Acco1242.

BAE SYSTEMS (Insurance) Limited





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



Returns under the Accounts and Statements Rules

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

Name of insurer

BAE SYSTEMS (Insurance) Limited

Global business

Financial year ended

31st December 2001

•		Company registration	GL/UK/CM		eriod en	ded		Jnits
	R9	999757	GL	day 31	month 12	year 200		£000
		As at the end of this financial year	the p	the en previou 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
--	---	----	-------	--------	-----------------------------

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		
•			

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

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

Financial year ended 31st December 2001									
			Company registration number	GL/UK/CM		eriod ende	ed year	- u	nits
		R10	999757	GL	31	12	2001	£	000
			As at the end of this financial year			end of us year	Form	Source	Column
Long term insurance bus	iness - admissible assets	11					13	. 89	. 1
Long term insurance bus	iness - liabilities and margins	12				· · · · · · · · · · · · · · · · · · ·	14	. 59	. 1
Other than Long term insura	ance business - admissible assets	21	3929	94		11809	13	. 89	. 1
Other than Long term ins	surance business - liabilities	22	185	89		15232	15	. 69	. 1
Net admissible assets (2	1-22)	23	2070	05		(3423)			
Other assets allowed to be taken into account in	Unpaid amounts (including share premium) on partly paid shares	24							
covering the required minimum margin	Supplementary contributions for a mutual carrying on general insurance business	25							
Liabilities allowed to be left out of account in	Subordinated loan capital	26							
covering the required minimum margin	Cumulative preference share capital	27						_	
Available assets (23 to 2	7)	29	2070	05		(3423)			
Represented by:									
Paid up share capital (ot preference share capital)		51	570	00		5700			
Amounts included in line	s 24 to 27 above	52	· · · · · · · · · · · · · · · · · · ·						
Amounts representing th	e balance of net assets	56	150	05		(9123)			
Total (51 to 56) and equa	al to line 29 above	59	207	05		(3423)			
Movement of balance of purposes - as per line s	of net assets for solvency 56								
Balance brought forward financial year	at the beginning of the	61	(91:	23)		11704	10	. 56	. 2
Retained profit/(loss) for	the financial year	62	6	27	<u>-</u>	2674	16	. 59	. 1
Movement in asset valua	ition differences	63	235	01	((23501)	See	instru	ction 2
Decrease/(increase) in the changes	ne provision for adverse	64				·	See	instru	ction 3
Other movements (partic way of supplementary no		65							
Balance carried forward (61 to 65)	at the end of the financial year	69	150	05		(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

				Company registration number GL/UK/CM d			eriod e	Units	
			R11	999757	GL	31	12	2001	£000
· · · · · · · · · · · · · · · · · · ·					This financi year	ial		Previ yea	
					1			2	
Gross premium	s receivable			11					10705
Premium taxes	and levies (ir	ocluded in line 11)		12					
Sub-total A (1	1-12)			13					10705
Adjusted Sub-to		cial year is not a 12 mon figure	th	14		<u>.</u> _	 		
	Other than	Up to and including ste equivalent of 10M EUR		15		·			1046
Division of Sub-total A (or adjusted	health insurance	Excess (if any) over 10M EURO x 16/100		16	· · · · · · · · · · · · · · · · · · ·				783
Sub-total A if appropriate)	Health	Up to and including ste equivalent of 10M EUR		0 17					
	insurance	Excess (if any) over 10M EURO x 16/300		18					
Sub-total B (1	5+16+17+18)		19					1829
Claims paid			_	21		3488	3		3421
Claims outstand		For insurance business for on an underwriting		1 '2'2	r I	-			<u> </u>
end of the finar year	ncial	For insurance business for on an accident year		ed 23		815	5		8030
Claims outstand		For insurance business for on an underwriting		1 7/1					
beginning of the financial year		For insurance business for on an accident year		ed 25		803	0		6940
Sub-total C (2	1+22+23-(24	+25))		29		361	3		4511
Amounts recove of claims include		einsurers in respect al C		30		281	4		2838
Sub-total D (2	9-30)			39		79	9		1673
First result Sub-total B x	Sub-total D Sub-total C	(or, if ½ is a greater frac	tion, x ½)	41		-			915

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

Name of insurer

BAE SYSTEMS (Insurance) Limited

Global business

year ended 31st December 200			n	registration		/CM Period ended			Uni	Units	
		R12		999757	GL	31 12			£0	00	
		 				Previous		- 5	Source		
				year 1		year 2		mo	<u>=</u>	Column	
iod (No. of fin	ancial years) Insert "0" if there is se insert "3" or "7"	3	11				(ey.			<u> </u>	
			21		13156	1818	7				
	For insurance business accounted for on an underwriting year basis	r	22		·		\top				
	For insurance business accounted for on an accident year basis	er	23		8155	803	10				
	For insurance business accounted for on an underwriting year basis	or	24				_				
	For insurance business accounted fo on an accident year basis	ər 📗	25		4102	694	10				
1+22+23-(24	+25))		29		17209	1927	77				
Conversion of number of mo	Sub-total E to annual figure (Multiply bonths in reference period)	y 12	31		5736	642	26				
Other than	Up to and including sterling equivaler 7M EURO x 26/100	nt of	32		1131	105	57				
health insurance	Excess (if any) over 7M EURO x 23/1	100	33		319	54	13				
health	Up to and including sterling equivaler 7M EURO x 26/300	nt of	34							-	
	Excess (if any) over 7M EURO x 23/3	300	35			1057 543 1600					
32 to 35)			39		1450	160	00				
t Sub-total	G x <u>Sub-total D</u> (or, if ½ is a greater Sub-total C fraction, x ½)		41		725	80	00				
		I									
			42			9'	15	11	. 4	1	
gin of solveno	cy (the higher of lines 41 and 42)		43		725	9.	15				
											
rantee fund			44		186	17	74				
imum marrin	(the higher of lines 43 and 44)		49		725		15 T				
	iod (No. of finiteriod otherwiseriod otherwiseriod otherwiseriod otherwiseriod of the odd of the od	iod (No. of financial years) Insert "0" if there is seriod otherwise insert "3" or "7" I reference period For insurance business accounted for on an underwriting year basis For insurance business accounted for on an accident year basis For insurance business accounted for on an underwriting year basis For insurance business accounted for on an underwriting year basis For insurance business accounted for on an underwriting year basis For insurance business accounted for on an underwriting year basis For insurance business accounted for on an underwriting year basis For insurance business accounted for on an underwriting year basis For insurance business accounted for on an underwriting year basis For insurance business accounted for on an underwriting year basis For insurance business accounted for on an underwriting year basis For insurance business accounted for an underwriting year basis For insurance business accounted for an underwriting year basis For insurance business accounted for an underwriting year basis For insurance business accounted for an underwriting year basis For insurance business accounted for an underwriting year basis For insurance business accounted for an underwriting year basis For insurance business accounted for an underwriting year basis For insurance business accounted for an underwriting year basis For insurance business accounted for an underwriting year basis For insurance business accounted for an underwriting year basis For insurance business accounted for an underwriting year basis For insurance business accounted for an underwriting year basis For insurance business accounted for an underwriting year basis For insurance business accounted for an underwriting year basis For insurance business accounted for an underwriting year basis For insurance business accounted for an underwriting year basis For insurance business accounted for an underwriting year basis For insurance business accounted for an underwriting year basis For insurance business a	iod (No. of financial years) Insert "0" if there is reriod otherwise insert "3" or "7" In reference period Inding carried and of the bod on an underwriting year basis For insurance business accounted for on an accident year basis For insurance business accounted for on an underwriting year basis For insurance business accounted for on an underwriting year basis For insurance business accounted for on an underwriting year basis For insurance business accounted for on an accident year basis For insurance business accounted for on an accident year basis For insurance business accounted for on an accident year basis For insurance business accounted for on an accident year basis For insurance business accounted for on an indentity of the state	reference period Por insurance business accounted for on an underwriting year basis For insurance business accounted for on an underwriting year basis For insurance business accounted for on an underwriting year basis For insurance business accounted for on an underwriting year basis For insurance business accounted for on an underwriting year basis For insurance business accounted for on an underwriting year basis For insurance business accounted for on an underwriting year basis 24 For insurance business accounted for on an underwriting year basis 25 27:1+22+23-(24+25)) Conversion of Sub-total E to annual figure (Multiply by 12 number of months in reference period) Other than health insurance Up to and including sterling equivalent of 7M EURO x 26/100 Excess (if any) over 7M EURO x 23/100 33 Health insurance Excess (if any) over 7M EURO x 23/300 Excess (if any) over 7M EURO x 23/300 34 Sub-total G x Sub-total D (or, if ½ is a greater fraction, x ½) 42 gin of solvency (the higher of lines 41 and 42) 43 Frantee fund	R12 999757 This final year of the period otherwise insert "0" if there is a seriod otherwise insert "3" or "7" if there is a seriod otherwise insert "3" or "7" if there is a seriod otherwise insert "3" or "7" if there is a seriod otherwise insert "3" or "7" if there is a seriod otherwise insert "3" or "7" if there is a seriod otherwise insert "3" or "7" if there is a secounted for on an underwriting year basis accounted for on an accident year basis accounted for on an underwriting year basis accounted for on an accident year basis accounted for an accident year basis accounted	R12 999757 GL This financial year year of there is 3 11	R12 S99757 GL 31 12	R12 999757 GL 31 12 20	R12 999757 GL 31 12 2001	R12 999757 GL 31 12 2001 E0	

