

950

**MARITIME INSURANCE  
COMPANY LIMITED  
1995**



# REPORT AND ACCOUNTS 1995

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Registered Office: Surrey Street, Norwich NR1 3NS

Principal Underwriting Office: Room 333, ILU Building, 49 Leadenhall Street, London EC3A 2BE

Registered Number: 950

## CHAIRMAN'S STATEMENT

Last year I wrote that there would be little room for complacency and so it has proved. 1995 has been a year when hull losses have been at an all time low, and Marine reinsurance capacity both at home and abroad has risen to reflect the improving results. Some hull underwriters have seen this as the signal to start reducing rates again and competition is increasing. Have they so soon forgotten the losses of the late 1980's and early 1990's, certainly at Maritime we have not. We shall do everything necessary to ensure a competitive position offering quality service, but we shall not offer capacity that does not offer a realistic chance of a return to our shareholders.

On a brighter note, whilst our cargo account has not grown as rapidly as in recent years the market has maintained a more disciplined stance. This has enabled us to remain confident in our Vision to be the preferred choice for cargo insurance. Our emphasis in the cargo account remains at the core of our strategy to provide a quality service based on our customers' needs.

Our commitment not to pursue market share on the hull account and to withdraw from aviation has meant a further reduction in income to £54.5m based on the new European Union directive. Further strengthening of the 1993 aviation account in the early part of the year and some changes to the hull fund have not prevented the company reporting an insurance profit of £1.3m following the loss of £1.9m last year.

1995 was also an active year in London insurance market terms and I was pleased as the then Chairman of ABI to participate in the setting up of the London Insurance Market Strategy Committee representing the ABI, Lloyd's, LIBC, LIRMA and of course the ILU (Institute of London Underwriters). The Committee comprises the Chairman and Chief Executives of these five bodies who have set a mandate to ensure that London remains at the hub of the international insurance market.

It is often said that marine is the most international of all insurance classes so I am especially pleased that Nigel Jenkins our Managing Director has been elected as Chairman of the ILU for a two year term. It reflects well on the company that Nigel will be representing the London Market in the international arena. All the more important then that he is supported by such a strong and experienced team who are to be congratulated on their creditable result in 1995.

## **DIRECTORS AND MANAGEMENT**

### **Directors**

A Bridgewater - Chairman

S J Blease  
N T Jenkins

R J Harvey  
M N Biggs

### **Management**

Managing Director	-	N T Jenkins BSc (Econ) FCII
Marine Underwriter	-	A J Webber ACII
Marine Claims Manager	-	R J Percival ACII
Marine Manager UK	-	P L Thorpe-Apps ACII
Marine Manager ILU	-	M C Percival ACII
Marine Manager Overseas	-	T G Sizeland ACII
Marine Manager North	-	P R Edwards FCII
Accountant	-	S P Baker FCCA
Customer Services Manager	-	E C Cowling FCII
Company Secretary	-	M D Oxbury FCIS ACII

### **Auditors**

Ernst & Young

## **MANAGING DIRECTOR'S STATEMENT**

### **Review of operations**

Three years after our relaunch the honeymoon period is over. The market resolve evident in the past 2 years evaporated in 1995 and it is as well that our own strengths have been consolidated.

The challenge for us is to deliver a quality service at competitive but realistic prices. By process re-engineering, the prudent adoption of new technology and a policy of continuous improvement we will better meet the needs and aspirations of our customers. A long term view will enable us to reach these goals; short term objectives of market share would prove illusory and result in unsatisfactory returns on capital.

In the longer term we will respond to clients' international and especially European demands. We must fit the European dimension and increasing see ourselves as serving Europe not solely the UK. We have the advantage of our close contacts with Norwich Union Group companies and our own agents and now have authority for branches in Belgium, France, Germany and Holland.

Toby Sizeland our Marine Manager Overseas is relocating to Dubai where he will support the marine operations of the Group's domestic interests and pursue our planned expansion to the East.

In North America Maritime has finalised Surplus Line status in over 30 states of the USA. In Canada the acquisition of Eastern Marine Underwriters has enabled improved alignment to market demands. The Canadian team have embraced change and had one of their best years ever. They are to be congratulated.

### **Cargo**

Our UK account had another good year in a more difficult market place with traditional competition looking to expand and new naive capacity making an entry.

Nevertheless Philip Thorpe-Apps and his team provided intermediaries with realistic capacity and terms to meet their clients needs. A large weather claim early in the year enabled our claims department to display again the service for which they are renowned.

