

# **RG&A REINSURANCE UK LIMITED**

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## MONITORING & NOTIFICATION

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



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(Appendices 1 , 3 , 4 , 6 , 7 )

# RGa REINSURANCE UK LIMITED

Year ended 31st December 2002

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**Statement of solvency**Name of insurer **RGa REINSURANCE UK LIMITED**

Global business

Financial year ended **31st December 2002**

R9	Company registration number	GL/UK/CM	Period ended			Units
			day	month	year	
	3552908	GL	31	12	2002	£000
		As at the end of this financial year	As at the end of the previous year		Source	
		1	2		Form	Line
						Column

**GENERAL INSURANCE BUSINESS****Available assets**

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

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

**LONG TERM INSURANCE BUSINESS****Available assets**

Long term insurance business admissible assets	21	15971	11761	10	11
Other than long term insurance business assets allocated towards long term insurance business required minimum margin	22	14649	11928	See instructions 1 and 3	
Total mathematical reserves (after distribution of surplus)	23	9241	5728	See instruction 4	
Other insurance and non-insurance liabilities	24	1940	1130	See instruction 5	
Available assets for long term insurance business required minimum margin (21+22-23-24)	25	19439	16831		

**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	19439	16831	
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**Required minimum margin**

Required minimum margin for long term insurance business	41	2918	1469	60	69
Explicit required minimum margin (1/6 x 41, or minimum guarantee fund if greater)	42	506	497		
Excess (deficiency) of available assets over explicit required minimum margin (25-42)	43	18933	16334		
Excess (deficiency) of available assets and implicit items over the required minimum margin (34-41)	44	16521	15362		

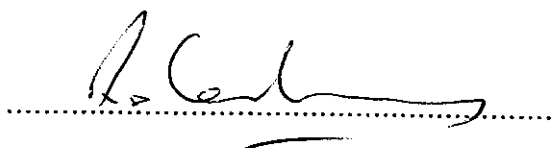
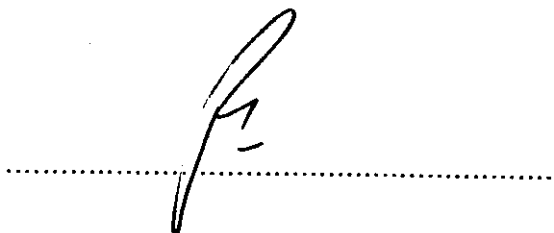
**CONTINGENT LIABILITIES**

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

Name of insurer **RGA REINSURANCE UK LIMITED**

Global business

Financial year ended **31st December 2002****Perry Thomas****Managing Director****Roger Corley****Director****The Lord Poole****Director****Londion 31 March 2003**

**Analysis of the effect of financial engineering on long-term available assets**Name of insurer **RGA REINSURANCE UK LIMITED**

Global business

Financial year ended **31st December 2002**

		Company registration number	GL/UK/CM	Period ended			Units	
				day	month	year		
		R9A	3552908	GL	31	12	2002	£000
			As at the end of this financial year	As at the end of the previous year				Source
			1	2				
Required minimum margin for long term insurance business		11	2918	1469				See instruction 2
Excess (deficiency) of available assets and implicit items over the required minimum margin		12	16521	15362				See instruction 3
Total available assets and implicit items (11+12)		13	19439	16831				
Analysed as follows:								
Value of implicit items		14						See instruction 5
Financial reinsurance- ceded		15						See instruction 6
Financial reinsurance- accepted		16						See instruction 7
Outstanding contingent loans		17						See instruction 8
Any other charges on future profits		18						See instruction 9
Sum of financial engineering adjustments (14+15-16+17+18)		19						
Other assets (13-19)		20	19439	16831				
Total available assets and implicit items (19+20)		21	19439	16831				

**Statement of net assets**Name of insurer **RGA REINSURANCE UK LIMITED**

Global business

Financial year ended **31st December 2002**

	R10	Company registration number 3552908	GL/UK/CM GL	Period ended			Units £000
				day	month	year	
				31	12	2002	
		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	15971	11761	13	89	1	
Long term insurance business - liabilities and margins	12	15971	11761	14	59	1	

Other than Long term insurance business - admissible assets	21	14703	11967	13	89	1	
Other than Long term insurance business - liabilities	22	54	39	15	69	1	
Net admissible assets (21-22)	23	14649	11928				
Other assets allowed to be taken into account in covering the required minimum margin	Unpaid amounts (including share premium) on partly paid shares	24					
	Supplementary contributions for a mutual carrying on general insurance business	25					
Liabilities allowed to be left out of account in covering the required minimum margin	Subordinated loan capital	26					
	Cumulative preference share capital	27					
Available assets (23 to 27)	29	14649	11928				

**Represented by:**

Paid up share capital (other than cumulative preference share capital)	51	31670	27670				
Amounts included in lines 24 to 27 above	52						
Amounts representing the balance of net assets	56	(17021)	(15742)				
Total (51 to 56) and equal to line 29 above	59	14649	11928				

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

Balance brought forward at the beginning of the financial year	61	(15742)	(15384)	10	56	2	
Retained profit/(loss) for the financial year	62	(1601)	(36)	16	59	1	
Movement in asset valuation differences	63	322	(322)	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	(17021)	(15742)				

**Analysis of admissible assets**Name of insurer **RGA REINSURANCE UK LIMITED**

Global business

Financial year ended **31st December 2002**Category of assets **Total other than long-term insurance business assets**

			Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
					day	month	year			
			R13	3552908	GL	31	12	2002	£000	1
Investments						As at the end of this financial year 1		As at the end of the previous year 2		
Land and buildings						11				
Investments in group undertakings and participating interests	UK insurance 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 **RGA REINSURANCE UK LIMITED**

Global business

Financial year ended **31st December 2002**Category of assets **Total other than long-term insurance business assets**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R13	3552908	GL	31	12	2002	£000	1
Investments (continued)					As at the end of this financial year 1		As at the end of the previous year 2		
Deposits with ceding undertakings									
Assets held to cover linked liabilities									
Other financial investments	Equity shares			41					
	Other shares and other variable yield securities			42					
	Holdings in collective investment schemes			43					
	Rights under derivative contracts			44					
	Debt securities and other fixed income securities	Fixed interest	Approved securities	45	13689		11823		
			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	300				
		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					
	Provision for unexpired risks			62					
	Other			63					
Total sheet 2 (41 to 63)				69	13989		11823		



**Analysis of admissible assets**Name of insurer **RGA REINSURANCE UK LIMITED**

Global business

Financial year ended **31st December 2002**Category of assets **Total other than long-term insurance business assets**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R13	3552908	GL	31	12	2002	£000	1
Debtors					As at the end of this financial year 1		As at the end of the previous year 2		
Other assets									
Debtors arising out of direct insurance operations	Policyholders			71					
	Intermediaries			72					
Salvage and subrogation recoveries				73					
Debtors arising out of reinsurance operations	Due from ceding insurers and intermediaries under reinsurance business accepted			74					
	Due from reinsurers and intermediaries under reinsurance contracts ceded			75					
Other debtors	Due from dependants	Due in 12 months or less after the end of the financial year		76					
		Due more than 12 months after the end of the financial year		77					
	Other	Due in 12 months or less after the end of the financial year		78	23		30		
		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	542		60		
	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	149		54		
	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	714		144		
Grand total of admissible assets (39+69+88)				89	14703		11967		

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

Total admissible assets (as per line 89 above)	91	14703	11967
Total assets in excess of the admissibility limits of Appendix 4.2 (as valued in accordance with those Rules before applying admissibility limits)	92		
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		322
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	14703	12289

Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	100		30
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## Analysis of admissible assets

Name of insurer **RGA REINSURANCE UK LIMITED**

Global business

Financial year ended **31st December 2002**Category of assets **Total long-term insurance business assets**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R13	3552908	GL	31	12	2002	£000	10
Investments					As at the end of this financial year 1		As at the end of the previous year 2		
Land and buildings					11				
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 **RGA REINSURANCE UK LIMITED**

