocated investment return		51								
Transfer to non-technical account (49+51)		59	(831)	954						

General insurance business : Technical account (excluding equalisation provisions)

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Name of insurer **BAE SYSTEMS (Insurance) Limited**

Global business

Financial year ended **31st December 2001**Accounting class **Accident and health**

		Company registration number	GL/UK/CM	Period ended			Units	Accounting class/ summary		
		R20	999757	GL	31	12	2001	£000	1	
				day		month	year			
Items to be shown net of reinsurance				This financial year		Previous year		Source		
				1		2		Form	Line	Column
This year's underwriting (accident year accounting)	Earned premium	11	(5)	1414	21	19	5			
	Claims incurred	12		620	22	17	4			
	Claims management costs	13			22	18	4			
	Adjustment for discounting	14			22	52	4			
	Increase in provision for unexpired risks	15			22	19	4			
	Other technical income or charges (particulars to be specified by way of supplementary note)	16								
	Net operating expenses	17	17	206	22	42	4			
	Balance of year's underwriting (11-12-13+14-15+16-17)	19	(22)	588						
Adjustment for prior years' underwriting (accident year accounting)	Earned premium	21			21	11	5			
	Claims incurred	22	1124	176	22	13	4			
	Claims management costs	23			22	14	4			
	Adjustment for discounting	24			22	51	4			
	Other technical income or charges (particulars to be specified by way of supplementary note)	25								
	Net operating expenses	26			22	41	4			
	Balance (21-22-23+24+25-26)	29	(1124)	(176)						
Balance from underwriting year accounting	Per Form 24	31			24	69	99-99			
	Other technical income and charges (particulars to be specified by way of supplementary note)	32								
	Total	39								
Balance of all years' underwriting (19+29+39)		49	(1146)	412						
Allocated investment return		51								
Transfer to non-technical account (49+51)		59	(1146)	412						

General insurance business : Technical account (excluding equalisation provisions)

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Name of insurer **BAE SYSTEMS (Insurance) Limited**

Global business

Financial year ended **31st December 2001**Accounting class **Aviation**

		Company registration number	GL/UK/CM	Period ended			Units	Accounting class/ summary	
		R20	999757	GL	31 day	12 month	2001 year	£000	3
Items to be shown net of reinsurance				This financial year		Previous year		Source	
				1		2		Form	Line
This year's underwriting (accident year accounting)	Earned premium	11				217		21 . 19 . 5	
	Claims incurred	12						22 . 17 . 4	
	Claims management costs	13						22 . 18 . 4	
	Adjustment for discounting	14						22 . 52 . 4	
	Increase in provision for unexpired risks	15						22 . 19 . 4	
	Other technical income or charges (particulars to be specified by way of supplementary note)	16							
	Net operating expenses	17			4		46	22 . 42 . 4	
	Balance of year's underwriting (11-12-13+14-15+16-17)	19			(4)		171		
Adjustment for prior years' underwriting (accident year accounting)	Earned premium	21						21 . 11 . 5	
	Claims incurred	22			(245)		(178)	22 . 13 . 4	
	Claims management costs	23						22 . 14 . 4	
	Adjustment for discounting	24						22 . 51 . 4	
	Other technical income or charges (particulars to be specified by way of supplementary note)	25							
	Net operating expenses	26						22 . 41 . 4	
	Balance (21-22-23+24+25-26)	29			245		178		
Balance from underwriting year accounting	Per Form 24	31						24 . 69. 99-99	
	Other technical income and charges (particulars to be specified by way of supplementary note)	32							
	Total	39							
Balance of all years' underwriting (19+29+39)		49			241		349		
Allocated investment return		51							
Transfer to non-technical account (49+51)		59			241		349		

General insurance business : Technical account (excluding equalisation provisions)

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Name of insurer **BAE SYSTEMS (Insurance) Limited**

Global business

Financial year ended **31st December 2001**Accounting class **Transport**

		Company registration number	GL/UK/CM	Period ended			Units	Accounting class/ summary		
		R20	999757	GL	31	12	2001	£000	5	
				day		month	year			
Items to be shown net of reinsurance				This financial year		Previous year		Source		
				1		2		Form	Line	Column
This year's underwriting (accident year accounting)	Earned premium	11				148		21	19	5
	Claims incurred	12				89		22	17	4
	Claims management costs	13						22	18	4
	Adjustment for discounting	14						22	52	4
	Increase in provision for unexpired risks	15						22	19	4
	Other technical income or charges (particulars to be specified by way of supplementary note)	16								
	Net operating expenses	17		8		63		22	42	4
	Balance of year's underwriting (11-12-13+14-15+16-17)	19		(8)		(4)				
Adjustment for prior years' underwriting (accident year accounting)	Earned premium	21						21	11	5
	Claims incurred	22		159		(49)		22	13	4
	Claims management costs	23						22	14	4
	Adjustment for discounting	24						22	51	4
	Other technical income or charges (particulars to be specified by way of supplementary note)	25								
	Net operating expenses	26						22	41	4
	Balance (21-22-23+24+25-26)	29		(159)		49				
Balance from underwriting year accounting	Per Form 24	31						24	69	99-99
	Other technical income and charges (particulars to be specified by way of supplementary note)	32								
	Total	39								
Balance of all years' underwriting (19+29+39)		49		(167)		45				
Allocated investment return		51								
Transfer to non-technical account (49+51)		59		(167)		45				

General insurance business : Technical account (excluding equalisation provisions)

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Name of insurer **BAE SYSTEMS (Insurance) Limited**