Though ILU and Overseas accounts have felt competitive pressures the year has generally been good. The large number of windstorms in the USA and the Kobe earthquake have been reminders of the exposure to catastrophe losses although we had no major involvement.

### **Hull**

In 1995 the hull market succumbed to increased capacity at home and overseas and rate reductions were the inevitable consequence. These reductions after several years of rises should not be disastrous provided equilibrium returns in 1996. Coverage and deductibles saw more realism with both holding up well, but our underwriters will tread warily in 1996.

### **Aviation**

After further strengthening of the 1993 underwriting year the account is settling into a controlled run-off.

### **Future Developments**

In 1996 our goal of getting closer to our clients will be a priority. Systems and process re-engineering work will be advanced with new technology and practices ready for implementation early in 1997.

A handwritten signature in black ink, appearing to read 'N. T. Jenkins', with a large, stylized initial 'N' and a long horizontal stroke at the end.

**N T Jenkins**  
Managing Director

## **DIRECTORS' REPORT**

### **for the year ended 31 December 1995**

The directors submit the following report and accounts to the Annual General Meeting of the Company on 2 April 1996.

#### **Principal activity**

The principal activity of the Company has been the transaction of marine insurance and reinsurance business.

The principal activity of the Company's group undertaking, R E Heathcock Limited, continued to be that of transit underwriting agents operating on behalf of leading British insurance companies. At the start of the year the Company acquired a Canadian entity, H R Tucker Incorporated trading as Eastern Marine Underwriters. H R Tucker operate as underwriting agents on behalf of a pool of leading international insurance companies. In the opinion of the directors, the value of the Company's group undertakings are not less than the amounts stated in the accounts.

A full review of the business during the year and likely future developments are contained in the Managing Director's Statement.

#### **Changes in presentation of the accounts**

The European Union Council Directive on the Accounts of Insurance Undertakings has been implemented into United Kingdom law and compliance with the new legislation is mandatory for the 1995 accounts. Prescribed formats have been introduced for the profit and loss account and balance sheet and the information required to be disclosed in the notes has been expanded.

The Association of British Insurers has issued Guidance on Accounting for Insurance Business to ensure a uniform interpretation of the requirements of the new regulations.

The Company's 1995 accounts have been prepared in accordance with the new legislation and the ABI Guidance and comparative figures have been restated.

#### **Financial Review**

Full details of the results for the year are set out in the accounts and the related notes on pages 10 to 27.

#### **Dividend**

The directors have recommended and paid a dividend for the year of £1.25m (1994-nil).

#### **Employees**

##### **Provision of information**

During the year the following Group policy has been continued:

- (i) providing information on matters of concern and interest to staff through circulars, an in-house newspaper, videos, regular conferences and courses ;
- (ii) managers holding regular briefing and dissemination meetings to provide information and the opportunity for questions and discussions;
- (iii) consulting with staff representative bodies on various issues including terms and conditions of employment, job security, and health and safety.

The Company also involves employees in the Group's performance by way of participation in a staff profit sharing scheme.

## Equal Opportunities

The companies in the Group are committed to providing equal opportunities to all employees irrespective of sex, marital status, creed, colour, race, ethnic origin or disability.

This commitment extends to recruitment, training, career development, promotion and performance appraisals.

The Group will continue to review and monitor this policy in order to ensure its application complies with relevant legislation and codes of practice.

## Directors

The names of the directors are given on page 3.

According to the register kept under Section 325 of the Companies Act 1985, no director has any interest in any share or debenture of the Company, the Company's parent undertaking or any other group undertaking of the Company's ultimate parent undertaking.

The Group has effected liability insurance on behalf of directors and officers of the Company.

## Auditors

Ernst & Young have expressed their willingness to continue in office and a resolution will be submitted at the meeting to reappoint them as auditors and to authorise the directors to fix their remuneration.

By order of the Board



**Allan Bridgewater**  
Chairman

2 April 1996



## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those accounts the directors are required to:

- \* select suitable accounting policies and then apply them consistently;
- \* make judgements and estimates that are reasonable and prudent;
- \* state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- \* prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that the accounts comply with the above requirements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## AUDITORS' REPORT

### To the members of Maritime Insurance Company Limited

We have audited the accounts on pages 10 to 27 which have been prepared on the basis of the accounting policies set out on pages 10 and 11.