Global business

Financial year ended **31st December 2002**Category of assets **Total long-term insurance business assets**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R13	3552908	GL	31	12	2002	£000	10
Investments (continued)					As at the end of this financial year 1			As at the end of the previous year 2	
Deposits with ceding undertakings									
Assets held to cover linked liabilities									
Other financial investments	Equity shares			41					
	Other shares and other variable yield securities			42					
	Holdings in collective investment schemes			43					
	Rights under derivative contracts			44					
	Debt securities and other fixed income securities	Fixed interest	Approved securities	45	13881			11002	
			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					
		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					
	Provision for unexpired risks			62					
	Other			63					
Total sheet 2 (41 to 63)				69	13881			11002	

## Analysis of admissible assets

Name of insurer **RGA REINSURANCE UK LIMITED**

Global business

Financial year ended **31st December 2002**Category of assets **Total long-term insurance business assets**

Category of assets		Company registration number		GL/UK/CM	Period ended			Units	Category of assets
					day	month	year		
		R13	3552908	GL	31	12	2002	£000	10
Debtors					As at the end of this financial year 1			As at the end of the previous year 2	
Other assets									
Debtors arising out of direct insurance operations	Policyholders			71					
	Intermediaries			72					
Salvage and subrogation recoveries				73					
Debtors arising out of reinsurance operations	Due from ceding insurers and intermediaries under reinsurance business accepted			74	950			661	
	Due from reinsurers and intermediaries under reinsurance contracts ceded			75					
Other debtors	Due from dependants	Due in 12 months or less after the end of the financial year		76					
		Due more than 12 months after the end of the financial year		77					
	Other	Due in 12 months or less after the end of the financial year		78					
		Due more than 12 months after the end of the financial year		79					
Tangible assets				80					
Cash at bank and in hand	Deposits not subject to time restriction on withdrawal, with approved credit institutions and approved financial institutions and local authorities			81	1003			4	
	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	137			94	
	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	2090			759	
Grand total of admissible assets (39+69+88)				89	15971			11761	
Reconciliation to asset values determined in accordance with the insurance accounts rules									
Total admissible assets (as per line 89 above)				91	15971			11761	
Total assets in excess of the admissibility limits of Appendix 4.2 (as valued in accordance with those Rules before applying admissibility limits)				92					
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				428	
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	15971			12189	
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance				100					

**Long term insurance business liabilities and margins**Name of insurer **RGA REINSURANCE UK LIMITED**

Global business

Financial year ended **31st December 2002**Category of assets **Total long-term insurance business assets**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets		
		R14	3552908	GL	31	12	2002	£000	10	
				As at the end of this financial year 1	As at the end of the previous year 2		Source			
Mathematical reserves, after distribution of surplus		11	9241	5728	See Instruction 2					
Cash bonuses which had not been paid to policyholders prior to end of the financial year		12			See Instruction 3					
Balance of surplus/(valuation deficit)		13	4790	4903	See Instruction 4					
Long term insurance business fund carried forward (11 to 13)		14	14031	10631	See Instruction 5					
Claims outstanding which had fallen due for payment before the end of the financial year	Gross amount	15	1206	385						
	Reinsurers' share	16	1083	346						
	Net (15-16)	17	123	39						
Provisions for other risks and charges	Taxation	21								
	Other	22								
Deposits received from reinsurers		23								
Creditors and other liabilities	Arising out of insurance operations	Direct insurance business	31							
		Reinsurance accepted	32	212	980					
		Reinsurance ceded	33	1305						
	Debenture loans	Secured	34							
		Unsecured	35							
	Amounts owed to credit institutions		36							
	Other creditors	Taxation	37							
		Other	38	94	111					
Accruals and deferred income		39	206							
Provision for adverse changes (calculated in accordance with rule 5.3)		41								
Total other insurance and non-insurance liabilities (17 to 41)		49	1940	1130						
Excess of the value of net admissible assets		51			See Instruction 6					
Total liabilities and margins		59	15971	11761						
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance		61								
Amounts included in line 59 attributable to liabilities in respect of property linked benefits		62								
Amount of any additional mathematical reserves included in line 51 which have been taken into account in the appointed actuary's certificate		63			See Instruction 7					

**Liabilities (other than long term insurance business)**Name of insurer **RGa REINSURANCE UK LIMITED**

Global business

Financial year ended **31st December 2002**Company  
registration  
number

GL/UK/CM

Period ended

day month year

Units

R15	3552908	GL	31	12	2002	£000
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				As at the end of this financial year 1	As at the end of the previous year 2
Technical provisions (gross amount)	Provision for unearned premiums		11		
	Claims outstanding		12		
	Provision for unexpired risks		13		
	Equalisation provisions	Credit business	14		
		Other than credit business	15		
	Other		16		
	Total (11 to 16)		19		
Provisions for other risks and charges	Taxation		21		
	Other		22		
Deposits received from reinsurers			31		
Creditors	Arising out of insurance operations	Direct insurance business	41		
		Reinsurance accepted	42		
		Reinsurance ceded	43		
	Debenture loans	Secured	44		
		Unsecured	45		
	Amounts owed to credit institutions		46		
	Other creditors	Taxation	47		
		Recommended dividend	48		
		Other	49		
Accruals and deferred income			51	54	39
Total (19 to 51)			59	54	39
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	54	39
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)**Name of insurer **RGA REINSURANCE UK LIMITED**

Global business

Financial year ended **31st December 2002**

		Company registration number		GL/UK/CM	Period ended			Units	
		R16	3552908	GL	31	12	2002	£000	
		This financial year		Previous year		Source			
		1		2		Form	Line	Column	
Transfer (to)/from the general insurance business technical account	From Form 20	11				20 . 59			
	Equalisation provisions	12							
Transfer from the long term insurance business revenue account		13	(2500)			40 . 26			
Investment income	Income	14	726		413				
	Value re-adjustments on investments	15	291						
	Gains on the realisation of investments	16	2						
Investment charges	Investment management charges, including interest	17							
	Value re-adjustments on investments	18			292				
	Loss on the realisation of investments	19			63				
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	(120)		(94)				
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)		29	(1601)		(36)				
Tax on profit or loss on ordinary activities		31							
Profit or loss on ordinary activities after tax (29-31)		39	(1601)		(36)				
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	(1601)		(36)				
Dividends (paid and proposed)		51							
Profit or loss retained for the financial year (49-51)		59	(1601)		(36)				

**Long term insurance business : Revenue account**Name of insurer **RGA REINSURANCE UK LIMITED**

Global business

Ordinary insurance business

Financial year ended **31st December 2002**Name and number of fund/Summary **Ordinary long term business 1**

	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund	
			day	month	year					
	R40	3552908	GL	31	12	2002	£000	OB	1	0
Items to be shown net of reinsurance ceded							The financial year	Previous year		
							1	2		
Earned premiums							11	1703	626	
Investment income receivable before deduction of tax							12	853	1178	
Increase (decrease) in the value of non-linked assets brought into account							13	32	(394)	
Increase (decrease) in the value of linked assets							14			
Other income							15			
Total income (11 to 15)							19	2588	1410	
Claims incurred							21	207	92	
Expenses payable							22	1475	2860	
Interest payable before deduction of tax							23	6	27	
Taxation							24			
Other expenditure							25			
Transfer to (from) non technical account							26	(2500)		
Total expenditure (21 to 26)							29	(812)	2979	
Increase (decrease) in fund in financial year (19-29)							39	3400	(1569)	
Fund brought forward							49	10631	12200	
Fund carried forward (39+49)							59	14031	10631	



## Long term insurance business : Analysis of premiums and expenses

Name of insurer **RGA REINSURANCE UK LIMITED**

Global business

Ordinary insurance business

Financial year ended **31st December 2002**Name and number of fund/Summary **Ordinary long term business 1**

		Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund	
		R41	3552908	GL	31	12	2002	£000	OB	1	0
					Gross		Payable to or recoverable from reinsurers		Net of reinsurance (1-2)		
					1		2		3		
Earned premiums in the financial year	Life assurance and general annuity contracts	Single premium		11							
		Regular premium		12	10979		9281		1698		
	Pension business contracts	Single premium		13							
		Regular premium		14							
	Permanent health contracts	Single premium		15							
		Regular premium		16	10		5		5		
	Other contracts	Single premium		17							
		Regular premium		18							
	Total premiums	Single premium		19							
		Regular premium		29	10989		9286		1703		
Total premiums at lines 19 and 29 attributable to	UK contracts		31	10984		9283		1701			
	Overseas contracts		32	5		3		2			
Expenses payable in the financial year	Commission payable in connection with acquisition of business			41	1656		1792		(136)		
	Other commission payable			42							
	Management expenses in connection with acquisition of business			43	883				883		
	Management expenses in connection with maintenance of business			44	728				728		
	Other management expenses			45							
	Total expenses (41 to 45)			49	3267		1792		1475		
	Total expenses at line 49 attributable to	UK contracts		51	3265		1792		1473		
		Overseas contracts		52	2				2		

## Long term insurance business : Analysis of claims

Name of insurer **RGA REINSURANCE UK LIMITED**

Global business

Ordinary insurance business

Financial year ended **31st December 2002**Name and number of fund/Summary **Ordinary long term business 1**

		Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund	
		R42	3552908	GL	31	12	2002	£000	OB	1	0
Claims incurred in the financial year					Gross		Recoverable from reinsurers		Net of reinsurance (1-2) 3		
					1		2		3		
Life assurance and annuity contracts	On death				11	533		479		54	
	By way of lump sums on maturity				12						
	By way of annuity payments				13						
	By way of payments arising from other insured events				14	1515		1362		153	
	On surrender or partial surrender				15						
	Total life assurance and annuity claims (11 to 15)				19	2048		1841		207	
Pension business contracts	On death				21						
	By way of lump sums on vesting				22						
	By way of vested annuity payments				23						
	On surrender or partial surrender				24						
	Total pension business claims (21 to 24)				29						
Permanent health contracts	By way of lump sums				31						
	By way of periodical payments				32						
	Total permanent health claims (31+32)				39						
Other contracts	By way of lump sums				41						
	By way of periodical payments				42						
	Total claims (41+42)				49						
Total claims (19+29+39+49)					59	2048		1841		207	
Total claims at line 59 attributable to		UK contracts			61	2048		1841		207	
		Overseas contracts			62						

## **RGA Reinsurance UK Limited**

### **APPENDIX 9.4**

#### ***Valuation report on RGA Reinsurance UK Limited***

- 1 The investigation relates to 31 December 2002.
- 2 The date of the previous investigation under rule 9.4 of the Interim Prudential Sourcebook for Insurers ("the Rules") was 31 December 2001.
- 3 The valuation conforms with rule 5.6 of the Rules.
- 4
  - (a) The Company has written no accumulating with-profits contracts.
  - (b) The Company has written no contracts that provide for benefits to be determined on the basis of interest accrued (at a rate to be determined from time to time) in respect of premiums paid.
  - (c) Non-linked contracts are considered to be sufficiently described by the entry in column 1 of Form 51.
- 5 The Company has written no linked contracts.
- 6 (1) The general principles and methods adopted in the valuation were:

Term, accelerated critical illness and standalone critical illness business has been valued at the policy level using the gross premium method.

  - (a) Not applicable, as no derivatives are held.
  - (b) The Company has not written any with-profit business.
  - (c) The net premium method has not been used.
  - (d) Negative reserves have been eliminated on a policy-by-policy basis and no contracts have been treated as an asset.
  - (e) No contracts participate in profits.
  - (f) No provision is required for any prospective liability for tax on unrealised capital gains.

(g) Certain guaranteed insurability options exist within several treaties. No explicit reserve has been established in respect of these options. The prudence contained in the existing reserving basis is thought adequate to cover any risk in the event that any of these options be taken up

- 7 (1) All rates of interest used in the valuation are shown in Forms 51 to 54.

The mortality rates for the term assurance business were 76.5%/153% of TM92 for non-smoker/smoker male lives and 85%/170% of TF92 for non-smoker/smoker female lives. Both tables use a five-year select period.

The morbidity rates for accelerated critical illness business were 100% of adjusted CIBT93 (accelerated critical illness table) for non-smoker male/female lives and 160% of adjusted CIBT93 (accelerated critical illness table) for smoker male/female lives. The accelerated critical illness CIBT93 table has been adjusted to allow for an insurance life age  $x$  by multiplying the expected ratio of insured mortality (using TM92 and TF92 with a five year select period) to population mortality (using ELT15M and ELT15F).

The morbidity rates for standalone critical illness business were 100%/120% of adjusted CIBT93 (standalone critical illness table) for non-smoker male/female lives and 180%/216% of adjusted CIBT93 (standalone critical illness table) for smoker male/female lives. The standalone critical illness CIBT93 table has been adjusted to allow for an insurance life age  $x$  by multiplying the expected ratio of insured mortality (using TM92 and TF92 with a five year select period) to population mortality (using ELT15M and ELT15F).

- (2) The Company only uses published tables.
- (3) All tables are based on UK experience and all liabilities reserved thereon are based in the UK.
- (4) Not applicable.
- (5) The valuation morbidity assumptions are increased by 1.5%/2.25% per annum accelerated/standalone critical illness business to allow for the risk of a possible deterioration in experience.

An additional gross of reinsurance reserve, of £2,147,000 was held in respect of AIDS related deaths. The reserve was calculated by increasing the base mortality rates using 33.3% of projection R6A of Bulletin No.5 of the Institute of Actuaries working party.

- (6) The following scenarios of future changes in the value of assets have been tested to take into account the nature and terms of the assets held in determining the amount of the long-term liabilities.
    - (1) A fall in the risk free yield according to the formula (25 years – years to redemption)% subject to a minimum fall of 10% and a maximum fall of 20%.
    - (2) A fall in the risk free yield to a level calculated for future investments (in accordance with Rule 5.11(9)).
    - (3) A rise in the risk free yield of 1.5%.
  - (7) No additional reserve is required pursuant to Rule 5.17 (a). The adoption of a valuation rate of interest taken as the lower of the reliable yield on the hypothecated assets and the maximum reinvestment rate combined with the fixed interest maturity profile indicate that the resilience test reserve exceeds the cashflow mismatching reserve required.
  - (8) A resilience reserve of £324,000 has been established in respect of the most onerous requirement of a fall in the risk free yields in Scenario 1.
    - (a) No other changes (other than the changed interest rate stated in Form 57) were made in the resilience testing.
    - (b) The present value of the expected liability outgo was recalculated using a valuation interest rate of 3.20%. The asset value was recalculated based on a fall of the risk free yields of in Scenario 1.
    - (c) (i) The change in the aggregate amount of the long-term liabilities was an increase of £586,000.
    - (ii) The change in the aggregate amount of the assets allocated to match such liabilities was an increase of £252,000.
  - (9) Not applicable.
- 8 (a) The following amounts were provided for expenses:
- 1.25% to 2% of the office premiums for accelerated critical illness business.
  - 2% of the office premiums for standalone critical illness business.
  - 2% to 2.3% of the office premiums for term assurance business.
- (b) Not applicable.
- (c) Not applicable.

(d) Not applicable.

9 Not applicable.

10 (1) Renewal expenses are assumed to increase by 4.00% per annum.

(2) The aggregate amount arising during the twelve months after the valuation date from implicit and explicit reserves made in the valuation to meet expenses in fulfilling contracts at the valuation date is £852,000.

(3) A reserve of £1,563,000 was calculated in respect of the expenses of continuing to transact new business during the twelve months following the valuation date. The reserve represents the present value of the difference between the total expected expenses in 2003 and the expense allowance in the premium income expected in 2003.

(4) A reserve of £1,307,000 was calculated in respect of providing for the costs of closure to new business, if the company were to cease to transact new business twelve months after the valuation date. The costs include disposal of assets, legal costs, Audit fees, Appointed Actuary fees and a shortfall in the expense loadings to maintain the current contracts.

11 The schedule of mathematical reserves and the liabilities in respect of the deposits received from reinsurers analysed by currency is as follows:

<u>Currency</u>	<u>Reserves and Deposit Backs</u>
Pounds Sterling	9,228,000
Euros	13,000

All assets are denominated in Pounds Sterling.

12 (1) The Company has not ceded any reinsurance on a facultative basis to a reinsurer who is not authorised to carry on insurance business in the United Kingdom.