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		F	eriod en	ded		Category of
				number	GL/UK/CM	day	month year		Units	assets
			R13	999757	GL	31	12	2001	£000	3
Investments					į			the end o financial year 1	the	the end of previous year 2
Land and buildings						11		<u> </u>		
 	UK insurance	Shares				21				
	business dependants	Debt secur	ities issued	by, and loans to, de	pendants	22	_			
	Other insurance	Shares 2								
	dependants	Debt secur	ities issued	by, and loans to, de	pendants	24				
Investments in group undertakings	Non-insurance	Shares			25					
and participating interests	dependants	Debt secur	ities issued	by, and loans to, de	pendants	26			As at the	
Other group undertakings and		Shares			27					
	Debt secur	bt securities issued by, and loans to, group undertakings						_		
participating interests		Participatin	g interests		29					
		Debt secur which the	ities issued nsurer has a	by, and loans to, un participating intere	dertakings in st	30				
Total sheet 1 (11 to 3	0)					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	GL/UK/CM		eriod e		Units	Category of
		1	R13	number 999757	GL	day 31	month 12	year 2001	£000	assets 3
Deposits wi	(continued) th ceding underta to cover linked lia						As at	the end financia year 1		at the end of e previous year 2
	Equity shares					41				
į	Other shares and other	variable yield s	securities			42				·
	Holdings in collective in	vestment sche	mes		·	43				
	Rights under derivative	contracts				44				
:		Fixed interes	o t	Approved securities	es	45				
į	Debt securities and	rixeo interes). 	Other		46				···
	other fixed income securities	Variable inte	reet	Approved securities	es	47				
İ		Variable (inte		Other		48				
Other financial investments	Participation in investm	fixed income (ities Variable interest Approved securities Approved securities	49							
	Loans secured by mort		50							
					onalised	51				
	Other loans		red by polic	ies of insurance issu	ed by the	52				
		Other				53				
	Deposits with approved credit	Withdrawal	subject to	a time restriction of o	ne month or less	54		290	000	
	institutions and approved financial institutions	Withdrawal month	subject to	a time restriction of n	nore than one	55				4164
	Other					56				
Deposits with ce	eding undertakings					57				
		Index linked	3			58				
Assets held to n	natch linked liabilities	Property lin	ked			59				
		Provision fo	r unearned	i premiums		60				
		Claims outs	standing			61		59	984	5226
Reinsurers' sha	re of technical provisions	Provision fo	or unexpire	d risks		62				
		Other				63				
Total sheet 2 (4	1 to 63)	<u> </u>				69		349	984	9390

Analysis of admissible assets

Name of insurer

BAE SYSTEMS (Insurance) Limited

Global business

Financial year ended

31st December 2001

Category of ass				the United K Company registration	GL/UK/CM		Period e		Units	Category of assets
			R13	999757	GL	day 31	month	2001	£000	3
Debtors Other assets					1			the end of financial year 1	the	the end of previous year 2
Debtors arising out	Policyholders					71				
of direct insurance operations	Intermediaries					72				75
Salvage and subroga	ation recoveries					73				
Debtors arising out	Due from ceding accepted	insurers and int	ermediaries u	nder reinsurance b	usiness	74				
pperations	Due from reinsur	ers and interme	diaries under	reinsurance contrac	cts ceded	75		1896		1578
	Due from	Due in 12 m	onths or less	after the end of the	financial year	76				
male e e debide e e	dependants	Due more th	an 12 months	after the end of the	financial year	77				
Other debtors	011	Due in 12 m	onths or less	after the end of the	financial year	78		37		72
	Other	Due more th	an 12 months	after the end of the	financial year	79				
l'angible assets	<u> </u>		···-		<u> </u>	80				
Cash at bank and				drawal, with approv		81		2376		694
in hand	Cash in hand	-		·		82				
Other assets (particu	lars to be specified	by way of supp	lementary no	te)		83		-		
	Accrued interest	and rent	<u> </u>		,	84		1		
Prepayments and accrued income	Deferred acquisit	tion costs			,	85				
	Other prepaymer	nts and accrued	income			86				
Deductions (under ru	iles 4.14(2)(b) and	4.14(3)) from th	e aggregate v	alue of assets		87				
Total sheet 3 (71 to 8	36 less 87)					88		4310		2419
Grand total of admiss	sible assets (39+6	9+88)				89	_	39294		11809
Reconciliation to as insurance accounts		nined in accord	lance with th	е						
Total admissible ass	ets (as per line 89	above)			·	91		39294		11809
Total assets in exces Rules before applyin			endix 4.2 (as v	alued in accordance	e with those	92				23501
Solvency margin ded	luction for susidiar	y undertakings v	vhich are insu	rance undertakings		93				
Other differences in t	the valuation of as:	sets (other than	for assets not	valued above)		94				
Assets of a type not	valued above, (as	valued in accord	lance with the	insurance account	s rules)	95				_
Total assets determine	ned in accordance	with the insurar	ice accounts i	rules (91 to 95)		99		39294		35310
Amounts included in contracts of insurance		to debts due fr	om related ins	surers, other than th	ose under	100				

Liabilities (other than long term insurance business)

Printed 26th APR 02 at 10:33

Name of insurer

BAE SYSTEMS (Insurance) Limited

Global business

Financial year ended

·	oldt beteiliber 2001		Company registration number	GL/UK/CI	LE	eriod ende month	year	Units
		R15	999757	GL	31	12	2001	£000
		· !	<u> </u>	,	As at the this fin ye	ar	the	the end of previous year 2
	Provision for unearned premiums			11	-			
	Claims outstanding			12		8155		8030
echnical	Provision for unexpired risks			13				
rovisions gross		Credit busi	ness	14	·			
amount)	Equalisation provisions	Other than	credit business	15				
ĺ	Other			16				
į	Total (11 to 16)			19		8155		8030
Provisions for other risks	Taxation			21				
and charges	Other			22				
Deposits recei	ved from reinsurers			31		- 		
		Direct insu	rance business	41		39		
	Arising out of insurance operations	Reinsurand	e accepted	42	<u></u>		1	· <u> </u>
		Reinsurano	ce ceded	43				
i		Secured		44				
Creditors	Debenture loans	Unsecured		45				
	Amounts owed to credit institutions	· · · · · · · · · · · · · · · · · · ·		46				
		Taxation		47	·			
	Other creditors	Recomme	nded dividend	48			1	
		Other		49		10328		7123
Accruals and	deferred income			51	<u> </u>	67		79
Total (19 to 51)			59		18589	<u> </u>	15232
	adverse changes (calculated in accordance ce Companies Regulations 1994)	with rule 5.3)	[Regulation 61	61				
Cumulative pr	eference share capital			62				
Subordinated	loan capital			63			 	·····
Total (59 to 63	3)			69		18589	- 	15232
	ided in line 69 attributable to liabilities to rela ontracts of insurance or reinsurance	ated insurers	other than	71		10173		6983

Profit and loss account (non-technical account)