### Respective responsibilities of directors' and auditors'

As described on page 8 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, and to report our opinion to you.

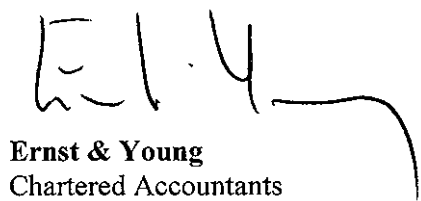
### Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts after taking account of the provisions of the Companies Act 1985 applicable to insurance companies.

### Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Company at 31 December 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young  
Chartered Accountants  
Registered Auditor  
Norwich

2 April 1996

## **ACCOUNTING POLICIES**

### **A. Basis of preparation**

These accounts have been prepared in compliance with section 255 and Schedule 9A to the Companies Act 1985 and in accordance with applicable accounting standards.

A new Schedule 9A has been substituted in the Act by the Companies Act 1985 (Insurance Companies Accounts) Regulations 1993. These accounts have been drawn up in accordance with the new Schedule 9A and comparative amounts restated accordingly.

In accordance with section 228 of the Companies Act 1985 and as a subsidiary undertaking of an EC parent, the financial statements present information about the Company as an individual undertaking.

### **B. Valuation of investments**

Investments are shown in the balance sheet as follows :

- (i) Listed securities at middle market value less accrued interest where applicable.
- (ii) Unlisted securities at market value estimated by the directors.
- (iii) Group undertakings at net asset value.

### **C. Technical provisions**

The results of the Company are determined on a funded basis due to the longer term nature of the business written and the fact that an underwriting result cannot be established with sufficient accuracy using the annual basis. Under the fund basis of accounting, premiums, claims and expenses have been carried forward as a fund and recognition of profit has been deferred until the end of the third year from the start of an underwriting year for Hull business and from the end of the second year for Cargo business. Any anticipated underwriting losses are recognised as soon as they are foreseen.

The insurance fund is arrived at by considering the adequacy of each year having regard to estimates of future premiums and settlements. Whilst the directors consider that these estimates are fairly stated on the basis of the information currently available to them, the ultimate liability will vary as a result of subsequent information and events, and may result in adjustments to the amounts provided. Adjustments to the amount of provisions are reflected in the financial statements for the period in which the adjustments are made.

The estimated cost of these claims have been determined using actuarial methods after considering anticipated claims settlement patterns and future increases in settlement costs together with related handling expenses.

### **D. Rates of exchange**

Assets, liabilities and revenue transactions in currencies other than sterling have been translated into sterling at rates of exchange ruling at 31 December. Exchange adjustments are taken to the non-technical account.

Revenue items relating to foreign investment transactions financed from the United Kingdom have been translated into sterling at the rates of exchange ruling on the date the transaction occurred. Assets and liabilities backing these transactions are included in the balance sheet at rates of exchange ruling on 31 December. Profit and losses on exchange are taken directly to the revaluation reserve.

## **ACCOUNTING POLICIES**

### **E. Revaluation Reserve**

The revaluation reserve consists of unrealised appreciation/depreciation on investments in group undertakings and also the effect of the restatement of foreign currency net assets.

### **F. Deferred taxation**

Deferred taxation is calculated using the liability method, but is only provided for where the amount is likely to become payable in the foreseeable future.

### **G. Premiums**

Premiums are accounted for in the year in which the risk commences. The overall effect of new premiums, mid term adjustments and lapses of renewal premiums not accounted for in the year of risk inception is not material.

### **H. Staff pension plans**

The expected cost of pensions in respect of the defined benefit staff pension plans is charged to the technical account so as to spread the cost of pensions over the service lives of employees in the plans.

### **I. Investment income**

Income from listed stocks and shares is included in the accounts when the security becomes ex-dividend, except for income from certain overseas stocks and shares which is accounted for when received. Interest receivable is accounted for on an accruals basis.

Net realised gains on investments are calculated as the difference between net sales proceeds and original cost.

The allocated investment return transferred to the general business technical account represents investment income on assets backing general business technical provisions.

### **J. Investment expenses and charges**

Net realised losses on investments are calculated as the difference between net sales proceeds and original cost.

### **K. Goodwill**

Goodwill arising on the purchase of group undertakings, and representing the difference between purchase consideration and the fair value of assets acquired, is written off in the year of acquisition.

