

# Norwich Union with-profits retribution: your guide to eligibility

December 2007



**NORWICH  
UNION**  
an AVIVA company



**Foreword from Nick Dumbreck, Independent Expert**

I welcome the publication of this leaflet, which seeks to set out in a clear and unambiguous way the rules that will be used to determine whether holders of policies of Norwich Union will be eligible to participate in the proposed reattribution of the inherited estates of the with-profits fund of CGNU Life Assurance Limited and the with-profits fund of Commercial Union Life Assurance Company Limited.

These eligibility rules have been agreed between Norwich Union and Clare Spottiswoode, the Policyholder Advocate appointed to represent policyholders' interests in respect of the proposals.

As part of my role as Independent Expert, I have reviewed these eligibility rules. On the basis of the information provided to me, I consider that these rules are consistent with Norwich Union's previous correspondence to its customers.

**Nick Dumbreck**

**Independent Expert appointed in respect of the proposals  
Consulting Actuary, Watson Wyatt Limited**

## Foreword from Clare Spottiswoode, Policyholder Advocate



### Overview

One of the cornerstones of a successful reattribution is absolute clarity about which policyholders with investments in the two with-profits funds concerned should qualify to receive a payment.

At first sight this may appear to be a relatively straightforward matter of identifying those in the fund and then ensuring that contact records are up to date. On closer examination it becomes clear that the position is more complicated. In part this is due to the way in which the funds' ownership has changed over the years through the consolidation of the insurance industry. A host of other issues cause questions about whether a policy is eligible. These range from the qualifying date, to the impact on potential payments from part surrenders, as well as the position of special groups of policyholders within the funds concerned.

Eligibility was first discussed in detail with me and my advisers in October 2006, immediately prior to my appointment. Subsequent discussions have taken place on a number of occasions and final issues were considered during Spring 2007. There have also been discussions with the Independent Expert, Nick Dumbreck, and his colleagues.

The result is contained in this paper from Norwich Union. It identifies those with-profits policyholders who should qualify and examines the treatment of policyholders in the light of certain actions they may take or may have taken. I am pleased that Norwich Union has been able to accept my suggestion that for policies sold by policyholders to another person or company after 21 November 2006 any potential incentive payment will remain with the policy. This is important for those who might have an overriding need to free their capital and who otherwise would not be able to realise any value from the reattribution. This solution allows the secondary market to add in a premium to a purchase price to reflect the market's view of the size of any resulting payment.

The paper also describes how an Eligibility Panel will be set up to consider the cases of policyholders who believe that their circumstances have not been anticipated and addressed by these eligibility rules. I believe that the Eligibility Panel is a helpful safeguard against any oversight. The Office of the Policyholder Advocate will be represented on the Panel and any policy changes or clarifications will be publicised by Norwich Union. Once my role has ended other independent representation on the Panel will be established.

### Former policyholders

I have received representations from some former policyholders who believe that they should be eligible to receive a payment because the inherited estates existed while their policies were in force.

*continued*

Norwich Union's position is that it is fair to use the date of my appointment (21 November 2006) as the qualifying date for eligibility for an incentive payment. They note that this is consistent with previous reattributions and demutualisations. Norwich Union also believes that the date of appointment of a policyholder advocate is appropriate since it marks a clear public commitment by the company to negotiate the terms of a potential reattribution. I am also told that policyholders proposing to surrender their policies in the run-up to my appointment were informed by Norwich Union that they would lose any entitlement to get an incentive payment if a reattribution went ahead. I agree with Norwich Union that 21 November 2006 is a fair qualifying date although I do, of course, understand that this will be disappointing to some former policyholders.

