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Recd 31/3/03

BAE SYSTEMS (Insurance) Limited

Annual FSA Insurance Returns for the year ended 31st December 2002

FSA®

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

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11/04/03

Statement of solvency

Printed 25th MAR 03 at 17:50

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

Global business

Financial year ended **31st December 2002**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units
R9	999757	GL	31	12	2002	£000

		As at the end of this financial year 1	As at the end of the previous year 2	Source Form	Line	Column
GENERAL INSURANCE BUSINESS						
Available assets						
Other than long term insurance business assets allocated towards general insurance business required minimum margin	11	21919	20705	See instructions 1 and 2		
Required minimum margin						
Required minimum margin for general insurance business	12	230	725	12	.	49
Excess (deficiency) of available assets over the required minimum margin (11-12)	13	21689	19980			
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		

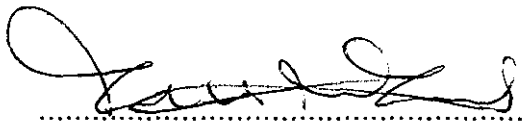
Covering sheet to Form 9

Printed 25th MAR 03 at 17:50

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

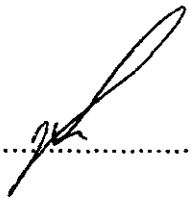
Global business

Financial year ended **31st December 2002**



..... **P W McDonald** **Chairman**

..... **M A Finlayson** **Director**



..... **D S Parkes** **Secretary**

Farnborough, 27 March 2003

Statement of net assets

Printed 25th MAR 03 at 17:50

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

Global business

Financial year ended **31st December 2002**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units
R10	999757	GL	31	12	2002	£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	37478	39294	13	89	1
Other than Long term insurance business - liabilities	22	15559	18589	15	69	1
Net admissible assets (21-22)	23	21919	20705			
Other assets allowed to be taken into account in covering the required minimum margin: Unpaid amounts (including share premium) on partly paid shares	24					
Other assets allowed to be taken into account in 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 covering the required minimum margin: Subordinated loan capital	26					
Liabilities allowed to be left out of account in covering the required minimum margin: Cumulative preference share capital	27					
Available assets (23 to 27)	29	21919	20705			

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	16219	15005			
Total (51 to 56) and equal to line 29 above	59	21919	20705			

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

Balance brought forward at the beginning of the financial year	61	15005	(9123)	10	56	2
Retained profit/(loss) for the financial year	62	1861	627	16	59	1
Movement in asset valuation differences	63	(647)	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	16219	15005			

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

Printed 25th MAR 03 at 17:50

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

Global business

Financial year ended **31st December 2002**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units
R11	999757	GL	31	12	2002	£000

				This financial year 1	Previous year 2
Gross premiums receivable			11		
Premium taxes and levies (included in line 11)			12		
Sub-total A (11-12)			13		
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		
		Excess (if any) over 10M EURO x 16/100	16		
	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		
Claims paid			21	1841	3488
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	3504	8155
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	8155	8030
Sub-total C (21+22+23-(24+25))			29	(2810)	3613
Amounts recoverable from reinsurers in respect of claims included in Sub-total C			30	(2195)	2814
Sub-total D (29-30)			39	(615)	799
First result Sub-total B x $\frac{\text{Sub-total D}}{\text{Sub-total C}}$ (or, if ½ is a greater fraction, x ½)			41		

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

Financial year ended **31st December 2002**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units
R12	999757	GL	31	12	2002	£000

				This financial year 1	Previous year 2	Source 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	8750	13156		
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	3504	8155		
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	6941	4102		
Sub-total E (21+22+23-(24+25))				29	5313	17209		
Sub-total F - Conversion of Sub-total E to annual figure (Multiply by 12 and divide by number of months in reference period)				31	1771	5736		
Division of Sub-total F	Other than health insurance	Up to and including sterling equivalent of 7M EURO x 26/100		32	460	1131		
		Excess (if any) over 7M EURO x 23/100		33		319		
	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	460	1450		
Second result Sub-total G x Sub-total D / Sub-total C (or, if ½ is a greater fraction, x ½)				41	230	725		

First result	42			11 . 41
Required margin of solvency (the higher of lines 41 and 42)	43	230	725	

Minimum guarantee fund	44	190	186	

Required minimum margin (the higher of lines 43 and 44)	49	230	725	

Analysis of admissible assets

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

Global business

Financial year ended **31st December 2002**

Category of assets **Assets maintained in the United Kingdom**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Category of assets
R13	999757	GL	31	12	2002	£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 2002**

Category of assets **Assets maintained in the United Kingdom**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Category of assets
R13	999757	GL	31	12	2002	£000	3

