AC 1242

BAE SYSTEMS (Insurance) Limited

Annual FSA Insurance Returns for the year ended 31st December 2000

Accounts and statements pursuant to the Insurance Companies Act 1982 and the Insurance Companies (Accounts and Statements) Regulations 1996 (as amended)

(Schedules 1 , 2 , 5 , 6)

Printed from FormsGen™

Statement of solvency

Printed 20th JUN 01 at 10:07

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

Global business

Financial year ended **31st December 2000**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units
R9	999757	GL	31	12	2000	£000

		As at the end of this financial year 1	As at the end of the previous year 2	Source Form	Line	Column
GENERAL BUSINESS **Available assets**						
Other than long term business assets allocated towards general business required minimum margin	11	(3423)	17404	See instructions 1 and 2		
Required minimum margin						
Required minimum margin for general business	12	915	1113	12	49	
Excess (deficiency) of available assets over the required minimum margin (11-12)	13	(4338)	16291			
LONG TERM BUSINESS **Available assets**						
Long term business admissible assets	21			10	11	
Other than long term business assets allocated towards long term 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 business required minimum margin (21+22-23-24)	25					
Implicit Items admitted under regulation 23(5) of the Insurance Companies Regulations 1994						
Future profits	31					
Zillmerising	32					
Hidden reserves	33					
Total of available assets and implicit items (25+31+32+33)	34					
Required minimum margin						
Required minimum margin for long term 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 business as shown in a supplementary note to Form 15	51			See instruction 6		
Quantifiable contingent liabilities in respect of long term business as shown in a supplementary note to Form 14	52			See instruction 6		

Covering sheet to Form 9

Printed 20th JUN 01 at 10:07

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

Global business

Financial year ended **31st December 2000**

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

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

.... **E M N Thody** **Joint Secretary**

Farnborough, 26 **June 2001**

Statement of net assets

Printed 20th JUN 01 at 10:07

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

Global business

Financial year ended **31st December 2000**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units
R10	999757	GL	31	12	2000	£000

			As at the end of this financial year 1	As at the end of the previous year 2	Source Form	Line	Column
Long term business - admissible assets		11			13	89	1
Long term business - liabilities and margins		12			14	59	1
Other than Long term business - admissible assets		21	11809	31039	13	89	1
Other than Long term business - liabilities		22	15232	13635	15	69	1
Net admissible assets (21-22)		23	(3423)	17404			
Other assets allowed to be taken into account in covering the required minimum margin	Unpaid amounts (including share premium) on partly paid shares	24					
	Supplementary contributions for a mutual carrying on general business	25					
Liabilities allowed to be left out of account in covering the required minimum margin	Subordinated loan capital	26					
	Cumulative preference share capital	27					
Available assets (23 to 27)		29	(3423)	17404			
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	(9123)	11704			
Total (51 to 56) and equal to line 29 above		59	(3423)	17404			
Movement of balance of net assets for solvency purposes - as per line 56							
Balance brought forward at the beginning of the financial year		61	11704	(2673)	10	56	2
Retained profit/(loss) for the financial year		62	2674	617	16	59	1
Movement in asset valuation differences		63	(23501)	13760	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	(9123)	11704			

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

Printed 20th JUN 01 at 10:07

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

Global business

Financial year ended **31st December 2000**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units
R11	999757	GL	31	12	2000	£000

				This financial year 1	Previous year 2
Gross premiums receivable			11	10705	10723
Premium taxes and levies (included in line 11)			12		
Sub-total A (11-12)			13	10705	10723
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 ECU x 18/100	15	1046	1151
		Excess (if any) over 10M ECU x 16/100	16	783	693
	Health insurance	Up to and including sterling equivalent of 10M ECU x 6/100	17		
		Excess (if any) over 10M ECU x 16/300	18		
Sub-total B (15+16+17+18)			19	1829	1844
Claims paid			21	3421	6247
Claims outstanding carried forward at the end of the financial year		For business accounted for on an underwriting year basis	22		
		For business accounted for on an accident year basis	23	8030	6940
Claims outstanding brought forward at the beginning of the financial year		For business accounted for on an underwriting year basis	24		
		For business accounted for on an accident year basis	25	6940	4102
Sub-total C (21+22+23-(24+25))			29	4511	9085
Amounts recoverable from reinsurers in respect of claims included in Sub-total C			30	2838	6316
Sub-total D (29-30)			39	1673	2769
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	915	922

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

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

Global business

Financial year ended **31st December 2000**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units
R12	999757	GL	31	12	2000	£000

			Line	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	18187	24444			
Claims outstanding carried forward at the end of the reference period	For business accounted for on an underwriting year basis		22					
	For business accounted for on an accident year basis		23	8030	6940			
Claims outstanding brought forward at the beginning of the reference period	For business accounted for on an underwriting year basis		24					
	For business accounted for on an accident year basis		25	6940	4102			
Sub-total E (21+22+23-(24+25))			29	19277	27282			
Sub-total F - Conversion of Sub-total E to annual figure (Multiply by 12 and divide by number of months in reference period)			31	6426	9094			
Division of Sub-total F	Other than health insurance	Up to and including sterling equivalent of 7M ECU x 26/100	32	1057	1164			
		Excess (if any) over 7M ECU x 23/100	33	543	1062			
	Health insurance	Up to and including sterling equivalent of 7M ECU x 26/300	34					
		Excess (if any) over 7M ECU x 23/300	35					
Sub-total G (32 to 35)			39	1600	2226			
Second result	Sub-total G x Sub-total D / Sub-total C (or, if ½ is a greater fraction, x ½)		41	800	1113			
First result			42	915	922	11	41	
Required margin of solvency (the higher of lines 41 and 42)			43	915	1113			
Minimum guarantee fund			44	174	192			
Required minimum margin (the higher of lines 43 and 44)			49	915	1113			

