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Financial highlights

- **Group operating result* for first half of £375m, up 17%. General business result up 58% reflecting underwriting actions and rate increases.**
- **102.9% combined ratio for all general business for the second quarter. Ongoing business on track for target returns.**
- **Interim dividend unchanged at 8.8p.**
- **First stage of UK life review complete. Expect entire process to be complete before year end.**

Bob Mendelsohn, Group Chief Executive, said:

"We have had an excellent first half to the year, achieving strong growth in our general insurance business and significant progress towards our strategic and financial goals. In the second quarter, we hit our 103% combined ratio target for the general business. We also continued to reshape the Group, disposing of a number of non core operations while making acquisitions in support of our major businesses and establishing a solid base for sustainable growth. We expect this programme to be substantially complete by year end and will enter 2002 well positioned to take advantage of our international strength in general insurance."

	6 Months 2001	6 Months 2000
Revenue		
General business net premiums written	**£4,539m**	£4,293m
Life business net premiums written	**£1,570m**	£1,750m
Group operating result *	**£375m**	£320m
Balance sheet at 30 June 2001 / 31 December 2000		
Shareholders' funds	**£5,822m**	£6,323m
Net asset value per share (adding back equalisation provisions)	**419p**	452p
Interim dividend per share	**8.8p**	8.8p

* Based on longer term investment return (LTIR). For more details on LTIR see Note 2 on Page 12.

Business overview

Group Operating Result* up 17% at £375m

The Group operating result* of £375m again demonstrated a significant improvement and was 17% up on the corresponding figure for 2000. The strong performance of our general business has continued, producing a result of £344m, up 58% on the same period last year. The general insurance result for the quarter, of £196m, is up 52% on the second quarter of 2000. The Group combined ratio for the first half on total business was 104.3% (2000 : 107.6%). Included in these results is around £40m of losses from units or lines of business which we intend to dispose of or discontinue. Our underlying combined ratio for the half year in respect of ongoing business remains on track at 103.8%.

Bob Mendelsohn, Group Chief Executive, commented,

"Three years ago we first outlined our target of achieving a 10% net real return on capital for 2001, which given our business mix, we translated to a 103% combined ratio for the Group. I am very pleased to be reporting in a quarter in which we have achieved a combined ratio of 102.9%. This is particularly pleasing because we have done it at a time when we still have a distance to travel along the path of our 'fix or eliminate' programme, in which we will keep and grow only those businesses where we can reach - and sustain - our target returns. The combined ratio for the first half of the year for total business is 104.3% with all of our Regions showing an improvement in performance over last year. That improvement is particularly marked during the second quarter. As indicated last quarter, our continuing business is the prime indicator of our underlying performance and there we have achieved combined ratios of 103.8% for the half year and 102.2% for the quarter.

Growth

"In the first half general insurance premiums grew by 5% to £4,539m as a result of the strong rate increases which we have been achieving around the Group. The average rate increase has been significantly higher than this headline figure and was well into double digits in many countries. The increase in premium resulting from these higher rates was offset in part by our programme of disposals, discontinuances and exposure reductions in various lines of business. This programme is continuing throughout 2001. The worldwide premium rating environment continues to be positive and has been strengthened by market developments.

"During the quarter we saw a number of very positive developments for our core businesses worldwide. In the UK we were delighted to renew our corporate partnership arrangement with Halifax for a further four years. The renewal, which covers household insurance products for customers of the Halifax, is expected to produce premium income in excess of £1bn over the life of the contract.

"In June we launched MORE TH>N, our new UK direct business, offering levels of service and customer solutions that go beyond what has traditionally been available from the insurance industry. MORE TH>N sells home, motor, life, health, pet and travel insurance plus savings and investments via the internet (**www.morethan.com**) and telephone. We are aiming to reach 400,000 new customers a year via this market leading service.

"Organic growth worldwide continues to be driven by our increasingly strong competitive position, as well as a commitment to achieving rate increases necessary to achieve our return on capital requirements. Our refusal to write business at unprofitable margins has meant some loss of premium but we continue to retain profitable books of business.