Global business

Financial year ended **31st December 2001**Accounting class **Property**

		Company registration number	GL/UK/CM	Period ended			Units	Accounting class/ summary	
		R20	999757	GL	31	12	2001	£000	6
Items to be shown net of reinsurance				This financial year		Previous year		Source	
				1		2		Form	Line
This year's underwriting (accident year accounting)	Earned premium	11	64		1200		21 . 19 . 5		
	Claims incurred	12			1001		22 . 17 . 4		
	Claims management costs	13					22 . 18 . 4		
	Adjustment for discounting	14					22 . 52 . 4		
	Increase in provision for unexpired risks	15					22 . 19 . 4		
	Other technical income or charges (particulars to be specified by way of supplementary note)	16							
	Net operating expenses	17	63		417		22 . 42 . 4		
	Balance of year's underwriting (11-12-13+14-15+16-17)	19	1		(218)				
Adjustment for prior years' underwriting (accident year accounting)	Earned premium	21					21 . 11 . 5		
	Claims incurred	22	(238)		(48)		22 . 13 . 4		
	Claims management costs	23					22 . 14 . 4		
	Adjustment for discounting	24					22 . 51 . 4		
	Other technical income or charges (particulars to be specified by way of supplementary note)	25							
	Net operating expenses	26					22 . 41 . 4		
	Balance (21-22-23+24+25-26)	29	238		48				
Balance from underwriting year accounting	Per Form 24	31					24 . 69. 99-99		
	Other technical income and charges (particulars to be specified by way of supplementary note)	32							
	Total	39							
Balance of all years' underwriting (19+29+39)		49	239		(170)				
Allocated investment return		51							
Transfer to non-technical account (49+51)		59	239		(170)				

General insurance business : Technical account (excluding equalisation provisions)

Printed 26th APR 02 at 10:33

Name of insurer **BAE SYSTEMS (Insurance) Limited**

Global business

Financial year ended **31st December 2001**Accounting class **Miscellaneous and pecuniary loss**

		Company registration number	GL/UK/CM	Period ended			Units	Accounting class/summary	
		R20	999757	GL	31	12	2001	£000	8
Items to be shown net of reinsurance				This financial year	Previous year		Source		
				1	2		Form	Line	Column
This year's underwriting (accident year accounting)	Earned premium	11	32		578		21 . 19 . 5		
	Claims incurred	12			20		22 . 17 . 4		
	Claims management costs	13					22 . 18 . 4		
	Adjustment for discounting	14					22 . 52 . 4		
	Increase in provision for unexpired risks	15					22 . 19 . 4		
	Other technical income or charges (particulars to be specified by way of supplementary note)	16							
	Net operating expenses	17	31		198		22 . 42 . 4		
	Balance of year's underwriting (11-12-13+14-15+16-17)	19	1		360				
Adjustment for prior years' underwriting (accident year accounting)	Earned premium	21					21 . 11 . 5		
	Claims incurred	22	(1)		42		22 . 13 . 4		
	Claims management costs	23					22 . 14 . 4		
	Adjustment for discounting	24					22 . 51 . 4		
	Other technical income or charges (particulars to be specified by way of supplementary note)	25							
	Net operating expenses	26					22 . 41 . 4		
	Balance (21-22-23+24+25-26)	29	1		(42)				
Balance from underwriting year accounting	Per Form 24	31					24 . 69. 99-99		
	Other technical income and charges (particulars to be specified by way of supplementary note)	32							
	Total	39							
Balance of all years' underwriting (19+29+39)		49	2		318				
Allocated investment return		51							
Transfer to non-technical account (49+51)		59	2		318				

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

Printed 26th APR 02 at 10:33

Name of insurer **BAE SYSTEMS (Insurance) Limited**

Global business

Financial year ended **31st December 2001**Accounting class **Accident and health**

		Company registration number	GL/UK/CM	Period ended			Units	Accounting class
				day	month	year		
		R21	999757	GL	31	12	2001	£000
		Reinsurers' share			Net of reinsurance			1
Premiums receivable during the financial year		Gross premiums written		Earned in previous financial years		Earned in previous financial years		
				1		3		5
11								
In respect of risks incepted in previous financial years				2		4		6
				1		3		5
12								
In respect of risks incepted in previous financial years								(5)
13								
For periods of less than 12 months								
14								
In respect of risks incepted in this financial year								
15								
For periods of more than 12 months								
16								
Premiums receivable (less rebates and refunds) in previous financial years not earned in those years and brought forward to the financial year								
19								(5)
Total (12 to 16)								

Returns under the Accounts and Statements Rules

Form 21

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

Printed 26th APR 02 at 10:33

Name of insurer **BAE SYSTEMS (Insurance) Limited**

Global business

Financial year ended **31st December 2001**Accounting class **Aviation**

		Company registration number	GL/UK/CM	Period ended			Units	Accounting class	
				day	month	year			
		R21	999757	GL	31	12	2001	£000	3
Premiums receivable during the financial year		Gross premiums written			Reinsurers' share			Net of reinsurance	
		Earned in previous financial years 1		Earned in previous financial years 3		Earned in previous financial years 5			

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

Name of insurer **BAE SYSTEMS (Insurance) Limited**

Global business

Financial year ended **31st December 2001**Accounting class **Transport**

		Company registration number	GL/UK/CM	Period ended			Units	Accounting class
				day	month	year		
		R21	999757	GL	31	12	2001	£000
Premiums receivable during the financial year		Gross premiums written		Reinsurers' share		Net of reinsurance		
		Earned in previous financial years 1		Earned in previous financial years 3		Earned in previous financial years 5		
In respect of risks incepted in previous financial years		11						
		Earned in this financial year 1		Unearned at end of this financial year 2		Unearned at end of this financial year 4		Unearned at end of this financial year 6
In respect of risks incepted in previous financial years		12						
In respect of risks incepted in this financial year	For periods of less than 12 months	13						
	For periods of 12 months	14						
	For periods of more than 12 months	15						
Premiums receivable (less rebates and refunds) in previous financial years not earned in those years and brought forward to the financial year		16						
Total (12 to 16)		19						

Returns under the Accounts and Statements Rules

Form 21

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

Printed 26th APR 02 at 10:33

Name of insurer **BAE SYSTEMS (Insurance) Limited**

Global business

Financial year ended **31st December 2001**Accounting class **Property**

		Company registration number	GL/UK/CM	Period ended			Units	Accounting class	
				day	month	year			
		R21	999757	GL	31	12	2001	£000	6
Premiums receivable during the financial year		Gross premiums written		Reinsurers' share		Net of reinsurance			
		Earned in previous financial years 1		Earned in previous financial years 3		Earned in previous financial years 5			
In respect of risks incepted in previous financial years	11								
		Earned in this financial year 1	2	Earned in this financial year 3	4	Earned in this financial year 5	6		
In respect of risks incepted in previous financial years	12			(64)		64			
For periods of less than 12 months	13								
In respect of risks incepted in this financial year	14								
For periods of more than 12 months	15								
Premiums receivable (less rebates and refunds) in previous financial years not earned in those years and brought forward to the financial year	16								
Total (12 to 16)	19			(64)		64			