Printed 26th APR 02 at 10:33

Name of insurer

BAE SYSTEMS (Insurance) Limited

Global business

Financial year ended

				Company registration number	GL/UK/CM		eriod end	ded ye:	ar	Un	its
			R16	999757	GL	31	12	20	001	£0	00
				This finanger	cial		vious ear		S	ource	
				1			2		For	<u>Li</u>	Column
Transfer (to)/from th	le uciness	From Form 20	11		(831)		95	4	20 .	59	
technical account	usii icas	Equalisation provisions	12								
Transfer from the lo account	ng term ins	urance business revenue	13	ţ.			•		40	. 26	
	Income		14		1458		172	20			-
Investment income	Value re-	adjustments on ots	15								
	Gains on investmen	the realisation of ots	16								-
	Investment including	nt management charges, interest	17			-					-
Investment charges	Value re-	adjustments on nts	18								
	Loss on the	ne realisation of ots	19					,			
Allocated investmer insurance business		nsferred to the general ccount	20						20	. 51	
Other income and o		rticulars to be specified	21								
Profit or loss on ord (11+12+13+14+15+	inary activit 16-17-18-1	ies before tax 9-20+21)	29	(627		267	'4			
Tax on profit or loss	on ordinar	y activities	31								
Profit or loss on ord	inary activit	ies after tax (29-31)	39		627		267	74			
Extraordinary profit by way of suppleme	or loss (pai ntary note)	ticulars to be specified	41								
Tax on extraordinar	y profit or k	oss	42								
Other taxes not sho	wn under ti	ne preceding items	43								
Profit or loss for the	financial ye	ear (39+41-(42+43))	49		627		267	74			
Dividends (paid and	proposed)		51								
Profit or loss retaine	ed for the fir	nancial year (49-51)	59		627		267	74	***	-	

Printed 26th APR 02 at 10:33

Name of insurer

BAE SYSTEMS (Insurance) Limited

Global business

Financial year ended

31st December 2001

Accounting class

Summary

				Company registration number	GL/UK/C	M day	Period end	led year	Units	c	ccoun lassi umma	•
			R20	999757	GL	31	12	2001	£000		99	
				<u></u>		This f	inancial	Previo	us year	S	ource	
ltems to be sh	two	net of reinsurance				y.	ear 1		2	Form	Line	Column
	Ear	ned premium	- -	 	11		91	<u> </u>	3557	21	. 19	. 5
	Clai	ms incurred			12				1730	22	. 17	. 4
	Clai	ms management costs			13					22	. 18	. 4
This year's underwriting	Adji	ustment for discounting			14					22	. 52	. 4
(accident year accounting)	Incr	ease in provision for une	xpired ris	ks	15					22	. 19	. 4
		er technical income or cl cified by way of supplem			16	7						
	Net	operating expenses			17		123		930	22	. 42	. 4
	Bal	ance of year's underwriti	ng (11-12	-13+14-15+16-1	7) 19		(32)		897			
	Ear	ned premium			21					21	. 11	. 5
	Cla	ims incurred			22		799		(57)	22	. 13	. 4
Adjustment for	Cla	ims management costs			23					22	. 14	. 4
prior years' underwriting	Ad	justment for discounting			24					22	. 51	. 4
(accident year accounting)		ner technical income or co ecified by way of supplem			25							
	Net	operating expenses			26					22	. 41	. 4
	Bal	ance (21-22-23+24+25-2	(6)		29		(799)		57			
		Per Form 24			31					24	69.	99-99
Balance from underwriting ye accounting	ar	Other technical income be specified by way of			to 32							
		Total			39							
Balance of all y	ears'	underwriting (19+29+39)		49		(831)		954			
Allocated inves	tmen	t return		•	51							
Transfer to non	-tech	nical account (49+51)			59		(831)	954	-	·,	

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/C	M	Period end	ied	Units	c	ccour	_
					1	Cay	month	year	T		umma	ıry
			R20	999757	GL	31	12	2001	£000		1	
					:		nancial ear	Previo	us year	S	ource	
Items to be st	lowi	n net of reinsurance					1		2	Form	Line	Column
	Ear	ned premium			11		(5)		1414	21	. 19	. 5
İ	Clai	ms incurred			12	-	,		620	22	. 17	. 4
:	Clai	ims management costs			13					22	. 18	. 4
This year's underwriting	Adjı	ustment for discounting			14					22	. 52	. 4
(accident year accounting)	Incr	ease in provision for une	xpired ris	ks	15	A				22	. 19	. 4
<u> </u>		er technical income or ch cified by way of supplem			16		•	_				
	Net	operating expenses			17		17		206	22	. 42	. 4
:	Bala	ance of year's underwriting	ng (11-12	-13+14-15+16-	17) 19		(22)		588			
	Ear	ned premium			21					21	. 11	. 5
	Clai	ms incurred			22		1124		176	22	. 13	. 4
Adjustment for	Clai	ms management costs			23					22	. 14	. 4
prior years' underwriting	Adj	ustment for discounting	punting 24 22 me or charges (particulars to be 25	22	. 51	. 4						
(accident year accounting)		er technical income or cl cified by way of supplem			25							
	Net	operating expenses	* · · · · ·		26					22	. 41	. 4
	Bala	ance (21-22-23+24+25-2	6)		29		(1124)		(176)			
		Per Form 24			31					24	. 69. 9	99-99
Balance from underwriting yea accounting	ar	Other technical income be specified by way of	and char suppleme	rges (particulars entary note)	32							
		Total			39							
Balance of all y	ears'	underwriting (19+29+39))		412							
Allocated invest	men	t return			51							
Transfer to non-	techi	nical account (49+51)			59		(1146)		412	 		

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/0	CM day	Period end	jed year	Units	C	ccoun iass <i>i</i> umma	
			R20	999757	GL	31	Ţ	2001	£000		3	
			<u> </u>				inancial	Previo	us year	S	ource	
ltems to be sh	wo	net of reinsurance				у 	ear 1		2	Form	Line	Column
	Ear	ned premium			11				217	21	. 19	
	Cla	ims incurred			12			1		22	. 17	. 4
	Clai	ms management costs			13					22	. 18	. 4
This year's underwriting	Adj	ustment for discounting			14					22	. 52	. 4
(accident year accounting)	Incr	ease in provision for une	expired ris	sks	15				-	22	. 19	. 4
		er technical income or c cified by way of supplen			16				```			
	Net	operating expenses			17		4		46	22	. 42	. 4
	Bala	ance of year's underwriti	ng (11-12	2-13+14-15+16-1	17) 19		(4)		171	!		
	Ear	ed premium 21 22 (245) (17		21	. 11	. 5						
	Cla	ims incurred	management costs 22 (245) (178) 23 (275)	22	. 13	. 4						
Adjustment for	Cla	ims management costs			23					22	. 14	. 4
prior years' underwriting	Adj	justment for discounting			24					22	. 51	. 4
(accident year accounting)		ner technical income or cecified by way of suppler			25				-			
	Net	operating expenses			26					22	. 41	. 4
	Bal	ance (21-22-23+24+25-	26)		29		245		178			
_		Per Form 24			31					24	69.	99-9
Balance from underwriting yea accounting	ar	Other technical income be specified by way of	e and cha supplem	rges (particulars entary note)	32							
.		Total			39							
Balance of all y	ears'	underwriting (19+29+39))		49		241		349			
Allocated inves	tmen	t return			51							
Transfer to non-	tech	nical account (49+51)			59	 	241	1 -	349	 		