"Subsequent to our last results announcement, we have made small bolt on acquisitions to strengthen our operations in Canada, Scandinavia and Latin America. In Canada the purchase of Kemper's general business portfolio will add approximately £40m of annual premium to our existing business. The acquisition has been neutral to the result this quarter. In Sweden we announced the acquisition of Folksam's commercial portfolio, firmly establishing us as one of the major commercial lines insurers in the country. In Brazil the purchase of CGNU's business for £15m, announced this week, will strengthen our position in Latin America's largest market. Our small acquisition in Mexico will support the clients of our USA and Canadian companies in the NAFTA zone, as well as provide an opportunity to extend the products and expertise of La Construcción, our Chilean subsidiary, to the market in Mexico. In aggregate, we announced disposals which will yield proceeds of £312m. As a general rule, the disposals came in areas in which we saw little chance of establishing a market leading position and the acquisitions came in areas, or market segments, in which we did.

"There has been a withdrawal of capacity from a number of markets and this, together with our strong commitment to the general insurance business, has continued to attract intermediaries and clients. This has been particularly evident in the UK and Australia. We are writing increased levels of business on our own terms and at our own rates. This should be reflected in our operating ratios in these markets in future periods.

Reshaping the Business

"You will have seen over the last few months three of the strands of the 'fix or eliminate' programme come together with the sale of our life and general operations in Spain, of our life company in Canada and of Lloyd Italico in Italy. We have also disposed of non strategic companies such as Royal & SunAlliance Trust Company and Swinton Holdings in the United Kingdom. However, underpinning all of our divestments is our aim of maintaining and, where possible, enhancing shareholder value. In the current economic climate it is unsurprising that, with this aim of optimising value, the programme is taking some time to finalise, but you will see further developments during the second half of this year.

Future of Life Operations

"As we disclosed earlier this year, work has been underway to identify ways of releasing capital from our life business, with the intention of reinvesting it in the growth opportunities that we believe will exist in general insurance for some years to come. We said at the time that we would consider all options including reinsurance and securitisation and that it could entail the sale of all or part of our life operations. To establish how we might proceed in the UK we announced last quarter that the UK life company had commissioned an independent actuarial review.

"The first stage of the process has now been completed with the finalisation of the actuarial report. This report both confirms our published embedded value figures and provides us with the data necessary to evaluate all of the options in detail. Once this evaluation is complete and any appropriate actions taken, we will make an announcement. Until that point we will not be making any further comment. We anticipate that the entire process will be complete by the end of the year.

"In accordance with our active capital management programme any release of capital from this review and any other activities would be applied as follows:

- Firstly to satisfy any existing risk based capital requirements;
- Secondly to support the broad organic growth opportunities we foresee in most of our markets;
- Thirdly to fund external growth opportunities, particularly in our core markets in Canada, Scandinavia, Australia and New Zealand.

Dividend

"In its consideration of the six month results the Board has determined that the appropriate level of interim dividend is 8.8p - unchanged from last year. The dividend will be payable on 30 November 2001 to shareholders registered at the close of business on 7 September 2001. As we indicated at the first quarter we review our dividend position each year. Should we decide to make a change to dividend policy this will be announced to the market in advance of actually implementing that change.

Outlook

"During the past three years we have been through a period of reflection, restructuring and reinvention - we have emerged much stronger. We have been preparing for the new financial services environment where the customer is king and where the intelligent use of knowledge and technology are key differentiators. We have also been working hard to improve our core competencies of underwriting and claims management, which underpin our business. We continue to analyse developments in industry reserving issues, where areas such as the increasing trends in casualty claims inflation need to be constantly monitored. We always seek to maintain an appropriate level of reserving.

"We are an industry leader, ideally positioned to take advantage of the improving general insurance market worldwide and the improved returns that can be generated as a result. We believe that this upturn will continue for a number of years and that our global positioning and firm rating actions should enable us to achieve and maintain our target returns."

Operations review

General Business Result

The general business result of £344m (2000 : £218m) has increased by 58%. The combined ratio for the Group on total business is 104.3%, compared with 107.6% in the first half of 2000. All Regions of the Group showed a significant improvement with Europe and Asia Pacific performing particularly well. For the second quarter the combined ratio improved to 102.9% for all general business compared with 107.1% for the second quarter last year.