### Eligibility for a special distribution

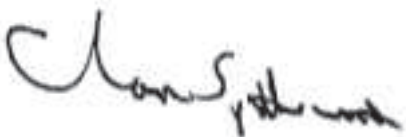
As part of the discussions I am having with Norwich Union about the reattribution, my advisers and I have been analysing the possibility that there might be a special distribution from the inherited estates. Norwich Union has made no decisions yet about whether a special distribution will take place but if it did, the eligibility criteria for that special distribution might be different to those for the reattribution. We are discussing with Norwich Union how the eligibility criteria for a special distribution, if it goes ahead, might compare with the eligibility criteria for the reattribution.

### Consultation

I have been keen to involve other independent stakeholders in this process. I should like to thank those organisations which assisted by giving their expert views. They are named at the back of the paper. Their involvement has been extremely valuable and a very good way of testing our thought processes, when it would have been difficult to develop any wider form of consultation. The Financial Services Authority and the Independent Expert have also been kept fully up to date on the issues raised and proposed solutions.

### Conclusion

The prime consideration in this process has been Treating Customers Fairly and from the outset Norwich Union has entered into the discussions positively, looking wherever possible to include policyholders rather than exclude them. I approach the reattribution negotiations in the same spirit.



**Clare Spottiswoode CBE**  
**Policyholder Advocate**

# Contents

	Page
About this booklet	5
I want to know the basics	6
I want to know the details	7
I want to know more	9
Explanation of terms	14

## About this booklet

This booklet describes which types of Norwich Union with-profits policies will be eligible for our proposed reattribution and explains the decisions we've made to define eligibility. To help you, we've split the information into three levels of detail:

- **I want to know the basics** - this section gives you a quick and easy overview of our plans, the basic rules for eligibility and where you can get further information.
- **I want to know the details** - this section builds on the basics, providing you with a more detailed explanation of how we've reached our decisions, and attempts to answer some key questions you may have.
- **I want to know more** – this section:
  - lists which types of with-profits policies are eligible, which are not and why,
  - specifies how changes you make to your policy could affect your eligibility,
  - lists who can take part in the reattribution election and who receives the incentive payment.

If you would like to find out more about our plans, please visit our dedicated website [www.norwichunion.com/fundtransfer](http://www.norwichunion.com/fundtransfer).

We've tried to avoid jargon wherever possible, but unfortunately sometimes there's no getting away from it. That's why we've included a section at the back with an explanation of technical terms. Words you might not find familiar are printed in **bold type** and explained in that section.

# I want to know the basics...

- We are now able to confirm which types of policy will be **eligible** to participate in Norwich Union's proposed **retribution**. If your policy is eligible, we will write to you before the end of 2007 to confirm your eligibility and to explain our next steps.
- In spring 2008, eligible Norwich Union policyholders will be invited to take part in a retribution, subject to an offer being agreed with Clare Spottiswoode, the **Policyholder Advocate**. If your policy is eligible, you will be given the option to accept an **incentive payment** in return for giving up any rights you have to future payouts from Norwich Union's **inherited estate**. You can find out more about our plans on page 7.
- Following negotiations with the Policyholder Advocate, we have jointly agreed that to be eligible, your policy must be:
  - in force on 21 November 2006, the day on which we announced the Policyholder Advocate's appointment,
  - still in force on the day the retribution takes place (summer 2008 at the earliest) and,
  - invested in the **CGNU Life** With-Profits Fund or **CULAC** With-Profits Fund from 21 November 2006 until the day the retribution takes place.
- There are some exceptions to these rules. You can find out more on pages 9 - 11.
- Our guiding principle in reaching this agreement with the Policyholder Advocate has been that all Norwich Union policyholders are treated fairly and openly. As well as discussing our terms with the Policyholder Advocate, there has also been extensive consultation with the **Independent Expert**, Nick Dumbreck and key commentators.
- We continue to discuss terms of the potential retribution with the Policyholder Advocate, including details of the incentive payment. If we agree terms with the Policyholder Advocate and make an offer, we expect to contact eligible **policyholders** with full details about the deal and payment in spring 2008.

In the case of a new policy, Norwich Union must have received the customer's application and payment, or payment instruction, on or before 21 November 2006.