Analysis of admissible assets

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

Global business

Financial year ended **31st December 2000**

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	2000	£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 dependants	Shares	21		
		Debt securities issued by, and loans to, dependants	22		
	Other insurance dependants	Shares	23		
		Debt securities issued by, and loans to, dependants	24		
	Non-insurance dependants	Shares	25		
		Debt securities issued by, and loans to, dependants	26		
	Other group undertakings and participating interests	Shares	27		
		Debt securities issued by, and loans to, group undertakings	28		
		Participating interests	29		
		Debt securities issued by, and loans to, undertakings in which the company has a participating interest	30		
Total sheet 1 (11 to 30)			39		

Form 13
(Sheet 2)
Printed 20th JUN 01 at 10:07

Analysis of admissible assets

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

Global business

Financial year ended **31st December 2000**

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	2000	£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		4500
		Withdrawal subject to a time restriction of more than one month		55	4164	19162
	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		88
		Claims outstanding		61	5226	3808
		Provision for unexpired risks		62		
		Other		63		
Total sheet 2 (41 to 63)				69	9390	27558

Form 13
(Sheet 3)
Printed 20th JUN 01 at 10:07

Analysis of admissible assets

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

Global business

Financial year ended **31st December 2000**

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	2000	£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	75	382
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	1578	525
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	72	1
		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	694	2201
	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		343
	Deferred acquisition costs		85		29
	Other prepayments and accrued income		86		
Deductions (under regulations 57(2)(b) and 57(3) of the Insurance Companies Regulations 1994) from the aggregate value of assets			87		
Total sheet 3 (71 to 86 less 87)			88	2419	3481
Grand total of admissible assets (39+69+88)			89	11809	31039
Reconciliation to asset values determined in accordance with the shareholder accounts rules					
Total admissible assets (as per line 89 above)			91	11809	31039
Total assets in excess of the admissibility limits of Schedule 12 of the Insurance Companies Regulations 1994, (as valued in accordance with those Regulations before applying admissibility limits)			92	23501	
Solvency margin deduction for insurance dependants			93		
Other differences in the valuation of assets (other than for assets not valued above)			94		
Assets of a type not valued above, (as valued in accordance with the shareholder accounts rules)			95		
Total assets determined in accordance with the shareholder accounts rules (91 to 95)			99	35310	31039
Amounts included in line 89 attributable to debts due from related companies, other than those under contracts of insurance or reinsurance			100		

Returns under Insurance Companies Legislation

Form 15

Liabilities (other than long term business)

Printed 20th JUN 01 at 10:07

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

Global business

Financial year ended **31st December 2000**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units
R15	999757	GL	31	12	2000	£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		324
	Claims outstanding		12	8030	6940
	Provision for unexpired risks		13		
	Equalisation provisions	Credit business	14		
		Other than credit business	15		
	Other		16		
	Total (11 to 16)		19	8030	7264
Provisions for other risks and charges	Taxation		21		
	Other		22		
Deposits received from reinsurers			31		
Creditors	Arising out of insurance operations	Direct business	41		
		Reinsurance accepted	42		
		Reinsurance ceded	43		197
	Debenture loans	Secured	44		
		Unsecured	45		
	Amounts owed to credit institutions		46		
	Other creditors	Taxation	47		
		Recommended dividend	48		
		Other	49	7123	6100
Accruals and deferred income			51	79	74
Total (19 to 51)			59	15232	13635
Provision for adverse changes (calculated in accordance with regulation 61 of the Insurance Companies Regulations 1994)			61		
Cumulative preference share capital			62		
Subordinated loan capital			63		
Total (59 to 63)			69	15232	13635
Amounts included in line 69 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance			71	6983	5750

Profit and loss account (non-technical account)

Printed 20th JUN 01 at 10:07

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

Global business

Financial year ended **31st December 2000**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units
R16	999757	GL	31	12	2000	£000

			This financial year 1	Previous year 2	Source Form	Line	Column
Transfer (to)/from the general business technical account	From Form 20	11	954	(804)	20	59	
	Equalisation provisions	12		35			
Transfer from the long term business revenue account		13			40	26	
Investment income	Income	14	1720	1386			
	Value re-adjustments on investments	15					
	Gains on the realisation of investments	16					
Investment charges	Investment management charges, including interest	17					
	Value re-adjustments on investments	18					
	Loss on the realisation of investments	19					
Allocated investment return transferred to the general business technical account		20			20	51	
Other income and charges (particulars to be specified by way of supplementary note)		21					
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)		29	2674	617			
Tax on profit or loss on ordinary activities		31					
Profit or loss on ordinary activities after tax (29-31)		39	2674	617			
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	2674	617			
Dividends (paid and proposed)		51					
Profit or loss retained for the financial year (49-51)		59	2674	617			

Returns under Insurance Companies Legislation — **Form 20**

General business : Technical account (excluding equalisation provisions) — Printed 20th JUN 01 at 10:07

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

Global business

Financial year ended **31st December 2000**

Accounting class **Summary**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Accounting class/ summary
R20	999757	GL	31	12	2000	£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	3557	3560	21 . 19 . 5
	Claims incurred	12	1730	3392	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	930	1595	22 . 42 . 4
	Balance of year's underwriting (11-12-13+14-15+16-17)	19	897	(1427)	
Adjustment for prior years' underwriting (accident year accounting)	Earned premium	21			21 . 11 . 5
	Claims incurred	22	(57)	(623)	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	57	623	
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	954	(804)	
Allocated investment return		51			
Transfer to non-technical account (49+51)		59	954	(804)	