A key element in the strategy of achieving the Group target combined ratio of 103% for 2001, is the policy of disposing or discontinuing those operations or lines of business that are either not performing or are non strategic. A number of disposals and discontinuations have been announced over the last year, including Lloyd Italico in Italy, the Group's Spanish operations and various lines of mid market workers' compensation business in the USA. This process continues and it is expected that further announcements will be made during the remainder of this year. The effect on the Group combined ratio of both the announced and planned disposals and discontinuations is as follows:

	Net Premiums Written £m	**Underwriting Result £m**	**C O R %**
As published	4,539	(222)	104.3
Less: Disposed and discontinuing	300	(40)	112.0
Underlying	4,239	(182)	103.8

Life Business Result

The life business result of £102m is £22m worse than 2000. In Europe the increase in the Danish contribution has been more than offset by the costs associated with our EuroLife project, in which unit linked investment products are distributed across Continental Europe from a base in Dublin, and the sale of the Italian life companies, which contributed a profit of £4m last year. Our New Zealand Life profit has increased by £2m following the fourth quarter 2000 change to the Margin on Service basis. The UK Life profit has reduced by £12m largely as a result of the downturn in the stock market.

Life New Business

Overall life new business excluding investment sales is down by 7% on an APE basis, at £177m for the first half. This can partly be attributed to the disposals of our Italian life operations during 2000. However, we have also seen a fall in new business in the UK. Deteriorating investment conditions in the first half have undoubtedly had an impact on investor confidence and our investment bond sales. As is the case with our general insurance business, our life business has elected not to write business with unprofitable margins. However, we believe we have the fundamentals in place, with a new innovative product which has been well received by IFAs, and the right distribution strategy to benefit from any upturn in the investment market during the second half of this year. Our market leading Group Risks business continues to show good growth. Our strategy of focusing on group pensions, rather than stakeholder business, is working well. We are increasingly being seen as a serious pension player and have been successful in winning large scheme business.

Other Activities Result

The analysis of the other activities result is as follows:-

	6 Months 2001 (unaudited) £m	6 Months 2000 (unaudited) £m
Fund management - RSAI	**3**	2
Development expenses	**(13)**	-
Other non insurance	**(3)**	8
Non insurance activities	**(13)**	10
Associates	**4**	10
Central expenses	**(19)**	(19)
Investment expenses	**(13)**	(12)
Loan interest	**(16)**	(21)
Balance of LTIR	**(14)**	10
Other activities result	**(71)**	(22)

The other activities result includes a cost of £14m in respect of the balance of LTIR. This comprises a number of items, of which the most significant is a charge in respect of the overall shortfall of capital when compared with the Group's risk based capital requirement. The general insurance result includes the return arising on the notional risk based capital requirement while other activities reflects the shortfall of actual capital when compared with the notional.

Other Profit & Loss Movements

The largest item affecting the difference between Group operating result* and profit before tax (PBT) is short term investment fluctuations. UK accounting rules require us to reflect the full market value movement in our investment portfolio in each quarter's PBT. This volatility can distort each quarter's PBT and is one of the main reasons that we use Group operating result based on the longer term investment return as our primary measure of performance. For the six months, PBT also includes a charge of £150m for the amount of goodwill originally written off to reserves on the acquisition of Swinton. As Swinton has now been sold, the goodwill is written back against profit. There is a corresponding credit to the reserves of the same amount and therefore no reduction in shareholders' funds.

Other movements in the consolidated profit and loss account comprise charges in respect of interest on dated loan capital of £28m, the change in equalisation provisions of £30m, amortisation of goodwill of £54m and other items of £46m. Short term investment fluctuations were a charge of £503m reflecting the poor investment market conditions.

Other movements also includes the profit on disposal of subsidiaries, which is mainly in respect of Swinton and the UK trust company, of £22m.

The underlying rate of tax on the Group operating result* is 29% (2000 : 30%).

After tax and a minority interest of £4m, the loss for the period attributable to shareholders was £464m (2000 : loss of £57m).

Movement in Total Capital

Total capital has decreased from £7,507m at 31 December 2000 to £7,015m at 30 June 2001. The movement includes the after tax loss attributable to shareholders of £464m, ordinary dividends of £126m, preference dividends of £5m and a reduction in embedded value of £183m. Offsetting these were exchange gains of £123m, an increase in share capital and premium of £4m and the write back of goodwill of £150m. During the first half of 2001 dated loan capital has increased due to foreign exchange movements of £6m.