(2) (a) An existing reinsurance treaty is in place with RGA Americas Reinsurance Company Ltd ("RGA Americas"). New reinsurance treaties have been entered into with the Barbados Branch of Clarica Life Insurance Company ("Clarica") and the UK Branch of XL Re Ltd ("XL Re"). A stoploss arrangement has been set up with RGA Reinsurance Company ("RGA US") on an annually renewable basis to reinsure business written by one treaty client.

Reinsurance treaty with RGA Americas:

- (b) The reinsurer is not authorised to carry on business in the United Kingdom.
- (c) RGA Americas is a connected company.
- (d) The treaty is a 50-90% quota share arrangement subject to the following retention limits. Business will be retroceded on a per life basis, above the following maximum retention limits to RGA Americas:

Death	£100,000
Critical Illness Cover	£100,000
Accident and unemployment	£100,000
Total and Permanent Disablement	£100,000
Disability Income (PHI)	£1,000 per month
Long Term Care	£1,000 per month
Risk Portion of Annuities	£1,000 per month

- (e) The premiums payable under the treaty were £8,650,625.
- (f) Nil.
- (g) Nil.
- (h) The treaty is open to new business.

Reinsurance treaty with Clarica

- (b) The reinsurer is not authorised to carry on business in the United Kingdom.
- (c) Clarica is not a connected company.
- (d) Clarica is reinsuring a 20% quota share of all the ceded business written on a particular accelerated critical illness treaty on an original terms basis.
- (e) The premiums payable under the treaty were £391,153.
- (f) Nil.

(g) Nil.

(h) The treaty is open to new business.

Reinsurance treaty with XL Re

(b) The reinsurer is authorised to carry on business in the United Kingdom.

(c) XL Re is not a connected company.

(d) XL Re is reinsuring a 20% quota share of a tranche of ceded business written on a particular accelerated critical illness treaty on an original terms basis.

(e) The premiums payable under the treaty were £214,966.

(f) Nil.

(g) Nil.

Reinsurance treaty with RGA US

(b) The reinsurer is not authorised to carry on business in the United Kingdom.

(c) RGA US is a connected company.

(d) RGA US is to indemnify RGA UK for claims paid on a particular accelerated critical illness treaty above 92% of the UK statutory reserving basis on said treaty. The business to be reinsured is that proportion that is retained by RGA UK .

(e) The premiums payable under the treaty were £29,461.

(f) Nil.

(g) Nil.

(3) The Company has not entered into any 'financing arrangements'.



13-16 The Company does not allocate bonuses from its surplus.

17 See Form 46.

18 See Form 47.

19 See Forms 48 and 49.

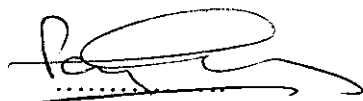
20 See Forms 51.

21 (1) See Form 57.

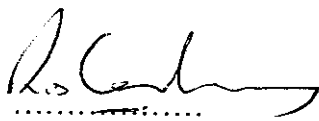
(2) The yield on assets has not been adjusted.

22 See Form 58.

23 See Form 60.



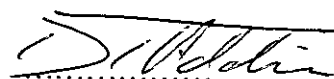
Perry Thomas  
Managing Director



Roger Corley  
Director



The Lord Poole  
Director



David Addison  
Appointed Actuary

## NOTES TO APPENDIX 9.4

### Form 46

The total number of contracts equals the actual number of contracts.

There are no group contracts in force.

The amount shown in Form 46, United Kingdom business, line 27 is a consequence of the recapture of 90% of the business with a quote date of 1 July 2002 or later by one of our client company's during Quarter Four 2002. This follows the retrospectively arranged commencement of direct reinsurance treaties between said client company and other reinsurers. The recapture and revised reinsurance agreements were agreed during Quarter Four 2002.

The amount shown in Form 46, Overseas business, line 27 is a consequence of a correction to previously reported in force annual premiums. The client company had been previously notified of overstated sums reinsured and incorrect premium rates for a particular treaty.

The amount shown in Form 46, Overseas business, line 27 is a consequence of a correction to previously reported in force number of contracts. The client company had been previously counted each benefit on a treaty as a separate policy. This practice has now been amended so that all benefits on a policy are counted as one policy.

### Form 48

The amount of accrued interest included in line 12 is £14,018.

### Form 51

The total number of contracts equals the actual number of contracts.

Column 9 represents the present value of the projected net cashflows.

### Form 57

The contract described in the balance sheet is:

- Resilience Reserves

**Long term insurance business : Summary of changes in ordinary long term business**Name of insurer **RGA REINSURANCE UK LIMITED**

Global business

United Kingdom business

Non-linked

Financial year ended **31st December 2002**

		Company registration number		GL/UK/CM		Period ended			Units		UK/OS		NL/LN						
		R46		3552908		GL		31		12		2002		£000		UK		NL	
		Life assurance and general annuity		Pensions business		Permanent health		Other business											
		No of contracts		Annual premiums		No of contracts		Annual premiums		No of contracts		Annual premiums		No of contracts		Annual premiums			
		1		2		3		4		5		6		7		8			
In force at beginning of year	11	23110	7978																
New business and increases	12	70034	7875							4219	71								
Net transfers and other alterations 'on'	13																		
Total 'on' (12+13)	19	70034	7875							4219	71								
Deaths	21	7	2																
Other insured events	22	17	8																
Maturities	23																		
Surrenders	24																		
Forfeitures	25	4032	1720																
Conversions to paid-up policies for reduced benefits	26																		
Net transfers, expiries and other alterations 'off'	27		392																
Total 'off' (21 to 27)	29	4056	2122																
In force at end of year (11+19-29)	39	89088	13731							4219	71								

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

Name of insurer **RGA REINSURANCE UK LIMITED**

Global business

Overseas business

Non-linked

Financial year ended **31st December 2002**Company  
registration  
number

GL/UK/CM

Period ended

day month year

Units

UK/OS

NL/LN

<b>R46</b>	<b>3552908</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2002</b>	<b>£000</b>	<b>OS</b>	<b>NL</b>
------------	----------------	-----------	-----------	-----------	-------------	-------------	-----------	-----------

		Life assurance and general annuity		Pensions business		Permanent health		Other business	
		No of contracts	Annual premiums	No of contracts	Annual premiums	No of contracts	Annual premiums	No of contracts	Annual premiums
		1	2	3	4	5	6	7	8
In force at beginning of year	<b>11</b>	41	12						
New business and increases	<b>12</b>	44	3						
Net transfers and other alterations 'on'	<b>13</b>								
Total 'on' (12+13)	<b>19</b>	44	3						
Deaths	<b>21</b>								
Other insured events	<b>22</b>								
Maturities	<b>23</b>								
Surrenders	<b>24</b>								
Forfeitures	<b>25</b>	10							
Conversions to paid-up policies for reduced benefits	<b>26</b>								
Net transfers, expiries and other alterations 'off'	<b>27</b>	8	5						
Total 'off' (21 to 27)	<b>29</b>	18	5						
In force at end of year (11+19-29)	<b>39</b>	67	10						

## Long term insurance business : Analysis of new ordinary long term business

Name of insurer **RGA REINSURANCE UK LIMITED**

Global business

Financial year ended **31st December 2002**

Company registration number	GL/UK/CM	Period ended			Units
		day	month	year	
<b>R47</b>	<b>3552908</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2002</b>
					<b>£000</b>

Type of insurance	Single premium contracts				Regular premium contracts			
	No of contracts	Premiums	Sums assured, annuities per annum or other measures of benefit	No of contracts	Annual premiums	Sums assured, annuities per annum or other measures of benefit		
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>		
<b>UK REINSURANCE ACCEPTED</b>								
Life Assurance & General Annuity Business								
Non-Linked Non-Profit Policies				6538	196	63721		
Term assurance				63496	7679	1662398		
Other assurance (accelerated critical illness)						6652 pa		
Group life								
<b>Sub total: Non-Linked Non-Profit Policies</b>				<b>70034</b>	<b>7875</b>	<b>1726119</b>		
						<b>6652 pa</b>		
<b>Total: Life Assurance &amp; General Annuity Business</b>				<b>70034</b>	<b>7875</b>	<b>1726119</b>		
						<b>6652 pa</b>		