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

Printed 26th APR 02 at 10:33

Name of insurer **BAE SYSTEMS (Insurance) Limited**

Global business

Financial year ended **31st December 2001**Accounting class **Miscellaneous and pecuniary loss**

		Company registration number	GL/UK/CM	Period ended			Units	Accounting class	
				day	month	year			
		R21	999757	GL	31	12	2001	£000	8
		Reinsurers' share			Net of reinsurance				
		Gross premiums written							
		Earned in previous financial years 1	Earned in previous financial years 3	Earned in previous financial years 5	Unearned at end of this financial year	Earned in this financial year	Unearned at end of this financial year	Earned in this financial year	Unearned at end of this financial year
Premiums receivable during the financial year									
In respect of risks incepted in previous financial years	11								
In respect of risks incepted in previous financial years	12	Earned in this financial year 1	Earned in this financial year 3	Earned in this financial year 5	Unearned at end of this financial year 2	Earned in this financial year	Unearned at end of this financial year 4	Earned in this financial year 5	Unearned at end of this financial year 6
For periods of less than 12 months	13								
For periods of 12 months	14								
For periods of more than 12 months	15								
Premiums receivable (less rebates and refunds) in previous financial years not earned in those years and brought forward to the financial year	16								
Total (12 to 16)	19		(32)					32	

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

Name of insurer **BAE SYSTEMS (Insurance) Limited**

Printed 26th APR 02 at 10:33

Global business

Financial year ended **31st December 2001**Accounting class **Accident and health**

		Company registration number	GL/UK/CM	Period ended			Units	Accounting class	
		R22	999757	GL	31 day	12 month	2001 year	£000	1
			Amount brought forward from previous financial year	Amount payable/receivable in this financial year	Amount carried forward to next financial year		Amount attributable to this financial year		
			1	2	3		4		
Claims incurred in respect of incidents occurring prior to this financial year	Gross amount	11	445	1109	460		1124		
	Reinsurers' share	12							
	Net (11-12)	13	445	1109	460		1124		
	Claims management costs	14							
Claims incurred in respect of incidents occurring in this financial year	Gross amount	15							
	Reinsurers' share	16							
	Net (15-16)	17							
	Claims management costs	18							
Provision for unexpired risks		19							
Net operating expenses	Commissions	21							
	Other acquisition expenses	22							
	Administrative expenses	23		17			17		
	Reinsurance commissions and profit participations	24							
	Total (21+22+23-24)	29		17			17		
Adjustments for discounting in respect of the items shown at lines 11 to 18 above	Gross amount	31							
	Reinsurers' share	32							
	Claims management costs	33							
	Total (31-32+33)	39							
Split of line 29	Prior financial years	41							
	This financial year	42		17			17		
Split of line 39	Incidents occurring prior to this financial year	51							
	Incidents occurring in this financial year	52							

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

Name of insurer **BAE SYSTEMS (Insurance) Limited**

Printed 26th APR 02 at 10:33

Global business

Financial year ended **31st December 2001**Accounting class **Aviation**

		Company registration number	GL/UK/CM	Period ended			Units	Accounting class	
		R22	999757	GL	31	12	2001	£000	3
			Amount brought forward from previous financial year	Amount payable/receivable in this financial year	Amount carried forward to next financial year	Amount attributable to this financial year			
			1	2	3	4			
Claims incurred in respect of incidents occurring prior to this financial year	Gross amount	11	520	168	107	(245)			
	Reinsurers' share	12	3		3				
	Net (11-12)	13	517	168	104	(245)			
	Claims management costs	14							
Claims incurred in respect of incidents occurring in this financial year	Gross amount	15							
	Reinsurers' share	16							
	Net (15-16)	17							
	Claims management costs	18							
Provision for unexpired risks		19							
Net operating expenses	Commissions	21							
	Other acquisition expenses	22							
	Administrative expenses	23		4		4			
	Reinsurance commissions and profit participations	24							
	Total (21+22+23-24)	29		4		4			
Adjustments for discounting in respect of the items shown at lines 11 to 18 above	Gross amount	31							
	Reinsurers' share	32							
	Claims management costs	33							
	Total (31-32+33)	39							
Split of line 29	Prior financial years	41							
	This financial year	42		4		4			
Split of line 39	Incidents occurring prior to this financial year	51							
	Incidents occurring in this financial year	52							

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

Name of insurer **BAE SYSTEMS (Insurance) Limited**

Printed 26th APR 02 at 10:33

Global business

Financial year ended **31st December 2001**Accounting class **Transport**

		Company registration number	GL/UK/CM	Period ended			Units	Accounting class	
		R22	999757	GL	31 day	12 month	2001 year	£000	5
			Amount brought forward from previous financial year 1	Amount payable/receivable in this financial year 2	Amount carried forward to next financial year 3	Amount attributable to this financial year 4			
Claims incurred in respect of incidents occurring prior to this financial year	Gross amount	11	521	68	1243	790			
	Reinsurers' share	12	417	54	994	631			
	Net (11-12)	13	104	14	249	159			
	Claims management costs	14							
Claims incurred in respect of incidents occurring in this financial year	Gross amount	15							
	Reinsurers' share	16							
	Net (15-16)	17							
	Claims management costs	18							
Provision for unexpired risks		19							
Net operating expenses	Commissions	21							
	Other acquisition expenses	22							
	Administrative expenses	23		8		8			
	Reinsurance commissions and profit participations	24							
	Total (21+22+23-24)	29		8		8			
Adjustments for discounting in respect of the items shown at lines 11 to 18 above	Gross amount	31							
	Reinsurers' share	32							
	Claims management costs	33							
	Total (31-32+33)	39							
Split of line 29	Prior financial years	41							
	This financial year	42		8		8			
Split of line 39	Incidents occurring prior to this financial year	51							
	Incidents occurring in this financial year	52							