Net Asset Value Per Share

The net asset value per share, after adding back claims equalisation provisions, decreased to 419p (31 December 2000 : 452p). As at 31 July 2001 this figure was estimated to be 416p.

* Based on longer term investment return (LTIR). For more details on LTIR see Note 2 on Page 12.

Consolidated profit & loss account

	30 June 2001 (unaudited) £m	30 June 2000 (unaudited) £m	31 Dec 2000 (audited) £m
General business net premiums written	**4,539**	4,293	8,372
Life business net premiums written	**1,570**	1,750	3,439
General business result	**344**	218	304
Life business result	**102**	124	252
Other activities result	**(71)**	(22)	(80)
GROUP OPERATING RESULT			
(based on longer term investment return) *	**375**	320	476
Amortisation of goodwill	**(29)**	(26)	(56)
Amortisation of goodwill in acquired claims provisions	**(19)**	(29)	(59)
Amortisation of present value of acquired in force business	**(6)**	(4)	(9)
Interest on dated loan capital	**(28)**	(27)	(55)
Claims equalisation provisions	**(30)**	10	(24)
Reorganisation costs and other items	**(46)**	(29)	(110)
Group operating result			
(based on longer term investment return) *	**217**	215	163
Short term investment fluctuations	**(503)**	(199)	20
(Loss) / profit on ordinary activities before exceptional items and tax	**(286)**	16	183
Excess of actual / estimated sales proceeds over net assets on disposal of subsidiaries	**22**	-	(26)
Goodwill write back on sale of business	**(150)**	-	(102)
Loss on disposal of subsidiaries less provisions for losses on subsidiaries to be sold	**(128)**	-	(128)
(Loss) / profit on ordinary activities before tax	**(414)**	16	55
Tax on Group operating result			
(based on longer term investment return) *	**(110)**	(97)	(152)
Tax on other losses / (profits)	**56**	31	81
Loss on ordinary activities after tax	**(468)**	(50)	(16)
Attributable to equity minority interests	**4**	(7)	2
Loss attributable to shareholders	**(464)**	(57)	(14)
Cost of preference dividend	**(5)**	(5)	(9)
Cost of ordinary dividend	**(126)**	(126)	(372)
Transfer from retained profits	**(595)**	(188)	(395)
Group operating earnings after tax per ordinary share			
(based on longer term investment return) *	**16.1p**	13.2p	18.5p
Earnings per ordinary share	**(33.0)p**	(4.4)p	(1.6)p
Diluted earnings per ordinary share	**(33.0)p**	(4.4)p	(1.6)p

* See Note 2 on Page 12

Statement of total recognised gains and losses

	6 Months 2001 (unaudited) £m	6 Months 2000 (unaudited) £m	12 Months 2000 (audited) £m
Loss attributable to shareholders	**(464)**	(57)	(14)
Movement in the value of long term business	**(183)**	(16)	(37)
Exchange	**123**	167	150
Total shareholders' consolidated recognised (losses) / gains arising in the period	**(524)**	94	99

Movement in shareholders' funds

	6 Months 2001 (unaudited) £m	6 Months 2000 (unaudited) £m	12 Months 2000 (audited) £m
Shareholders' funds at 1 January	**6,323**	6,484	6,484
Share capital issued and increase in share premium	**4**	5	19
Total shareholders' recognised (losses) / gains	**(524)**	94	99
Goodwill written back	**150**	-	102
Dividends	**(131)**	(131)	(381)
Shareholders' funds at 30 June / 31 December 2000	**5,822**	6,452	6,323

Summary consolidated balance sheet

	30 June 2001 (unaudited) £m	30 June 2000 (unaudited) £m	31 Dec 2000 (audited) £m
ASSETS			
Intangible assets	**1,116**	1,051	1,086
Investments			
Land and buildings	**505**	523	557
Interests in associated undertakings	**297**	212	241
Other financial investments - equities	**4,411**	4,603	4,647
- fixed interest	**9,637**	10,111	9,902
- other	**926**	856	963
	15,776	16,305	16,310
Value of long term business	**1,512**	1,765	1,729
Total investments	**17,288**	18,070	18,039
Reinsurers' share of technical provisions	**4,468**	3,912	3,975
Debtors	**5,466**	5,411	5,365
Other assets	**826**	696	701
Prepayments and accrued income	**1,386**	1,203	1,218
Long term business policyholders' assets	**38,793**	42,029	41,577
Total assets	**69,343**	72,372	71,961
LIABILITIES			
Shareholders' funds	**5,822**	6,452	6,323
Equity minority interests in subsidiaries	**403**	420	400
Dated loan capital	**790**	782	784
Total capital, reserves and dated loan capital	**7,015**	7,654	7,507
Technical provisions	**19,599**	19,072	19,153
Equalisation provisions	**313**	249	283
Borrowings	**547**	565	381
Other liabilities	**3,076**	2,803	3,060
Long term business policyholders' liabilities	**38,793**	42,029	41,577
Total liabilities	**69,343**	72,372	71,961