Investments (continued) ***Deposits with ceding undertakings*** **Assets held to cover linked liabilities**					As at the end of this financial year 1	As at the end of the previous year 2
Other financial investments	Equity shares			41		
	Other shares and other variable yield securities			42		
	Holdings in collective investment schemes			43		
	Rights under derivative contracts			44		
	Debt securities and other fixed income securities	Fixed interest	Approved securities	45		
			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	34500	29000
		Withdrawal subject to a time restriction of more than one month		55		
	Other			56		
Deposits with ceding undertakings				57		
Assets held to match linked liabilities		Index linked		58		
		Property linked		59		
Reinsurers' share of technical provisions		Provision for unearned premiums		60		
		Claims outstanding		61	2388	5984
		Provision for unexpired risks		62		
		Other		63		
Total sheet 2 (41 to 63)				69	36888	34984

Analysis of admissible assets

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

Global business

Financial year ended **31st December 2002**

Category of assets **Assets maintained in the United Kingdom**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Category of assets
R13	999757	GL	31	12	2002	£000	3

Debtors Other assets				As at the end of this financial year 1	As at the end of the previous year 2
Debtors arising out of direct insurance operations	Policyholders		71		
	Intermediaries		72		
Salvage and subrogation recoveries			73		
Debtors arising out of reinsurance operations	Due from ceding insurers and intermediaries under reinsurance business accepted		74		
	Due from reinsurers and intermediaries under reinsurance contracts ceded		75	198	1896
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
		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	349	2376
	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	43	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	590	4310
Grand total of admissible assets (39+69+88)			89	37478	39294

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

Total admissible assets (as per line 89 above)	91	37478	39294
Total assets in excess of the admissibility limits of Appendix 4.2 (as valued in accordance with those Rules before applying admissibility limits)	92	647	
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	38125	39294

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 2002**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units
R15	999757	GL	31	12	2002	£000

				As at the end of this financial year 1	As at the end of the previous year 2
Technical provisions (gross amount)	Provision for unearned premiums		11		
	Claims outstanding		12	3504	8155
	Provision for unexpired risks		13		
	Equalisation provisions	Credit business	14		
		Other than credit business	15		
	Other		16		
	Total (11 to 16)		19	3504	8155
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	82	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	11948	10328
Accruals and deferred income			51	25	67
Total (19 to 51)			59	15559	18589
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	15559	18589

Amounts included in line 69 attributable to liabilities to related insurers, other than those under contracts of insurance or reinsurance	71		

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 2002**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units
R16	999757	GL	31	12	2002	£000

			This financial year 1	Previous year 2	Source Form	Line	Column
Transfer (to)/from the general insurance business technical account	From Form 20	11	578	(831)	20	. 59	
	Equalisation provisions	12					
Transfer from the long term insurance business revenue account		13			40	. 26	
Investment income	Income	14	1283	1458			
	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	1861	627			
Tax on profit or loss on ordinary activities		31					
Profit or loss on ordinary activities after tax (29-31)		39	1861	627			
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	1861	627			
Dividends (paid and proposed)		51					
Profit or loss retained for the financial year (49-51)		59	1861	627			

General insurance business : Technical account (excluding equalisation provisions)

Printed 25th MAR 03 at 17:50

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

Global business

Financial year ended **31st December 2002**

Accounting class **Summary**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Accounting class/ summary
R20	999757	GL	31	12	2002	£000	99

Items to be shown net of reinsurance			This financial year 1	Previous year 2	Source Form	Line	Column
This year's underwriting (accident year accounting)	Earned premium	11	42	91	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	79	123	22	42	4
	Balance of year's underwriting (11-12-13+14-15+16-17)	19	(37)	(32)			
Adjustment for prior years' underwriting (accident year accounting)	Earned premium	21			21	11	5
	Claims incurred	22	(615)	799	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	615	(799)			
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	578	(831)			
Allocated investment return		51					
Transfer to non-technical account (49+51)		59	578	(831)			

General insurance business : Technical account (excluding equalisation provisions)

Printed 25th MAR 03 at 17:50

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

Global business

Financial year ended **31st December 2002**

Accounting class **Accident and health**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Accounting class/ summary
R20	999757	GL	31	12	2002	£000	1

Items to be shown net of reinsurance			This financial year 1	Previous year 2	Source Form . Line . Column
This year's underwriting (accident year accounting)	Earned premium	11		(5)	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	10	17	22 . 42 . 4
	Balance of year's underwriting (11-12-13+14-15+16-17)	19	(10)	(22)	
Adjustment for prior years' underwriting (accident year accounting)	Earned premium	21			21 . 11 . 5
	Claims incurred	22	(53)	1124	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	53	(1124)	
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	43	(1146)	
Allocated investment return		51			
Transfer to non-technical account (49+51)		59	43	(1146)	

General insurance business : Technical account (excluding equalisation provisions)

Printed 25th MAR 03 at 17:50

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

Global business

Financial year ended **31st December 2002**

Accounting class **Aviation**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Accounting class/ summary
R20	999757	GL	31	12	2002	£000	3