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

Name of insurer **BAE SYSTEMS (Insurance) Limited**

Printed 26th APR 02 at 10:33

Global business

Financial year ended **31st December 2001**Accounting class **Property**

		Company registration number	GL/UK/CM	Period ended			Units	Accounting class	
		R22	999757	GL	31	12	2001	£000	6
			Amount brought forward from previous financial year	Amount payable/receivable in this financial year	Amount carried forward to next financial year	Amount attributable to this financial year			
			1	2	3	4			
Claims incurred in respect of incidents occurring prior to this financial year	Gross amount	11	6322	2039	6233	1950			
	Reinsurers' share	12	4628	1918	4898	2188			
	Net (11-12)	13	1694	121	1335	(238)			
	Claims management costs	14							
Claims incurred in respect of incidents occurring in this financial year	Gross amount	15							
	Reinsurers' share	16							
	Net (15-16)	17							
	Claims management costs	18							
Provision for unexpired risks		19							
Net operating expenses	Commissions	21							
	Other acquisition expenses	22							
	Administrative expenses	23		70		70			
	Reinsurance commissions and profit participations	24		7		7			
	Total (21+22+23-24)	29		63		63			
Adjustments for discounting in respect of the items shown at lines 11 to 18 above	Gross amount	31							
	Reinsurers' share	32							
	Claims management costs	33							
	Total (31-32+33)	39							
Split of line 29	Prior financial years	41							
	This financial year	42		63		63			
Split of line 39	Incidents occurring prior to this financial year	51							
	Incidents occurring in this financial year	52							

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

Name of insurer **BAE SYSTEMS (Insurance) Limited**

Printed 26th APR 02 at 10:33

Global business

Financial year ended **31st December 2001**Accounting class **Miscellaneous and pecuniary loss**

		Company registration number	GL/UK/CM	Period ended			Units	Accounting class	
		R22	999757	GL	31 day	12 month	2001 year	£000	8
			Amount brought forward from previous financial year	Amount payable/receivable in this financial year	Amount carried forward to next financial year	Amount attributable to this financial year			
			1	2	3	4			
Claims incurred in respect of incidents occurring prior to this financial year	Gross amount	11	222	104	112	(6)			
	Reinsurers' share	12	178	83	90	(5)			
	Net (11-12)	13	44	21	22	(1)			
	Claims management costs	14							
Claims incurred in respect of incidents occurring in this financial year	Gross amount	15							
	Reinsurers' share	16							
	Net (15-16)	17							
	Claims management costs	18							
Provision for unexpired risks		19							
Net operating expenses	Commissions	21							
	Other acquisition expenses	22							
	Administrative expenses	23		34		34			
	Reinsurance commissions and profit participations	24		3		3			
	Total (21+22+23-24)	29		31		31			
Adjustments for discounting in respect of the items shown at lines 11 to 18 above	Gross amount	31							
	Reinsurers' share	32							
	Claims management costs	33							
	Total (31-32+33)	39							
Split of line 29	Prior financial years	41							
	This financial year	42		31		31			
Split of line 39	Incidents occurring prior to this financial year	51							
	Incidents occurring in this financial year	52							

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

Printed 26th APR 02 at 10:33

Name of insurer

BAE SYSTEMS (Insurance) Limited

Global business

Financial year ended

31st December 2001

Accounting class

Accident and health

Accounting class		Accident and health										Company registration number				Period ended				Units		Accounting class								
												GL/UK/CM				day month year														
Accident year ended		1		2		3		4		5		6		7		8		9		10		11		12		2001		£000		1
Month		Year																												
12		2001		11																										
12		2000		12		37		786		33				37				782				1409		2113.5				99.5		
12		1999		13		208		31		345				339				37				1370		82.7				76.1		
12		1998		14		232		129						18				111				1387		58.2				129.5		
12		1997		15		330				51				51								1372		213.0				111.9		
12		1996		16		522		510														1328		(2.3)				108.1		
12		1995		17		495		561		31								31				1286		19.6				108.7		
12		1994		18		540		71										163				1143						67.7		
12		1993		19																										
12		1992		20		60		64																		6.7				
Prior accident years		21																												
Reconciliation		22																												
Total (11 to 22)		29						1109		460		445						1124												

Returns under the Accounts and Statements Rules

Form 23

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

Printed 26th APR 02 at 14:54

Name of insurer

BAE SYSTEMS (Insurance) Limited

Global business

Financial year ended

31st December 2001

Accounting class

Aviation

Accounting class		Aviation												Company registration number		GL/UK/CM				Period ended				Units		Accounting class	
		Accident year ended		Claims paid (net) during the accident year		Claims outstanding (net) as at end of the accident year		Total claims paid (net) since the end of the accident year, but prior to this financial year		Claims paid (net) during this financial year		Claims outstanding carried forward				Claims outstanding brought forward		Balance on each accident year (4+5+6-7-8)		Deduction for discounting from claims outstanding carried forward (net)		Earned premiums (net)		Deterioration/ (surplus) of original reserve %		Claims ratio %	
												Reported (net)		Incurred but not reported (net)		Reported (net)											
Month	Year	1	2	3	4	5	6	7	8	9	10	11	12	2001	£000	3											
12	2001																										
12	2000											217															
12	1999		400		141			400		(259)		540	(64.7)			26.1											
12	1998		100	111	21	67		70		18		567	99.0			35.1											
12	1997		561	806	5			10		(5)		593	44.6			136.8											
12	1996		98	130		37		37				673	70.4			24.8											
12	1995		331	281	1					1		673	(14.8)			41.9											
12	1994		178	156								393	(12.4)			39.7											
12	1993			21																							
12	1992																										
Prior accident years																											
Reconciliation																											
Total (11 to 22)					168	104		517		(245)																	