Note

The long term business policyholders' assets are presented before elimination of balances held between policyholders and shareholders.

Approved by the Board on 1 August 2001.

Summary shareholders' cash flow statement

	6 Months 2001 (unaudited) £m	6 Months 2000 (unaudited) £m	12 Months 2000 (audited) £m
Net cash outflow from operating activities	**(83)**	(88)	(142)
Dividends from associates	**-**	-	29
Servicing of finance	**(39)**	(31)	(72)
Taxation received / (paid)	**24**	(92)	(131)
Capital expenditure	**(31)**	(39)	(76)
Acquisitions and disposals	**89**	(7)	(14)
Dividends paid on equity shares	**(245)**	(232)	(358)
	(285)	(489)	(764)
Issue of ordinary share capital	**4**	5	19
Proceeds from the issue of dated loan capital	**-**	146	146
Purchase of own shares	**-**	(22)	(22)
Cash flow (pre investment)	**(281)**	(360)	(621)
Investment activities			
(Sales) / purchases of investments	**(118)**	(469)	(905)
(Increase) / reduction in borrowings	**(163)**	109	284
Net investment of cash flows	**(281)**	(360)	(621)

Note

The cash flow statement does not include any amounts relating to the life business except cash transactions between the life business and shareholders.

Explanatory notes to the financial information

1. Accounting Policies

There have been no significant changes in accounting policy in the six months ended 30 June 2001.

2. Longer Term Investment Return

The Group operating result (based on LTIR) is the most appropriate measure used internally to recognise the performance of the operations. For general insurance business, this result comprises the underwriting result (excluding changes in equalisation provisions) together with the longer term investment return (see below) on the assets backing both the general business liabilities and the risk based capital required to support these businesses.

The main items excluded from the Group operating result (based on LTIR), but included in the profit on ordinary activities before tax are the short term investment fluctuations, the change in equalisation provisions, reorganisation costs, amortisation of purchased goodwill (including goodwill in acquired claims provisions and amortisation of purchased value of long term business), dated loan capital interest, profits and losses arising on the disposal of businesses.

The longer term investment return is calculated in accordance with the Statement of Recommended Practice on Accounting for Insurance Business issued by the Association of British Insurers. The objective of calculating this return is to recognise the total investment return whilst avoiding the distortions of short term investment market fluctuations.

3. Earnings Per Share

The earnings per share is calculated by reference to the result attributable to the equity shareholders and the weighted average of 1,423,082,225 shares in issue during the period. The number of shares in issue at 30 June 2001 was 1,435,952,493.

4. Year End Results 2000

The results for the year ended 31 December 2000, which have been included as comparatives in the six months results, are not statutory accounts but have been abridged from the statutory accounts. A copy of the statutory accounts for that year, on which the auditors' report gave an unqualified opinion and did not contain a statement under Sections 237(2) or, 237(3) of the Companies Act 1985, has been delivered to the Registrar of Companies.

Further Information

A supplementary information pack is available on our Internet site **www.royalsunalliance.com** and contains:

- Detailed business review
- Statistical analysis
- Statutory financial information
- Life new business

A recorded AudioCast of the Results Presentation is also available on our Internet site **www.royalsunalliance.com**.

The results for the nine months to 30 September 2001 will be announced on 8 November.

Independent review report

Introduction

We have been instructed by the Company to review the financial information which comprises the Consolidated profit and loss account, the Statement of total recognised gains and losses, the Movements in shareholders' funds, the Summary consolidated balance sheet, the Summary consolidated shareholders' cash flow statement and the related notes including the Accounting policies. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for the use in the United Kingdom. A review consists principally of making enquiries of Group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with United Kingdom Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

The maintenance and integrity of the Royal & Sun Alliance Insurance Group plc website is the responsibility of the directors; our work does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2001.