Printed 26th APR 02 at 10:33

Name of insurer

BAE SYSTEMS (Insurance) Limited

Global business

Financial year ended

31st December 2001

Accounting class

Transport

				Company registration number	GL/UK/	-u —	eriod end		Units	C	lecoun	
			R20	999757	GL	day 31	month 12	year 2001	£000	1	5	
				1	<u></u>	This fi	inancial		us year	S	ource	
Items to be si	10W	n net of reinsurance			:	-	ear 1		2	Form	Line	Column
	Ear	ned premium			11				148	21	. 19	. 5
	Cla	ims incurred			12				89	22	. 17	. 4
	Cla	ims management costs			13					22	. 18	. 4
This year's underwriting	Adj	ustment for discounting			14					22	. 52	. 4
(accident year accounting)	Inc	ease in provision for une	xpired ris	ks	15					22	. 19	. 4
-		er technical income or ch cified by way of supplem			16		-					
	Net	operating expenses			17		8		63	22	. 42	. 4
	Bal	ance of year's underwriting	ng (11-12	-13+14-15+16-1	7) 19		(8)		(4)			
	Ear	ned premium			21					21	. 11	. 5
	Cla	ims incurred			22		159		(49)	22	. 13	. 4
Adjustment for	Cla	ims management costs			23					22	. 14	. 4
prior years' underwriting	Ad	ustment for discounting			24					22	. 51	. 4
(accident year accounting)		er technical income or clecified by way of supplem			25							_
	Net	operating expenses			26					22	. 41	. 4
	Bal	ance (21-22-23+24+25-2	6)		29		(159)		49			
		Per Form 24			31					24 .	69. 9	39-9
Balance from underwriting yea accounting	ar	Other technical income be specified by way of			to 32							
-		Total			39							
Balance of all ye	ears'	underwriting (19+29+39))		49		(167)		45			
Allocated invest	men	t return			51		. ,	_				
Transfer to non-	tech	nical account (49+51)			59		(167)	 	45			

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 day	Period end	jed year	- Units	c	lccoui lass/ umma	•
			R20	999757	GL	31	T	2001	£000		6	<u> </u>
	•		<u></u>			This f	inancial	Previo	us year	S	ourc	—— е
Items to be sh	iowi	net of reinsurance			i	у	ear 1		2	Form	Line	Column
	Ear	ned premium			11		64	-	1200		. 19	L
	Cla	ims incurred			12	 		 	1001	22	. 17	. 4
	Cla	ims management costs			13			-		22	. 18	. 4
This year's underwriting	Adj	ustment for discounting			14		 ·			22	. 52	. 4
(accident year accounting)	incr	rease in provision for un	expired ris	iks	15					22	. 19	. 4
<u> </u>		er technical income or c			16							
	Net	operating expenses			17		63		417	22	. 42	. 4
	Bal	ance of year's underwriti	ng (11-12	-13+14-15+16-1	7) 19		1		(218)			
	Ear	ned premium			21					21	. 11	. 5
	Cla	ims incurred			22		(238)		(48)	22	. 13	. 4
Adjustment for	Cla	ims management costs			23					22	. 14	. 4
prior years' underwriting	Ad	justment for discounting			24					22	. 51	. 4
(accident year accounting)		ner technical income or c ecified by way of suppler			25							
	Net	operating expenses			26					22	. 41	. 4
	Bal	ance (21-22-23+24+25-2	26)		29		238		48			_
		Per Form 24			31					24	. 69.	99-9
Balance from underwriting ye accounting	ar	Other technical income be specified by way of			32	?						
		Total			39					†		
Balance of all y	ears'	underwriting (19+29+39))		49		239		(170)			
Allocated inves	tmen	t return			51							
Transfer to non	-tech	nical account (49+51)			59)	239	+	(170)			

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	GLNXI	u —	eriod end	led Vear	Units	C	.ccour lass/ umma	•
		R20	999757	GL	31	12	2001	£000		8	
			<u></u>		This fi	nancial	Previo	us year	S	OUICE	
items to be si	nown net of reinsurance			:	•	ear 1		2	Form	Fire	Column
	Earned premium			11		32		578	21	. 19	·
	Claims incurred			12				20	22	. 17	. 4
	Claims management costs			13					22	. 18	. 4
This year's underwriting	Adjustment for discounting			14					22	. 52	. 4
(accident year accounting)	Increase in provision for un	expired ris	ks	15					22	. 19	. 4
	Other technical income or o specified by way of suppler			16					·		
	Net operating expenses			17		31		198	22	. 42	. 4
	Balance of year's underwrit	ing (11-12	-13+14-15+16-1	7) 19		1		360			
	Earned premium			21					21	. 11	. 5
	Claims incurred			22		(1)		42	22	. 13	. 4
Adjustment for	Claims management costs			23					22	. 14	. 4
prior years' underwriting	Adjustment for discounting			24					22	. 51	. 4
(accident year accounting)	Other technical income or specified by way of supple			25							
	Net operating expenses			26					22	. 41	. 4
	Balance (21-22-23+24+25-	26)		29		1		(42)			
_	Per Form 24			31					24 .	69. 9	39-99
Balance from underwriting yea accounting	Other technical incom be specified by way of			to 32							
-	Total	-		39					-	·- ·	
Balance of all y	ears' underwriting (19+29+3	3)		49		2		318	*		
Allocated inves	ment return		•	51						_	
Transfer to non-	technical account (49+51)			59		2		318			

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

Name of insurer BAI

BAE SYSTEMS (Insurance) Limited

Global business

Financial year ended 31st December 2001

Accounting class

Accident and health

						Company registration		Đ.	Period ended	P		Accounting
				L		number	SUUNCIM	day r	month	year	CULTES	Class
					R21	999757	<u>Б</u>	3	12	2001	£000	-
			Gross premiums written	ten	Reins	Reinsurers' share			Net of n	Net of reinsurance		
Premiums receiva	Premiums receivable during the financial year		Earned in previous financial years		Earne	Earned in previous financial years			Eamec	Eamed in previous financial years		
In respect of risks incepted in previous financial years	ncepted in previous	11		在通過發行者 多程是頻素			建制的地名 建制电池					
-			Earned in this financial year	Uneamed at end of this financial year	fig	Earned in this financial year	Uneamed at end of this financial year	d of ear	Earn	Earned in this financial year	Unearned this final	Unearned at end of this financial year
			Ţ	7			4			w		9
In respect of risks incepted in previous financial years	icepted in previous	12	(5)							(5)		
:	For periods of less than 12 months	13				<u> </u>						
In respect of risks incepted in this financial year	For periods of 12 months	14										
	For periods of more than 12 months	15										_
Premiums receivable (less rebates a previous financial years not earned is brought forward to the financial year	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)		9	(5)							(5)		

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

Name of insurer

BAE SYSTEMS (Insurance) Limited

Global business

31st December 2001 Financial year ended

Accounting class

Aviation

						Company registration		Perio	Period ended			Accounting
				L		number	GLUNCIM	day month		year	Chits	class
					R21	999757	ಕ	<u>ب</u>	12	2001	0003	က
-		ชั	Gross premiums written	Iten	Reins	Reinsurers' share		Ž	et of reir	Net of reinsurance		
Premiums receiva	Premiums receivable during the financial year	ш	Earned in previous financial years	ender State of the Control of the Co	Eam	Earned in previous financial years			Eamed in financia	Earned in previous financial years		
In respect of risks in financial years	In respect of risks incepted in previous financial years	11		的。 第二章 第二章 第二章								
<u>.</u>			Earned in this financial year	Uneamed at end of this financial year	Ē	Earned in this financial year	Unearned at end of this financial year	d of	Eamed	Earned in this financial year	Uneame this fin	Unearned at end of this financial year
		•	-	7		m	4	· ·	IO.			9
In respect of risks incepted in previous financial years	ncepted in previous	12										,
·	For periods of less than 12 months	13										
In respect of risks incepted in this financial year	For periods of 12 months	14										
	For periods of more than 12 months	5										
Premiums receivable (less rebates a previous financial years not earned is brought forward to the financial year	and refunds) in n those years and	16										
Total (12 to 16)		19										

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

Name of insurer

BAE SYSTEMS (Insurance) Limited

Global business

31st December 2001 Financial year ended

Accounting class

Transport

						Company registration		P.	Period ended	P	# #	Accounting
				L		number	MONOTO .	day month	` ∤	year	Units	class
					R21	999757	9	31	12	2001	0003	ro.
			Gross premiums written	itten	Reins	Reinsurers' share		† 	Net of n	Net of reinsurance		
Premiums receiva	Premiums receivable during the financial year		Earned in previous financial years		Eam	Earned in previous financial years			Earned	Earned in previous financial years 5		
In respect of risks incepted in previous financial years	ncepted in previous	11		。 1985年 - 1988年 1987年 - 1988年 1987年 - 1988年 1980 1980 1980 1980 1980 1980 1980 1980								
			Earned in this financial year	Uneamed at end of this financial year	Eau	Earned in this financial year	Unearned at end of this financial year	d of	Eam	Earned in this financial year	Unearn this fin	Unearned at end of this financial year
			-	8		67	*			LO.		w
In respect of risks incepted in previous financial years	ncepted in previous	12										
	For periods of less than 12 months	5	t								-	
In respect of risks incepted in this financial year	For periods of 12 months	4										
	For periods of more than 12 months	15										
Premiums receivable (less rebates a previous financial years not earned is brought forward to the financial year	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										