# I want to know the details...

## What are your plans?

We are proposing to transfer the **CGNU Life Assurance Limited (CGNU Life)** and **Commercial Union Life Assurance Company Limited (CULAC)** with-profits funds into **Norwich Union Life & Pensions Limited (NULAP)**, so that all our with-profits business is held in one Norwich Union Life Company. This will simplify our operations.

This transfer will let us reorganise some of the money, known as the inherited estate, that has built up in these funds over generations. We believe we could use this money more efficiently, while still making sure that the funds remain financially secure.

The reorganisation, known as a **retribution**, has to be agreed between Norwich Union and eligible policyholders in the relevant funds.

In a retribution, eligible policyholders can choose to receive an **incentive payment** in return for giving up their interest in possible future payouts from the inherited estate. The incentive payment is made from shareholders' funds and does not come from the **with-profits** funds.

## How are you safeguarding my interests?

It is important to recognise that these plans do not affect the terms of your policy or your premiums, and your investment will remain secure.

We are following a strict legal and regulatory process, including the appointment of an independent Policyholder Advocate to represent your interests, to ensure your rights are protected every step of the way. Our proposals are also subject to High Court approval and confirmation from the Aviva Board.

A decision to proceed hasn't been made yet and we will only go ahead with the retribution if we are confident that there are clear benefits both for policyholders and Norwich Union.

## How have you defined eligibility?

Our guiding principle in defining eligibility is to make sure we treat all Norwich Union policyholders fairly and openly.

We have also taken into account:

- rules governing the legal ownership of the policy,
- previous commitments we have made to our customers, and
- the need to be consistent with our own business practices and with comparable changes in the life assurance industry (for example demutualisations).

## Why did you choose 21 November 2006 as the qualification date for eligibility?

We needed a single, non-negotiable date that would define the cut-off point for eligibility.

We chose 21 November 2006 because this was the date we announced the appointment of the Policyholder Advocate. This announcement marked a milestone and signified our commitment to progressing with our plans, so to be fair to our policyholders we set this date as a qualification date should a retribution go ahead.

### **What happens to policyholders whose CULAC or CGNU Life policies reached their maturity date before 21 November 2006?**

A customer whose policy came to an end before 21 November 2006 will not be eligible to take part in the reattribution, even if their policy was invested in one of the relevant funds.

### **What happens to policyholders whose CULAC or CGNU Life policies reach their maturity date between 21 November 2006 and the date the reattribution goes ahead?**

If a policyholder's policy was in force on the qualification date (21 November 2006), but matures before the date the reattribution goes ahead, the policy will still count as eligible.

### **Could changing a policy alter its eligibility?**

Certain changes made to a policyholder's policy after 21 November can affect whether or not it is eligible. These changes are explained in full on pages 10 - 11. As a general point to note, if you increase your investment in the with-profits fund, your policy will remain eligible, but your incentive payment will not increase.

### **How are you ensuring that policyholders are being treated fairly?**

Customer fairness has always been our priority. So, since June 2006, we've been giving information by letter or phone to with-profits policyholders whose eligibility or incentive payment could be affected if they change their policies.

We also want to ensure that customers continue to be treated fairly and openly in the future, which is why we're setting up an Eligibility Panel. Although we believe we've covered every eventuality during the course of our negotiations with the Policyholder Advocate, we can't be sure. There may be special circumstances or considerations that come up in the future that we've not thought about. The Eligibility Panel will deal with matters of principle in the future that we haven't yet considered and will consider eligibility where circumstances are unclear. The Panel will be made up of representatives from Norwich Union and a representative from the Policyholder Advocate's Office.

### **Are there any rules around who elects and who receives the incentive payment?**

You can only elect in the reattribution if you legally own the policy. This is the same way we approach the processing of Norwich Union policy claims.