General business : Technical account (excluding equalisation provisions)

Printed 20th JUN 01 at 10:07

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

Global business

Financial year ended **31st December 2000**

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	2000	£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	1414	1370	21	19	5
	Claims incurred	12	620	871	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	206	290	22	42	4
	Balance of year's underwriting (11-12-13+14-15+16-17)	19	588	209			
Adjustment for prior years' underwriting (accident year accounting)	Earned premium	21			21	11	5
	Claims incurred	22	176	173	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	(176)	(173)			
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	412	36			
Allocated investment return		51					
Transfer to non-technical account (49+51)		59	412	36			

General business : Technical account (excluding equalisation provisions)

Printed 20th JUN 01 at 10:07

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

Global business

Financial year ended **31st December 2000**

Accounting class **Aviation**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Accounting class/ summary
R20	999757	GL	31	12	2000	£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	217	540	21	19	5
	Claims incurred	12		400	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	46	157	22	42	4
	Balance of year's underwriting (11-12-13+14-15+16-17)	19	171	(17)			
Adjustment for prior years' underwriting (accident year accounting)	Earned premium	21			21	11	5
	Claims incurred	22	(178)	(41)	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	178	41			
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	349	24			
Allocated investment return		51					
Transfer to non-technical account (49+51)		59	349	24			

General business : Technical account (excluding equalisation provisions)

Printed 20th JUN 01 at 10:07

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

Global business

Financial year ended **31st December 2000**

Accounting class **Transport**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Accounting class/ summary
R20	999757	GL	31	12	2000	£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	148	150	21	19	5
	Claims incurred	12	89	17	22	17	4
	Claims management costs	13			22	18	4
	Adjustment for discounting	14			22	52	4
	Increase in provision for unexpired risks	15			22	19	4
	Other technical income or charges (particulars to be specified by way of supplementary note)	16					
	Net operating expenses	17	63	101	22	42	4
	Balance of year's underwriting (11-12-13+14-15+16-17)	19	(4)	32			
Adjustment for prior years' underwriting (accident year accounting)	Earned premium	21			21	11	5
	Claims incurred	22	(49)	40	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	49	(40)			
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	45	(8)			
Allocated investment return		51					
Transfer to non-technical account (49+51)		59	45	(8)			

Form 20

General business : Technical account (excluding equalisation provisions)

Printed 20th JUN 01 at 10:07

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

Global business

Financial year ended **31st December 2000**

Accounting class **Property**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Accounting class/ summary
R20	999757	GL	31	12	2000	£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	1200	1019	21 . 19 . 5
	Claims incurred	12	1001	2002	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	417	708	22 . 42 . 4
	Balance of year's underwriting (11-12-13+14-15+16-17)	19	(218)	(1691)	
Adjustment for prior years' underwriting (accident year accounting)	Earned premium	21			21 . 11 . 5
	Claims incurred	22	(48)	(698)	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	48	698	
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	(170)	(993)	
Allocated investment return		51			
Transfer to non-technical account (49+51)		59	(170)	(993)	

General business : Technical account (excluding equalisation provisions)

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

Global business

Financial year ended **31st December 2000**

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	2000	£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	578	481	21	19	5
	Claims incurred	12	20	102	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	198	339	22	42	4
	Balance of year's underwriting (11-12-13+14-15+16-17)	19	360	40			
Adjustment for prior years' underwriting (accident year accounting)	Earned premium	21			21	11	5
	Claims incurred	22	42	(97)	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	(42)	97			
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	318	137			
Allocated investment return		51					
Transfer to non-technical account (49+51)		59	318	137			

General business (accident year accounting) : Analysis of premiums

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

Global business

Financial year ended **31st December 2000**

Accounting class **Accident and health**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Accounting class
R21	999757	GL	31	12	2000	£000	1

Premiums receivable during the financial year			Gross premiums written: Earned in previous financial years 1		Reinsurers' share: Earned in previous financial years 3		Net of reinsurance: 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			(38)		38	
In respect of risks incepted in this financial year	For periods of less than 12 months	13						
	For periods of 12 months	14	1372		15		1357	
	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	38		19		19	
Total (12 to 16)		19	1410		(4)		1414	

General business (accident year accounting) : Analysis of premiums

Printed 20th JUN 01 at 10:07

Name of company	**BAE SYSTEMS (Insurance) Limited**
Global business	
Financial year ended	**31st December 2000**
Accounting class	**Aviation**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Accounting class
R21	999757	GL	31	12	2000	£000	3

			Gross premiums written		Reinsurers' share		Net of reinsurance	
Premiums receivable during the financial year			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						
	For periods of 12 months	14						
	For periods of more than 12 months	15						
Premiums receivable (less rebates and refunds) in previous financial years not earned in those years and brought forward to the financial year		16	286		69		217	
Total (12 to 16)		19	286		69		217	

Form 21

General business (accident year accounting) : Analysis of premiums

Printed 20th JUN 01 at 10:07

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

Global business

Financial year ended **31st December 2000**

Accounting class **Transport**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Accounting class
R21	999757	GL	31	12	2000	£000	5

Premiums receivable during the financial year		Gross premiums written: Earned in previous financial years 1		Reinsurers' share: Earned in previous financial years 3		Net of reinsurance: 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	662		514		148	
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	662		514		148	

Form 21

General business (accident year accounting) : Analysis of premiums

Printed 20th JUN 01 at 10:07

Name of company	**BAE SYSTEMS (Insurance) Limited**
Global business	
Financial year ended	**31st December 2000**
Accounting class	**Property**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Accounting class
R21	999757	GL	31	12	2000	£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						
In respect of risks incepted in this financial year	For periods of less than 12 months	13						
	For periods of 12 months	14	5818		4618		1200	
	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	5818		4618		1200	

