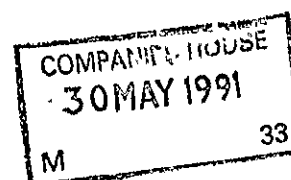
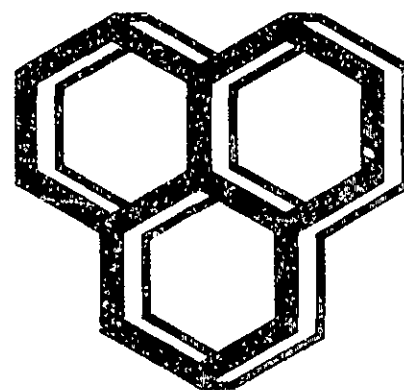


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Company No : 163050

Sun Alliance Insurance International LIMITED



Report and Accounts

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Sun Alliance Insurance International Limited

Report and Accounts 1990

CONTENTS	page
Notice of Annual General Meeting	2
Directors	2
Directors' report	3
Auditors' report	4
Consolidated revenue account	5
Consolidated profit and loss account	5
Movements in reserves	6
Consolidated balance sheet	7
Balance sheet	8
Notes on the accounts	9

Sun Alliance Insurance International Limited

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the Company will be held at 1 Bartholomew Lane, London EC2N 2AB, on Monday, 29th April, 1991 at 11.00 a.m. to transact the ordinary business of the Company.

By order of the directors

H. SILVER

5th April, 1991

Secretary

A member entitled to attend and vote at this Annual General Meeting is entitled to appoint one or more proxies to attend and, on a poll, to vote on his behalf. A proxy need not be a member of the Company.

Directors

R.A.G. Neville, V.R.D., F.C.A., *Chairman*

R.J. Taylor, F.C.I.I., *Deputy Chairman*

E.G. Coward, F.C.I.I., *Managing Director*

P.F. Foreman, F.C.I.I.

D.W. James

J.C.F. Peters, F.C.I.I.

K.D. Sinfield, A.C.I.I.

M.J. U'Ren

B.A. Wright, F.I.A.

Secretary

H.Silver, Barrister

Registered office

1 Bartholomew Lane, London EC2N 2AB

Sun Alliance Insurance International Limited.

Directors' report for the year ended 31st December, 1990

Activities

The principal activity of the Company and its subsidiaries is the transaction of general insurance business in the United Kingdom.

Profit and loss account

The profit of the Group for the year is shown in the profit and loss account on page 5 .

The directors do not recommend the payment of a dividend.

Directors

Mr. K.D. Sinfield was appointed director on 14th January, 1991.

The other directors whose names appear on page 2 served throughout the year together with Mr. A.Watt and Mr. N.D.Hooper who resigned on 31st December, 1990 and 31st January, 1991 respectively.

Mr.K.D.Sinfield retires in accordance with the Company's Articles of Association and, being eligible, will be proposed for re-election.

The interests of directors in the shares of 25p each in Sun Alliance Group plc are as follows:-

	<u>Shares held at</u> <u>1st January, 1990</u>	<u>Shares held at</u> <u>31st December, 1990</u>
D.W. James	304	312
J.C.F. Peters	-	7,164
M.J. U'Ren	4,449	8,195

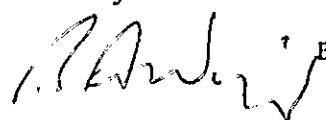
Options to subscribe for shares

	<u>Held at</u> <u>1st January, 1990</u>	<u>During 1990</u> <u>Granted</u>	<u>Exercised</u>	<u>Held at</u> <u>31st December, 1990</u>
P.F. Foreman	48,380	23,708	-	72,088
N.D. Hooper	73,394	10,992	-	84,386
D.W. James	78,469	4,969	-	83,438
J.C.F. Peters	123,330	14,284	7,164	130,450
M.J. U'Ren	95,573	10,853	3,580	102,846

Auditors

A resolution proposing the re-appointment of Coopers & Lybrand Deloitte as auditors of the Company will be put to the Annual General Meeting.

By order of the directors

 B.A. WRIGHT
Director

27th March, 1991

Sun Alliance Insurance International Limited

Auditors' report

Report of the auditors to the members of
Sun Alliance Insurance International Ltd

We have audited the accounts on pages 5 to 11 in accordance with Auditing Standards.