**ARGA REINSURANCE UK LIMITED**

Financial year ended

Company registration number	GL/UK/CM	Period ended			Units	
		day	month	year		
R47	3552908	GL	31	12	2002	£000

Type of insurance	Single premium contracts			Regular premium contracts		
	No of contracts	Premiums	Sums assured, annuities per annum or other measures of benefit	No of contracts	Annual premiums	Sums assured, annuities per annum or other measures of benefit
1	2	3	4	5	6	7
Permanent Health Insurance						
Non-Linked Non-Profit Policies						
Permanent health assurance				4219	71	26056
Sub total: Non-Linked Non-Profit Policies				4219	71	26056
Total: Permanent Health Insurance				4219	71	26056
Total: UK Reinsurance Accepted				74253	7946	1752175 6652 pa

## Long term insurance business : Analysis of new ordinary long term business

Name of insurer **RGA REINSURANCE UK LIMITED**

Global business

Financial year ended **31st December 2002**

Company registration number	GL/UK/CM	Period ended			Units
		day	month	year	
<b>R47</b>	<b>3552908</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2002</b>
					<b>£000</b>

Type of insurance	Single premium contracts			Regular premium contracts			
	No of contracts	Premiums	Sums assured, annuities per annum or other measures of benefit	No of contracts	Annual premiums	Sums assured, annuities per annum or other measures of benefit	
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	
<b>OVERSEAS REINSURANCE ACCEPTED</b>							
Life Assurance & General Annuity Business							
Non-Linked Non-Profit Policies				44	3	7353	
Term assurance							
<b>Sub total: Non-Linked Non-Profit Policies</b>				<b>44</b>	<b>3</b>	<b>7353</b>	
<b>Total: Life Assurance &amp; General Annuity Business</b>				<b>44</b>	<b>3</b>	<b>7353</b>	
<b>Total: Overseas Reinsurance Accepted</b>				<b>44</b>	<b>3</b>	<b>7353</b>	

**Long term insurance business : Expected income from admissible assets not held to match liabilities in respect of linked benefits**Name of insurer **RGA REINSURANCE UK LIMITED**

Global business

Financial year ended **31st December 2002**Category of assets **Total long-term insurance business assets**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R48	3552908	GL	31	12	2002	£000	10
Type of asset			Value of admissible assets as shown on Form 13 1		Expected income from admissible assets 2		Yield %  3		
Land and buildings			11						
Fixed interest securities	Approved securities	12	14018	845	4.11				
	Other	13							
Variable interest and variable yield securities (excluding items shown at line 16)	Approved securities	14							
	Other	15							
Equity shares and holdings in collective investment schemes			16						
Loans secured by mortgages			17						
All other assets	Producing income	18	1003		3.00				
	Not producing income	19	950						
Total (11 to 19)			29	15971	845	3.80			



## Long term insurance business : Analysis of admissible fixed interest and variable interest and variable yield securities not held to match liabilities in respect of linked benefits

Name of insurer **RGA REINSURANCE UK LIMITED**

Global business

Financial year ended **31st December 2002**Category of assets **Total long-term insurance business assets**

Financial year ended		31st December 2002		Total long-term insurance business assets									
Category of assets		Company registration number		GL/UK/CM		Period ended				Units		Category of assets	
		R49		3552908		GL		31 12 2002		£000		10	
Redemption period in years		Value of admissible assets as shown on Form 13		Gross redemption yield %		Value of admissible higher yielding assets		Value of admissible assets as shown on Form 13		Gross redemption yield %		Value of admissible higher yielding assets	
		1		2		3		4		5		6	
One year or less	11	1801		3.72									
More than one year but not more than five years	12	5754		4.05									
More than five years but not more than ten years	13	5512		4.24									
More than ten years but not more than fifteen years	14	951		4.53									
More than fifteen years but not more than twenty years	15												
More than twenty years but not more than twenty five years	16												
More than twenty five years	17												
Irredeemable	18												
Total (11 to 18)	19	14018		4.11									
One year or less	21												
More than one year but not more than five years	22												
More than five years but not more than ten years	23												
More than ten years but not more than fifteen years	24												
More than fifteen years but not more than twenty years	25												
More than twenty years but not more than twenty five years	26												
More than twenty five years	27												
Irredeemable	28												
Total (21 to 28)	29												

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

Name of insurer **RGA REINSURANCE UK LIMITED**

Global business

United Kingdom business

Financial year ended **31st December 2002**Type of business **Life Assurance & General Annuity Business**

Category of surplus		Ordinary long term business										Category of surplus	
Type of insurance or name of contract		Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves	
		Rate of interest	Mortality or morbidity table			Office premiums	Net premiums			Office premiums	Net premiums		
1	2	3	4	5	6	7	8	9	10	11	12		
REASSURANCE ACCEPTED													
Non-Profit Policies													
Accelerated Critical Illness	4.00		82361	3087439	13502			57846				57846	
Term assurance	4.00		6727	77373	229			994				994	
Aids Reserve								2133				2133	
Resilience Reserve								324				324	
Miscellaneous								2871				2871	
Sub total: Non-Profit Policies			89088	3164812	13731			64168				64168	
Sub total: Reassurance Accepted			89088	3164812	13731			64168				64168	
REASSURANCE CEDED													
Non-Profit Policies													
Accelerated Critical Illness				2712812	11945			52841				52841	
Term assurance				38809	115			498				498	
Aids Reserve								1912				1912	
Sub total: Non-Profit Policies				2751621	12060			55251				55251	
Sub total: Reassurance Ceded				2751621	12060			55251				55251	

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

Name of insurer **RGA REINSURANCE UK LIMITED**

Global business

United Kingdom business

Financial year ended **31st December 2002**Type of business **Life Assurance & General Annuity Business**Category of surplus **Ordinary long term business**

Type of insurance or name of contract		Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits		Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Category of surplus
						Office premiums	Net premiums				Office premiums	Net premiums	
1		Rate of interest	Mortality or morbidity table	4	5	6	7	8	9	10	11	12	11
Net total: Life Assurance & General Annuity Business				89088	413191	1671			8917				8917

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

Name of insurer **RGA REINSURANCE UK LIMITED**

Global business

United Kingdom business

Financial year ended **31st December 2002**Type of business **Permanent Health Insurance**

Ordinary long term business																			
Category of surplus		R51		3552908		GL		31		2002		£000		UK		PHI		11	
Type of insurance or name of contract		Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves							
		Rate of interest	Mortality or morbidity table			Office premiums	Net premiums			Office premiums	Net premiums								
1		2	3	4	5	6	7	8	9	10	11	12							
REASSURANCE ACCEPTED																			
Non-Profit Policies		4.00		4219	26056	71			595 14				595 14						
Permanent health assurance																			
Aids Reserve																			
Sub total: Non-Profit Policies				4219	26056	71			609				609						
Sub total: Reassurance Accepted				4219	26056	71			609				609						
REASSURANCE CEDED																			
Non-Profit Policies					13028	35			297 7				297 7						
Permanent health assurance																			
Aids Reserve																			
Sub total: Non-Profit Policies					13028	35			304				304						
Sub total: Reassurance Ceded					13028	35			304				304						
Net total: Permanent Health Insurance				4219	13028	36			305				305						
Net total: United Kingdom Insurance Business				93307	426219	1707			9222				9222						

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

Name of insurer **RGA REINSURANCE UK LIMITED**

Global business

Overseas business

Financial year ended **31st December 2002**Type of business **Life Assurance & General Annuity Business**Category of surplus **Ordinary long term business**

Company registration number														
GL/UK/ICM														
Period ended														
Units														
UK/OS														
Type of business														
Category of surplus														
R51 3552908 GL 31 12 2002 £000 OS L&GA 11														
Type of insurance or name of contract		Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits		Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums			Amount of mathematical reserves
		Rate of interest	Mortality or morbidity table			Office premiums	Net premiums				Office premiums	Net premiums		
1		2	3	4	5	6	7	8	9	10	11	12		
REASSURANCE ACCEPTED														
Non-Profit Policies				67	11769	10			38					38
Term assurance														
Sub total: Non-Profit Policies				67	11769	10			38					38
Sub total: Reassurance Accepted				67	11769	10			38					38
REASSURANCE CEDED														
Non-Profit Policies					7683	5			19					19
Term assurance														
Sub total: Non-Profit Policies					7683	5			19					19
Sub total: Reassurance Ceded					7683	5			19					19
Net total: Life Assurance & General Annuity Business				67	4086	5			19					19
Net total: Overseas Insurance Business				67	4086	5			19					19