BAE SYSTEMS (Insurance) Limited

Global business

31st December 2001

Transport

29

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

Printed 26th APR 02 at 10:33

Name of insurer **BAE SYSTEMS (Insurance) Limited**

Global business

Financial year ended **31st December 2001**Accounting class **Property**

Accounting class		Property		Company registration number		GL/UK/CM		Period ended				Units		Accounting class	
								day month year							
Accident year ended															
Month	Year	1	2	3	4	Claims outstanding carried forward		Claims outstanding brought forward	Balance on each accident year (4+5+6-7-8)	Deduction for discounting from claims outstanding carried forward (net)	Earned premiums (net)	Deterioration/ (surplus) of original reserve %	Claims ratio %		
						Reported (net)	Incurred but not reported (net)	Reported (net)	Incurred but not reported (net)						
12	2001	11													
12	2000	12	57	944	331	607	100	444	500	94	1264	10.0	86.6		
12	1999	13	720	1282	81	625		741		(35)	1019	(31.4)	157.0		
12	1998	14	83	567							1136	(85.2)	14.7		
12	1997	15	7	628	86	3		4			1144	(85.7)	8.5		
12	1996	16	552	1854	(174)			2		(176)	1253	(30.5)	146.8		
12	1995	17	38	1474	(118)			3		(121)	1687	2.8	92.1		
12	1994	18		367	46						534	(87.5)	8.6		
12	1993	19		150							350	(100.0)			
12	1992	20		551	232							(57.9)			
Prior accident years		21													
Reconciliation		22													
Total (11 to 22)		29			121	1235	100	1194	500	(238)					

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

Name of insurer

BAE SYSTEMS (Insurance) Limited

Global business

Financial year ended

31st December 2001

Accounting class

Miscellaneous and pecuniary loss

Accounting class		Miscellaneous and pecuniary loss												Company registration number	GL/UK/CM		Period ended			Units	Accounting class
															GL	31	12	2001			
		day	month	year																	
Accident year ended		Month	Year	1	2	3	4	Claims outstanding carried forward		Claims outstanding brought forward		Balance on each accident year (4+5+6-7-8)	Deduction for discounting from claims outstanding carried forward (net)	Earned premiums (net)	Deterioration/ (surplus) of original reserve %	Claims ratio %					
								Reported (net)	Incurred but not reported (net)	Reported (net)	Incurred but not reported (net)										
12	2001																				
12	2000				20		1	20		20		1		610	5.0		3.4				
12	1999				42	60	20	2		24		(2)		481	95.2		29.5				
12	1998				70									530	(100.0)		3.4				
12	1997				38	15								544	(60.5)		2.8				
12	1996				400	1028								627	157.0		171.3				
12	1995				10	550								838			66.8				
12	1994					9								261			3.4				
12	1993													173							
12	1992					242															
Prior accident years																					
Reconciliation																					
Total (11 to 22)							21	22		44		(1)									

Additional information on general insurance business: major treaty reinsurers required by rule 9.25Name of insurer **BAE SYSTEMS (Insurance) Limited**

Global business

Financial year ended **31st December 2001**

Reinsurer details As required by Rule 9.25: (Para 1(a))	Connection (Para 1(b))	Proportional Reinsurance Treaties (Para 1(c)(i)) £000	Non Proportional Reinsurance Treaties (Para 1(c)(ii)) £000	Debts outstanding included at F13L75 (Para 1(d)) £000	Deposits received included at F15L31 (Para 1(e)) £000	Anticipated recoveries (Para 1(f)) £000	Comments
There are no major treaty reinsurers							

Additional information on general insurance business: major facultative reinsurers required by rule 9.26Name of insurer **BAE SYSTEMS (Insurance) Limited**

Global business

Financial year ended **31st December 2001**

Reinsurer details As required by Rule 9.26: (Para 1(a))	Connection (Para 1(b))	Reinsurance premiums payable (Para 1(c)) £000	Debts outstanding included at F13L75 (Para 1(d)) £000	Deposits received included at F15L31 (Para 1(e)) £000	Anticipated recoveries (Para 1(f)) £000	Comments
Munich Re London UK	None		198		529	
AXA (GRE) UK Ltd 66 King William Street London EC4 7BU UK	None		34		218	
BAE SYSTEMS Insurance (Overseas) Limited 44 Athol Street Douglas IM1 1JB Isle of Man	Related		1664		5235	

Information on major general insurance business: reinsurance cedants required by rule 9.27

Name of insurer **BAE SYSTEMS (Insurance) Limited**

Global business

Financial year ended **31st December 2001**

Cedant details	Connection	Premiums receivable	Deposits made included at F13L57	Debts outstanding included at F13L74	Comments
As required by Rule 9.27: (Para 1(a))	(Para 1(b))	(Para 1(c)) £000	(Para 1(d)) £000	(Para 1(e)) £000	
There are no major business cedants					

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

Printed 26th APR 02 at 10:33

Name of insurer

BAE SYSTEMS (Insurance) Limited

Accounting class Accident and health

Global business

Currency

Sterling

Financial year ended

31st December 2001

Risk group

Medical

RISK GROUP														MEDICAL													
Accident year ended		Month		Year		Number of claims			Gross claims paid		Gross claims outstanding carried forward		Gross claims outstanding brought forward			Balance for each accident year (4+5+6-7-8)	Gross earned premiums	Claims ratio %									
													Reported	Incurred but not reported	Reported				Incurred but not reported								
					1	2	3	4	5	6	7	8	9	10	11												
12		2001	11																								
12		2000	12																								
12		1999	13	1			500									32											
12		1998	14	1			375									72	694.4										
12		1997	15													58	646.6										
12		1996	16													26											
12		1995	17	175			306									360	85.0										
12		1994	18	200			360									479	75.2										
12		1993	19																								
12		1992	20	3			22																				
Prior accident years			21																								
Total (11 to 21)			29																								
Line 29 expressed in sterling			30																								

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

Printed 26th APR 02 at 10:33

Name of insurer **BAE SYSTEMS (Insurance) Limited**Accounting class **Accident and health**

Global business

Currency **Sterling**Financial year ended **31st December 2001**Risk group **Medical Overseas**

day month year													
Accident year ended		R31	999757	GL	31	12	2001	000	AA	1			
Month	Year	Gross claims outstanding carried forward			Gross claims outstanding brought forward		Balance for each accident year (4+5+6-7-8)	Gross earned premiums	Claims ratio %				
		Reported	In this financial year	In previous financial years	Reported	In this financial year				In previous financial years			
12	2001	11											
12	2000	12	16	4	11	18	33	14	54	114.8			
12	1999	13	34		14				59	23.7			
12	1998	14	25		28				60	46.7			
12	1997	15	28		6				70	8.6			
12	1996	16	26		10				70	14.3			
12	1995	17	23		13				70	18.6			
12	1994	18							6				
		19											
		20											
Prior accident years		21											
Total (11 to 21)		29		4		18	33	14					
Line 29 expressed in sterling		30				18	33	14					