**PROFIT AND LOSS ACCOUNT**  
**for the year ended 31 December 1995**  
**Technical Account - General Business**

		1995	1994
			restated
	Notes	£'000	£'000
<b>Income</b>			
Gross premiums written - continuing operations	1, 24	70,245	75,847
- discontinued operations		70	5,929
		<u>70,315</u>	<u>81,776</u>
Outward reinsurance premiums		(15,819)	(20,033)
Earned premiums net of reinsurance		<u>54,496</u>	<u>61,743</u>
Allocated investment return transferred from the non-technical account		4,174	3,890
<b>Total Income</b>		<u><b>58,670</b></u>	<u><b>65,633</b></u>
<b>Outgo</b>			
Claims paid - gross amount		72,313	97,995
- reinsurers' share		(27,216)	(38,601)
		<u>45,097</u>	<u>59,394</u>
Change in the provision for claims - gross amount		(4,751)	(9,906)
- reinsurers' share		3,489	5,772
		<u>(1,262)</u>	<u>(4,134)</u>
Claims incurred net of reinsurance		43,835	55,260
Change in other technical provisions - net		(2,738)	(4,430)
Net operating expenses	3, 4, 5, 6, 7	<u>16,231</u>	<u>16,725</u>
Total Charges		<u>57,328</u>	<u>67,555</u>
<b>Balance on the technical account for general business</b>	1, 24	<u><b>1,342</b></u>	<u><b>(1,922)</b></u>
Balance analysed between :			
- continuing operations		3,022	(1,752)
- discontinued operations		(1,680)	(170)
		<u><b>1,342</b></u>	<u><b>(1,922)</b></u>

**PROFIT AND LOSS ACCOUNT****Non-technical Account for the year ended 31 December 1995**

		1995	1994
			restated
	Notes	£'000	£'000
<b>Income</b>			
Balance on the technical account for general business		1,342	(1,922)
Investment income	2	6,782	6,138
Unrealised gains on investments		6,833	-
		<u>14,957</u>	<u>4,216</u>
<b>Outgo</b>			
Investment expenses and charges	8	333	388
Unrealised losses on investments		-	10,061
Allocated investment return transferred to the general business technical account		4,174	3,890
		<u>4,507</u>	<u>14,339</u>
<b>Profit/(loss) on ordinary activities before tax</b>	9	<b>10,450</b>	<b>(10,123)</b>
Tax on profit/(loss) on ordinary activities	10	<u>(1,110)</u>	<u>(486)</u>
<b>Profit/(loss) for the financial year</b>		<b>9,340</b>	<b>(10,609)</b>
Dividend		<u>(1,250)</u>	<u>-</u>
<b>Retained profit/(loss) for the year</b>		<b>8,090</b>	<b>(10,609)</b>

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
for the year ended 31 December 1995**

	1995	1994
	£'000	£'000
Profit/(loss) on ordinary activities after taxation	8,090	(10,609)
Change in value of group undertakings	(950)	4
Restatement of foreign currency net assets	741	1,121
<b>Total recognised gains and losses related to the year</b>	<b>7,881</b>	<b>(9,484)</b>

Note 12 details the effect on profit reported for the year following the change in accounting policies.

**BALANCE SHEET**  
**at 31 December 1995**


		1995	1994
			restated
<b>Assets</b>	<b>Notes</b>	<b>£'000</b>	<b>£'000</b>
<b>Investments</b>			
Investments in group undertakings		246	222
Other financial investments		90,494	83,190
	13	<u>90,740</u>	<u>83,412</u>
<b>Reinsurers' share of technical provisions</b>			
Claims outstanding		<u>61,436</u>	<u>64,925</u>
<b>Debtors</b>			
Debtors arising out of direct insurance operations	14	21,620	18,647
Debtors arising out of reinsurance operations		14,745	16,764
Other debtors including taxation	15	<u>2,354</u>	<u>3,150</u>
		<u>38,719</u>	<u>38,561</u>
<b>Other assets</b>			
Cash at bank and in hand		<u>1,409</u>	<u>4,312</u>
<b>Prepayments and accrued income</b>			
Accrued interest and rent		<u>1,567</u>	<u>1,739</u>
<b>Total assets</b>		<u>193,871</u>	<u>192,949</u>