Items to be shown net of reinsurance			This financial year 1	Previous year 2	Source Form	Line	Column
This year's underwriting (accident year accounting)	Earned premium	11			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	2	4	22	42	4
	Balance of year's underwriting (11-12-13+14-15+16-17)	19	(2)	(4)			
Adjustment for prior years' underwriting (accident year accounting)	Earned premium	21			21	11	5
	Claims incurred	22	(68)	(245)	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	68	245			
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	66	241			
Allocated investment return		51					
Transfer to non-technical account (49+51)		59	66	241			

General insurance business : Technical account (excluding equalisation provisions)

Printed 25th MAR 03 at 17:50

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

Global business

Financial year ended **31st December 2002**

Accounting class **Transport**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Accounting class/ summary
R20	999757	GL	31	12	2002	£000	5

Items to be shown net of reinsurance			This financial year 1	Previous year 2	Source Form	Line	Column
This year's underwriting (accident year accounting)	Earned premium	11			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	5	8	22	42	4
	Balance of year's underwriting (11-12-13+14-15+16-17)	19	(5)	(8)			
Adjustment for prior years' underwriting (accident year accounting)	Earned premium	21			21	11	5
	Claims incurred	22	(168)	159	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	168	(159)			
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	163	(167)			
Allocated investment return		51					
Transfer to non-technical account (49+51)		59	163	(167)			

General insurance business : Technical account (excluding equalisation provisions)

Printed 25th MAR 03 at 17:50

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

Global business

Financial year ended **31st December 2002**

Accounting class **Property**

	Company registration *number*	GL/UK/CM	Period ended day	month	year	Units	Accounting class/ *summary*
R20	999757	GL	31	12	2002	£000	6

Items to be shown net of reinsurance			This financial year 1	Previous year 2	Source Form	Line	Column
This year's underwriting (accident year accounting)	Earned premium	11	28	64	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	42	63	22	42	4
	Balance of year's underwriting (11-12-13+14-15+16-17)	19	(14)	1			
Adjustment for prior years' underwriting (accident year accounting)	Earned premium	21			21	11	5
	Claims incurred	22	(345)	(238)	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	345	238			
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	331	239			
Allocated investment return		51					
Transfer to non-technical account (49+51)		59	331	239			

General insurance business : Technical account (excluding equalisation provisions)

Printed 25th MAR 03 at 17:50

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

Global business

Financial year ended **31st December 2002**

Accounting class **Miscellaneous and pecuniary loss**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Accounting class/ summary
R20	999757	GL	31	12	2002	£000	8

Items to be shown net of reinsurance			This financial year 1	Previous year 2	Source Form . Line . Column
This year's underwriting (accident year accounting)	Earned premium	11	14	32	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	20	31	22 . 42 . 4
	Balance of year's underwriting (11-12-13+14-15+16-17)	19	(6)	1	
Adjustment for prior years' underwriting (accident year accounting)	Earned premium	21			21 . 11 . 5
	Claims incurred	22	19	(1)	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	(19)	1	
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	(25)	2	
Allocated investment return		51			
Transfer to non-technical account (49+51)		59	(25)	2	

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

Printed 25th MAR 03 at 17:50

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

Global business

Financial year ended **31st December 2002**

Accounting class **Accident and health**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Accounting class
R21	999757	GL	31	12	2002	£000	1

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	Earned in this financial year 3	Unearned at end of this financial year 4	Earned in this financial year 5	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						
In respect of risks incepted in this financial year: For periods of 12 months	14						
In respect of risks incepted in this financial year: 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						

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

Printed 25th MAR 03 at 17:50

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

Global business

Financial year ended **31st December 2002**

Accounting class **Aviation**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Accounting class
R21	999757	GL	31	12	2002	£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	
In respect of risks incepted in previous financial years	11						
		Earned in this financial year 1	Unearned at end of this financial year 2	Earned in this financial year 3	Unearned at end of this financial year 4	Earned in this financial year 5	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						
In respect of risks incepted in this financial year: For periods of 12 months	14						
In respect of risks incepted in this financial year: 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						

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

Printed 25th MAR 03 at 17:50

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

Global business

Financial year ended **31st December 2002**

Accounting class **Transport**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Accounting class
R21	999757	GL	31	12	2002	£000	5

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	Earned in this financial year 3	Unearned at end of this financial year 4	Earned in this financial year 5	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						
In respect of risks incepted in this financial year: For periods of 12 months	14						
In respect of risks incepted in this financial year: 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						

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

Printed 25th MAR 03 at 17:50

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

Global business

Financial year ended **31st December 2002**

Accounting class **Property**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Accounting class
R21	999757	GL	31	12	2002	£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	Unearned at end of this financial year 2	Earned in this financial year 3	Unearned at end of this financial year 4	Earned in this financial year 5	Unearned at end of this financial year 6
In respect of risks incepted in previous financial years	12			(28)		28	
In respect of risks incepted in this financial year — For periods of less than 12 months	13						
In respect of risks incepted in this financial year — For periods of 12 months	14						
In respect of risks incepted in this financial year — 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			(28)		28	