Eligibility to receive the incentive payment depends on a number of factors, including:

- who legally owns the policy,
- who the policy beneficiaries are, and
- any Court orders or legal rules affecting the policy.

You can find out more about this on pages 12 - 13.

# I want to know more...

## More about who's eligible and why.

What if....	Am I eligible?	Can you explain why?
I have a Stakeholder policy invested in the Stakeholder funds of CGNU Life or CULAC.	No	Although the Stakeholder Fund is a with-profits fund, it is a separate ring-fenced fund that has no entitlement to any payment from the inherited estates of the CGNU Life and CULAC with-profits funds.
I have a <b>Norwich Union Life (RBS) Limited</b> policy which was invested in the CGNU Life and CULAC with-profits funds.	Yes	The legal document enabling the investment of your policy (known as a <b>reinsurance treaty</b> ) makes it clear that Norwich Union Life (RBS) policyholders would be eligible to participate in a reattribution.
I have a <b>Norwich Union International Limited (NUIL)</b> policy invested in the CGNU Life and CULAC with-profits funds.	Yes	The legal document enabling the investment of your policy (known as a reinsurance treaty) makes it clear that NUIL policyholders would be eligible to participate in a reattribution.
I have a Provident Mutual policy which was invested back into the CGNU Life With-Profits Fund.	No	Provident Mutual is now closed to new business, and it doesn't have a comparable strength to the CGNU Life and CULAC with-profits funds. The legal document enabling the investment of your policy (known as a reinsurance treaty) makes it clear that Provident Mutual reinsured funds acquire no interest in the CGNU Life inherited estate.
I have a policy invested in Norwich Union Life and Pensions (NULAP). (This includes the Provident Mutual sub-fund.)	No	NULAP policies are ineligible because they are not invested in the CGNU Life or CULAC with-profits funds. NULAP is a completely separate company with separate with-profits funds.
I have a policy with a choice of investment funds which includes the CGNU Life or CULAC with-profits funds and:		
<ul style="list-style-type: none"> <li>■ I invested in these with-profit funds on or before 21 November 2006 and fulfil all the eligibility criteria.</li> </ul>	Yes	Policyholders have the opportunity to switch investments in and out of with-profits. The treatment of this is consistent with the reasons given on pages 10 and 11.
<ul style="list-style-type: none"> <li>■ I didn't invest in these with-profits funds on or before 21 November 2006.</li> </ul>	No	

## More about making changes to eligible policies

What happens if ...	Will I be eligible?	Why?
I sent an application, including a cheque or direct debit mandate for a policy before 21 November 2006, which you accepted but did not set up until after 21 November 2006.	Yes	Because the application had been sent with payment or means of payment before 21 November 2006, this policy would be eligible.
I sent an application for a policy, but did not include a cheque or direct debit mandate before 21 November 2006. Although you accepted my application, payments started after 21 November 2006.	No	Although the application was sent before 21 November 2006, payment or a means of payment was not received in time for this policy to be eligible. As Norwich Union will not allow a policy to become effective until it receives a premium payment (or a means of payment, such as a direct debit mandate) the policy was not in force until after 21 November 2006.
I start a new policy, to replace an existing one between 21 November 2006 and the date the reattribution takes place using an existing policy option:		
<ul style="list-style-type: none"> <li>■ when the original policy would have been eligible,</li> </ul>	Yes	Only the new policy would be eligible.
<ul style="list-style-type: none"> <li>■ when the original policy would not have been eligible.</li> </ul>	No	The eligibility rules apply based on the original policy option you took out.
I die and as a result a claim is made under the policy between 21 November 2006 and the date the reattribution takes place.	Yes	<p>We've based our reasoning on <b>Treating Customers Fairly</b> principles, and also taken into account similar life assurance industry practice (for example the approach taken in demutualisations). The rules that apply in these circumstances are:</p> <ul style="list-style-type: none"> <li>■ Policies terminated automatically receive the same amount of incentive payment as if they had continued to the date the reattribution goes ahead.</li> <li>■ The policyholder (or legal representative) does not need to take part in the election because when the reattribution takes effect, the policy is no longer in existence.</li> </ul>
I retire on my selected retirement date, specified at the time the policy was taken out, between 21 November 2006 and the date the reattribution takes place.	Yes	
Between 21 November 2006 and the date the reattribution takes place, I retire earlier than my selected retirement date, because of ill health.	Yes	
I claim on my critical illness policy between 21 November 2006 and the date the reattribution takes place.	Yes	
Between 21 November 2006 and the date the reattribution takes place, I retire later than my originally selected retirement date.	Yes	
My policy matures between 21 November 2006 and the date the reattribution takes place.	Yes	
Between 21 November 2006 and the date the reattribution takes place, I retire and my policy does not have a selected retirement date or a similarly defined date.	Yes	
I transfer ownership of, or sell, my policy to somebody else before I am invited to take part in the offer.	No	
Between 21 November 2006 and the date the reattribution takes place, I retire earlier than my selected retirement date, because I've chosen to.	No	If you choose to retire earlier than your selected retirement date, you would lose your eligibility, as the policy won't be in force between 21 November 2006 and the date the reattribution takes place.