Form 21

General business (accident year accounting) : Analysis of premiums

Printed 20th JUN 01 at 10:07

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

Global business

Financial year ended **31st December 2000**

Accounting class **Miscellaneous and pecuniary loss**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Accounting class
R21	999757	GL	31	12	2000	£000	8

			Gross premiums written		Reinsurers' share		Net of reinsurance	
Premiums receivable during the financial year			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						
	For periods of 12 months	14	2853		2275		578	
	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	2853		2275		578	

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

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

Printed 20th JUN 01 at 10:07

Global business

Financial year ended **31st December 2000**

Accounting class **Accident and health**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Accounting class
R22	999757	GL	31	12	2000	£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	422	190	408	176
	Reinsurers' share	12				
	Net (11-12)	13	422	190	408	176
	Claims management costs	14				
Claims incurred in respect of incidents occurring in this financial year	Gross amount	15		583	37	620
	Reinsurers' share	16				
	Net (15-16)	17		583	37	620
	Claims management costs	18				
Provision for unexpired risks		19				
Net operating expenses	Commissions	21		103		103
	Other acquisition expenses	22				
	Administrative expenses	23		103		103
	Reinsurance commissions and profit participations	24				
	Total (21+22+23-24)	29		206		206
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		206		206
Split of line 39	Incidents occurring prior to this financial year	51				
	Incidents occurring in this financial year	52				

Returns under Insurance Companies Legislation **Form 22**

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

Name of company **BAE SYSTEMS (Insurance) Limited** Printed 20th JUN 01 at 10:07

Global business

Financial year ended **31st December 2000**

Accounting class **Aviation**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Accounting class
R22	999757	GL	31	12	2000	£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	1019	321	520	(178)
	Reinsurers' share	12	3		3	
	Net (11-12)	13	1016	321	517	(178)
	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	29			29
	Other acquisition expenses	22				
	Administrative expenses	23		21		21
	Reinsurance commissions and profit participations	24	4			4
	Total (21+22+23-24)	29	25	21		46
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	25	21		46
Split of line 39	Incidents occurring prior to this financial year	51				
	Incidents occurring in this financial year	52				

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

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

Printed 20th JUN 01 at 10:07

Global business

Financial year ended **31st December 2000**

Accounting class **Transport**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Accounting class
R22	999757	GL	31	12	2000	£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	317		76	(241)
	Reinsurers' share	12	253		61	(192)
	Net (11-12)	13	64		15	(49)
	Claims management costs	14				
Claims incurred in respect of incidents occurring in this financial year	Gross amount	15			445	445
	Reinsurers' share	16			356	356
	Net (15-16)	17			89	89
	Claims management costs	18				
Provision for unexpired risks		19				
Net operating expenses	Commissions	21		66		66
	Other acquisition expenses	22				
	Administrative expenses	23		48		48
	Reinsurance commissions and profit participations	24		51		51
	Total (21+22+23-24)	29		63		63
Adjustments for discounting in respect of the items shown at lines 11 to 18 above	Gross amount	31				
	Reinsurers' share	32				
	Claims management costs	33				
	Total (31-32+33)	39				
Split of line 29	Prior financial years	41				
	This financial year	42		63		63
Split of line 39	Incidents occurring prior to this financial year	51				
	Incidents occurring in this financial year	52				

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

Name of company	**BAE SYSTEMS (Insurance) Limited**
Global business	
Financial year ended	**31st December 2000**
Accounting class	**Property**

Printed 20th JUN 01 at 10:07

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Accounting class
R22	999757	GL	31	12	2000	£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	4972	1817	3659	504
	Reinsurers' share	12	3384	1027	2909	552
	Net (11-12)	13	1588	790	750	(48)
	Claims management costs	14				
Claims incurred in respect of incidents occurring in this financial year	Gross amount	15		210	2663	2873
	Reinsurers' share	16		153	1719	1872
	Net (15-16)	17		57	944	1001
	Claims management costs	18				
Provision for unexpired risks		19				
Net operating expenses	Commissions	21		516		516
	Other acquisition expenses	22				
	Administrative expenses	23		424		424
	Reinsurance commissions and profit participations	24		523		523
	Total (21+22+23-24)	29		417		417
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		417		417
Split of line 39	Incidents occurring prior to this financial year	51				
	Incidents occurring in this financial year	52				

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

Name of company **BAE SYSTEMS (Insurance) Limited** Printed 20th JUN 01 at 10:07

Global business

Financial year ended **31st December 2000**

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	2000	£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	210	300	122	212
	Reinsurers' share	12	168	240	98	170
	Net (11-12)	13	42	60	24	42
	Claims management costs	14				
Claims incurred in respect of incidents occurring in this financial year	Gross amount	15			100	100
	Reinsurers' share	16			80	80
	Net (15-16)	17			20	20
	Claims management costs	18				
Provision for unexpired risks		19				
Net operating expenses	Commissions	21		252		252
	Other acquisition expenses	22				
	Administrative expenses	23		208		208
	Reinsurance commissions and profit participations	24		262		262
	Total (21+22+23-24)	29		198		198
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		198		198
Split of line 39	Incidents occurring prior to this financial year	51				
	Incidents occurring in this financial year	52				