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

Printed 25th MAR 03 at 17:50

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

Global business

Financial year ended **31st December 2002**

Accounting class **Miscellaneous and pecuniary loss**

	Company registration number	GL/UK/CM	Period ended day	Period ended month	Period ended year	Units	Accounting class
R21	999757	GL	31	12	2002	£000	8

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	Earned in this financial year 3	Unearned at end of this financial year 4	Earned in this financial year 5	Unearned at end of this financial year 6
In respect of risks incepted in previous financial years	12			(14)		14	
In respect of risks incepted in this financial year — *For periods of less than 12 months*	13						
In respect of risks incepted in this financial year — *For periods of 12 months*	14						
In respect of risks incepted in this financial year — *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			(14)		14	

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

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

Printed 25th MAR 03 at 17:50

Global business

Financial year ended **31st December 2002**

Accounting class **Accident and health**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Accounting class
R22	999757	GL	31	12	2002	£000	1

			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	460	37	370	(53)
	Reinsurers' share	12				
	Net (11-12)	13	460	37	370	(53)
	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		10		10
	Reinsurance commissions and profit participations	24				
	Total (21+22+23-24)	29		10		10
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		10		10
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 25th MAR 03 at 17:50

Global business

Financial year ended **31st December 2002**

Accounting class **Aviation**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Accounting class
R22	999757	GL	31	12	2002	£000	3

			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	107	1	38	(68)
	Reinsurers' share	12	3		3	
	Net (11-12)	13	104	1	35	(68)
	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		2		2
	Reinsurance commissions and profit participations	24				
	Total (21+22+23-24)	29		2		2
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		2		2
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 25th MAR 03 at 17:50

Global business

Financial year ended **31st December 2002**

Accounting class **Transport**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Accounting class
R22	999757	GL	31	12	2002	£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	1243	238	162	(843)
	Reinsurers' share	12	994	190	129	(675)
	Net (11-12)	13	249	48	33	(168)
	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		5		5
	Reinsurance commissions and profit participations	24				
	Total (21+22+23-24)	29		5		5
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		5		5
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 25th MAR 03 at 17:50

Global business

Financial year ended **31st December 2002**

Accounting class **Property**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Accounting class
R22	999757	GL	31	12	2002	£000	6

			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	6233	1465	2828	(1940)
	Reinsurers' share	12	4898	1131	2172	(1595)
	Net (11-12)	13	1335	334	656	(345)
	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		42		42
	Reinsurance commissions and profit participations	24				
	Total (21+22+23-24)	29		42		42
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		42		42
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 25th MAR 03 at 17:50

Global business

Financial year ended **31st December 2002**

Accounting class **Miscellaneous and pecuniary loss**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Accounting class
R22	999757	GL	31	12	2002	£000	8

			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	112	100	106	94
	Reinsurers' share	12	90	80	85	75
	Net (11-12)	13	22	20	21	19
	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		20		20
	Reinsurance commissions and profit participations	24				
	Total (21+22+23-24)	29		20		20
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		20		20
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 25th MAR 03 at 17:50

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

Global business

Financial year ended **31st December 2002**

Accounting class **Accident and health**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Accounting class
R23	999757	GL	31	12	2002	£000	1

Accident year ended Month	Year		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: Reported (net)	Claims outstanding carried forward: Incurred but *not reported* (net)	Claims outstanding brought forward: Reported (net)	Claims outstanding brought forward: Incurred but *not reported* (net)	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 %
			1	2	3	4	5	6	7	8	9	10	11	12	13
12	2002	11													
12	2001	12													
12	2000	13	583	37	786	3	33		33		3		1409	2121.6	99.7
12	1999	14	663	208	35	4	286		345		(55)		1370	56.3	72.1
12	1998	15	1429	232	367								1387	58.2	129.5
12	1997	16	502	330	982		51		51				1372	213.0	111.9
12	1996	17	926	522	510								1328	(2.3)	108.1
12	1995	18	806	495	561	30			31		(1)		1286	19.4	108.6
12	1994	19	540		234								1143		67.7
12	1993	20													
Prior accident years		21													
Reconciliation		22													
Total (11 to 22)		29				37	370		460		(53)				

Printed 25th MAR 03 at 17:50

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 2002**

Accounting class **Aviation**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Accounting class
R23	999757	GL	31	12	2002	£000	3

Accident year ended Month	Year		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: Reported (net)	Claims outstanding carried forward: Incurred but not reported (net)	Claims outstanding brought forward: Reported (net)	Claims outstanding brought forward: Incurred but not reported (net)	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 %
			1	2	3	4	5	6	7	8	9	10	11	12	13
12	2002	11													
12	2001	12													
12	2000	13											217		
12	1999	14		400	141								540	(64.7)	26.1
12	1998	15		100	132	1			67		(66)		567	33.0	23.5
12	1997	16		561	811								593	44.6	136.8
12	1996	17		98	130		35		37		(2)		673	68.4	24.5
12	1995	18		331	282								673	(14.8)	41.9
12	1994	19		178	156								393	(12.4)	39.7
12	1993	20			21										
Prior accident years		21													
Reconciliation		22													
Total (11 to 22)		29				1	35		104		(68)				