## More about making changes to eligible policies

What happens if ...	Will I be eligible?	Why?
<p>I have a policy that <b>lapsed</b> before 21 November 2006 and was reinstated and remains in force at the date the reattribution takes place where:</p> <ul style="list-style-type: none"> <li>all outstanding payments were subsequently made,</li> <li>although I've stopped paying my premiums, they are being paid from the policy itself until no value is left in the policy.</li> </ul>	<p>Yes</p> <p>Yes</p>	<p>Assuming that some investment remains on the date the reattribution goes ahead, it would be eligible, because the policy was in force before 21 November 2006.</p> <p>Any incentive payment made may reflect any reduction in investment value.</p>
<p>Between 21 November 2006 and the date the reattribution takes place I surrender my investment earlier than the selected maturity date and I:</p> <ul style="list-style-type: none"> <li>surrender the whole with-profits investment,</li> <li>surrender part of the with-profits investment.</li> </ul>	<p>No</p> <p>Yes, but for reduced investment</p>	<p>If the whole investment is cashed, it won't meet the condition of being in force on 21 November 2006 and the date the reattribution takes place. If a partial surrender is made, the policy would continue to be eligible, but any incentive payment may reflect the reduced investment value.</p>
<p>Between 21 November 2006 and the date the reattribution takes place I surrender my with-profits bond with no specific maturity date:</p> <ul style="list-style-type: none"> <li>in full, or</li> <li>in part.</li> </ul>	<p>No</p> <p>Yes, but for reduced investment</p>	<p>If the whole investment is cashed in, it won't meet the condition of being in force on 21 November 2006 and the date the reattribution takes place. If a partial surrender is made, the policy would continue to be eligible, but any incentive payment may reflect the reduced investment value.</p>
<p>Between 21 November 2006 and the date the reattribution takes place I transfer my investment:</p> <ul style="list-style-type: none"> <li>to another eligible Norwich Union policy,</li> <li>to another Norwich Union policy that isn't eligible,</li> <li>to another Insurance Company.</li> </ul>	<p>Yes</p> <p>No</p> <p>No</p>	<p>Only the policy to which the investment was transferred would be eligible.</p> <p>The policy is only eligible if it remains within the CULAC or CGNU Life with-profits funds.</p>
<p>I withdraw part of the investment between 21 November 2006 and the date the reattribution takes place.</p>	<p>Yes, but for reduced investment</p>	<p>If a partial withdrawal is made, the policy would continue to be eligible. Any incentive payment made may reflect the reduced investment. Regular withdrawal arrangements set-up before 21 November 2006 would not reduce any payment.</p>
<p>I take a loan on my eligible policy between 21 November 2006 and the date the reattribution takes place.</p>	<p>Yes</p>	<p>The loan is a contractual entitlement that does not affect the underlying investment in the eligible with-profit fund.</p>
<p>I take a payment holiday between 21 November 2006 and the date the reattribution takes place.</p>	<p>Yes, provided the policy doesn't <b>lapse</b></p>	<p>The policy was in force on 21 November 2006. Assuming that some investment remains by the date the reattribution goes ahead, it would be eligible. Any incentive payment made may reflect the reduced investment.</p>
<p>I switch my investment out of the with-profits fund and:</p> <ul style="list-style-type: none"> <li>no investment is left in the with-profits fund,</li> <li>some investment is left in the with-profits fund.</li> </ul>	<p>No</p> <p>Yes, but for reduced investment</p>	<p>The policy is no longer invested in one of the relevant funds, so it is not eligible.</p> <p>The policy was in force on 21 November 2006. Any incentive payment may reflect the reduced investment.</p>