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

Name of insurer B

BAE SYSTEMS (Insurance) Limited

Global business

Financial year ended 31st December 2001

Accounting class

lass Property

				·		Company registration number	GL/UK/CM	Per day n	Period ended month ye	ed year	Units	Accounting class
					R21	999757	5	뜐	12	2001	0003	9
			Gross premiums written	itten	Reins	Reinsurers' share			Net of r	Net of reinsurance		
Premiums receivat	Premiums receivable during the financial year	ŀ	Earned in previous financial years		Earn	Earned in previous financial years			Earner	Earned in previous financial years 5		
In respect of risks incepted in previous financial years	cepted in previous	1		经营销基金的证据 经存在服务等的								
			Earned in this financial year	Uneamed at end of this financial year		Earned in this financial year	Unearned at end of this financial year	nd of ear	Earr	Earned in this financial year	Uneame this fina	Uneamed at end of this financial year
			-	8		m	4			ĸ		9
In respect of risks incepted in previous financial years	cepted in previous	12				(64)				64		
:	For periods of less than 12 months	د	Ç								·	 -
In respect of risks incepted in this	For periods of 12 months	4										
III lail cia: ycal	For periods of more than 12 months	15										
Premiums receivable previous financial ye brought forward to the	Premiums receivable (less rebates and refunds) in previous financial years not earned in those years and brought forward to the financial year	9										
Total (12 to 16)	·	9				(64)				64		·

Returns under the Accounts and Statements Rules

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

Name of insurer

BAE SYSTEMS (Insurance) Limited

Global business

31st December 2001 Financial year ended

Accounting class

Miscellaneous and pecuniary loss

			•			Company registration	GL/UK/CM	Per	ğ	او	Units	Accounting class
					R21	999757	G.	31	12	2001	£000	8
			Signal American		Doing	Doings, or or or		 	- Jo	Not of reinsurance		
			GIOSS premiums willen		אבווופע				0 0			
Premiums receival	Premiums receivable during the financial year		Earned in previous financial years 1	· 1000000000000000000000000000000000000	Earne fina	Earned in previous financial years			finan	Earned in previous financial years 5		
In respect of risks incepted in previous financial years	cepted in previous	11		1. 19 18 18 18 18 18 18 18 18 18 18 18 18 18			电影					
			Earned in this financial year	Uneamed at end of this financial year		Earned in this financial year	Uneamed at end of this financial year	dof	Earn	Earned in this financial year	Unearnec this fina	Unearned at end of this financial year
			-	74		er	4			w		9
In respect of risks incepted in previous financial years	cepted in previous	12				(32)				32		
	For periods of less than 12 months	5.	† ;									
In respect of risks incepted in this financial year	For periods of 12 months	4										
	For periods of more than 12 months	15										
Premiums receivable previous financial ye brought forward to the	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)		6				(32)				32		

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

			npany stration sber	GL/UK	/CM		eriod er month	nded Year	Uni	ts	Accounting class
	R22		999757	GI	L	31	12	2001	£0	00	1
,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,			Amount br forward t previous fir year	rom nancial	payat	Amount ole/recei his finan year	vable	Amount carr forward to n financial ye	ext		Amount butable to this nancial year
			1	;		2		3			4
	Gross amount	11		445		11	09	4	160		1124
Claims incurred in respect of incidents	Reinsurers' share	12									
occurring prior to this financial year	Net (11-12)	13		445		11	09		160		1124
ans manda you	Claims management costs	14									····
	Gross amount	15				•					
Claims incurred in respect of incidents	Reinsurers' share	16									
occurring in this financial year	Net (15-16)	17									
manolal y can	Claims management costs	18	A 7-7-1								
Provision for unexpir	red risks	19									
	Commissions	21	1								
	Other acquisition expenses	22									
Net operating	Administrative expenses	23	1000			-	17				17
expenses	Reinsurance commissions and profit participations	24									
	Total (21+22+23-24)	29					17				17
Adjustments for	Gross amount	31		:			100				
discounting in respect of the	Reinsurers' share	32					100				1
items shown at lines 11 to 18	Claims management costs	33		• • • • • • • • • • • • • • • • • • • •			4.1				
above	Total (31-32+33)	39									
	Prior financial years	41									
Split of line 29	This financial year	42					17				17
0.13 -415- 00	Incidents occurring prior to this financial year	51						-			
Split of line 39	Incidents occurring in this financial year	52				19 (19 6) 19 (19 6) 19 (19 6)	を の を なか				

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

			Com regis numi	tration	GL/UK	CM		eriod ei month	nded year	— U п	its	Accounting class
	F	R22	9	99757	GL		31	12	2001	£0	00	3
				Amount bro forward for previous fin year	om		Amount ble/rece this finar year	ivable	forward	t carried to next al year		Amount putable to this nancial year
				1			2		;	3		4
	Gross amount		11		520			168		107		(245)
Claims incurred in respect of incidents	Reinsurers' share		12		3					3		
occurring prior to this financial year	Net (11-12)		13		517			168		104		(245)
and interioral year	Claims management costs		14						·		_	
	Gross amount		15	6 4 9 5	in the	·		·				
Claims incurred in respect of incidents	Reinsurers' share		16		27							
occurring in this financial year	Net (15-16)		17			-						
,	Claims management costs		18	1						·	ļ —	
Provision for unexpir	red risks		19								_	
	Commissions		21			1 200						
	Other acquisition expenses		22									
Net operating	Administrative expenses		23					4				4
expenses	Reinsurance commissions a profit participations	nd	24					_				
	Total (21+22+23-24)		29					4				4
Adjustments for	Gross amount		31		-	2.47	i gayari					
discounting in respect of the	Reinsurers' share		32					* 5. kg				
items shown at lines 11 to 18	Claims management costs		33									
above	Total (31-32+33)		39			A section	200 Carrier	10-59			 	
	Prior financial years		41			por rea de un bissi						
Split of line 29	This financial year		42					4				4
	Incidents occurring prior to the financial year	his	51									
Split of line 39	Incidents occurring in this financial year		52	er erskur. Varen				6 at 3				

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

				ipany stration ber	GL/UK	/CM		eriod ei month	nded year	Uni	ts	Accounting class
		R22	Ş	99757	Gl		31	12	2001	£0	00	5
				Amount bro forward fr previous fin- year	om		Amount ble/recei this finan year	vable	Amount car forward to a financial y	next	attribu	Amount table to this ncial year
				1			2		3			4
	Gross amount		11		521			68	1	243		790
Claims incurred in respect of incidents	Reinsurers' share	·	12		417			54		994		631
occurring prior to this financial year	Net (11-12)		13		104			14		249		159
tins interioral year	Claims management costs		14									
	Gross amount		15									
Claims incurred in respect of incidents	Reinsurers' share	<u></u>	16						•			
occurring in this financial year	Net (15-16)		17		100							
,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	Claims management costs		18		4.1				· · · · · · · · · · · · · · · · · · ·			<u></u>
Provision for unexpir	red risks		19									
	Commissions		21									
	Other acquisition expenses		22						·			
Net operating	Administrative expenses		23					8				8
expenses	Reinsurance commissions a profit participations	and	24				_					<u> </u>
	Total (21+22+23-24)		29					8				8
Adjustments for	Gross amount		31									·
discounting in respect of the	Reinsurers' share		32								·	
items shown at lines 11 to 18	Claims management costs		33			E 20					· - · · ·	
above	Total (31-32+33)		39									
	Prior financial years		41								-	
Split of line 29	This financial year		42					8	· · · · · · · · · · · · · · · · · · ·		····	8
0 14 61 00	Incidents occurring prior to t financial year	this	51								·	
Split of line 39	Incidents occurring in this financial year		52				i di Salat Salata Salata					