Form 23

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

Printed 25th MAR 03 at 17:50

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

Global business

Financial year ended **31st December 2002**

Accounting class **Transport**

	Company registration number	GL/UK/CM	Period ended day	Period ended month	Period ended year	Units	Accounting class
R23	999757	GL	31	12	2002	£000	5

Accident year ended Month	Accident year ended Year		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: Reported (net)	Claims outstanding carried forward: Incurred but not reported (net)	Claims outstanding brought forward: Reported (net)	Claims outstanding brought forward: Incurred but not reported (net)	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 %
			1	2	3	4	5	6	7	8	9	10	11	12	13
12	2002	11													
12	2001	12													
12	2000	13		89	1	41	19		235		(175)		148	(31.5)	41.2
12	1999	14	2	15	13	7	14		14		7		150	126.7	24.0
12	1998	15		72	63								118	(12.5)	53.4
12	1997	16		4	9								130	125.0	6.9
12	1996	17		1	3								163	200.0	1.8
12	1995	18		26	8								197	(69.2)	4.1
12	1994	19			3								53		5.7
		20													
Prior accident years		21													
Reconciliation		22													
Total (11 to 22)		29				48	33		249		(168)				

Printed 25th MAR 03 at 17:50

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 2002**

Accounting class **Property**

	Company registration number	GL/UK/CM	Period ended day	Period ended month	Period ended year	Units	Accounting class
R23	999757	GL	31	12	2002	£000	6

Accident year ended Month	Accident year ended Year		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: Reported (net)	Claims outstanding carried forward: Incurred but not reported (net)	Claims outstanding brought forward: Reported (net)	Claims outstanding brought forward: Incurred but not reported (net)	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 %
			1	2	3	4	5	6	7	8	9	10	11	12	13
12	2002	11													
12	2001	12													
12	2000	13	57	944	331	289	191	100	607	100	(127)		1292	(3.5)	74.9
12	1999	14	720	1282	255	3	362		625		(260)		1019	(51.6)	131.5
12	1998	15	83	567	84	2					2		1136	(84.8)	14.9
12	1997	16	7	628	87		3		3				1144	(85.7)	8.5
12	1996	17	552	1854	1288								1253	(30.5)	146.8
12	1995	18	38	1474	1515	40					40		1687	5.5	94.4
12	1994	19		367	46								534	(87.5)	8.6
12	1993	20											350		
Prior accident years		21													
Reconciliation		22													
Total (11 to 22)		29				334	556	100	1235	100	(345)				

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

Printed 25th MAR 03 at 17:50

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

Global business

Financial year ended **31st December 2002**

Accounting class **Miscellaneous and pecuniary loss**

	Company registration number	GL/UK/CM	Period ended day	Period ended month	Period ended year	Units	Accounting class
R23	999757	GL	31	12	2002	£000	8

Accident year ended Month	Accident year ended Year		Claims paid (net) during the accident year 1	Claims outstanding (net) as at end of the accident year 2	Total claims paid (net) since the end of the accident year, but prior to this financial year 3	Claims paid (net) during this financial year 4	Claims outstanding carried forward: Reported (net) 5	Claims outstanding carried forward: Incurred but not reported (net) 6	Claims outstanding brought forward: Reported (net) 7	Claims outstanding brought forward: Incurred but not reported (net) 8	Balance on each accident year (4+5+6-7-8) 9	Deduction for discounting from claims outstanding carried forward (net) 10	Earned premiums (net) 11	Deterioration/ (surplus) of original reserve % 12	Claims ratio % 13
12	2002	11													
12	2001	12													
12	2000	13		20	1	20	19		20		19		624	100.0	6.4
12	1999	14	60	42	80		2		2				481	95.2	29.5
12	1998	15	18	70									530	(100.0)	3.4
12	1997	16		38	15								544	(60.5)	2.8
12	1996	17	46	400	1028								627	157.0	171.3
12	1995	18	10		550								838		66.8
12	1994	19			9								261		3.4
12	1993	20											173		
Prior accident years		21													
Reconciliation		22													
Total (11 to 22)		29				20	21		22		19				

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 **31st December 2002**

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 9.26

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

Global business

Financial year ended **31st December 2002**

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		20		205	
AXA (GRE) UK Ltd 66 King William Street London EC4 7BU UK	None		36		92	
BAE SYSTEMS Insurance (Overseas) Limited 44 Athol Street Douglas Isle of Man IM1 1JB Isle of Man	Related		142		2088	

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 2002**

Cedant details As required by Rule 9.27: (Para 1(a))	Connection (Para 1(b))	Premiums receivable (Para 1(c)) £000	Deposits made included at F13L57 (Para 1(d)) £000	Debts outstanding included at F13L74 (Para 1(e)) £000	Comments
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 25th MAR 03 at 17:50