## More about the rules for electing and receiving an incentive payment.

Ownership	Who votes?	Who receives incentive payment?*	Why?
I am the original policyholder and remain the legal owner.	Original policyholder	Original policyholder	They are the legal owner(s) of the policy. This is the same way we approach the processing of Norwich Union policy claims.
I jointly own the policy and remain one of the legal owners.	All policyholders	All policyholders	
I am the original policyholder(s) but assigned, deposited or mortgaged the policy as security for a loan or debt.	Original policyholder(s)	Original policyholder(s)	This follows the approach taken by the life assurance industry in similar circumstances, for example on demutualisations.
<p>I hold a policy that was assigned to me because:</p> <ul style="list-style-type: none"> <li>■ I paid for it (i.e a second hand policy) or</li> <li>■ A court order required it to be assigned to me (e.g. as part of a divorce) or</li> <li>■ It was given to me (in circumstances other than those described in the box directly above)</li> </ul> <p>And Norwich Union was informed I'm the new policyholder before the date the reattribution takes place.</p>	Assigned policyholder (known as the <b>Assignee</b> )	Assigned policyholder (known as the Assignee)	<p>If the policy has been assigned, and Norwich Union was not given notice, we will accept an election made by, and make payment to, the <b>assignor</b>. If transfer of ownership is made before the date the reattribution takes place, payment will be made to the assignee.</p> <p>Therefore if you are an assignee of a policy and Norwich Union has not been aware of the assignment, your election form and incentive payment may go to the incorrect policyholder. You should notify Norwich Union of changes such as this as soon as possible.</p>
I am a trustee in bankruptcy who has been appointed to administer the affairs of a bankrupt policyholder and Norwich Union has received notice of the bankruptcy on or before the election deadline.	Trustee in bankruptcy	Trustee in bankruptcy	The trustee is the legal owner of the policy. This is the same way we approach the processing of Norwich Union policy claims.
I hold an Enduring or General <b>Power of Attorney</b> which came into effect before the election deadline.	Policyholder to vote (if still mentally capable), or Attorney to elect subject to verification of power	<b>Donor</b> of the power	The policyholder is the legal owner(s). This is the same way we approach the processing of Norwich Union policy claims. The Attorney will have the power to make decisions on behalf of the Donor.
I hold an eligible policy which is subject to a Confiscation Order.	Organisation named in the Order	Organisation named in the Order	Follows the decision taken by the Court
I am/we are the trustee(s) of a trust and Norwich Union was told about the existence of the trust before the election deadline.	All trustees	Paid to the trustees but on behalf of the beneficiaries of the trust	If the trust was set up at an earlier date, and Norwich Union wasn't given notice, we will accept an election by and make a payment to the trustee(s) provided that we receive notice from the person who set up the trust, or the current trustees, on or before the election deadline.