		1995	1994 restated
<b>Liabilities</b>	Notes	£'000	£'000
<b>Capital and reserves</b>			
Called up share capital	16	25,000	25,000
Revaluation reserve		691	900
Profit and loss account		11,601	3,511
<b>Shareholders' funds attributable to equity interests</b>		<b>37,292</b>	<b>29,411</b>
<b>Technical provisions</b>			
Claims outstanding - gross amount		<b>145,906</b>	<b>150,657</b>
<b>Creditors</b>			
Creditors arising out of direct insurance operations		1,287	1,434
Creditors arising out of reinsurance operations		5,698	3,268
Amounts owed to credit institutions	19	668	625
Other creditors including taxation and social security	20	3,020	7,554
		<b>10,673</b>	<b>12,881</b>
<b>Total liabilities</b>		<b>193,871</b>	<b>192,949</b>

The notes on pages 17 to 27 form an integral part of these accounts



A Bridgewater  
Chairman



N T Jenkins  
Managing Director

Norwich 2 April 1996



**CASH FLOW STATEMENT**  
**for the year ended 31 December 1995**

		1995		1994	
				restated	
	Notes	£'000	£'000	£'000	£'000
<b>Operating activities</b>					
Net cash inflow from operating activities	21		26		(2,868)
<b>Servicing of Finance</b>					
Dividends paid			(1,250)		-
<b>Taxation</b>					
Corporation and income tax (paid)/recovered			(209)		(2,517)
<b>Investing activities</b>					
(Purchases) less sales of investments, excluding cash deposits					
Group undertaking		(975)		-	
Ordinary stocks		7,623		(570)	
Government and other public securities		(2,464)		8,622	
Debentures and loan stocks		188		(61)	
		<u>4,372</u>		<u>7,991</u>	
Net realised investment gains before tax		(66)		(145)	
Net cash inflow from investing activities			4,306		7,846
<b>Increase/(decrease) in cash and cash equivalents</b>	21		<u>2,873</u>		<u>2,461</u>

**NOTES TO THE ACCOUNTS**  
**for the year ended 31 December 1995**

**1. Segmental Information**

	Direct marine and aviation £000	Reinsurance accepted £000	Total £000
(i) Location of risk			
1995			
Gross premiums written			
- risks located - UK	19,820	8,552	28,372
- risks located - European Union	8,631	9,795	18,426
- risks located - International	16,328	7,189	23,517
	<u>44,779</u>	<u>25,536</u>	<u>70,315</u>
Gross claims incurred	(30,404)	(28,058)	(58,462)
Gross operating expenses	(12,079)	(6,889)	(18,968)
Gross technical result	<u>2,296</u>	<u>(9,411)</u>	<u>(7,115)</u>
Reinsurance balance	<u>(1,382)</u>	<u>5,665</u>	<u>4,283</u>
1994			
Gross premiums written			
- risks located - UK	19,849	18,053	37,902
- risks located - European Union	9,398	11,181	20,579
- risks located - International	10,327	12,968	23,295
	<u>39,574</u>	<u>42,202</u>	<u>81,776</u>
Gross claims incurred	(38,566)	(45,093)	(83,659)
Gross operating expenses	(9,705)	(10,350)	(20,055)
Gross technical result	<u>(8,697)</u>	<u>(13,241)</u>	<u>(21,938)</u>
Reinsurance balance	<u>6,393</u>	<u>9,733</u>	<u>16,126</u>
(ii) Origin of risk - Gross premiums written			
1995			
- UK	32,219	16,600	48,819
- European Union	3,169	6,912	10,081
- International	9,391	2,024	11,415
	<u>44,779</u>	<u>25,536</u>	<u>70,315</u>
1994			
- UK	33,085	28,997	62,082
- European Union	2,801	7,409	10,210
- International	3,688	5,796	9,484
	<u>39,574</u>	<u>42,202</u>	<u>81,776</u>

## 2. Investment income

	1995	1994
	£'000	£'000
Income from group undertakings	107	182
Income from other financial investments	6,675	5,956
	<u>6,782</u>	<u>6,138</u>
Income from listed investments included above	2,989	3,078
- UK		
- Overseas	<u>3,029</u>	<u>2,372</u>

## 3. Net operating expenses

	1995	1994
	£'000	£'000
Acquisition costs - commission	13,134	14,299
- other	1,595	1,554
Administrative expenses	4,239	4,202
Reinsurance commissions	(2,737)	(3,330)
	<u>16,231</u>	<u>16,725</u>

## 4. Auditors' remuneration

	1995	1994
	£	£
For auditing the accounts	36,420	39,857
For other services provided by Ernst & Young	4,112	4,112
	<u>40,532</u>	<u>43,969</u>