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

Accounting class **Accident and health**

Global business

Currency **Sterling**

Financial year ended **31st December 2002**

Risk group **Medical**

	Company registration number	GL/UK/CM	Period ended day	Period ended month	Period ended year	Monetary units	Country	Accounting class
R31	999757	GL	31	12	2002	000	AA	1

Accident year ended Month	Accident year ended Year		Number of claims: Closed at some cost during this or previous financial years	Number of claims: Reported claims outstanding	Gross claims paid: In previous financial years	Gross claims paid: In this financial year	Gross claims outstanding carried forward: Reported	Gross claims outstanding carried forward: Incurred but not reported	Gross claims outstanding brought forward: Reported	Gross claims outstanding brought forward: Incurred but not reported	Balance for each accident year (4+5+6-7-8)	Gross earned premiums	Claims ratio %
			1	2	3	4	5	6	7	8	9	10	11
12	2002	11											
12	2001	12											
12	2000	13										32	
12	1999	14	1		500							72	694.4
12	1998	15	1		375							58	646.6
12	1997	16										26	
12	1996	17											
12	1995	18	175		306							360	85.0
12	1994	19	200		360							479	75.2
12	1993	20											
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 25th MAR 03 at 17:50

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

Accounting class **Accident and health**

Global business

Currency **Sterling**

Financial year ended **31st December 2002**

Risk group **Medical Overseas**

	Company registration number	GL/UK/CM	Period ended day	month	year	Monetary units	Country	Accounting class
R31	999757	GL	31	12	2002	000	AA	1

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		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			
			1	2	3	4	5	6	7	8	9	10	11
12	2002	11											
12	2001	12											
12	2000	13	16	4	29	3	33		33		3	54	120.4
12	1999	14	34		14							59	23.7
12	1998	15	25		28							60	46.7
12	1997	16	28		6							70	8.6
12	1996	17	26		10							70	14.3
12	1995	18	23		13							70	18.6
12	1994	19										6	
		20											
Prior accident years		21											
Total (11 to 21)		29		4		3	33		33		3		
Line 29 expressed in sterling		30				3	33		33		3		

Form 31

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

Printed 25th MAR 03 at 17:50

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

Accounting class **Accident and health**

Global business

Currency **Sterling**

Financial year ended **31st December 2002**

Risk group **Loss of Licence**

	Company registration number	GL/UK/CM	Period ended day	month	year	Monetary units	Country	Accounting class
R31	999757	GL	31	12	2002	000	AA	1

Accident year ended Month	Year		Number of claims: Closed at some cost during this or previous financial years	Number of claims: Reported claims outstanding	Gross claims paid: In previous financial years	Gross claims paid: In this financial year	Gross claims outstanding carried forward: Reported	Gross claims outstanding carried forward: Incurred but not reported	Gross claims outstanding brought forward: Reported	Gross claims outstanding brought forward: Incurred but not reported	Balance for each accident year (4+5+6-7-8)	Gross earned premiums	Claims ratio %
			1	2	3	4	5	6	7	8	9	10	11
12	2002	11											
12	2001	12											
12	2000	13	7		1340							1319	101.6
12	1999	14	4	3	434	4	286		345		(55)	1290	56.1
12	1998	15	9		1393							1304	106.8
12	1997	16	10	1	1478		51		51			1295	118.1
12	1996	17	9		1446							1280	113.0
12	1995	18	10		1048	30			31		(1)	847	127.3
12	1994	19	3		414							700	59.1
12	1993	20											
Prior accident years		21											
Total (11 to 21)		29		4		34	337		427		(56)		
Line 29 expressed in sterling		30				34	337		427		(56)		

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

Printed 25th MAR 03 at 17:50

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

Accounting class **Aviation**

Global business

Currency **Sterling**

Financial year ended **31st December 2002**

Risk group **Aircraft**

	Company registration number	GL/UK/CM	Period ended day	Period ended month	Period ended year	Monetary units	Country	Accounting class
R31	999757	GL	31	12	2002	000	AA	3

Accident year ended Month	Accident year ended Year		Number of claims: Closed at some cost during this or previous financial years	Number of claims: Reported claims outstanding	Gross claims paid: In previous financial years	Gross claims paid: In this financial year	Gross claims outstanding carried forward: Reported	Gross claims outstanding carried forward: Incurred but not reported	Gross claims outstanding brought forward: Reported	Gross claims outstanding brought forward: Incurred but not reported	Balance for each accident year (4+5+6-7-8)	Gross earned premiums	Claims ratio %
			1	2	3	4	5	6	7	8	9	10	11
12	2002	11											
12	2001	12											
12	2000	13										286	
12	1999	14	1		141							706	20.0
12	1998	15	2		132	1			67		(66)	734	18.1
12	1997	16	5	1	811							785	103.3
12	1996	17	6	1	134		35		37		(2)	941	18.0
12	1995	18	6	1	324							1410	23.0
12	1994	19	2		156							693	22.5
12	1993	20	1		21								
Prior accident years		21					3		3				
Total (11 to 21)		29		3		1	38		107		(68)		
Line 29 expressed in sterling		30				1	38		107		(68)		