## Long term insurance business : Matching rectangle

Sterling liabilities

Name of insurer **RGA REINSURANCE UK LIMITED**Valuation rate(s) of interest **4%**

Global business

Type of business

**Life Assurance and Annuity Insurance Business**Financial year ended **31st December 2002**

Non profit

**Total long-term insurance business assets**

Category of assets

Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

Sig/  
NonSigValuation  
rate of  
InterestL&GA/Pens/  
PHI/Other

WP/NP

Category  
of assets

R57		3552908	GL	31	12	2002	£000	Stg	4	L&GA	NP	10
Type of asset notionally allocated			The valuation				The resilience scenario					
			Value of asset notionally allocated 1	Risk adjusted yield % 2	Value of assets notionally allocated			Risk adjusted yield % 6				
					On original allocation 3	Increase or decrease 4	Total under resilience scenario 5					
Land and buildings			11									
Fixed interest securities			12	8917		4.11	9169		334	9503		3.33
Variable interest and Variable yield securities (excluding items shown at line 16)			13									
Equity shares and holdings in collective investment schemes			14									
Loans secured by mortgages			15									
All other assets			16									
Producing income			17									
Not producing income			18									
Total (11 to 19)			19									
			29	8917		4.11	9169		334	9503		3.33
Gross valuation interest rate %			31			4.00						3.20
Net valuation interest rate % (where appropriate)			32			4.00						3.20
Mathematical reserve or other liability, net of reinsurance			33	8917						9503		



## Long term insurance business : Matching rectangle

Name of insurer **RGA REINSURANCE UK LIMITED**

Global business

Financial year ended **31st December 2002**

Sterling/Non sterling liabilities

Valuation rate(s) of interest **Total**

Type of business

With profits/Non profit

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

Company registration number		GL/UK/CM	Period ended				Units	Stg/NonStg	Valuation rate of interest	L&GA/Pens/PHI/Other	WP/NP	Category of assets
			day month year									
			GL	31	12	2002						
R57	3552908	GL	31	12	2002	£000			99			10
The resilience scenario												
Type of asset notionally allocated		The valuation				Value of assets notionally allocated			Risk adjusted			
		Value of asset notionally allocated	Risk adjusted yield %		On original allocation	Increase or decrease	Total under resilience scenario	Risk adjusted yield %				
Land and buildings		1	2		3	4	5	6				
11												
12		9241	4.11		9503		9503		3.33			
13												
14												
15												
16												
17												
18												
19												
29		9241	4.11		9503		9503		3.33			
31												
32												
33		9241					9503					



**Long term insurance business : Valuation result and distribution of surplus**Name of insurer **RG A REINSURANCE UK LIMITED**

Global business

Financial year ended **31st December 2002**Company  
registration  
number

GL/UK/CM

Period ended

Units

Category  
of surplus

Category of surplus	Ordinary long term business	R58	3552908	GL	Period ended			Units	Category of surplus
					day	month	year		
Valuation result	Fund carried forward				11				14031
	Bonus payments made to policyholders in anticipation of a surplus				12				
	Transfers out of fund/ parts of fund	Transfer to non-technical account			13				
		Transfer to other funds/parts of funds			14				
	Net transfer out of funds/parts of funds (13+14)				15				
	Total (11+12+15)				16				14031
	Mathematical reserves for accumulating with profit policies				17				
	Mathematical reserves for other non linked contracts				18				9241
	Mathematical reserves for property linked contracts				19				
	Mathematical reserves for index linked contracts				20				
	Total (17 to 20)				21				9241
	Surplus including contingency and other reserves held towards the solvency margin (deficiency) (16-21)				29				4790
Composition of surplus	Balance of surplus brought forward unappropriated from last valuation				31				4903
	Transfers into fund/part of fund	Transfer from non-technical account			32				2500
		Transfer from other funds/parts of fund			33				
	Net transfer into fund/part of fund (32+33)				34				2500
	Surplus arising since the last valuation				35				(2613)
	Total (31+34+35)				39				4790
Distribution of surplus	Bonus payments made to policyholders in anticipation of a surplus				41				
	Allocated to policyholders by way of	Cash bonuses			42				
		Reversionary bonuses			43				
		Other bonuses			44				
		Premium reductions			45				
	Total allocated to policyholders (41 to 45)				46				
	Net transfer out of fund/part of fund				47				
	Total distributed surplus (46+47)				48				
	Balance of surplus (including contingency and other reserves held towards the solvency margin) carried forward unappropriated				49				4790
	Total (48+49)				59				4790
Percentage of distributed surplus allocated to policyholders of fund/part of fund					61				
Corresponding percentage at three immediately previous valuations	Latest	(year of valuation 2001 )			62				
	Earlier	(year of valuation 2000 )			63				
	Earliest	(year of valuation 1999 )			64				

## Long term insurance business : Required minimum margin

Name of insurer

RGA REINSURANCE UK LIMITED

Global business

Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

Financial year ended 31st December 2002

Class		Classes I, II & IX				Class III business with relevant factor of				Class IV and VI				Classes VII and VIII business with relevant factor of				Unallocated additional mathematical reserves with relevant factor of				Total for all classes	
Relevant factor (Instruction 1)		4%	1%	2%	3%	4%	1%	Nil	Total	4%	1%	2%	3%	4%	1%	Nil	Total	4%	1%	2%	3%	4%	1%
Mathematical reserves before deduction of reinsurance		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Reserves before distribution of surplus	11	61011																					
Reserves for bonus allocated to policyholders	12																						
Reserves after distribution of surplus	13	61011																					
Reserves before distribution of surplus	14	5741																					
Reserves after distribution of surplus	15																						
Reserves after distribution of surplus	16	5741																					
Ratio of 16 to 13 or 0.85 if greater (see Instruction 2)	17	0.50																					
Required margin of solvency - first result = (line 13) - (line 17) - relevant factor	19	1220																					
Temporary assurances with required margin of solvency of 0.1%	21	3115568																					
Temporary assurances with required margin of solvency of 0.15%	22																						
All other assurances with required margin of solvency of 0.2%	23																						
Total (21 to 23)	29	3115568																					
Non negative capital at risk after reinsurance (all contracts) (see Instruction 3)	31	411535																					
Ratio of line 31 to line 29, or 0.50 if greater	32	0.50																					
Required margin of solvency - second result (see Instruction 4)	39	1558																					
Sum of first and second results (19+39)	49	2778																					
Required margin of solvency for supplementary Accident & Sickness Insurance & Class V business	51																						
Total required margin of solvency for long term insurance business (49+51)	59																						
Minimum guarantee fund	61																						
Required minimum margin (greater of lines 59 and 61)	69																						

## **Returns under the Accounts and Statements Rules**

**RGA Reinsurance UK Limited**

**Global business**

**Financial year ending 31<sup>st</sup> December 2002**

### **Supplementary notes to the return**

#### **\*0901\* written concessions**

**(a)**

In August 2000 the Treasury, on the application of the Company, made an Order under Section 67 of the Insurance Companies Act 1982. The effect of the Order was to permit the Company to treat, for the purposes of sections 17 to 20, 25, 28 to 31, 42, 55, 56 and 59(2) of the Insurance Companies Act 1982, the general business of the Company falling within classes 1, 2 and 16 as if it was ordinary long term business.

**(b)**

In August 2000 the Treasury, on the application of the Company, made an Order under Section 68 of the Insurance Act 1982. The effect of the Order was to modify the provisions of regulation 57 of, and paragraph 9 of Part II of Schedule 12 to, the Insurance Companies Regulations 1994 by substituting for 20% of the long term business amount, 20% of the long term business amount or £4,800,000 whichever shall be the greater.