## 5. Particulars of staff

The average number of persons employed by the Company in each week of 1995 was 93 (1994 - 93 )

An analysis is shown below:

	1995	1994
United Kingdom	67	68
Overseas - International	26	25
	<u>93</u>	<u>93</u>

The aggregate remuneration paid or payable in respect of those employees during the year was :

	1995	1994
	£'000	£'000
Wages and salaries	1,752	1,806
Social security costs	146	137
Pension costs	163	173
	<u>2,061</u>	<u>2,116</u>

## 6. Staff pension plans

Pensions are provided for eligible full and part-time employees in the United Kingdom through a number of fully funded defined benefit plans. The Company's United Kingdom employees are members of the Norwich Union Group plans and the contributions are based on pension costs across the Group as a whole. These plans are valued annually using the projected unit method, by a professionally qualified Actuary employed by the Group. The most recent valuation of the United Kingdom staff plans was at 30 September 1995 and the details of this valuation are disclosed in the accounts of The Norwich Union Life Insurance Society. The full cost of providing pensions is met by the Group through contributions based on a percentage of salaries of eligible staff. The Group also provides a number of pension plans for overseas staff which operate in accordance with local practice and regulations.

## 7. Directors' emoluments

Directors' emoluments for the year comprised	1995 £	1994 £
Fees	110,586	101,046
Other emoluments	-	-
	<u>110,586</u>	<u>101,046</u>
	£	£
Emoluments of the Chairman	Nil	Nil
Emoluments of the highest paid director (including remuneration for management services)	110,586	101,046

## 8. Investment expenses and charges

	1995 £'000	1994 £'000
Investment management expenses	76	76
Interest payable - bank loans and overdrafts	191	167
Net losses on realisation of investments	66	145
	<u>333</u>	<u>388</u>

## 9. Profit/(loss) on ordinary activities before tax

	1995 £'000	1994 £'000
<b>Geographical area</b>		
United Kingdom	9,041	(8,010)
Overseas - European Union	(831)	(1,555)
Overseas - International	2,240	(558)
	<u>10,450</u>	<u>(10,123)</u>

## 10. Taxation

(i) Provision for taxation on the result for the year has been made as shown below.

	1995 £'000	1994 £'000
UK corporation tax at 33% (1994 - 33%)	1,048	96
Less double taxation relief	(63)	(44)
Net charge for UK corporation tax	985	52
Tax on franked investment income	92	76
Overseas taxation	75	370
Deferred taxation	-	38
<b>Total taxation for the year</b>	<b>1,152</b>	<b>536</b>
Adjustment in respect of prior years including deferred taxation	1	(50)
	1,153	486
Revaluation reserve transfer	(43)	-
Charge to non-technical account	1,110	486

(ii) Details of the full potential liability for deferred taxation are given below :

### Not provided in accounts :

Unrealised appreciation/(depreciation) of investments	880	(1,430)
	880	(1,430)

## 11. Investment return summary

	1995	1994
	£'000	£'000
Investment income	6,782	6,138
Investment management charges including interest	(333)	(388)
Unrealised (losses)/gains on investments	6,833	(10,061)
<b>Net investment return</b>	<b>13,282</b>	<b>(4,311)</b>

## 12. Changes in accounting policies

The new accounts formats required by the Companies Act 1985 (Insurance Companies Accounts) Regulations 1993 have had the following effect on the profit reported for the financial year :-

	1995	1994
	£'000	£'000
Profit/(loss) for the financial year on previous reporting basis	2,562	93
Unrealised gains/(losses) on investments for the year	6,833	(10,061)
Realised gains/(losses) on investments for the year	(66)	(145)
Sharelending fees	33	20
Taxation on realised gains/(losses) on investments in the technical account	(22)	(516)
<b>Profit for the financial year as currently reported</b>	<b>9,340</b>	<b>(10,609)</b>

### 13. Investments

(a) Investments at market value comprises :	1995	1994
	£'000	£'000

#### Investments in group undertakings

Shares	246	222
	<u>246</u>	<u>222</u>

#### Other financial investments

Shares and other variable yield securities - listed in United Kingdom	9,844	9,661
Shares and other variable yield securities - listed overseas	-	6,153
Shares and other variable yield securities and units in unit trusts - unlisted	-	379
Debt and fixed income securities - listed in United Kingdom	28,104	29,463
Debt and fixed income securities - listed overseas	45,386	36,193
Debt and fixed income securities - unlisted	100	100
Deposits with credit institutions	7,060	1,241
	<u>90,494</u>	<u>83,190</u>
<b>Total investments at market value</b>	<u>90,740</u>	<u>83,412</u>