Form 31

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

Printed 25th MAR 03 at 17:50

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

Accounting class **Transport**

Global business

Currency **Sterling**

Financial year ended **31st December 2002**

Risk group **Marine Transit**

	Company registration number	GL/UK/CM	Period ended day	month	year	Monetary units	Country	Accounting class
R31	999757	GL	31	12	2002	000	AA	5

Accident year ended Month	Year		Number of claims: Closed at some cost during this or previous financial years	Number of claims: Reported claims outstanding	Gross claims paid: In previous financial years	Gross claims paid: In this financial year	Gross claims outstanding carried forward: Reported	Gross claims outstanding carried forward: Incurred but not reported	Gross claims outstanding brought forward: Reported	Gross claims outstanding brought forward: Incurred but not reported	Balance for each accident year (4+5+6-7-8)	Gross earned premiums	Claims ratio %
			1	2	3	4	5	6	7	8	9	10	11
12	2002	11											
12	2001	12											
12	2000	13	2	2	5	205	94		1175		(876)	662	45.9
12	1999	14	1	1	74	33	68		68		33	669	26.2
12	1998	15	2	1	316							591	53.5
12	1997	16	2		45							649	6.9
12	1996	17	2		13							649	2.0
12	1995	18	4		12							424	2.8
12	1994	19	2		6							88	6.8
		20											
Prior accident years		21											
Total (11 to 21)		29		4		238	162		1243		(843)		
Line 29 expressed in sterling		30				238	162		1243		(843)		

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

Printed 25th MAR 03 at 17:50

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

Accounting class **Property**

Global business

Currency **Sterling**

Financial year ended **31st December 2002**

Risk group **Household Comprehensive**

	Company registration number	GL/UK/CM	Period ended day	Period ended month	Period ended year	Monetary units	Country	Accounting class
R31	999757	GL	31	12	2002	000	AA	6

Accident year ended Month	Accident year ended Year		Number of claims: Closed at some cost during this or previous financial years	Number of claims: Reported claims outstanding	Gross claims paid: In previous financial years	Gross claims paid: In this financial year	Gross claims outstanding carried forward: Reported	Gross claims outstanding carried forward: Incurred but not reported	Gross claims outstanding brought forward: Reported	Gross claims outstanding brought forward: Incurred but not reported	Balance for each accident year (4+5+6-7-8)	Gross earned premiums	Claims ratio %
			1	2	3	4	5	6	7	8	9	10	11
12	2002	11											
12	2001	12											
12	2000	13	46	7	32		3		3			112	31.3
12	1999	14	39	1	49		12				12	125	48.8
12	1998	15	54		57							144	39.6
12	1997	16	39		22							125	17.6
12	1995	17											
12	1994	18											
12	1993	19											
12	1992	20	38		36								
Prior accident years		21											
Total (11 to 21)		29		8			15		3		12		
Line 29 expressed in sterling		30					15		3		12		

Form 31

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

Printed 25th MAR 03 at 17:50

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

Accounting class **Property**

Global business

Currency **Sterling**

Financial year ended **31st December 2002**

Risk group **All Risks Photographic**

	Company registration number	GL/UK/CM	Period ended day	Period ended month	Period ended year	Monetary units	Country	Accounting class
R31	999757	GL	31	12	2002	000	AA	6

Accident year ended Month	Accident year ended Year		Number of claims: Closed at some cost during this or previous financial years	Number of claims: Reported claims outstanding	Gross claims paid: In previous financial years	Gross claims paid: In this financial year	Gross claims outstanding carried forward: Reported	Gross claims outstanding carried forward: Incurred but not reported	Gross claims outstanding brought forward: Reported	Gross claims outstanding brought forward: Incurred but not reported	Balance for each accident year (4+5+6-7-8)	Gross earned premiums	Claims ratio %
			1	2	3	4	5	6	7	8	9	10	11
12	2002	11											
12	2001	12											
12	2000	13											
12	1999	14											
12	1998	15											
12	1997	16											
12	1995	17											
12	1994	18											
12	1993	19											
12	1992	20	5		30								
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 25th MAR 03 at 17:50

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

Accounting class **Property**

Global business

Currency **Sterling**

Financial year ended **31st December 2002**

Risk group **Property Damage**

Company registration number	GL/UK/CM	Period ended day	Period ended month	Period ended year	Monetary units	Country	Accounting class
R31	999757	GL	31	12	2002	000	AA	6