PricewaterhouseCoopers

Chartered Accountants

London, 1 August 2001

Shareholder information

Cautionary Statements

This document contains forward looking statements as defined in the U.S. Private Securities Litigation Reform Act of 1995. It contains forward looking statements and information relating to the Company's financial condition, results of operations, business, strategy and plans, based on currently available information. These statements are often, but not always, made through the use of words or phrases such as "expects", "should continue", "believes", "anticipates", "estimated" and "intends". The specific forward looking statements cover, among other matters, the target Group operating ratio, the improved rating environment, the improving general insurance market and the prospect of improving results. Actual future results and trends could differ materially from those set forth in such statements due to various factors. Such factors include general economic conditions, including in particular economic conditions in the United Kingdom; the frequency, severity and development of insured loss events, including claims arising out of catastrophes; mortality and morbidity experience and trends; policy renewal and lapse rates: fluctuations in interest rates; the fluctuations in the value of fixed income investments, equity investments and properties; fluctuations in foreign currency exchange rates; changes in laws and regulations and general competitive factors, and other risks and uncertainties, including those detailed in the Company's filings with the London Stock Exchange and the U.S. Securities and Exchange Commission. The Company does not assume any obligation to update any forward looking statements, whether as a result of new information, future events or otherwise.

Registrar

Lloyds TSB Registrars,
The Causeway, Worthing, West Sussex, BN99 6DA
Shareholder Helpline Telephone: +44(0) 870 600 3988
Shareholders with a text phone facility should use
+44(0) 8670 600 3950
www.lloydstsb-registrars.co.uk

There is now a range of shareholder information online at **www.shareview.co.uk**. Shareholders can check holdings and find practical help on transferring shares or updating details and register their e-mail address to receive shareholder information and Report & Accounts electronically.

Royal & SunAlliance has appointed Lloyds TSB Registrars as its registrar to manage the shareholder register, ensuring that all information held about the Group's shareholders is kept up to date, and to pay dividends.

As a shareholder of the Group, you will be sent information about Royal & SunAlliance. It is important to ensure that Lloyds TSB Registrars are kept up to date about any changes to your personal details, such as your name and home address. Any such changes should be notified to Lloyds TSB Registrars in writing to the address shown above. If you have changed your name, you will also need to enclose a copy of the marriage certificate or change of name deed with your letter. Please do not send the original document.

If you are receiving duplicate copies of the information sent to shareholders, it is likely that two or more accounts have been set up in your name when you have acquired shares on different occasions. If you would like to amalgamate those accounts, please contact Lloyds TSB Registrars.

You should also contact Lloyds TSB Registrars if your share certificate has been lost or stolen, if you want to transfer your shares to someone else, if you have not received a dividend payment or have lost a dividend tax voucher or have other general queries about your shareholding.

Many shareholders find it more convenient to have their dividends paid directly into their bank or building society. If you would like to arrange this for your dividends, you will find a form, which can be used to instruct Lloyds TSB Registrars to pay all future dividends to an account of your choice, on the reverse of any previous dividend payment advice sent to you. Alternatively you can request a form to be sent to you by contacting the Lloyds TSB Registrars Shareholder Helpline.

Dividend Reinvestment Plan (DRIP)

We operate a dividend reinvestment plan which enables shareholders, if they wish, to use the whole of their cash dividends to buy additional shares in the Company.

The DRIP is operated on a mandate basis. If a DRIP mandate has been completed, future dividends will be invested automatically in the Company's shares purchased in the market. Shareholders who do not currently participate in the DRIP but wish to do so can obtain further details and a mandate form from Lloyds TSB Registrars.

Shareholders need take no action if they have not completed a DRIP mandate and wish to continue to receive their dividends in cash in the normal way.

