

C.N. 150643

Liverpool Marine and General Insurance Company Limited

Report and Accounts 1996



Liverpool Marine and General Insurance Company Limited

Directors

T.A. Hayes, *Chairman*

T.S. Nelson

P.G. Taylor

Secretary

E.R. Wills, F.C.I.I.

Registered office

1 Bartholomew Lane, London EC2N 2AB

Liverpool Marine and General Insurance Company Limited

Directors' report for the year ended 31st December, 1996

Activities

The principal activity of the Company is the transaction of marine insurance business. The whole of the Company's net insurance account is reinsured with its parent company.

Profit and dividend

The result for the year is shown in the profit and loss account on page 4. It is proposed that no dividend be paid.

Directors

The directors whose names appear on page 1 served throughout the year.

By order of the directors

3rd March, 1997

Secretary

Directors' responsibilities for accounts

The directors are required by UK company law to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the result of the Company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made in the preparation of the accounts for the year ended 31st December, 1996. The directors also confirm that applicable accounting standards have been followed and that the accounts have been prepared on the going concern basis.

The directors have responsibility for ensuring that the Company keeps proper accounting records. The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Liverpool Marine and General Insurance Company Limited

Auditors' report

Report of the auditors to the members of Liverpool Marine and General Insurance Company Limited

We have audited the accounts on pages 4 to 8.

Respective responsibilities of directors and auditors

As described on page 2 the Company's directors are responsible for the preparation of 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 the Company's affairs at 31st December, 1996 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand

London

5 March, 1997

COOPERS & LYBRAND
Chartered Accountants
and Registered Auditors

Liverpool Marine and General Insurance Company Limited

Profit and loss account

for the year ended 31st December, 1996

Technical account - General business		1996	1995
	Notes	£000	£000
Gross premiums written	6	11	61
Outward reinsurance premiums		(11)	(61)
Earned premiums, net of reinsurance		-	-
Claims paid			
Gross amount		(405)	(208)
Reinsurers' share		405	208
Change in provision for claims			
Gross amount		(1,058)	951
Reinsurers' share		1,058	(951)
Claims incurred, net of reinsurance		-	-
Balance on the technical account for general business		-	-

The Company did not make any gains or losses during the year. Therefore a non-technical account and statement of total recognised gains and losses have not been prepared.

Liverpool Marine and General Insurance Company Limited

Balance sheet
at 31st December, 1996

	Notes	1996 £000	1995 £000
Assets			
Reinsurers' share of technical provisions			
Claims outstanding		1,627	569
Debtors			
Debtors arising out of direct insurance operations		39	28
Other debtors		1,183	1,183
		2,849	1,780
Liabilities			
Called up share capital	7	300	300
Retained profits		883	883
Equity shareholders' funds		1,183	1,183
Technical provisions			
Claims outstanding		1,627	569
Creditors			
Creditors arising out of direct insurance operations		39	28
		2,849	1,780

The accounts on pages 4 to 8 were approved by the directors on 3rd March, 1997 and were signed on their behalf by:



, Director

Liverpool Marine and General Insurance Company Limited

Notes on the accounts

1. Accounting and disclosure requirements

The accounts of the Company are prepared in accordance with the provisions of Section 255 of, and Schedule 9A to, the Companies Act 1985.

2. Accounting policies

The principal accounting policies of the Company as set out below comply with UK accounting standards, to the extent that they are applicable to insurance companies, and the draft Statement of Recommended Practice on accounting for insurance business issued by the Association of British Insurers in 1995.

The Company has entered into mutual guarantees with Sun Alliance and London Insurance plc and certain of its U.K. subsidiaries for the payment of general insurance business liabilities.

(a) General insurance business

The underwriting result is determined on an annual basis. Premiums written are accounted for in the year in which the risks are incepted. The unearned proportions of the premiums are deferred to subsequent accounting periods and the commission and other acquisition costs incurred in writing the business relating to periods of risk extending beyond the end of the financial year, are deferred and amortised over the period in which the related premiums are earned. Claims incurred comprise claims and related expenses paid in the year and changes in provisions for outstanding claims, including provisions for claims incurred but not reported and related expenses, together with any other adjustments to claims from previous years. Where applicable, deductions are made for salvage and other recoveries.

(b) Exchange

Assets and liabilities in foreign currencies and overseas revenue transactions are translated into sterling at rates ruling at the year-end. The resulting exchange adjustments, including the differences arising from the translation of the insurance funds at the beginning of the year at year-end rates, and gains and losses on the conversion of remittances are transferred to the parent company.

3. Insurance business

All insurance business effected in the Company's name is reinsured to other companies in the Royal & Sun Alliance Insurance Group.

4. Net operating expenses

Net operating expenses are nil as the business is 100% reinsured.

Liverpool Marine and General Insurance Company Limited

Notes on the accounts (continued)

5. Employees and staff costs

The staff are employed by the immediate parent company and are members of a defined benefits pension scheme, details of which are disclosed in the accounts of that company.

6. Segmental information

	Marine, aviation and transport	
	Direct	Direct
	1996	1995
	£000	£000
Gross premiums written	11	61
Gross premiums earned	11	61
Gross claims incurred	(1,173)	743
Gross technical result	(1,162)	804
Reinsurance balance	1,162	(804)
Net technical result	-	-

The business is written in the United Kingdom.

7. Share capital

	1996	1995
	£000	£000
Authorised		
1,000,000 shares of £1 each	1,000	1,000
Issued and fully paid		
300,000 shares of £1 each	300	300

8. Directors' emoluments

No emoluments were paid or are payable to the directors in respect of 1996 or 1995.

All the directors receive remuneration from Sun Alliance and London Insurance plc as employees of that company, and it is not appropriate, because of the non-executive nature of their services, to make an apportionment of their emoluments in respect of the Company.

9. Auditors' remuneration

No remuneration was paid or is payable to the auditors in respect of the accounts for 1996 or 1995.

Liverpool Marine and General Insurance Company Limited

Notes on the accounts (continued)

10. Related party transactions

Advantage has been taken of the exemption provided in FRS8 from disclosing details of transactions with Royal & Sun Alliance Insurance Group plc and its subsidiaries and associated undertakings.

11. Parent companies

The Company's immediate parent company is Sun Alliance and London Insurance plc which is registered in England and Wales.

The Company's ultimate parent company is Royal & Sun Alliance Insurance Group plc which is registered in England and Wales. A copy of that company's accounts can be obtained from 1 Bartholomew Lane, London EC2N 2AB.