Accident year ended Month	Accident year ended Year		Number of claims: Closed at some cost during this or previous financial years	Number of claims: Reported claims outstanding	Gross claims paid: In previous financial years	Gross claims paid: In this financial year	Gross claims outstanding carried forward: Reported	Gross claims outstanding carried forward: Incurred but not reported	Gross claims outstanding brought forward: Reported	Gross claims outstanding brought forward: Incurred but not reported	Balance for each accident year (4+5+6-7-8)	Gross earned premiums	Claims ratio %
			1	2	3	4	5	6	7	8	9	10	11
12	2002	11											
12	2001	12											
12	2000	13	8	7	1783	1445	941	100	3018	100	(632)	5706	74.8
12	1999	14	11	9	4631	11	1756		3096		(1329)	5210	122.8
12	1998	15	12		554	9					9	5910	9.5
12	1997	16	12	3	363		14		14			6062	6.2
12	1996	17	12	1	8965							5670	158.1
12	1995	18	32	2	3386		2		2			3902	86.8
12	1994	19	6		77							1271	6.1
12	1993	20											
Prior accident years		21											
Total (11 to 21)		29		22		1465	2713	100	6130	100	(1952)		
Line 29 expressed in sterling		30				1465	2713	100	6130	100	(1952)		

Form 31

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

Printed 25th MAR 03 at 17:50

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

Accounting class **Miscellaneous and pecuniary loss**

Global business

Currency **Sterling**

Financial year ended **31st December 2002**

Risk group **Consequential Loss**

	Company registration number	GL/UK/CM	Period ended day	Period ended month	Period ended year	Monetary units	Country	Accounting class
R31	999757	GL	31	12	2002	000	AA	8

Accident year ended Month	Accident year ended Year		Number of claims: Closed at some cost during this or previous financial years	Number of claims: Reported claims outstanding	Gross claims paid: In previous financial years	Gross claims paid: In this financial year	Gross claims outstanding carried forward: Reported	Gross claims outstanding carried forward: Incurred but not reported	Gross claims outstanding brought forward: Reported	Gross claims outstanding brought forward: Incurred but not reported	Balance for each accident year (4+5+6-7-8)	Gross earned premiums	Claims ratio %
			1	2	3	4	5	6	7	8	9	10	11
12	2002	11											
12	2001	12											
12	2000	13	1	1	4	100	95		101		94	2853	7.0
12	1999	14	1	1	700		11		11			2605	27.3
12	1998	15	2		90							2955	3.0
12	1997	16	2		77							3031	2.5
12	1996	17	2		4304							2835	151.8
12	1995	18	8		1473							1947	75.7
12	1994	19	1		15							627	2.4
12	1993	20											
Prior accident years		21											
Total (11 to 21)		29		2		100	106		112		94		
Line 29 expressed in sterling		30				100	106		112		94		

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 2002

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 2002

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%

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 2002

Overview of Reinsurance Protections.

The company ceased underwriting new business on 01 January 2001 and has been in run-off since then.

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 2002

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.

At 31st December 2002 the company maintained six bank deposits in the amount of £5 million each. The accrued interest on these deposits (totalling £647k) has been disallowed as an amount exceeding the modified exposure limits.

1001 Reconciliation to Companies Act Accounts

	2002 £'000	2001 £'000
F.13.L.99	38,125	39,294
F.15.L.59	15,559	18,589
Capital and Reserves per Statutory Accounts	22,566	20,705

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.

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	28/06/02	06/01/03	£5,000,000
Yorkshire Building Society	28/06/02	06/01/03	£5,000,000
Kleinwort Benson Inv man	28/06/02	06/01/03	£5,000,000
National Bank of Abu Dhabi	28/06/02	06/01/03	£5,000,000
Britannia	01/07/02	06/01/03	£5,000,000
Northern Rock	01/07/02	06/01/03	£5,000,000
3I Group	01/10/02	06/01/03	£4,500,000

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 £11,947,925 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.

3701 The company ceased underwriting on 1st January 2001. No equalisation reserves were recorded at 31st December 2002 (nil at 31st December 2001) and Forms 37 and 38 have not been submitted as they would be nil returns.

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 2002.

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).

   (d) that proper records have been maintained and adequate information obtained by the insurer for the purpose of the declaration required by rule 9.39 IPRU (INS).

2. that the margin of solvency required by rule 2.1 has been maintained throughout the financial year.

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';
   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'.

_____	P W McDonald	Chairman
_____	M A Finlayson	Director
_____	D S Parkes	Secretary
_____ 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 2002.

This report is made solely to the company's directors, as a body, in accordance with the requirements of rule 9.35 of the Rules. We acknowledge that the directors are required to submit this report to the FSA, to enable the FSA to verify that an auditor's report has been commissioned by the company's directors and issued in accordance with the requirements of rule9.35 of the Rules and to facilitate the discharge by the FSA of its regulatory functions in respect of the company, conferred on the FSA by or under the Financial Services and Markets Act 2000. Our audit work has been undertaken so that we might state to the company's directors those matters we are required to state to them in an auditor's report issued pursuant to rule 9.35 of the Rules and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's directors as a body, for our audit work, for this report, or for the opinions we have formed.

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 ("FSA") 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 page 49 ('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 28 March 2003