Personal Equity Plans

New investments in Personal Equity Plans (PEPs) have not been permitted since 5 April 1999 when the Government replaced PEPs with Individual Savings Accounts (ISAs). Investors who

hold shares in an existing Royal & SunAlliance Corporate PEP or Royal & SunAlliance Single Company PEP managed by Halifax Investment Services Limited (Halifax) can obtain full details of their investment from:
Halifax Investment Services,
Mellon House, Ingrave Road, Brentwood, Essex CM15 8TG
Telephone: +44(0) 870 606 6418

The Unclaimed Assets Register
Royal & SunAlliance participates in The Unclaimed Assets Register, which provides a search facility for financial assets, which may have been forgotten and which donates a proportion of its public search fees to a group of three UK charities. For further information contact:
The Unclaimed Assets Register,
8 Devonshire Square, London EC2M 4PL
Telephone: +44(0) 870 241 1713
www.uar.co.uk

Share Dealing Service
We have established an execution only share dealing service, through Cazenove & Co, for private investors who wish to buy or sell Royal & Sun Alliance Insurance Group plc shares. Further details can be obtained from:
Royal & SunAlliance Share Dealing Service, Cazenove & Co,
12 Tokenhouse Yard, London EC2R 7AN
Telephone: +44(0) 20 7606 1768

Capital Gains Tax
The market value at 31 March 1982 of each post consolidation ordinary share of 27.5p in the Company, for capital gains tax purposes after relevant adjustments, was 146.41p (25p shares 133.1p) for former Royal Insurance shareholders and 57.97p (25p shares 52.7p) for former Sun Alliance shareholders. For former Royal Insurance shareholders, an adjustment to tax cost is required to take account of the 1993 rights issue according to whether the rights were taken up or sold.

Communications
Royal & SunAlliance is committed to full and open communication with its shareholders. We aim to ensure that all shareholders are kept well informed of the Group's activities, performance and strategy and your directors hope that you have found this document to be informative.

Internet
The Annual Report & Accounts, interim statements and other useful information on the Company is available through the Internet at **www.royalsunalliance.com**.

Disabled Shareholders
Royal & SunAlliance is committed to providing a quality service to all its shareholders. Please inform Lloyds TSB Registrars if you would like documentation to be provided to you in a special format and we will do our best to meet your request.

American Depositary Shares (ADSs)
Each ADS represents five ordinary shares.

The Group is subject to the informational requirements of the US securities laws applicable to foreign companies and files an annual report on Form 20-F and other information with the US Securities and Exchange Commission.

Any enquiry relating to ADS holdings should be addressed to:
Citibank, Shareholder Services,
PO Box 2502, Jersey City, New Jersey 07303-2502
Telephone: +1 877 248 4237
Facsimile: +1 201 324 3284
E-mail: citibank@em.fcnbd.com
www.citibank.com/adr

ADS holders receive the annual and interim reports issued by the Group.

ADS Dividends
ADS holders are eligible for all stock dividends or other entitlements accruing on the underlying Royal & Sun Alliance Insurance Group plc shares and receive all cash dividends in US dollars. These are usually paid twice a year. Dividend cheques are mailed directly to the ADS holder on the US payment date if ADSs are registered with the Company's US depositary, Citibank. Dividends on ADSs that are registered with brokers are sent to the brokers, who forward them on to ADS holders.

Shareholder Information
For further information about Royal & SunAlliance, please contact our Group Communications team at:
Royal & Sun Alliance Insurance Group plc,
30 Berkeley Square, London W1J 6EW
Telephone: +44(0) 20 7569 6136
www.royalsunalliance.com

The Company's share price is shown on Ceefax BBC 2 Page 223

Registered Office and Worldwide Group Office
30 Berkeley Square, London W1J 6EW
Telephone: +44(0) 20 7636 3450
Registered in England No. 2339826

Financial calendar

2 August 2001
Announcement of results for six months ending 30 June 2001 and of interim ordinary dividend and second preference dividend for 2001

15 August 2001
Ex-dividend date for second 2001 preference dividend

17 August 2001
Record date for second 2001 preference dividend

5 September 2001
Ex-dividend date for interim ordinary dividend for 2001

7 September 2001
Record date for interim ordinary dividend for 2001

1 October 2001
Payment of second 2001 preference dividend

8 November 2001
Announcement of results for nine months ending 30 September 2001

30 November 2001
Payment of interim ordinary dividend for 2001

28 February 2002*
Announcement of results for 2001 and of recommended final ordinary dividend

9 May 2002*
Announcement of results for three months ending 31 March 2002

15 May 2002*
Annual General Meeting

*** Provisional dates**

Results announcements will be available on our Internet site **www.royalsunalliance.com** on the dates stated above.