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

		re		pany tration per	GL/UK	/CM d		riod ei month	nded year	— Uni	its	Accounting class
	R	22	9	99757	GI	_ 3	31	12	2001	£0	00	6
		<u> </u>		Amount bro forward fro previous fina year	om	payable/in this		vable	Amount forward financi	to next		Amount outable to this ancial year
			ļ	1			2		;	3		4
	Gross amount	1	1	6	322		20	39		6233	*	1950
Claims incurred in respect of incidents	Reinsurers' share	1:	2	4	628		19	18		4898		2188
occurring prior to this financial year	Net (11-12)	1	3	1	694		1	21		1335		(238)
una manolar your	Claims management costs	1	4									
	Gross amount	1	5									
Claims incurred in respect of incidents	Reinsurers' share	1	6									
occurring in this financial year	Net (15-16)	1	7	1 1-3532								
.	Claims management costs	1	8									
Provision for unexpir	red risks	1	9				4 1					
	Commissions	2	1						<u> </u>			
	Other acquisition expenses	2	2									
Net operating	Administrative expenses	2	:3					70				70
expenses	Reinsurance commissions and profit participations	d 2	24					7	_			7
	Total (21+22+23-24)	2	29					63				63
Adjustments for	Gross amount	3	11									
discounting in respect of the	Reinsurers' share	3	32					r e				
items shown at lines 11 to 18	Claims management costs	3	33			11.1						
above	Total (31-32+33)	3	9			7.7		* 21 * * (* *)	1			
0-11-411-00	Prior financial years	4	ļ1									
Split of line 29	This financial year	4	12					63				63
Calif of line 20	Incidents occurring prior to thi financial year	s	51									
Split of line 39	Incidents occurring in this financial year	5	52	u sprece Sprece Sprece				5.51 5.51				

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

		reg	mpany istration mber	GL/UK	/CM day	Period ed month		- Unit	Accounting s class
	R	22	999757	G	L 31	12	2001	£00	8 00
		\	Amount forward previous to year	from inancial	Amou payable/red in this fin	eivable ancial	Amount ca forward to financial	next	Amount attributable to this financial year
			1		2		3		4
	Gross amount	11		222		104		112	(6)
Claims incurred in respect of incidents	Reinsurers' share	12		178		83		90	(5)
occurring prior to this financial year	Net (11-12)	13		44		21		22	(1)
ins manour year	Claims management costs	14							
	Gross amount	15							
Claims incurred in respect of incidents	Reinsurers' share	16					,		
occurring in this financial year	Net (15-16)	17	10 YO 41		-				····
	Claims management costs	18							
Provision for unexpir	ed risks	19							
	Commissions	21							
	Other acquisition expenses	22		.,			- 		· · · · · · · · · · · · · · · · · · ·
Net operating	Administrative expenses	23				34			34
expenses	Reinsurance commissions an profit participations	d 24		Į į		3			3
	Total (21+22+23-24)	29				31			31
Adjustments for	Gross amount	31							
discounting in respect of the	Reinsurers' share	32							
items shown at lines 11 to 18	Claims management costs	33							
above	Total (31-32+33)	39							-
- W (II - D)	Prior financial years	41							
Split of line 29	This financial year	42				31			31
0-14-615-00	Incidents occurring prior to thi financial year	is 51			Gallandina Primera Primera				
Split of line 39	Incidents occurring in this financial year	52							

Returns under the Accounts and Statements Rules

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

Name of insurer

BAE SYSTEMS (Insurance) Limited

Global business

Financial year ended	ended	31st De	31st December 2001	7					Company					
Accounting class	SS	Accider	Accident and health	£				i	registration number	GLUKICM	day	Period ended month year	Units	Accounting class
								R23	999757	19	31 12	12 2001	0003	-
Accident year ended	papue	Claims paid (net) during			Claims paid (net) during		Claims outstanding carried forward	Claims outstanding brought forward	nding brought rard	Balance on each accident	Deduction for discounting	Earned premiums	Deterioration/ (surplus) of	Claims ratio %
Month	Year	year year	of the accident year	ear accident year, but prior to this financial		Reported (net)	Incurred but not reported (net)	Reported (net)	Incurred but not reported (net)	year (4+5+6-7-8)	rom claims cutstanding carried forward (net)	(yay)	orginal reserve %	
			~	6	4	v	y y	2	65	ø	10	£	12	13
12 2	2001	11 12 (1) 12 (1)												
12 2	2000	12 58	583 3	37 (1)	786	33		37		782		1409	2113.5	99.5
12 1	1999	13 60	663 208	18 4	31	345		339		37		1370	82.7	76.1
12 1	1998	14 142	1429 232	2 238	129			18		111		1387	58.2	129.5
12 1	1997	15 5(502 330	0 982		51		51				1372	213.0	111.9
12 1	1996 1	16 92	926 522	2 510								1328	(2.3)	108.1
12	1995 1	17 80	806 495	5 561		31				31		1286	19.6	108.7
12 1	1994 1	18 54	540	71	163					163		1143		67.7
12 1	1993 1	19												
12 1	1992 2	20	09	0 64									6.7	
Prior accident years		21												
Reconciliation	2	22												
Total (11 to 22)	2	29 💮 🛬		S. Alexander	1109	460		445		1124				

Returns under the Accounts and Statements Rules

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

• •

		7	olst December 2001	1007 1201		-				Company		í	1	,		,
Accounting class	class	٧	Aviation							registration number	GLUK/CM	day	month y	year	Units	class
									R23	999757	ฮ	31	12	2001	0003	m
Accident year ended	er ended		Claims paid (net) during	Claims outstanding	Total claims paid (net)	Claims paid (net) during	Claims outstanding carried forward	nding carried ard	Claims outstanding brought forward	nding brought ard	Balance on each accident	Deduction for discounting from claims		Earned [Deterioration/ (surplus) of	Claims ratio %
		,	year				Reported (net)	Incurred but not reported (net)	Reported (net)	Incurred but not reported (net)	year (4+5+6-7-8)	outstanding carried forward		f)	reserve %	
Month	Year				year							(neu)		-		
				7	en	4	w	ø	^	ဆ	o	ţ		=	12	13
12	2001	£														
12	2000	12	_											217		
12	1999	13		400		141			400		(259)			540	(64.7)	26.1
12	1998	14		100	111	21	29		70	·	18			267	0.66	35.1
12	1997	15		561	806	5			10		(2)			593	44.6	136.8
12	1996	16		86	130		37		37					673	70.4	24.8
12	1995	17	-	331	281	1					1			673	(14.8)	41.9
12	1994	18		178	156									393	(12.4)	39.7
12	1993	19			21											
12	1992	20						-								
Prior accident years	ent years	21														
Reconciliation	ion	22													1	ŧ
Total (11 to 22)	(22)	29				168	104		517		(245)					

Returns under the Accounts and Statements Rules

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

Name of insurer

BAE SYSTEMS (Insurance) Limited

Global business

31st December 2001 Financial year ended

Financial year ended	r ended	31st Dec	31st December 2001												
Accounting class	ass	Transport	+						registration	GL/UK/CM	day	Period ended month year	r Units		Accounting class
								R23	999757	GL	31	12 20	2001 £000	<u> </u>	ιΩ
Accident year ended	papua.	Claims paid (net) during	d Claims g outstanding		Claims paid (net) during	Claims outstanding carried forward	nding carried ard	Claims outstanding brought forward	iding brought ard	Balance on each accident	Deduction for discounting	ă —	2 5	1	Clalms ratio %
Month	Year	year		since the end of the accident year, but prior to this financial	Year	Reported (net)	Incurred but not reported (net)	Reported (net)	incurred but not reported (net)	year (4+5+6-7-8)	rrom clarins cutstanding carried forward (net)		onginal reserve %	e 6	
	<u> </u>	-	~	6	4	'n	w	-	80	o	\$	-			5
12	2001	11												8.5	
12	2000	12	68		-	235		89		147			148 165.2	2	159.5
12	1999	13 2	15		13	4		15		12		-	150 80.0	0	19.3
12	1998	14	72	63					÷			1	118 (12.5)	2)	53.4
12	1997	15	4	G								¥	130 125.0		6.9
12	1996	16		က				-				1(163 200.0	0	1.8
12	1995	17	26	æ								¥	(69.2)	5)	4.1
12	1994 1	18		က									53		5.7
		19						-							
	£.4	20													
Prior accident years		21 2.00		6.74											
Reconciliation	_	22		2									S 10		
Total (11 to 22)		29 Last			14	249		104		159					