#### (b) Investments at cost comprise :

#### Investments in group undertakings

Shares	1,363	388
	<u>1,363</u>	<u>388</u>

#### Other financial investments

Shares and other variable yield securities - listed in United Kingdom	7,394	8,572
Shares and other variable yield securities - listed overseas	-	6,097
Shares and other variable yield securities and units in unit trusts - unlisted	-	348
Debt and fixed income securities - listed in United Kingdom	27,702	30,634
Debt and fixed income securities - listed overseas	45,571	40,363
Debt and fixed income securities - unlisted	100	100
Deposits with credit institutions	7,059	1,244
	<u>87,826</u>	<u>87,358</u>
<b>Total investments at cost</b>	<u>89,189</u>	<u>87,746</u>

The Company has entered into stock lending arrangements during the year in accordance with established market conditions. Other investments are specifically deposited under local laws in various places outside the United Kingdom as security to holders of policies issued there.



**14. Debtors arising out of direct insurance operations**

	1995	1994
	£'000	£'000
Amounts due from intermediaries	21,620	18,647

The Company has taken advantage of the amendment to Financial Report Standard 5, "Reporting the Substance of Transactions", issued in December 1994, whereby balances in respect of insurance broking transactions are included on a net basis.

**15. Other debtors**

	1995	1994
	£'000	£'000
Amounts due from group undertakings	1,079	2,222
Taxation	-	454
Other	1,275	474
	<u>2,354</u>	<u>3,150</u>

**16. Share Capital**

	1995	1994
	£'000	£'000
Authorised		
5,000,000 ordinary shares of £10 each	50,000	50,000
Allotted fully paid		
2,500,000 ordinary shares of £10 each	25,000	25,000

**17. Net assets**

	1995	1994
	£'000	£'000
<b>Geographical area</b>		
United Kingdom	42,996	35,337
Overseas - European Union	(6,168)	(5,382)
Overseas - International	464	(544)
	<u>37,292</u>	<u>29,411</u>

# 18. Reconciliation of movements in shareholders funds

	Share Capital	Revaluation reserve	Profit & loss account	Total shareholders' funds	
	1995	1995	1995	1995	1994
	£'000	£'000	£'000	£'000	£'000
Balance at 1 January	25,000	900	3,511	29,411	38,895
Non-technical account retained profit/(loss) for the year	-	-	8,090	8,090	(10,609)
Change in value of group undertakings	-	(950)	-	(950)	4
Restatement of foreign currency net assets	-	741	-	741	1,121
Balance at 31 December	25,000	691	11,601	37,292	29,411

# 19. Amounts owed to credit institutions

	1995	1994
	£'000	£'000
Bank loans and overdrafts repayable in one year or less, or on demand :	668	625

# 20. Other creditors including taxation and social security

	1995	1994
	£'000	£'000
Amounts due to The Norwich Union Life Insurance Society	975	3,963
Amounts due to group undertakings	412	3,214
Taxation	574	59
Other	1,059	318
	3,020	7,554

## 21. Cash flow statement

(i) Reconciliation of the profit on ordinary activities before tax to net cash inflow from operating activities

	1995	1994
	£'000	£'000
Profit/(loss) on ordinary activities before tax	10,450	(10,123)
Adjustments to convert revenue to a cash basis		
Realised losses/(gains)	66	145
Unrealised losses/(gains)	(6,832)	10,061
Movements in:		
Debtors excluding taxation	(2,950)	8,449
Insurance funds	(105)	(11,577)
Creditors excluding taxation	(3,038)	(1,269)
Current account with The Norwich Union Life Insurance Society excluding group relief	2,988	814
Current account with other group undertakings excluding group relief	1,660	(2,039)
Foreign exchange	(2,211)	2,671
<b>Net cash inflow from operating activities</b>	<b>26</b>	<b>(2,868)</b>

(ii) Analysis of changes in investments, excluding cash deposits, during the year

Purchases less sales of investments	(4,372)	(7,991)
Changes in market value	5,882	(10,057)
Movements in investments	1,510	(18,048)
Balance at 1 January	82,171	100,219
<b>Balance at 31 December</b>	<b>83,681</b>	<b>82,171</b>

Separate figures for purchases and sales of investments are not readily available.