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

Printed 20th JUN 01 at 10:07

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

Global business

Financial year ended **31st December 2000**

Accounting class **Accident and health**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Accounting class
R23	999757	GL	31	12	2000	£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	2000	11				583	37				620		1414		43.8
12	1999	12	663	208		4	339		208		135		1370	64.9	73.4
12	1998	13	1429	232	140	98	18		116				1387	10.3	121.5
12	1997	14	502	330	894	88	51				139		1372	213.0	111.9
12	1996	15	926	522	510				98		(98)		1328	(2.3)	108.1
12	1995	16	806	495	561								1286	13.3	106.3
12	1994	17	540		71								1143		53.5
12	1993	18													
12	1992	19		60	64									6.7	
12	1991	20		133	47									(64.7)	
Prior accident years		21													
Reconciliation		22													
Total (11 to 22)		29				773	445		422		796				

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

Printed 20th JUN 01 at 10.07

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

Global business

Financial year ended **31st December 2000**

Accounting class **Aviation**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Accounting class
R23	999757	GL	31	12	2000	£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	2000	11											217		
12	1999	12		400			400		400				540		74.1
12	1998	13		100	7	104	70		165		9		567	81.0	31.9
12	1997	14		561	589	217	10		360		(133)		593	45.5	137.6
12	1996	15		98	130		37		84		(47)		673	70.4	24.8
12	1995	16		331	281				7		(7)		728	(15.1)	38.6
12	1994	17		178	156								393	(12.4)	39.7
12	1993	18			21										
12	1992	19													
12	1991	20													
Prior accident years		21													
Reconciliation		22													
Total (11 to 22)		29				321	517		1016		(178)				

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

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

Global business

Financial year ended **31st December 2000**

Accounting class **Transport**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Accounting class
R23	999757	GL	31	12	2000	£000	5

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	2000	11					89				89		148		60.1
12	1999	12	2	15			15		15				150		11.3
12	1998	13		72	66	(3)			46		(49)		118	(12.5)	53.4
12	1997	14		4	9								130	125.0	6.9
12	1996	15		1		3			3				163	200.0	1.8
12	1995	16		26	8								197	(69.2)	4.1
12	1994	17			3								53		5.7
		18													
		19													
		20													
Prior accident years		21													
Reconciliation		22													
Total (11 to 22)		29					104		64		40				

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

Printed 20th JUN 01 at 10:07

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

Global business

Financial year ended **31st December 2000**

Accounting class **Property**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Accounting class
R23	999757	GL	31	12	2000	£000	6

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	2000	11				57	444	500			1001		1200		83.4
12	1999	12	720	1282		174	741		782	500	(367)		1019	(28.6)	160.5
12	1998	13	83	567	38	46			37		9		1136	(85.2)	14.7
12	1997	14	7	628	85	1	4		26		(21)		1144	(85.7)	8.5
12	1996	15	552	1854	1462		2		5		(3)		1253	(21.0)	160.9
12	1995	16	38	1474	1064	569	3		238		334		1687	11.0	99.2
12	1994	17		367	46								534	(87.5)	8.6
12	1993	18		150									350	(100.0)	
12	1992	19		551	232									(57.9)	
12	1991	20		644	712									10.6	
Prior accident years		21													
Reconciliation		22													
Total (11 to 22)		29				847	1194	500	1088	500	953				

Form 23

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

Printed 20th JUN 01 at 10:07

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

Global business

Financial year ended **31st December 2000**

Accounting class **Miscellaneous and pecuniary loss**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units	Accounting class
R23	999757	GL	31	12	2000	£000	8

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	2000	11					20				20		578		3.5
12	1999	12	60	42		60	24		42		42		481	100.0	29.9
12	1998	13	18	70									530	(100.0)	3.4
12	1997	14		38	15								544	(60.5)	2.8
12	1996	15	46	400	1028								627	157.0	171.3
12	1995	16	10		550								838		66.8
12	1994	17			9								261		3.4
12	1993	18											173		
12	1992	19			242										
12	1991	20		1172	1587									35.4	
Prior accident years		21													
Reconciliation		22													
Total (11 to 22)		29				60	44		42		62				

Additional information on general business : Major treaty reinsurers required by regulation 19 of the Insurance Companies (Accounts and Statements) Regulations 1996

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

Global business

Financial year ended **31st December 2000**

Reinsurer details As required by Regulation 19: (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 business : Major facultative reinsurers required by regulation 20 of the Insurance Companies (Accounts and Statements) Regulations 1996

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

Global business

Financial year ended **31st December 2000**

Reinsurer details As required by Regulation 20: (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
BAE SYSTEMS Insurance (Overseas) Limited 44 Athol Street Douglas IM1 1JB Isle of Man	Related	5830	1313		4572	
AXA (GRE) UK Ltd 66 King William Street London EC4 7BU UK	None		133		191	
Munich Re London UK	None	838	132		460	
Pool Re Limited 51 Gresham Street London EC2V 7HQ UK	None	307				
Lloyds of London Lloyds Building UK	None	82			3	
Swiss Re UK Limited London UK	None	328				

Printed 20th JUN 01 at 10:07

Information on general business : Reinsurance cedants required by regulation 21 of the Insurance Companies (Accounts and Statements) Regulations 1996

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

Global business

Financial year ended **31st December 2000**

Cedant details As required by Regulation 21: (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 business (accident year accounting) : Analysis of gross claims and premiums by risk group for direct insurance and facultative reinsurance

Printed 20th JUN 01 at 10:07

Name of company	**BAE SYSTEMS (Insurance) Limited**	Accounting class	**Accident and health**
Global business		Currency	**Sterling**
Financial year ended	**31st December 2000**		
Risk group	**Medical**		

	Company registration number	GL/UK/CM	Period ended day	month	year	Monetary units	Country	Accounting class
R31	999757	GL	31	12	2000	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	2000	11										37	
12	1999	12	1		500							72	694.4
12	1998	13	1		375							58	646.6
12	1997	14										26	
12	1996	15											
12	1995	16	175		306							360	85.0
12	1994	17	200		360							479	75.2
12	1993	18											
12	1992	19	3		22								
12	1991	20	26		32								
Prior accident years		21											
Total (11 to 21)		29											
Line 29 expressed in sterling		30											