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	nber 2001						Company		, i	Doning of the standard		Accounting
Accounting class	_	Property							number	GL/UK/CM	ga	of the sear	_ Units	class
								R23	999757	GL	34	12 2001	£000	9
Accident year ended	ס	Claims paid (net) during		Total claims paid (net)	Claims paid (net) during	Claims outstanding carried forward	nding carried ard	Claims outstanding brought forward		Balance on each accident	Deduction for discounting from claims	Earned premiums	Deterioration/ (surplus) of	Ctaims ratio %
		me accident	(net) as at end of the	of the	year	Reported (net)	Incurred but	Reported (net)	Incurred but	(4+5+6-7-8)	outstanding	(nect)	reserve	
Month Year			accident year	accident year, but prior to this financial year			not reported (net)		not reported (net)		carried forward (net)			_
		-	8	m	4	чл	ဖ	۲-	90	ø	10	Į.	12	13
12 2001	£													
12 2000	12	25	944		331	209	100	444	200	94		1264	10.0	86.6
12 1999	13	720	1282	174	8-	625		741		(32)		1019	(31.4)	157.0
12 1998	4	83	567	84						ą.		1136	(85.2)	14.7
12 1997	1 5	7	628	86	1	3		4				1144	(85.7)	8.5
12 1996	9	552	1854	1462	(174)			2		(176)		1253	(30.5)	146.8
12 1995	14	38	1474	1633	(118)			3		(121)		1687	2.8	92.1
12 1994	8		367	46								534	(87.5)	8.6
12 1993	95		150									350	(100.0)	
12 1992	20		551	232									(57.9)	
Prior accident years	21													
Reconciliation	22													
Total (11 to 22)	53				121	1235	100	1194	500	(238)				

Returns under the Accounts and Statements Rules

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

BAE SYSTEMS (Insurance) Limited Name of insurer

Global business

Financial year ended

Accounting class	88 <u>6</u> 0		discellane	olis and ne	Miscellaneous and necuniary lose	y,				Company registration			Period ended			Accounting
	2					3				number	GLUKKCM	ĝ	month	year	Units	class
					i	İ	, i	į	R23	999757	GL	31	12	2001	£000	∞
Accident y	Accident year ended	<u></u>	Claims paid (net) during	Claims outstanding	Total claims paid (net)	Claims paid (net) during	Claims outstanding carried forward	nding carried ard	Claims outstanding brought forward	nding brought ard	Balance on each accident	Deduction for discounting			Deterioration/ (surplus) of	Claims ratio %
			year	of the			Reported (net)	Incurred but	Reported (net)	Incurred but	year (4+5+6-7-8)	norn cialms outstanding			onginal reserve	_
Month	Year			accident year	but prior to this financial year		-	(net)		(net)		forward (net)			%	
			*	7	m	4	чо	ø	7	60	o n	10			2	13
12	2001	11														
12	2000	12		20		1	20		20		1			610	5.0	3.4
12	1999	13	09	42	09	20	2		24		(2)			481	95.2	29.5
12	1998	14	18	02										530 (1	(100.0)	3.4
12	1997	15		38	15									544	(60.5)	2.8
12	1996	16	46	400	1028							į		627	157.0	171.3
12	1995	17	10		550									838		66.8
12	1994	18			6									261		3.4
12	1993	19												173		
12	1992	20		**	242				-							
Prior accident years	ent years	21								-						
Reconciliation	ijon	22														
Total (11 to 22)	, 22)	29				21	22		44		(3)					

Additional information on general insurance business: major treaty reinsurers required by rule 9.25

Name of insurer

BAE SYSTEMS (Insurance) Limited

Global business

Financial year ended

Reinsurer details	Connection	Proportional Reinsurance Treaties	Non Proportional Reinsurance Treaties	Debts outstanding included at F13L75	Deposits received included at F15L31	Anticipated recoveries	Comments
As required by Rule 9.25: (Para 1(a))	(Para 1(b))	(Para 1(c)(i))	(Para 1(c)(il))	(Para 1(d))	(Para 1(e))	(Para 1(f))	
		£000	£000	£000	£000	£000	_
There are no major reaty reinsurers				٠			
				ţ			
				;			
				,			

Additional information on general insurance business: major facultative reinsurers required by rule 9.26

Name of insurer

BAE SYSTEMS (Insurance) Limited

Global business

Financial year ended

Reinsurer details As required by	Connection	Reinsurance premiums payable	Debts outstanding included at F13L75	Deposits received included at F15L31	Anticipated recoveries	Comments
Rule 9.26:				45. 44.55	4	
(Para 1(a))	(Para 1(b))	(Para 1(c))	(Para 1(d))	(Para 1(e))	(Para 1(f))	
		£000	0003	£000	£000	
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	
] •
	i					

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

Cedant details	Connection	Premiums recelvable	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					
			1		
					2 2 2
			i		
			:		

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

Accounting class Accident and health

Name of insurer BAE SYSTEMS (Insurance) Limited
Global business

Currency Sterling

Financial year ended	pep	315	31st December 2001	2001				Company		Dorton condes	Popul	Monetary		Accounting
Risk group		Medical	lical						GL/UK/CM	day month	n year	units	Country	class
							R31	999757	GL	31 12	2001	000	AA	1
Accident year ended	≱nded		Number of claims	of claims	Gross claims paid	ms paid	Gross claims (Gross claims outstanding carried forward	Gross claims outstanding brought forward	outstanding forward		Balance for each accident vear	Gross earned premiums	Claims ratio %
Month	Year		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	Incurrec	incurred but not reported	(4+5+6-7-8)		
			1	2	3	4	S	9	7		89	ø,	10	=
12	2001	=												
12	2000	12								_			32	
12	1999	13	_		200								72	694.4
12	1998	4	_		375								28	646.6
12	1997	15											26	
12	1996	16				-								
12	1995	47	175		306								360	85.0
12	1994	18	200		360								479	75.2
12	1993	19												
12	1992	20	3		22									
Prior accident years	ars	21												
Total (11 to 21)		29												
Line 29 expressed in sterling	ri b	30												

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

Name of insurer

BAE SYSTEMS (Insurance) Limited

Accounting class Accident and health

Sterling

Currency

Global business

31st December 2001 Financial year ended

	5		5				Company registration		Period ended	ended	Monetary		Accounting
Kisk group	Ž	Medical Overseas	as				number	- WOMON	day month	th year	units	Country	class
						R31	999757	GL	31 12	2001	000	₹	1
Accident year ended		Number	Number of claims	Gross claims paid	ims paid	Gross claims o	Gross claims outstanding carried forward	Gross claims outstanding brought forward	utstanding nward	brought	Balance for each accident	Gross earned premiums	Claims ratio
Month Year		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	Incure	Incurred but not reported	(4+5+6-7-8)		
		1	2	3	4	2	9	7		8	6	10	11
12 2001	11												
12 2000	12	16	4	11	18	33		37			14	54	114.8
12 1999	13	34		41								59	23.7
12 1998	4	1 25		28				:				09	46.7
12 1997	15	5 28		9								70	8.6
12 1996	16	26		10								70	14.3
12 1995	17	, 23		13								70	18.6
12 1994	18											9	
	19												
	20										•		
Prior accident years	21												
Total (11 to 21)	29		4		18	33		37			4		
Line 29 expressed in sterling	30	lene Aleman		Communication of the Communica	18	33		37			41		

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Accounting class Accident and health

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

BAE SYSTEMS (Insurance) Limited

Name of insurer

101.6 60.4 106.8 127.4 113.0 59.1 118.1 Claims ratio % Accounting class Ŧ 1319 Gross eamed premiums 1295 1280 847 1290 1304 92 Country ₹ 2 Monetary units Balance for each accident 1110 111 163 1110 768 year (4+5+6-7-8) 37 3 000 Sterling 2001 day month year Incurred but not reported Gross claims outstanding brought forward Period ended 12 31 Currency 339 408 80 408 48 5 Reported GLUKKCM 乌 Incurred but not reported Gross claims outstanding carried forward 999757 Company registration number 345 427 427 5 3 Reported R31 in this financial year 768 129 163 1091 સ 1091 Gross claims paid In previous financial years 572 1446 1048 403 1478 1264 4 251 Reported claims outstanding Number of claims 31st December 2001 Loss of Licence Closed at some cost during this or previous financial years ထ * တ 2 O O က 2 9 20 29 5 4 5 9 8 Ŧ 1 3 7 2000 1996 2001 1999 1998 1995 1994 1993 1992 Accident year ended 1997 Year Financial year ended Line 29 expressed in sterling Prior accident years Global business Total (11 to 21) Risk group Month 4 7 42 42 7 72 12 72 12 42