In our opinion the accounts have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to insurance companies. The accounts do not include the statement of source and application of funds required by Statement of Standard Accounting Practice number 10.

London
27th March, 1991

Coopers & Lybrand Deloitte
COOPERS & LYBRAND DELOITTE
Chartered Accountants

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Sun Alliance Insurance International Limited

Consolidated revenue account
for the year ended 31st December, 1990

	Notes 3	1990 £m	1989 £m
Premiums written less reinsurance		<u>703.4</u>	<u>677.8</u>
Premiums earned		692.5	662.0
less:			
Claims incurred		<u>557.0</u>	<u>488.2</u>
Commission		<u>105.1</u>	<u>96.9</u>
Expenses		<u>124.5</u>	<u>108.2</u>
		786.6	693.3
Underwriting result		<u>(94.1)</u>	<u>(31.3)</u>

Consolidated profit and loss account
for the year ended 31st December, 1990

Underwriting result		(94.1)	(31.3)
Investment and other income		<u>95.8</u>	<u>84.5</u>
Profit before taxation		1.7	53.2
Taxation	5	0.6	18.6
Profit after taxation attributable to shareholders, carried forward		<u>1.1</u>	<u>34.6</u>

Sea Alliance Insurance International Limited

Movements in reserves
for the year ended 31st December, 1990

	1990 £m	1989 £m
Retained profits		
Balance at 1st January	66.3	-
Reserves relating to acquired subsidiaries	-	31.8
Profit retained (per the profit and loss account)	1.1	34.6
Realised investment profits (losses) after taxation	-	(0.1)
Balance at 31st December	<u>67.4</u>	<u>66.3</u>
Revaluation reserve		
Balance at 1st January	-	-
Reserves relating to acquired subsidiaries	-	8.4
Movement arising from transfer of investments and unrealised appreciation of investments	-	(8.4)
Balance at 31st December	<u>-</u>	<u>-</u>

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Sun Alliance Insurance International Limited

Consolidated balance sheet
at 31st December, 1990

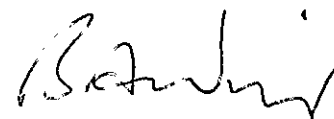
	1990 £m	1989 £m
Share capital		
Authorised, issued and fully paid: 400,000,000 ordinary shares of £1 each	400.0	400.0
Reserves		
Retained profits	67.4	66.3
	<u>467.4</u>	<u>466.3</u>
Insurance funds including provisions and reserves		
Unearned premiums	247.9	230.2
Outstanding claims	933.5	780.1
	<u>1,181.4</u>	<u>1,010.3</u>
Other liabilities		
Bank overdraft	1.1	0.3
Sundry creditors	44.1	50.7
Due to fellow subsidiaries	0.2	1.7
	<u>1,694.2</u>	<u>1,529.3</u>
Investments		
Overseas government securities	0.3	0.3
Debentures	0.2	0.2
Property	0.3	0.2
Deposits at interest	-	1.1
Shares in subsidiary	0.5	0.3
Loan to subsidiary	0.2	0.3
	<u>1.5</u>	<u>2.4</u>
Other assets		
Agents' balances and debtors	274.8	259.0
Due from parent company	1,397.1	1,182.8
Due from subsidiary	0.1	0.2
Due from fellow subsidiaries	17.2	82.7
Cash at bank	3.5	2.2
	<u>1,694.2</u>	<u>1,529.3</u>

Sun Alliance Insurance International Limited

Balance sheet
at 31st December, 1990

	Notes	1990 £m	1989 £m
Share capital			
Authorised, issued and fully paid:			
400,000,000 ordinary shares of £1 each		400.0	400.0
Reserves			
Retained profits	6	28.9	30.1
Revaluation reserve		38.5	36.2
		<u>467.4</u>	<u>466.3</u>
Insurance funds			
including provisions and reserves			
Unearned premiums		221.8	205.3
Outstanding claims		894.0	742.1
		<u>1,115.8</u>	<u>947.4</u>
Other liabilities			
Bank overdraft		1.1	0.3
Sundry creditors		38.2	47.7
Due to fellow subsidiaries		1.5	-
		<u>1,624.0</u>	<u>1,461.7</u>
Shares in subsidiaries	7	39.8	37.6
Other assets			
Agents' balances and debtors		245.0	230.9
Due from parent company		1,127.7	1,106.0
Due from fellow subsidiaries		208.6	84.5
Cash deposits		1.3	1.2
Cash at bank		1.6	1.5
		<u>1,624.0</u>	<u>1,461.7</u>

