

1996

THE OCEAN MARINE INSURANCE COMPANY LIMITEDREPORT AND ACCOUNTSDIRECTORS' REPORT

The directors present their Report and Accounts of the Company for the year ended 31 December 1996.

PRINCIPAL ACTIVITIES

The principal activity of the Company is the transaction of general insurance business, although the Company has ceased progressively to accept business in the London Market. All business that has been written is wholly reinsured with its parent company, Commercial Union Assurance Company plc.

RESULTS AND DIVIDEND

The results for the year are shown on pages 3 and 4 and arise from continuing operations. The directors consider the results and the Company's financial position to be satisfactory. The directors do not recommend the payment of any dividend for the year (1995 £500,000).

DIRECTORS

The directors in office during the year were as follows:

Mr P J Foster
Mr K N Grant
Mr P G Ward

DIRECTORS' INTERESTS

The directors of the Company who held office at 31 December 1996 had the following interests in the shares of Commercial Union Group companies:

Commercial Union plcOrdinary Shares of 25p each

	1 January 1996		Options granted during the year	31 December 1996	
	Shareholdings	Share Options		Shareholdings	Share Options
K N Grant	1,859	23,105	4,410	2,794	27,515

No options were exercised by Mr Grant during the year.

Mr Foster and Mr Ward are directors of the Company's ultimate holding company and under the Companies (Disclosure of Directors' Interests) (Exceptions) Regulations 1985 (SI 1985/802) are not required to disclose their interests in the Company's accounts. Their interests can be found in the Report and Accounts of Commercial Union plc.



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THE OCEAN MARINE INSURANCE COMPANY LIMITEDDIRECTORS' REPORT (continued)CREDITOR PAYMENT POLICY

It is the Company's policy to pay creditors when they fall due for payment. Terms of payment are settled with suppliers when agreeing the terms of each transaction and it is the Company's policy to abide by those terms, provided that the suppliers also comply with all relevant terms and conditions.

Approved and signed on behalf of the Board



K N GRANT
Secretary

30 June 1997

Registered office: St. Helen's, 1 Undershaft, London, EC3P 3DQ

THE OCEAN MARINE INSURANCE COMPANY LIMITED

Profit and loss account - technical account-general business
For the year ended 31 December 1996

	£'000	1996 £'000	£'000	1995 £'000
Gross premiums written		61,247		102,743
Outward reinsurance premiums		(61,247)		(102,743)
Net premiums written (notes 1b & 8)		-		-
Change in the provision for unearned premiums		-		-
Earned premiums, net of reinsurance		-		-
Claims paid				
- gross amount	(112,648)		(138,729)	
- reinsurers' share	112,648		138,729	
		-		-
Change in the provision for claims				
- gross amount	87,183		26,304	
- reinsurers' share	(87,183)		(26,304)	
		-		-
Claims incurred, net of reinsurance (note 1c)		-		-
Net operating expenses (note 2)		-		-
Balance on the technical account - general business		-		-

The notes on pages 6 and 7 are an integral part of these accounts. The Auditors' report is on page 8.

THE OCEAN MARINE INSURANCE COMPANY LIMITED**Profit and loss account - non-technical account
For the year ended 31 December 1996**

	1996 £'000	1995 £'000
Balance on general business technical account	-	-
Taxation (note 3)	-	-
Profit for the financial year	<u>-</u>	<u>-</u>
Dividend	-	(500)
Retained loss transferred from reserves	<u>-</u>	<u>(500)</u>

The Company has no recognised gains and losses other than those included in the results above and therefore a statement of total recognised gains and losses has not been presented.

The notes on pages 6 and 7 are an integral part of these accounts. The Auditors' report is on page 8.

THE OCEAN MARINE INSURANCE COMPANY LIMITED**Balance sheet
At 31 December 1996**

	1996 £'000	1995 £'000
Assets		
Reinsurers' share of technical provisions		
Claims outstanding - owed by holding company	238,488	325,671
Debtors		
Amounts owed by holding company	59,570	59,570
Total assets	298,058	385,241
Liabilities		
Capital and reserves		
Called up share capital (note 6)	59,500	59,500
Profit and loss account (note 7)	70	70
Equity shareholders' funds	59,570	59,570
Other liabilities		
Technical provisions		
Claims outstanding (note 1d)	238,488	325,671
Total liabilities	298,058	385,241

Approved by the Board on 30 June 1997

Director



The notes on pages 6 and 7 are an integral part of these accounts. The Auditors' report is on page 8.

THE OCEAN MARINE INSURANCE COMPANY LIMITED

NOTES TO THE ACCOUNTS

1. Accounting policies

(a) Basis of accounts

These accounts have been prepared in accordance with section 255 of, and the special provisions relating to insurance companies of schedule 9A to, the Companies Act 1985 and with the guidance on accounting for insurance business issued by the Association of British Insurers. The accounting policies adopted reflect United Kingdom financial reporting standards and statements of standard accounting practice applicable at 31 December 1996 as considered appropriate for an insurance company.