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

Printed 26th APR 02 at 10:33

Name of insurer **BAE SYSTEMS (Insurance) Limited**Accounting class **Accident and health**

Global business

Currency

Sterling

Financial year ended **31st December 2001**Risk group **Loss of Licence**

Financial year ended		31st December 2001																					
Risk group		Loss of Licence																					
Accident year ended		Company registration number		GLUK/CM		Period ended			Monetary units		Country		Accounting class										
		R31		999757		GL		31 12 2001			000		AA 1										
		Gross claims outstanding carried forward		Gross claims outstanding brought forward		Balance for each accident year (4+5+6-7-8)		Gross earned premiums		Claims ratio %													
		Reported		Incurred but not reported		Reported		Incurred but not reported															
		1		2		3		4		5		6		7		8		9		10		11	
		Closed at some cost during this or previous financial years		Reported claims outstanding		In previous financial years		In this financial year		Reported		Incurred but not reported											
Month		Year																					
12	2001	11																					
12	2000	12	6	1	768	572												768	1319			101.6	
12	1999	13	4	3	31	403					345							339	1290			60.4	
12	1998	14	9		129	1264												18	1304			106.8	
12	1997	15	10	1		1478					51							51	1295			118.1	
12	1996	16	9			1446													1280			113.0	
12	1995	17	9	1		1048					31								847			127.4	
12	1994	18	3		163	251													700			59.1	
12	1993	19																					
12	1992	20	1			64																	
Prior accident years		21																					
Total (11 to 21)		29		6	1091						427							408	1110				
Line 29 expressed in sterling		30			1091						427							408	1110				

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

Printed 26th APR 02 at 10.33

Name of insurer **BAE SYSTEMS (Insurance) Limited**Accounting class **Aviation**

Global business

Currency **Sterling**Financial year ended **31st December 2001**Risk group **Aircraft**

All Claims														
Accident year ended		day month year												
		R31	999757		GL	31	12	2001	000	AA	3			
Month	Year	Number of claims		Gross claims paid		Gross claims outstanding carried forward		Gross claims outstanding brought forward		Balance for each accident year (4+5+6-7-8)	Gross earned premiums	Claims ratio %		
		Closed at some cost during this or previous financial years	Reported claims outstanding	In previous financial years	In this financial year	Reported	Incurred but not reported	Reported	Incurred but not reported					
12	2001	11												
12	2000	12									286			
12	1999	13	1				141		400	(259)	706	20.0		
12	1998	14	1	1	111	21	67		70	18	734	27.1		
12	1997	15	5	1	806	5			10	(5)	785	103.3		
12	1996	16	6	2	134		37		37		941	18.2		
12	1995	17	6	1	323	1				1	1410	23.0		
12	1994	18	2		156						693	22.5		
12	1993	19	1		21									
12	1992	20												
Prior accident years		21					3		3					
Total (11 to 21)		29		5		168	107		520	(245)				
Line 29 expressed in sterling		30				168	107		520	(245)				

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

Printed 26th APR 02 at 10:33

Name of insurer

BAE SYSTEMS (Insurance) Limited

Accounting class **Transport**

Global business

Currency **Sterling**Financial year ended **31st December 2001**Risk group **Marine Transit**

Risk group		Marine Transit										Company registration number		GLUK/CM			Period ended			Monetary units		Country		Accounting class	
		Accident year ended		Number of claims		Gross claims paid		Gross claims outstanding carried forward		Gross claims outstanding brought forward		Balance for each accident year (4+5+6-7-8)		Gross earned premiums		Claims ratio %									
Month	Year	1	2	3	4	5	6	7	8	9	10	11													
12	2001																								
12	2000		3		5	1175		445		735	662	178.2													
12	1999	1	1	11	63	68		76		55	669	21.2													
12	1998	2		316							591	53.5													
12	1997	2		45							649	6.9													
12	1996	2		13							649	2.0													
12	1995	4		12							424	2.8													
12	1994	2		6							88	6.8													
	19																								
	20																								
Prior accident years																									
Total (11 to 21)			4		68	1243		521		790															
Line 29 expressed in sterling					68	1243		521		790															

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Accounting class Property

Currency
Sterling

31st December 2001

Household Comprehensive

Accident year ended		Gross claims outstanding carried forward										Balance for each accident year (4+5+6-7-8)	Gross earned premiums	Claims ratio %
		Number of claims		Gross claims paid		Gross claims outstanding brought forward								
		Closed at some cost during this or previous financial years	Reported claims outstanding	In previous financial years	In this financial year	Reported	Incurred but not reported	Reported	Incurred but not reported					
Month	Year	1	2	3	4	5	6	7	8	9	10	11		
12	2001	11												
12	2000	12	45	8	19	3		14		2	112	31.3		
12	1999	13	37		49			12		(12)	125	39.2		
12	1998	14	54	1	57						144	39.6		
12	1997	15	39		22						125	17.6		
12	1995	16												
12	1994	17												
12	1993	18												
12	1992	19	38		36									
12	1991	20	86		725									
Prior accident years		21												
Total (11 to 21)		29		9		3		26		(10)				
Line 29 expressed in sterling		30				3		26		(10)				

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

Printed 26th APR 02 at 10:33

Name of insurer **BAE SYSTEMS (Insurance) Limited**Accounting class **Property**

Global business

Currency **Sterling**Financial year ended **31st December 2001**Risk group **All Risks Photographic**

Risk group		All Risks Photographic												
		number			day month year			year			year			
		R31	999757	GL	31	12	2001	000	AA	Claims ratio %				
Accident year ended		Number of claims		Gross claims paid		Gross claims outstanding carried forward		Gross claims outstanding brought forward		Balance for each accident year (4+5+6-7-8)	Gross earned premiums	Claims ratio %		
		Closed at some cost during this or previous financial years	Reported claims outstanding	In previous financial years	In this financial year	Reported	Incurred but not reported	Reported	Incurred but not reported					
Month	Year	1	2	3	4	5	6	7	8	9	10	11		
12	2001	11												
12	2000	12												
12	1999	13												
12	1998	14												
12	1997	15												
12	1996	16												
12	1995	17												
12	1994	18												
12	1993	19	5		30									
12	1992	20	4		1									
12	1991	21												
Prior accident years		21												
Total (11 to 21)		29												
Line 29 expressed in sterling		30												