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

Printed 20th JUN 01 at 10:07

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

Global business

Financial year ended **31st December 2000**

Risk group **Medical Overseas**

Accounting class **Accident and health**

Currency **Sterling**

	Company registration number	GL/UK/CM	Period ended day	month	year	Monetary units	Country	Accounting class
R31	999757	GL	31	12	2000	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	2000	11	14	6		11	37				48	54	88.9
12	1999	12	34		10	4			7		(3)	59	23.7
12	1998	13	25		28				1		(1)	60	46.7
12	1997	14	28		6							70	8.6
12	1996	15	26		10				3		(3)	70	14.3
12	1995	16	23		13							70	18.6
12	1994	17										6	
		18											
		19											
		20											
Prior accident years		21											
Total (11 to 21)		29		6		15	37		11		41		
Line 29 expressed in sterling		30				15	37		11		41		

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

Printed 20th JUN 01 at 10:07

Name of company	BAE SYSTEMS (Insurance) Limited	Accounting class	Accident and health
Global business		Currency	Sterling
Financial year ended	31st December 2000		
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	2000	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	2000	11	3	2		572					572	1319	43.4
12	1999	12	3	4	403		339		201		138	1290	57.5
12	1998	13	6	1	1166	98	18		115		1	1304	98.3
12	1997	14	10	1	1390	88	51		95		44	1295	118.1
12	1996	15	9		1446							1280	113.0
12	1995	16	9		1048							847	123.7
12	1994	17	2		251							700	35.9
12	1993	18											
12	1992	19	1		64								
12	1991	20	6		224								
Prior accident years		21											
Total (11 to 21)		29		8		758	408		411		755		
Line 29 expressed in sterling		30				758	408		411		755		

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

Printed 20th JUN 01 at 10 07

Name of company	BAE SYSTEMS (Insurance) Limited	Accounting class	Aviation
Global business		Currency	Sterling
Financial year ended	31st December 2000		
Risk group	Aircraft		

	Company registration number	GL/UK/CM	Period ended day	month	year	Monetary units	Country	Accounting class
R31	999757	GL	31	12	2000	000	AA	3

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	2000	11										286	
12	1999	12		2			400		400			706	56.7
12	1998	13		2	7	104	70		165		9	734	24.7
12	1997	14	5	2	589	217	10		360		(133)	785	103.9
12	1996	15	6	2	134		37		84		(47)	941	18.2
12	1995	16	5	1	323				7		(7)	1410	22.9
12	1994	17	2		156							693	22.5
12	1993	18	1		21								
12	1992	19											
12	1991	20											
Prior accident years		21					3		3				
Total (11 to 21)		29		9		321	520		1019		(178)		
Line 29 expressed in sterling		30				321	520		1019		(178)		

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

Printed 20th JUN 01 at 10:07

Name of company	**BAE SYSTEMS (Insurance) Limited**	Accounting class	**Transport**
Global business		Currency	**Sterling**
Financial year ended	**31st December 2000**		
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	2000	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	2000	11		3			445				445	662	67.2
12	1999	12		1	11		76		76			669	13.0
12	1998	13	2	1	329	(13)			229		(242)	591	53.5
12	1997	14	2		45							649	6.9
12	1996	15	2			13			12		1	649	2.0
12	1995	16	4		12							424	2.8
12	1994	17	2		6							88	6.8
		18											
		19											
		20											
Prior accident years		21											
Total (11 to 21)		29		5			521		317		204		
Line 29 expressed in sterling		30					521		317		204		

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

Printed 20th JUN 01 at 10:07

Name of company	**BAE SYSTEMS (Insurance) Limited**	Accounting class	**Property**
Global business		Currency	**Sterling**
Financial year ended	**31st December 2000**		
Risk group	**Household Comprehensive**		

	Company registration number	GL/UK/CM	Period ended day	month	year	Monetary units	Country	Accounting class
R31	999757	GL	31	12	2000	000	AA	6

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	2000	**11**	27	18		19	14				33	112	29.5
12	1999	**12**	36	1	29	20	12		20		12	125	48.8
12	1998	**13**	54	1	54	3			4		(1)	144	39.6
12	1997	**14**	39		21	1			5		(4)	125	17.6
12	1995	**15**											
12	1994	**16**											
12	1993	**17**											
12	1992	**18**	38		36								
12	1991	**19**	86		725								
12	1990	**20**	63		83								
Prior accident years		**21**											
Total (11 to 21)		**29**		20		43	26		29		40		
Line 29 expressed in sterling		**30**				43	26		29		40		

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

Printed 20th JUN 01 at 10:07

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

Global business

Financial year ended **31st December 2000**

Risk group **All Risks Photographic**

Accounting class **Property**

Currency **Sterling**

	Company registration number	GL/UK/CM	Period ended day	month	year	Monetary units	Country	Accounting class
R31	999757	GL	31	12	2000	000	AA	6

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	2000	11											
12	1999	12											
12	1998	13											
12	1997	14											
12	1995	15											
12	1994	16											
12	1993	17											
12	1992	18	5		30								
12	1991	19	4		1								
12	1990	20	4		5								
Prior accident years		21											
Total (11 to 21)		29											
Line 29 expressed in sterling		30											

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

Printed 20th JUN 01 at 10:07

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

Global business

Financial year ended **31st December 2000**

Risk group **Property Damage**

Accounting class **Property**

Currency **Sterling**

	Company registration number	GL/UK/CM	Period ended day	month	year	Monetary units	Country	Accounting class
R31	999757	GL	31	12	2000	000	AA	6