(iii) Analysis of the balance of cash and cash equivalents as shown in the balance sheet

	1995	Change in 1995	1994	Change in 1994
	£'000	£'000	£'000	£'000
Cash at bank and in hand	1,409	(2,903)	4,312	1,923
Deposits with credit institutions	7,060	5,819	1,241	879
Bank overdrafts	(668)	(43)	(625)	(341)
<b>Total cash and cash equivalents</b>	<b>7,801</b>	<b>2,873</b>	<b>4,928</b>	<b>2,461</b>

## 22. Parent undertaking

The Company is a member of the Norwich Union Group and its ultimate parent undertaking is The Norwich Union Life Insurance Society, registered in England and Wales. The accounts of the ultimate parent undertaking are available from the registered office, the address of which is noted on page 1.

The immediate parent undertaking is Norwich Union Holdings plc, registered in England and Wales.

## 23. Group undertakings

R E Heathcock Limited is a wholly owned subsidiary of the Company, which owns 3,000 fully paid ordinary shares of £1 each, out of a total authorised share capital of £5,000.

Registered in England and Wales, R E Heathcock Limited continued to act as transit underwriting agents during the year.

In January 1995, the Company acquired 100% of the share capital of H R Tucker Incorporated trading as Eastern Marine Underwriters, an underwriting agency, registered in Canada.

The Company owns 878 fully paid ordinary shares out of a total unlimited authorised share capital.

## 24 Continuing and discontinued operations

	1995			1994		
	Continuing	Dis-	Total	Continuing	Dis-	Total
	£'000	continued	£'000	£'000	continued	£'000
Gross premiums written	70,245	70	70,315	75,847	5,929	81,776
Net premiums written	54,456	40	54,496	57,371	4,372	61,743
Allocated investment return	3,584	590	4,174	3,099	791	3,890
Net claims incurred	(39,513)	(1,584)	(41,097)	(46,321)	(4,509)	(50,830)
Net operating expenses	(15,505)	(726)	(16,231)	(15,901)	(824)	(16,725)
Balance on the technical account	3,022	(1,680)	1,342	(1,752)	(170)	(1,922)

# **MARITIME INSURANCE COMPANY LIMITED**

## **UNITED KINGDOM ORGANISATION**

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Room 137, ILU Building, 49 Leadenhall Street, EC3A 2BE

A J WEBBER, ACII - Marine Underwriter

M C PERCIVAL, ACII - Marine Manager ILU

R E COLLINGS, ACII - Cargo Underwriter

51-54 Fenchurch Street, EC3M 3LA

P L THORPE-APPS, ACII - Marine Manager UK

T G SIZELAND, ACII - Marine Manager Overseas

E C COWLING, FCII - Customer Services Manager

M PEACH - Adjuster of Claims

A P COUTTS, ACII - Cargo Underwriter

C N POOLEY, ACII - Cargo Underwriter

### **Manchester 0161 829 3294**

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R J PERCIVAL, ACII - Marine Claims Manager

P R EDWARDS, FCII - Marine Manager North

J B ST LEGER, ACII - Assistant Manager Underwriting

P G MURGATROYD, ACII - Assistant Manager Underwriting

D A CAMPBELL MA(HONS), MSC, ACII - Adjuster of Claims

### **Birmingham 0121 200 1441**

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A Hammond, Cargo Development Underwriter, Birmingham

### **Norwich 01603 687974**

Surrey Street, NR1 3NS

Accounts and Collections

S P BAKER, FCCA - Accountant

R H CATTERMOLLE - Accounts Manager

**Enquiries can be made at any office of Maritime Insurance Company Limited.**

### **UK group undertaking 0161 832 4594**

R E Heathcock Limited

9th Floor, Alberton House, St Mary's Parsonage, Manchester, M3 2WJ

M G BROOK, ACII - Managing Director

J F HILL - Financial Director

# **MARITIME INSURANCE COMPANY LIMITED**

## **PRINCIPAL OVERSEAS REPRESENTATION**

### **Canada**

#### **Canadian group undertaking**

H R Tucker Incorporated.  
trading as Eastern Marine Underwriters

G J GIROUX, AIIC - President  
M F L JAQUES - Director  
P CROMPTON - Director  
L CONDINHO - Vice President Finance

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