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

Printe Accounting class Aviation

Sterling

Currency

Name of insurer

BAE SYSTEMS (Insurance) Limited

Global business

31st December 2001

Financial year ended

Risk group

Aircraft

Accounting class Country Monetary units GLUK/CM Period ended Company registration number

							R31	999757	ъ	સ	12 20	2001 000	₹	က
Accident year ended	ear ended		Number of dalms	of cfalms	Gross claims paid	ims paid	Gross claims fe	Gross claims outstanding carried forward	Gross claims outstanding brought forward	outstand	ing brought		Gross earned premiums	Claims ratio %
Month	Year		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	lace	Incurred but not reported	(4+5+6-7-8)		
			-	~	m	4	ĸ	9	7		89	6	10	11
12	2001	Ξ												
12	2000	12											286	
12	1999	13	-			141			400	0		(259)	706	20.0
12	1998	4	-	-	111	21	67		7	02		18	734	27.1
12	1997	15	S)	-	806	5			-	19		(5)	785	103.3
12	1996	16	9	2	134		37	2	3	37			941	18.2
12	1995	17	9	-	323	-						-	1410	23.0
12	1994	200	2		156								693	22.5
12	1993	13	-		21									
12	1992	20												
Prior accident years	ıt years	2					•••	3		ဗ				
Total (11 to 21)	71)	29	Terre	5		168	107		520			(245)		
Line 29 expressed in sterling	essed in	8			推 (2) 有 (2) (4) (4) (4) (4) (4) (4)	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

BAE SYSTEMS (Insurance) Limited Name of insurer

Accounting class Transport

Sterling

Currency

Global business

31st December 2001

Financial year ended

i ilialitiai year erided		31St December 2001	per 2001			•	Company							
Risk group	- *	Marine Transit	sit			- =	registration number	GLUKYCM	Period en	Period ended	Monetary	Country	Accounting class	
						R31	999757	Э	31	12 2001	1 000	₹	ဖ	1
Accident year ended	nded	Num	Number of claims	Gross ck	Gross claims paid	Gross claims or	Gross claims outstanding carried forward	Gross claims outstanding brought forward	outstandin forward	g brought	Balance for each accident	Gross earned premiums	Claims ratio %	
Month	Year	Closed at some cost during this or previous financial years	me Reported claims his outstanding s ars	In previous financial years	In this financial year	Reported	Incurred but not reported	Reported	Incur	Incurred but not reported	year (4+5+6-7-8)			
		1	7	ю	4	LG.	ဖ			•	on.	ç	;	
12	2001	11							C			2		
12	2000	12	3		2	1175		445	5		735	662	178.2	
12	1999	13	1	11	63	68		76	100		55	699	21.2	
12	1998	14	2	316					_			591	53.5	-,
12	1997	15	2	45								649	6.9	
12	1996	16	2	13					-			649	2.0	,
12	1995 1	17 4	4	12								424	2.8	_
12 1	1994	18 2	2	9								88	6.8	_
	-	19												
	2	20												
Prior accident years	s 21	1												
Total (11 to 21)	29	6	4		89	1243		521			790 ×	e Be		
Line 29 expressed in sterling	n 30				89	1243		521			790			

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

Global business Name of insurer

BAE SYSTEMS (Insurance) Limited

Accounting class Property

Currency

Financial year ended

31st December 2001

ייימוניים אפשו פוניפט	5	o ist December 2001	1007				Company registration		Period ended	Į.	Monotony		
Kisk group	ĭ	Household Comprehensive	nprehensive	4-		-	I	GL/UK/CM da	day month	year	units	Country	class
						R31	999757	GL 31	1 12	2001	000	¥¥	9
Accident year ended		Number	Number of claims	Gross claims paid	ims paid	Gross claims o	Gross claims outstanding carried forward	Gross claims outstanding brought forward	s outstanding by forward		Balance for each accident	Gross earned premiums	Claims ratio %
Month Year		it some ng this vious years	Reporte outst	financ	In this financial year	Reported	Incurred but not reported	Rep	Incurred but not reported	· · · · · · · · · · · · · · · · · · ·	year (4+5+6-7-8)		
12 . 2001	=======================================		7	•	4	80	•	2	8		6	10	#
12 2000	12	45	8	19	13	m		14			2	112	31.3
12 1999	13	37		49				12			(12)	125	39.2
12 1998	4	54	-	22				,				144	39.6
12 1997	£	39		22								125	17.6
12 1995	9												
12 1994	17												
12 1993	18												
12 1992	19	38		36									
12 1991	20	86		725									
Prior accident years	21												
Total (11 to 21)	53		6		13	ဗ		26			(10)		
Line 29 expressed in sterling	30				13	၉		26			(10)		

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

Accounting class Country Monetary units Accounting class Property Sterling GLJUK/CM day month year Period ended Currency Company registration number **BAE SYSTEMS (Insurance) Limited** All Risks Photographic 31st December 2001 Financial year ended Name of insurer Global business Risk group

							R31	999757	G.	31	12 2001	Ξ.		\$	ဖ
Accident year ended	ear ended		Number	Number of claims	Gross claims paid	ims paid	Gross claims of	Gross claims outstanding carried forward	Gross claims outstanding brought forward	utstandir nward	g brought			Gross eamed premiums	Claims ratio %
Month	Үеаг		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	ם	Incurred but not reported	(4+5+6-7-8)	-7-8)		
				2	3	*	w	9	7		ω .	o l	-	10	£
12	2001	11													
12	2000	12											_		
12	1999	13													
12	1998	14							:						
12	1997	15													
12	1995	16													
12	1994	17													
12	1993	18								_			_		
12	1992	19	5	-	30										
12	1991	20	4		-					_					
Prior accident years	nt years	21													
Total (11 to 21)	21)	53													
Line 29 expressed in sterling	essed in	30													

Global business

Printed 26th APR 02 at 10:33 General insurance business (accident year accounting) : Analysis of gross claims and premiums by risk group for direct insurance and facultative reinsurance Accounting class Property **BAE SYSTEMS (Insurance) Limited** Name of insurer

31st December 2001 Financial year ended

Sterling

Currency

rinalisal yeal ence		2	Jist December 2001	100			0 2	Company registration		Period	Period ended	Monetary		Accounting
Risk group		Pro	Property Damage	Эe					GLUCKICM	day month	th year	units	Country	class
							R31	999757	5	31	12 2001	000	AA	9
Accident year ended	papu		Number of claims	of claims	Gross claims paid	ims paid	Gross claims or for	Gross claims outstanding carried forward	Gross claims outstanding brought forward	outstandin		Balance for each accident	Gross earned premiums	Claims ratio %
Month	Year		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	Incura Fe	Incurred but not reported	(4+5+6-7-8)		
			•	7	en	4	G	9	7		60	6	10	11
12	2001	Ξ												
12	2000	12	9	4	191	1592	3018	100	2149	6	200	2061	9029	85.9
12	1999	5	8	=	4225	406	3096		3616	20		(114)	5210	148.3
12	1998	4	12		554								5910	9.4
12	1997	15	12		359	4	4-		19	6		(1)	6062	6.2
12	1996	16	12	~	8941	24				7		17	5670	158.1
12	1995	17	32	2	3386					5		(9)	3902	86.8
12	1994	18	9		77								1271	6.1
12	1993	19												
12	1992	20	25		681									
Prior accident years	ırs	21												
Total (11 to 21)		29		28		2026	6130	100	5796	(C)	200	1960		
Line 29 expressed in sterling	d in	30				2026	6130	100	5796		200	1960		

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.

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%

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.

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

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

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.

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.

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

- 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.
- 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.

- Unearned premiums are calculated on the 365th basis because the number of policies is small and this accurate method can be used.
- 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.

Returns under the Interim Prudential Sourcebook for Insurers

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:
 - 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

O 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.

KIMB MOST FIL

KPMG Audit Plc Registered Auditor London

Date So Hord 2002