By virtue of the transitional provisions of the Supervision Manual, these written concessions have been carried forward in relation to the equivalent rules in the FSA Handbook of Rules and Guidance.

**\*1001\* Reconciliation to Capital and Reserves in Companies accounts**

	2002 £'000	2001 £'000
Form 13 line 99 – Other than long term business	14,703	12,289
Form 15 line 59 – Other than long term business	(54)	(39)
	<u>14,649</u>	<u>12,250</u>
difference due to assets retained in the long term fund to support statutory reserving requirements and new business strain.	6,934	8,841
Capital and Reserves per Companies Act accounts	<u>21,583</u>	<u>21,091</u>

**\*1002\* Particulars of any other movements**

None.

**\*1304\* & \*1310\* Amounts set off**

Amounts have been set off in accordance with generally accepted accounting principles.

**\*1305\* & \*1311\* Investment guidelines**

The investment guidelines require that:

- The portfolio is constructed within the asset admissibility limits set out in IPRU (INS) Volume 2 Appendix 4.2.
- No more than 5% of the portfolio will be invested with any one issuer, with the exception of the Government and Semi-Government instruments and cash and deposits placed with approved credit institutions.
- All derivative purchases need to be pre approved by RGA UK's Managing Director and a second member of the Board.

There were no breaches in the Company's investment guidelines during the period of the return.

**\*1306\* & \*1312\* Amount and nature of exposure at year end to large counterparties**

There was no exposure to a counterparty in excess of 5% of the long-term insurance business amount as at 31 December 2002.

**\*1401\* & \*1501\* Provision for adverse changes**

There is no provision for adverse changes as the company has no derivatives or other commitments that would require an adverse changes provision.

**\*1402\* & \*1502\* Contingent liabilities**

- (a) There are no charges over the company's assets.
- (b) There is no potential liability to capital gains tax arising from the sale of assets of either the policyholder or shareholder funds as at the date of the return.
- (c) No contingent liabilities exist.
- (d) No guarantees, contractual indemnities or commitments were effected other than in the ordinary course of insurance business in respect of related parties.
- (e) No fundamental uncertainties exist affecting the business.

**\*1601\* & \*4005\* Conversion of foreign currency**

The company has transacted a minimal amount of business in foreign currency during the period of the return. An end of period basis has been used to determine the sterling risk and related premium due. Any incidental items of expenditure invoiced in a foreign currency have been recorded in sterling at the sterling amount that was incurred in making the payment.

**\*1603\* Other income and charges**

Other income and charges were: audit fees, board of directors' fees, and a proportion of asset management fees.

#### **\*1700\* Derivatives**

Form 17 has been omitted, as it would have been a nil return.

#### **\*4008\* Management service agreements**

During the period of the return a Management Service Agreement covering treasury, corporate and financial planning and analysis, internal audit, human resources, legal claims and technical accounting, business development, public relations and internal communication, finance business solutions, executive clerical and life business production services and data processing was provided to the Company by a sister company, RGA UK Services Limited, based in London.

With effect from 1 July 2002 provision of Asset Management was transferred to Deutsche Asset Management Limited, an unrelated company, based in the United Kingdom. Prior to this date the Asset management was provided by Zurich Scudder International Limited, also an unrelated company based in the United Kingdom

Custodian services in respect of investments were provided under agreement with Bank of New York, based in the United States. With effect from 1 July 2002 the custodian account was transferred to the London Office of Bank of New York.

#### **\*4009\* Material connected party transactions**

RGA Reinsurance (UK) Limited retrocedes business on both quota share and surplus basis to RGA Americas Reinsurance Company Limited ('RGA Americas'), a Barbadian company that shares a common intermediate parent, Reinsurance Group of America Incorporated.

The terms of the agreement are determined upon an arms length basis deemed fair to both parties and is consistent with external retrocession arrangements.

During 2002 reinsurance premiums of £8,651,000 arose under this retrocession arrangement. No amounts have been written-off by either party. At 31 December 2002 the net amount owed to RGA Americas was £602,000.

No other transactions with connected parties meet the definition of material connected party transactions.

**\*4010\* Expenses payable**

The amount shown in respect of the current period at Form 41 lines 41, column 2 is negative. Within the annual return for 31 December 2001 a debt of £428,000 from a group company relating to commission due on the retrocession had been valued at nil in accordance with the valuation rules for a group undertaking. Reinsurance commission was consequently shown at a reduced amount. The debt has subsequently been cleared and the amount of reinsurance commission reinstated. Within this return it exceeds the net commission cost otherwise shown. The impact is that a lower expense is shown at Form 40 line 22 column 1 than would otherwise be the case.

**\*4601\* Net transfers, expiries and other alterations 'off' Annual premiums**

The amount shown in Form 46, United Kingdom business, line 27 is a consequence of the recapture of 90% of the business with a quote date of 1 July 2002 or later by L&G during Quarter Four 2002. This follows the retrospectively arranged commencement of direct reinsurance treaties between L&G and other reinsurers. The recapture and revised reinsurance agreements were agreed during Quarter Four 2002.

The amount shown in Form 46, (Overseas business, line 27) is a consequence of a correction to previously reported in force annual premiums. The cedant company had previously notified RGA Reinsurance UK Limited of overstated sums reinsured and incorrect premium rates for a particular treaty.

**\*4602\* Net transfers, expiries and other alterations 'off' No of contracts**

The amount shown in Form 46, (Overseas business, line 27) is a consequence of a correction to a previously reported figure for in force number of contracts. The Company had been previously counted each benefit on a treaty as a separate policy. This practice has now been amended so that all benefits on a policy are counted as one policy.

**Returns under the Accounts and Statements Rules**

**RGA Reinsurance UK Limited**

**Global business**

**Financial year ended 31<sup>st</sup> December 2002**

**Statement of additional information on derivative contracts as required by Rule 9.29.**

- (a) The company's investment guidelines permit the use of derivatives to the extent that these would represent approved derivative contracts under Rule 4.12 and require that the Managing Director and another director approve the use on each occasion.
- (b) It is not envisaged that derivatives arrangements will be used under which the company has a right or obligation to acquire or dispose of assets which was not, at the time when the contract was entered into, reasonably likely to be exercised.
- (c) The company has not been party to any arrangement including the use of derivatives or quasi derivatives during the financial year.

There are no matters to disclose under paragraphs (d) to (i) of Rule 9.29.



**Returns under Insurance Companies Legislation**

**RGA Reinsurance UK Limited**

**Global business**

**Financial year ended 31<sup>st</sup> December 2002**

**Statement of additional information on controllers as required by Rule 9.30**

<u>Shareholder Controller</u>	<u>Shareholding/Voting rights</u>
RGA Holdings Limited	100% / 100%
Reinsurance Group of America. Inc	100% / 100%
Equity Intermediary Company – direct holding (Inc. Metropolitan Life Insurance Co direct holding	48.9% / 48.9% 58.5% / 58.5%)
General American Life Insurance Company	100% / 100%
Genamerica Financial Corporation	100% / 100%
Metropolitan Life Insurance Company	100% / 100%
Metlife, Inc	100% / 100%

The companies are listed in reverse hierarchical order; percentages shown are in relation to shareholding and voting rights in the company immediately above it in the list.

**Returns under the Accounts and Statements Rules**

**RGA Reinsurance UK Limited**

**Global business**

**Financial year ended 31<sup>st</sup> December 2002**

**Statement of information on appointed actuary required by Rule 9.36**

**Mr D T Addison - Appointed Actuary**

1.
  - (a) The actuary had no interest in any shares or debentures of the company at any time during the year.
  - (b) The actuary had no pecuniary interest in any transaction between the actuary and the company subsisting at any time during that year save for his interest as a partner in the firm of Watson Wyatt Partners in respect of the amounts disclosed in c).
  - (c) The aggregate amount of remuneration receivable by Watson Wyatt Partners during the year under a contract for services to the company was £168,700.
2. The actuary was requested to furnish the company with particulars specified in Rule 9.36, and he has confirmed that the information in items (a) to (c) above is correct.