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	2000	11	1	8		191	2149	500			2840	5706	49.8
12	1999	12	6	12	3457	768	3616		3750	500	134	5210	150.5
12	1998	13	12	1	339	215			166		49	5910	9.4
12	1997	14	9	4	358	1	19		107		(87)	6062	6.2
12	1996	15	10	3	8941		7		23		(16)	5670	157.8
12	1995	16	31	3	2577	809	5		397		417	3902	86.9
12	1994	17	6		77							1271	6.1
12	1993	18											
12	1992	19	25		681								
12	1991	20	39		1372								
Prior accident years		21											
Total (11 to 21)		29		31		1984	5796	500	4443	500	3337		
Line 29 expressed in sterling		30				1984	5796	500	4443	500	3337		

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

Printed 20th JUN 01 at 10:07

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

Global business

Financial year ended **31st December 2000**

Risk group **Consequential Loss**

Accounting class **Miscellaneous and pecuniary loss**

Currency **Sterling**

	Company registration number	GL/UK/CM	Period ended day	month	year	Monetary units	Country	Accounting class
R31	999757	GL	31	12	2000	000	AA	8

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	2000	11		1			100				100	2853	3.5
12	1999	12		3	300	300	121		210		211	2605	27.7
12	1998	13	2		90							2955	3.0
12	1997	14	1	1	77							3031	2.5
12	1996	15	1	1	4304		1				1	2835	151.9
12	1995	16	8		1473							1947	75.7
12	1994	17	1		15							627	2.4
12	1993	18											
12	1992	19	6		369								
12	1991	20	8		1534								
Prior accident years		21											
Total (11 to 21)		29		6		300	222		210		312		
Line 29 expressed in sterling		30				300	222		210		312		

Equalisation provisions

Printed 20th JUN 01 at 10:07

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

Global business

Financial year ended **31st December 2000**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units
R37	999757	GL	31	12	2000	£000

Calculation of the maximum provision		Business group A (property) 1	Business group B (business interruption) 2	Business group C (marine and aviation) 3	Business group D (nuclear) 4	Business group E (non-proportional treaty) 5	All business groups 6	Credit insurance business 7
Total net premiums written in the previous 4 years	11	3404	1617	2121				
Net premiums written in the current year	12	1200	578					
Maximum provision	13	184	88	85			357	
Calculation of the transfer to/from the provision								
Equalisation provision brought forward	21							
Transfers in	22	36	17				53	
Total abnormal loss	23	83						
Provisional transfers out	24	53					53	
Excess of provisional transfer out over fund available	25							
Provisional amount carried forward (21+22-24+25)	26							
Excess, if any, of 26 over 13	27							
Equalisation provision carried forward (26-27)	28							
Transfer in/(out) for financial year (28-21)	29							

Equalisation provisions technical account : Accident year accounting

Printed 20th JUN 01 at 10:07

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

Global business

Financial year ended **31st December 2000**

	Company registration number	GL/UK/CM	Period ended day	month	year	Units
R38	999757	GL	31	12	2000	£000

		Business group A (property)	Business group B (business interruption)	Business group C (marine and aviation)	Business group D (nuclear)	Business group E (non-proportional treaty)
Other than credit business		1	2	3	4	5
Net premiums earned	11	1200	578	217		
Claims incurred net of reinsurance	12	953	62	(178)		
Trigger claims value	13	870	419	206		
Abnormal loss	19	83				
Trigger claims ratio		72.5%	72.5%	95%	25%	100%

Credit business

Net premiums earned	21	
Claims incurred net of reinsurance	22	
Claims management costs	23	
Net operating expenditure	24	
Technical surplus/(deficit) (21-22-23-24)	29	

Returns under Insurance Companies Legislation

Certificate required by Regulation 23 of the Insurance Companies (Accounts and Statements) Regulations 1996.

BAE SYSTEMS (Insurance) Limited

Financial year ended 31st December 2000

Statement of Additional Information on Derivative and Quasi Derivative Contracts.

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

Returns under Insurance Companies Legislation

Certificate required by Regulation 24 of the Insurance Companies (Accounts and Statements) Regulations 1996.

BAE SYSTEMS (Insurance) Limited

Financial year ended 31st December 2000

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%

On 5th May 2000 British Aerospace plc changed its name to BAE SYSTEMS plc.

Returns under Insurance Companies Legislation

Certificate required by Regulation 26 (Schedule 5) of the Insurance Companies (Accounts and Statements) Regulations 1996.

BAE SYSTEMS (Insurance) Limited

Financial year ended 31st December 2000

Overview of Reinsurance Protections.

All business written in Risk Groups 5 and 8 is subject to a 80% quota share reinsurance protection purchased from British Aerospace Insurance (Overseas) Limited (70%), a related company, and Munich Re (10%). In addition the significant exposures in Risk Group 6 are subject to the same reinsurance protection.

The period of cover is identical to the inwards insurance.

The maximum exposure of British Aerospace Insurance Limited ("BAIL") during 1999 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 Insurance Companies Legislation

BAE SYSTEMS (Insurance) Limited

Financial year ended 31st December 2000

Notes to the Return

0901 The Treasury on application of the Company, issued to the Company on 21st December 1999 an Order under Section 68 of the Insurance Companies Act 1982. The effect of the Order was to modify the provisions of Regulation 57 of, and Schedule 12 to, the Insurance Companies Regulations 1994 so that in respect of debts due from approved credit institutions there was substituted a counterparty exposure limit and asset exposure limit of £5,000,000.

This Order under Section 68 of the Insurance Companies Act 1982 expired on 30th December 2000.