The profit and loss account for the year reflects all income and expenditure.

(b) Premiums

Premiums written reflect business incepted during the year.

(c) Claims

Claims incurred comprise all claims occurring during the year, whether reported or not, together with related handling costs and any adjustments to claims outstanding from previous years. Significant delays are experienced in the notification and settlement of certain general insurance claims, particularly in respect of liability and marine business, including environmental and pollution exposures, the ultimate cost of which cannot be known with certainty at the balance sheet date.

(d) Technical provisions

The business is accounted for under the two year funded basis. The technical provisions represent the fund available to meet future liabilities.

(e) Exchange rates

Assets, liabilities and revenue transactions in non-sterling currencies are translated into sterling at the relevant rates of exchange ruling at 31 December. Exchange differences are taken direct to reserves.

	1996 £'000	1995 £'000
2. Net operating expenses		
Acquisition costs	9,854	17,261
Reinsurance commissions receivable	(9,854)	(17,261)
Net operating expenses	-	-

Commission payable in respect of direct insurance business amounted to £2,690,000 (1995: £9,624,000).

3. Taxation

There is no taxation charge for the year as all premiums and claims are fully reinsured.

4. Directors' emoluments and employee information

None of the directors received emoluments in respect of their services as directors of the Company (1995 £Nil).
The Company did not employ any staff during the year (1995 Nil).

5. Auditors' remuneration

Auditors' remuneration is charged in the accounts of Commercial Union Assurance Company plc.

THE OCEAN MARINE INSURANCE COMPANY LIMITED

NOTES TO THE ACCOUNTS

6. Share capital

The Company's authorised, allotted and called up share capital comprises 2,380,000 (1995: 2,380,000) fully paid ordinary shares of £25 each.

7. Profit and loss account

Movements in the profit and loss account comprise:

	1996	1995
	£'000	£'000
Transfer from non-technical account	-	(500)
Balance at 1 January	70	570
Balance at 31 December	70	70

8 Segmental information

	Gross premiums written	Gross claims incurred	Gross operating expenses	Reinsurance balance
Analysis of general business technical account information is given below:	1996	1996	1996	1996
	£'000	£'000	£'000	£'000
Direct insurance:				
Marine, aviation and transport	16,720	6,952	2,690	(7,078)
Reinsurance	44,527	18,513	7,164	(18,850)
	61,247	25,465	9,854	(25,928)

	Gross premiums written	Gross claims incurred	Gross operating expenses	Reinsurance balance
	1995	1995	1995	1995
	£'000	£'000	£'000	£'000
Direct insurance:				
Marine, aviation and transport	55,142	60,338	9,264	14,460
Reinsurance	47,601	52,087	7,997	12,483
	102,743	112,425	17,261	26,943

9. Holding companies' details

The immediate holding company is Commercial Union Assurance Company plc.

The smallest group of undertakings, of which the Company is a member, that prepares group accounts is headed by Commercial Union Assurance Company plc. Its group accounts are available to the public, on payment of the appropriate fee, from Companies Registration Office, Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

The ultimate holding company is Commercial Union plc. Its group accounts are available on application to the Group Company Secretary, Commercial Union plc, St. Helen's, 1 Undershaft, London EC3P 3DQ.

10. Cash flow statement

As the Company is a wholly owned subsidiary within the Commercial Union Group, the cash flows of the Company are included in the consolidated group cash flow statement of Commercial Union plc. Consequently the Company is exempt under the terms of Financial Reporting Standard 1 from publishing a cash flow statement.

11. Related party transactions

As consolidated accounts are publicly available, the Company has taken advantage of the exemption in Financial Reporting Standard 8 from the requirement to disclose transactions with related parties who are 90% or more owned within the same group.

THE OCEAN MARINE INSURANCE COMPANY LIMITED

Directors' responsibility for the accounts

The directors are required to ensure that accounts are prepared for each accounting period which comply with the relevant provisions of the Companies Act 1985, and which give a true and fair view of the state of affairs of the Company as at the end of the accounting period and of the profit or loss for that period. Suitable accounting policies have to be used and applied consistently in preparing accounts, using reasonable and prudent judgements and estimates, on the going concern basis unless it is inappropriate to presume that the Company will continue in business. Applicable accounting standards also have to be followed, with any material departures being disclosed and explained.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company. They are also responsible for safeguarding the assets of the Company and for ensuring controls are in place for the prevention and detection of fraud and other irregularities.

Auditors' report

To the members of The Ocean Marine Insurance Company Limited.

We have audited the accounts on pages 3 to 7.

Respective responsibilities of directors and auditors

As described above, 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, on those accounts 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.

Opinion

In our opinion, the accounts give a true and fair view of the state of affairs of the Company at 31 December 1996 and of its results for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

Coopers & Lybrand

COOPERS & LYBRAND

Chartered Accountants and Registered Auditors

London

30 June 1997