## **Returns under the Accounts and Statements Rules**

**RGA Reinsurance UK Limited**

**Global business**

**Financial year ended 31<sup>st</sup> December 2002**

### **Appendix 9.6 – Part I**

#### **Certificate by Directors required by Rule 9.34(a)**

We certify:

1.
  - (a) That in relation to the part of this return comprising Forms 9, 10, 13 to 17 and 40 to 42 (including the supplementary notes) and statements required by Rules 9.29 and 9.30:
    - (i) The return has been prepared in accordance with the Accounts and Statements Rules;
    - (ii) Proper accounting records have been maintained and adequate information has been obtained by the company; and
    - (iii) Appropriate systems and controls have 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 identifying material connected-party transactions
  - (c) that the whole of the company's business is excluded by Rule 7.6 from the requirements of Rules 7.1 to 7.5 (matching and localisation).
  - (d) in relation to the statement required by Rule 9.36 –
    - (i) That for the purpose of preparing the statement, proper accounts and records have been maintained, and
    - (ii) That the information given has been ascertained in conformity with that rule.
2. That the margin of solvency required by Rule 2.1 has been maintained throughout the financial year.

3.

- (a) That the requirements of Rules 3.1 to 3.4 have been fully complied with and in particular that, subject to the provisions of Rules 3.2(2) to (4) and Rule 3.3, assets attributable to long-term insurance business, the income arising therefrom, the proceeds of any realisation of such assets and any other income or proceeds allocated to the long-term insurance business fund have not been applied otherwise than for than for the purpose of the long-term insurance business;
- (b) That any amount payable from or receivable by the long-term insurance business fund in respect of services rendered by or to any other business carried on by the company or by a person who, for the purposes of Rule 3.4, is connected with it or is a subordinate company of it has been determined and where appropriate apportioned on terms which are believed to be no less than fair to those funds, and any exchange of assets representing such funds for other assets of the company have been made at fair market value;
- (c) That no guarantees have been given by the company of the performance by a related company of a contract binding on the related company which would fall to be met by any long-term insurance business fund;
- (d) The company has not maintained any internal linked funds during the financial year;
- (e) That the returns in respect of long-term insurance business are not distorted by agreements with any other company carrying on insurance business with which the company has financial, commercial or administrative links, or by any arrangements which could affect the apportionment of expenses and income; and
- (f) That the company has fully complied with the requirements of Rule 3.5.

4.

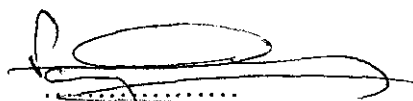
- (a) that the systems and controls established and maintained by the company in respect of its business complied at the end of the financial year with the following published guidance:
  - Guidance Note P1 "Systems and controls over the investments (and counterparty exposure) of insurers with particular reference to the use of derivatives"; and

- Money Laundering – Guidance Notes for the Financial Sector (revised December 2001) issued by the Joint Money Laundering Steering Group

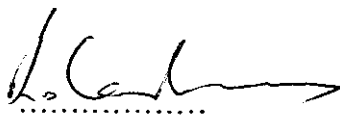
and it is reasonable to believe that those systems and controls continued to so comply subsequently and will continue to so comply in future;

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

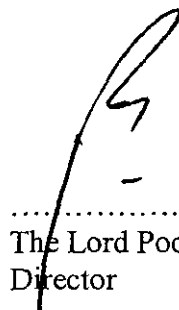
- Guidance Note 4.1 “Guidance for insurance companies and auditors on the Valuation of Assets Rules”;
- Guidance Note 4.2 “The use of derivative contracts in insurance funds”, and
- Guidance Note 9.1 “The preparation of annual returns”.



.....  
Perry Thomas  
Managing Director



.....  
Roger Corley  
Director



.....  
The Lord Poole  
Director

31 March 2003

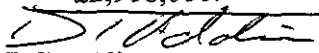
## RGa REINSURANCE UK LIMITED

### Appendix 9.6 - Part II

#### Certificate by the appointed actuary for the year ending 31 December 2002

I certify that:

- (a) (i) in my opinion proper records have been kept by the Company adequate for the purpose of the valuation of the liabilities of its long term business; and
- (ii) the sum of the mathematical reserves and the deposits received from reinsurers as shown in Form 14 constitute proper provision at the end of the financial year for the long term insurance business liabilities (including all liabilities arising from deposit back arrangements, but excluding other liabilities which had fallen due before the end of the financial year), including any increase in those liabilities arising from a distribution of surplus as a result of an investigation as at 31 December 2002 into the financial condition of the long term business; and
- (iii) for the purpose of sub-paragraph (ii) above, the liabilities have been assessed in accordance with the Determination of Liabilities Rules in the context of assets valued in accordance with the Valuation of Assets Rules, as shown in Form 13; and
- (iv) the guidance notes "The Prudential Supervision in the UK of Long-Term Insurance Business (GN1)" dated 1 December 2001 and "Additional Guidance on valuation of long-term insurance business (GN8)" dated 30 December 2002, issued by the Institute of Actuaries and the Faculty of Actuaries have been complied with; and
- (v) in my opinion premiums for contracts entered into during the financial year and the income earned thereon are sufficient, on reasonable actuarial assumptions, and taking into account the other financial resources of the Company that are available for the purpose, to enable the Company to meet its commitments in respect of those contracts and, in particular, to establish adequate mathematical reserves; and
- (b) the amount of the required minimum margin applicable to the Company's long term insurance business immediately following the end of the financial year (including any amounts resulting from any increase in liabilities arising from a distribution of surplus as a result of the investigation into the financial condition of the long term business) is £2,918,000.

  
D T Addison  
Appointed actuary  
Fellow of the Faculty of Actuaries  
and Partner in the firm of Watson Wyatt LLP

Watson House  
London Road  
Reigate  
Surrey  
RH2 9PQ

31 March 2003

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## **Appendix 4 – Rule 9.35 Auditors Report**

### **AUDITORS' REPORT**

#### **RGA REINSURANCE UK LIMITED**

##### **Global business**

##### **Financial year ended 31 December 2002**

##### **Report of the auditors to the directors pursuant to Rule 9.35 of the Interim Prudential Sourcebook for Insurers**

We have examined the following documents prepared by the company pursuant to the Accounts and Statements Rules set out in part 1 of chapter 9 to the Interim Prudential Sourcebook for Insurers ("the Rules") made by the Financial Services Authority under section 138 of the Financial Services and Markets Act 2000:

- Forms 9 to 17 and 40 to 45, (including the supplementary notes) on pages 3 to 18 ("the Forms");
- the statement required by rule 9.29 on page 48 ("the statement"); and
- the certificate signed in accordance with rule 9.34(a) on pages 51 to 53 ("the certificate").

In the case of the certificate our examination did not extend to:

- paragraph 1(d) in relation to the statements required by rules 9.30 and 9.36 concerning controllers and information on the appointed actuary;
- paragraph 3(d) concerning the investment policy and practice of internal linked funds required by paragraph 4(d) of Appendix 9.6; and
- paragraph 4(a) in so far as it relates to controls with respect to Money Laundering.

Our report is provided to the directors of RGA Reinsurance UK Limited in accordance with rule 9.35 of the Interim Prudential Sourcebook for Insurers. We acknowledge that our report will be provided to the FSA for the use of the FSA solely for the purposes set down by statute and the FSA's rules. Our 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 auditors' report on an annual FSA return for an insurer and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the FSA, and the company, for our work, for this report, or for the opinions we have formed.

##### **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 waivers issued under sections 67 and 68 of the Insurance Companies Act 1982 on August 2000. By virtue of transitional provisions, these have been carried forward in relation to the other rules in the Financial Services and Markets Act 2000. Under rule 9.11 the Forms and statements are required to be prepared in the manner specified by 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 statement 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 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 statement. The evidence included that previously 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 statement.

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 statement 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 involved 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.

In giving our opinion we have relied on the certificate of the actuary on page 54 with respect to the mathematical reserves and the required minimum margin for long-term business.

#### **Opinions**

In our opinion:

- (a) the Forms and statement fairly state the information provided on the basis required by the Rules as modified and have been properly prepared in accordance with the provisions 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.

*Deloitte & Touche*

Deloitte & Touche  
Registered Auditors  
Stonecutter Court  
1 Stonecutter Street  
London EC4A 4TR

31 March 2003