## More about the rules for electing and receiving an incentive payment.

Ownership	Who votes?	Who receives incentive payment?*	Why?
We are the trustees of a defined contribution occupational pension scheme administered by Norwich Union.	Trustees	Individual members	This is the same way we approach the processing of Norwich Union policy claims.
We are the trustees of a defined benefit occupational pension scheme administered by Norwich Union.	Trustees	Scheme	The trustees of a defined benefit pension scheme are the legal owners of the policy. So, they can take the election decision on behalf of the scheme. Any payment will increase the assets of the scheme and it is then the responsibility of the trustees to decide how it is applied. Members' benefits will not be affected unless the employer decides to provide additional benefits. The scheme rules may set out how surplus or windfall payments are dealt with.
I am a member of a personal pension scheme.	Individual members	Individual members	Each individual member has a choice. This is the same way we approach the processing of other Norwich Union policy claims.
I set up a trust (i.e. I am the settlor) of a: <ul style="list-style-type: none"> <li>■ retirement annuity contract,</li> <li>■ replacement pension policy, or</li> <li>■ a personal pension plan.</li> </ul>	Settlor	Settlor	This is the same way we approach the processing of other Norwich Union policy claims.
I am a member of a free-standing Additional Voluntary Contribution scheme.	Individual members	Individual members	They are the legal owner(s) of the product and this is the same way we approach the processing of other Norwich Union policy claims.

\*note:

- We will pay cash – in the form of a cheque – unless we consider there are legal, regulatory, security or tax reasons why a cash payment cannot be made. In these cases an addition will be made to your policy.
- We will clearly explain how payment will be made to you if you vote to take part in reattribution.
- Only one incentive payment or addition to your policy (as the case may be) will be paid per policy.

# Explanation of terms used in this booklet

A	
Assets	Assets are investments held by the Norwich Union insurance funds, such as shares, government and corporate bonds, and property.
Assignee	The policyholder to whom an assignment is made
Assignor	The policyholder who transfers their policy or life insurance to another by way of assignment.
C	
CGNU Life Assurance Limited (CGNU Life)	An insurance company that is part of the Norwich Union Life group of companies. This company has previously been known as both General Accident Life and CGU Life.
Commercial Union Life Assurance Company (CULAC)	Commercial Union Life Assurance Company Limited, an insurance company that is part of the Norwich Union Life group of companies.
D	
Donor	Policyholder who grants a <b>Power of Attorney</b> to another.
E	
Eligibility	This is where a policy invested in a particular with-profits fund potentially qualifies for an <b>incentive payment</b> . Eligibility rules have been agreed by <b>Norwich Union</b> and the <b>Policyholder Advocate</b> . The eligibility rules are explained in this booklet.
F	
FSA	The Financial Services Authority (FSA) is an independent organisation that regulates the financial services industry. You can find out more on: <a href="http://www.fsa.gov.uk">www.fsa.gov.uk</a>
Fund transfer	A fund transfer moves all the policies and the <b>assets</b> that back them from one company to another. The proposed fund transfer will move all <b>CGNU Life</b> , <b>CULAC</b> and <b>NUL RBS</b> policies into <b>NULAP</b> and will require the approval of the High Court.
I	
Incentive Payment	If a policy is <b>eligible</b> then the policyholder could choose to receive an incentive payment from <b>Norwich Union</b> . The incentive payment will be paid as cash – in the form of a cheque – unless we consider there are legal, regulatory, security or tax reasons why a cash payment cannot be made. In these cases an addition will be made to the policy.
Independent Expert	The person nominated or approved by the <b>FSA</b> and who has a duty to the High Court to provide an objective assessment of the firm's transfer and reattribution proposals. Nick Dumbreck has been appointed in respect of the proposals by Norwich Union that are described in this booklet. His position is independent of both Norwich Union and the <b>Policyholder Advocate</b> . His appointment is in accordance with legal and regulatory requirements which govern the proposed transfer and reattribution. The report he produces for the High Court will examine the effect the firm's proposals will have upon the security that customers have at present and the benefits they are likely to get.
Inherited estate	<p>The inherited estate is money that has built up in the <b>CGNU Life</b> and <b>CULAC</b> with-profits funds over many years. It is in addition to the expected amount needed to meet current policyholder commitments and guarantees, and other obligations such as tax and expenses. The inherited estate is important because it is used to provide:</p> <ul style="list-style-type: none"> <li>■ security for customers against unexpected adverse conditions, such as substantial falls in stock market values</li> <li>■ investment flexibility, and</li> <li>■ the finance needed to support the continued writing of new business in the funds.</li> </ul> <p>The inherited estate is owned and managed by the with-profits company (in this instance CGNU Life and CULAC).</p>