Printed 26th APR 02 at 10:33

Accounting class Property

Currency
Sterling

31st December 2001

Property Damage

Accident year ended		Gross claims paid										Gross claims outstanding carried forward				Gross claims outstanding brought forward				Balance for each accident year (4+5+6-7-8)	Gross earned premiums	Claims ratio %
		Number of claims		In previous financial years		In this financial year		Reported		Incurred but not reported		Reported		Incurred but not reported								
		Closed at some cost during this or previous financial years	Reported claims outstanding																			
Month	Year	1	2	3	4	5	6	7	8	9	10	11										
12	2001	11																				
12	2000	6	14	191	1592	3018	100	2149	500	2061	5706	85.9										
12	1999	8	11	4225	406	3096		3616		(114)	5210	148.3										
12	1998	12		554							5910	9.4										
12	1997	12		359	4	14		19		(1)	6062	6.2										
12	1996	12	1	8941	24			7		17	5670	158.1										
12	1995	32	2	3386		2		5		(3)	3902	86.8										
12	1994	6		77							1271	6.1										
12	1993																					
12	1992	25		681																		
Prior accident years																						
Total (11 to 21)			28		2026	6130	100	5796	500	1960												
Line 29 expressed in sterling					2026	6130	100	5796	500	1960												

Returns under the Accounts & Statement Rules

Certificate required by rule 9.29 of the IPRU (INS)

BAE SYSTEMS (Insurance) Limited

Financial year ended 31st December 2001

Statement of Additional Information on Derivative and Quasi Derivative Contracts.

The Company's Investment Policy does not permit investment in derivatives.

Returns under the Accounts & Statement Rules

Certificate required by rule 9.30 of the IPRU (INS).

BAE SYSTEMS (Insurance) Limited

Financial year ended 31st December 2001

Statement of Shareholder Controllers

Shareholder Controllers during the course of the year

BAE SYSTEMS plc

The holding of Shareholder Controllers at the end of the year

BAE SYSTEMS plc	100%
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Returns under the Accounts & Statement Rules

Certificate required by rule 9.32 of the IPRU (INS).

BAE SYSTEMS (Insurance) Limited

Financial year ended 31st December 2001

Overview of Reinsurance Protections.

The company ceased underwriting new business on 01 January 2001 and has been in run-off for the whole of the year.

Prior to 01 January 2001 all business written in Risk Groups 5 and 8 was subject to quota share reinsurance protections: for example in 2000 there was a 80% quota share reinsurance protection purchased from BAE SYSTEMS Insurance (Isle of Man) Limited (70%) [formerly British Aerospace Insurance (Overseas) Limited], a related company, and Munich Re (10%). In addition the significant exposures in Risk Group 6 were subject to the same reinsurance protection.

The period of cover was identical to the inwards insurance.

The maximum exposure of BAE SYSTEMS Insurance Limited during 2000 was £50 million (each and every loss) and £70 million in the aggregate (gross) and thus the maximum probable loss (net of reinsurance) was £10 million (each and every loss), £14 million in the aggregate.

All claims are expected to be paid in full.

Returns under the Accounts & Statement Rules

BAE SYSTEMS (Insurance) Limited

Financial year ended 31st December 2001

Notes to the Return

0901 Section 148 waivers and Section 68 orders

The Treasury, on the application of the Company, issued to the Company on 9 July 2001 an Order under Section 68 of the Insurance Companies Act 1982. The effect of the Order was to modify the provisions of Schedule 12 to the Insurance Companies Regulations 1994, for the period from the date of the Order to 31 December 2001, by increasing the permitted asset exposure limit and permitted counterparty exposure limit in respect of deposits with the institutions there was substituted a counterparty exposure limit and asset exposure limit of £5,000,000.

The Section 68 Order granted on 9 July 2001 under the Insurance Companies Act 1982 continues to have effect under the transitional arrangements set out in the Supervision Manual. Schedule 12 to the Insurance Companies Regulations 1994 referred to above now exists as IPRU(INS) Appendix 4.2.

The previous Section 68 Order expired on 30 December 2000 and was not reinstated until 9 July 2001. Therefore, for the period from 31 December 2000 until 8 July 2001 a significant part of the assets became inadmissible and the Company has breached its solvency requirements from 31 December 2000 until 8 July 2001.

1001 Reconciliation to Companies Act Accounts

	<u>2001</u> £'000	<u>2000</u> £'000
F.13.L.99	39294	35310
F.15.L.59	<u>18589</u>	<u>15232</u>
Capital and Reserves per Statutory Accounts	<u>20705</u>	<u>20078</u>

1304 Netting

Amounts due to and from the same person have been netted in arriving at certain of the figures on Form 13 and Form 15 to the extent permitted by generally accepted accounting principles.

1305 The investment policy of the Company is to invest in time deposits only up to the limit of the Section 68 Order referred to in 0901 above. However as noted in 0901 above, this Section 68 order was not in place for the period from 31 December 2000 to 8 July 2001 resulting in a breach in solvency requirements.