1001 Reconciliation to Companies Act Accounts

	2000	1999
F.13.L.99	35310	31039
F.15.L.59	15232	13635
Capital and Reserves per Statutory Accounts	20078	17404

1305 The investment policy of the Company is to invest in time deposits only.

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

	Value	Maturity	Amount
Kleinwort Benson Inv Management	11/30/00	01/31/01	£2,000,000
Fleet National Bank	11/30/00	01/31/01	£5,000,000
Banca Di Roma	11/30/00	01/31/01	£5,000,000
NM Rothschild	11/30/00	01/31/01	£5,000,000
DG Bank	12/04/00	01/31/01	£5,000,000
National Bank of Abu Dhabi	12/04/00	01/31/01	£5,000,000

1501 No provisions for adverse charges has been made. The directors believe that the company has sufficient assets to meet all expected liabilities.

1502 (a) There is no charge over assets of the company.
(b) There is no potential capital gains tax liability.
(c) There are no contingent liabilities.
(d) There are no guarantees, indemnities or other contractual commitments effected other than in the ordinary course of insurance business.

1700 Form omitted because all entries would be blank.

2002 All business is accounted for on an accident year basis and all business is UK business.

2003 No new contracts of insurance have been effected during the year in Authorisation Classes 4,5 and 18. The date on which such policies were last written is 1993 or earlier for Classes 4 & 18, and June 1999 for Class 5. In addition the company ceased writing new business on 1st January 2001 in all remaining classes.

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.

Returns under Insurance Companies Legislation

Certificate required by Regulation 28 (a) of the Insurance Companies (Accounts and Statements) Regulations 1996

BAE SYSTEMS (Insurance) Limited

Financial year ended 31st December 2000.

We certify:-

1. (a) in relation to the part of the return comprising Forms 9 to 13, 15, 16, 20 to 23, 31, 37, 38 and the statements required by regulations 19 to 21, 23, 24 and 26 of the Insurance Companies (Accounts and Statements) Regulations 1996 that:

   (i) the return has been prepared in accordance with the Regulations;

   (ii) proper accounting records have been maintained and adequate information has been obtained by the company; and

   (iii) an appropriate system of control has been established and maintained by the company over its transactions and records.

   (b) that 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 regulations 19, 20 and 21;

   (c) that in respect of the Company's business which is not excluded by regulation 32 of the Insurance Companies Regulations 1994, the assets held throughout the financial year enabled the company to comply with regulations 27 to 31 (matching and localisation) of those Regulations.

2. See Footnote to Paragraph 2.

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 future, with the following published guidance:

   (i) Prudential Guidance Note 1994/6 - 'Systems of control over the investments (and counterparty exposure) of insurance companies with particular reference to the use of derivatives';

   (ii) Prudential Guidance Note 1996/1 - 'Controls over general business claims provisions' ; and

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

(i) Prudential Guidance Note 1995/1 - 'Guidance for insurance companies and auditors on the Valuation of Assets Regulations (Part VII of the Insurance Companies Regulations 1994)';

(ii) Prudential Guidance Note 1995/3 - 'The use of derivatives in insurance funds'; and

(iii) Prudential Guidance Note 1998/1 - 'The preparation of annual returns to the Directorate of HM Treasury'.

Footnote to Paragraph 2

The statement required in Paragraph 2 that the margin of solvency required by section 32 of the Insurance Companies Act 1982 has been maintained throughout the financial year has not been made. This is because an Order under Section 68 of the Insurance Companies Act 1982 issued to the Company on 21st December 1999 expired on 30 December 2000. As a result, a number of the company's assets became inadmissible on 31 December 2000. This resulted in the company breaching its solvency requirements on the last day of the financial year.

______________	P W McDonald	Chairman
______________	M A Finlayson	Director
______________	E M N Thody	Joint Secretary

26|06|01 Date

Returns under Insurance Companies Legislation

Reports of the auditors to the Directors pursuant to Regulation 29 of the Insurance Companies (Accounts and Statements) Regulations 1996.

BAE SYSTEMS (Insurance) Limited
Global Business
Financial year ended 31st December 2000

We have examined the following documents prepared by the company pursuant to section 17 of the Insurance Companies Act 1982 ("the Act") and the Insurance Companies (Accounts and Statements) Regulations 1996 ("the Regulations").

Forms 9 to 13, 15 , 16, 20 to 23, 31, 37 and 38 (including the supplementary notes thereto) ('the Forms');

the statements required by Regulations 19, 20, 21 and 23, on pages 32 to 34 and 46 ('the statements'); and

the certificate signed in accordance with Regulation 28a on pages 51 and 52 ('the certificate')

In the case of the certificate, our examination did not extend to Paragraph 1 in relation to the statements required by regulations 24 and 26, concerning the 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, statement and certificate) under the provisions of the Act and the Regulations. Under regulation 5 the Forms and statements are required to be prepared in the manner specified by the Regulations and to state fairly the information provided on the basis required by the Regulations.

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 opinion to you.

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 previously obtained by us relating to the audit of the financial statements of the company for the financial year on which we reported on 28th February 2001. 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 audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the forms and statements are free from material misstatement, whether caused by fraud or other irregularity or error, and comply with regulation 5.

In the case of the certificates, 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.

Opinion

In our opinion:

(a) the Forms and statements fairly state the information provided on the basis required by the Regulations and have been properly prepared in accordance with the provision of those Regulations; and

(b) according to the information and explanations received by us:

(i) the certificate has been properly prepared in accordance with the provisions of the Regulations; and

(ii) it was not unreasonable for the person giving the certificate to have made the statements therein.

KPMG Audit Plc

KPMG Audit Plc
Registered Auditor
28 June 2001

8 Salisbury Square
London
EC4Y 8BB