<b>L</b>	
Lapse	A policy that expires without value for any reason.
<b>N</b>	
Norwich Union	Norwich Union is the brand under which Aviva sells its life, pensions and insurance products in the UK.
Norwich Union Life & Pensions Limited (NULAP)	An insurance company that is part of the Norwich Union Life group of companies.
Norwich Union International Limited (NUIL)	An insurance company that is part of the Norwich Union Life group of companies and reinsures with-profits investments to the CGNU Life and CULAC with-profits funds.
Norwich Union Life (RBS) Ltd (NUL RBS)	An insurance company that is part of the Norwich Union Life group of companies and reinsures with-profits investments to the CGNU Life and CULAC With-Profits Funds.
<b>P</b>	
Policyholder	The legal owner of an insurance policy.
Policyholder Advocate	The Policyholder Advocate is an individual nominated or approved by the <b>FSA</b> who is appointed to represent the interests of policyholders in negotiations with the company proposing a reattribution and to comment to policyholders on certain elements of the reattribution. Clare Spottiswoode has been appointed to represent CGNU Life and CULAC policyholders in respect of Norwich Union's proposed reattribution that are described in this booklet.
Power of Attorney	The document authorising one person to act for another.
<b>R</b>	
Reattribution	A reattribution allows eligible policyholders to choose to receive an <b>incentive payment</b> in return for giving up any right they may have to possible future payouts from an <b>inherited estate</b> . The payment is made from shareholders' funds and does not come from the <b>with-profits funds</b> . The inherited estate remains within the business and continues to underpin the with-profits fund.
Reinsurance treaty	The legal agreement under which an insurance company transfers the risks of some of its insured business to another insurance company.
<b>T</b>	
Treating Customers Fairly	Norwich Union is committed to supporting the FSA's principle of Treating Customers' Fairly (TCF). By following the TCF principles, we're aiming to raise standards in the way we conduct our business by introducing changes that will benefit consumers and increase their confidence in the financial services industry.
<b>W</b>	
With-profits policy	With-profits policies are long-term investments provided by insurance companies. Policyholders pay premiums into their policies which are then pooled together in a pooled fund. The insurance company manages the investments relating to the premiums in the fund and may add bonuses to the value of the policies. The size of these bonuses depends on how well the investments relating to the premiums perform. Companies often hold back some investment returns in good years, so that bonuses in poorer years can be topped up. This is known as smoothing.

The following organisations were approached, as part of the consultation process, and were invited to give their thoughts and opinions regarding policyholder eligibility in the event that they felt it appropriate for them to comment and they wished to do so:

- The Financial Services Authority Consumer Panel
- The Independent Expert (Nick Dumbreck)
- Which?
- Association of Independent Financial Advisers
- Association of British Insurers
- Citizens Advice
- The Personal Finance Society
- UK Social Investment Forum

We also approached advisers and adviser organisations, representing more than 75 per cent of all UK advisers.



Norwich Union Life & Pensions Limited. Registered in England No 3253947. 2 Rougier Street, York, YO90 1UU.  
Norwich Union Life & Pensions Limited is authorised and regulated by the Financial Services Authority.  
Member of the Association of British Insurers.  
[www.norwichunion.com](http://www.norwichunion.com)