1306 All the time deposits of the company exceed 5 % of the general business amount and they are listed below:

	Value	Maturity	Amount
Banca Di Roma	12/31/01	01/07/02	£5,000,000
Ulster Bank	12/31/01	01/07/02	£5,000,000
Kleinwort Benson Inv man	12/31/01	01/07/02	£5,000,000
National Bank of Abu Dhabi	12/31/01	01/07/02	£5,000,000
Britannia	12/31/01	01/07/02	£4,000,000
Nationwide	12/31/01	01/07/02	£5,000,000

- 1501 No provisions for adverse charges has been made. The directors believe that the company has sufficient assets to meet all expected liabilities.
- 1502 (a) There is no charge over assets of the company.
(b) There is no potential capital gains tax liability.
(c) There are no contingent liabilities.
(d) There are no guarantees, indemnities or other contractual commitments effected other than in the ordinary course of insurance business.
- 1700 Form omitted because all entries would be blank.
- 2002 All business is accounted for on an accident year basis and all business is UK business.
- 2003 No new contracts of insurance have been effected during the year in Authorisation Classes 4,5 and 18. The date on which such policies were last written is 1993 or earlier for Classes 4 & 18, and June 1999 for Class 5. In addition the company ceased writing new business on 1st January 2001 in all remaining classes.
- 2007 Material connected-party transactions
- At the year end, a balance of £10,173,451 in respect of inter-company loan was due to holding company, BAE SYSTEMS Plc.
- 2102 Unearned premiums are calculated on the 365th basis because the number of policies is small and this accurate method can be used.
- 2202 Claims management expenses and all overheads are included within Net Operating Expenses. No claims management expenses are carried forward as the number of claims is small and expenses are not considered material.
- 2204 There are no acquisition expenses other than commissions which have been earned on an identical basis to the premium.

BAE SYSTEMS (Insurance) Limited

Directors' Certificate required by rule 9.34(a) of the Accounts and Statements Rules

Financial year ended 31st December 2001.

We certify:

1. (a) that in relation to the part of this return comprising forms 9 to 13, 15, 16, 20 to 23 and 31 (including the supplementary notes thereto) and the statements required by rules 9.25 to 9.27, 9.29, 9.30 and 9.32:
 - (i) the return has been prepared in accordance with the Accounts and Statements Rules as modified by a waiver dated 9 July 2001 issued under Section 68 of the Insurance Companies Act 1982;
 - (ii) proper accounting records have been maintained and adequate information has been obtained by the company; and
 - (iii) an appropriate system of control has been established and maintained by the company over its transactions and records;
 - (b) that reasonable enquiries have been made by the company for the purpose of determining whether any person and any body corporate are connected for the purposes of rules 9.25, 9.26 and 9.27; and
 - (c) that in respect of the company's business which is not excluded by rule 7.6, the assets held throughout the financial year in question enabled the company to comply with rules 7.1 to 7.5 (matching and localisation).
2. that the margin of solvency required by rule 2.1 has not been maintained throughout the financial year. Refer to footnote 1.
 3. (a) that the systems of control established and maintained by the company in respect of its business complied at the end of the financial year, and it is reasonable to believe that those systems continued to so comply subsequently and will continue to so comply in the future, with the following published guidance:

Guidance Note P.1 – 'Systems and controls over investments of insurers except as explained in footnote 2';

Guidance Note P.2 – 'Systems and controls over general business claims provisions';

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

Guidance Note 4.1 – 'Guidance for insurers and auditors on the Valuation of Assets Rules';

Guidance Note 4.2 - 'Use of derivative contracts in insurance funds; and

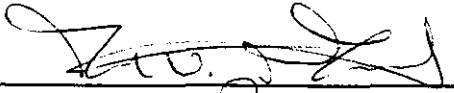
Guidance Note 9.1 - 'Preparation of annual returns'.

Footnote 1 (paragraph 2)

The statement required by paragraph 2 that the margin of solvency required by rule 2.1 has been maintained throughout the financial year has not been made. This is because the previous Section 68 Order which was expired on 30 December 2000 was not reinstated until 9 July 2001. As a result, for the period from 31 December 2000 until 8 July 2001 a significant part of the assets became inadmissible and the Company has breached its solvency requirements from 31 December 2000 until 8 July 2001.

Footnote 2 (paragraph 3(a)(i))

The statement with respect to compliance with Guidance Note P1 cannot be made for the period from 31 December 2000 to 8 July 2001 as explained in Note 0901 as there was no Section 68 Order in place during this period which resulted in a breach in solvency requirements.



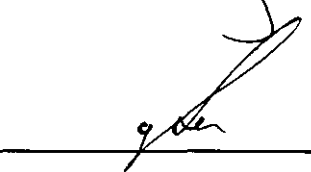
P W McDonald

Chairman



T Burns

Director



D S Parkes

Secretary

30-04-02 Date

Report of the auditor to the Directors pursuant to rule 9.35 of the Accounts and Statements Rules.

BAE SYSTEMS (Insurance) Limited

Financial year ended 31 December 2001

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

- Forms 9 to 13, 15 to 16 and 20 to 23 and 31 (including the supplementary notes thereto) ('the Forms');
- the statements required by rules 9.25, 9.26, 9.27, and 9.29 on pages 32, 33, 34 & 44 ('the statements'); and
- the certificate signed in accordance with rule 9.34(a) on pages 49 and 50 ('the certificate').

In the case of the certificate, our examination did not extend to paragraph 1 in relation to the statements required by rules 9.30 and 9.32, concerning shareholder controllers and general business ceded.

Respective responsibilities of the company and its auditors

The company is responsible for the preparation of an annual return (including the Forms, statements and certificate) under the provisions of the Rules. The requirements of the Rules have been modified by a waiver issued under section 68 of the Insurance Companies Act 1982 on 9 July 2001. Under rule 9.11 the Forms and statements are required to be prepared in the manner set out in the Rules and to state fairly the information provided on the basis required by the Rules.

It is our responsibility to form an independent opinion as to whether the Forms and statements meet these requirements, and in the case of the certificate whether it was or was not unreasonable for the persons giving the certificate to have made the statements therein, and to report our opinions to you. Our responsibilities, as independent auditors, are established in the United Kingdom, by statute, the Auditing Practices Board, and by our profession's ethical guidance.

Bases of opinions

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

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

In the case of the certificate, the work performed involves a review of the procedures undertaken by the signatories to enable them to make the statements therein, and does not extend to an evaluation of the effectiveness of the company's internal control systems.

Opinions

In our opinion:

- (a) the Forms and statements fairly state the information provided on the basis required by the Rules as modified and have been properly prepared in accordance with the provision of those Rules; and
- (b) based on the information and explanations received by us:
 - (i) the certificate has been properly prepared in accordance with the provisions of the Rules; and
 - (ii) it was not unreasonable for the persons giving the certificate to have made the statements therein.

KPMG Audit Plc

KPMG Audit Plc
Registered Auditor
London

Date 30 April 2002