The accounts on pages 5 to 11 were approved
by the directors on 27th March, 1991 and were
signed on their behalf by:-



B.A. WRIGHT, Director

Sun Alliance Insurance International Limited

Notes on the accounts

1. Accounting policies

The principal accounting policies of the Group as set out below comply with U.K. statements of standard accounting practice to the extent that they are appropriate to insurance companies. As the company is a wholly-owned subsidiary within the Sun Alliance Group the directors do not consider it appropriate to include a statement of source and application of funds as required by SSAP 10.

(a) Group accounts

The consolidated accounts of the Group include the audited accounts of subsidiaries drawn up to 31st December. As permitted by section 230 of the Companies Act 1985 a separate profit and loss account for the Company is not presented.

(b) Exchange rates

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.

(c) Insurance business

(i) Underwriting results

Except for those classes of business referred to below, the underwriting results of general insurance business are determined on an annual basis. Premiums written are accounted for in the year in which the risks are assumed. The unearned proportions of the premiums 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 to subsequent accounting periods. Claims incurred comprise the settlement and handling costs of paid and outstanding claims arising from events occurring in the year and adjustments to prior years' claims provisions.

The results of marine and aviation business are determined at the end of the second year following the year of account, after providing for the estimated cost of all outstanding claims, whether notified or not.

(ii) Insurance funds

Unearned premiums are calculated on a time apportionment basis using principally the daily pro-rata method.

Outstanding claims comprise provisions for the estimated cost of settling all claims incurred up to but not paid at the balance sheet date, whether reported or not, and the balances of the open years' accounts for marine and aviation business.

Insurance funds include provisions, as necessary, for any estimated future losses relating to unexpired risks at the balance sheet date and for underwriting losses expected to arise on open years' accounts.

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Sun Alliance Insurance International Limited

Notes on the accounts continued

(d) Investment income

Investment income, comprising intra group interest and income on investments, is included on an accruals basis.

(e) Taxation

The taxation charge in the consolidated profit and loss account is based on the profits and income of the year and includes deferred taxation on timing differences other than those considered likely to continue in the foreseeable future.

(f) Investments

Investments are stated in the balance sheet at market values, comprising stock exchange values for listed securities and directors' valuations for other investments, shares in subsidiaries being at net asset value. The excess of market values over book values of the investments is taken to revaluation reserve.

Profits and losses on the realisation of investments, less taxation, are taken to retained profits.

2. Accounting and disclosure requirements

These accounts are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to insurance companies.

The Company and its insurance subsidiary have 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.

3. Insurance business

The Company has had recourse to a reinsurance facility provided by its immediate parent company resulting in the underwriting loss for 1990 being reduced by £94.5m.

4. Pension costs

The majority of the Sun Alliance staff in the U.K. are employed by Sun Alliance and London Insurance plc and are members of a defined benefits pension scheme details of which are disclosed in the accounts of Sun Alliance Group plc.

5. Taxation

The charge for taxation in the consolidated profit and loss account comprises:-

	1990 £m	1989 £m
United Kingdom taxation		
Corporation tax at 35% (1989 35%)	0.6	18.5
Taxation attributable to U.K. dividend income	-	0.1
	<hr/> 0.6	<hr/> 18.6

10-06-9

Sun Alliance Insurance International Limited

Notes on the accounts continued

5. Taxation continued

Under an agreement with the Inland Revenue the United Kingdom corporation tax liabilities of the Company and a subsidiary have been aggregated with those attributable to the general business of the other U.K. subsidiaries of Sun Alliance and London Insurance plc and assessed in the name of that company. Accordingly, the provision for the current year's United Kingdom taxation liability is transferred to Sun Alliance and London Insurance plc.

The potential liability for deferred taxation which is not expected to be payable in the foreseeable future and for which, therefore, no provision has been made is estimated to amount to £60,000 (1989 £100,000).

6. Parent company

The loss after taxation of the Company for the year amounted to £1.2m (1989 profit £30.1m).

7. Subsidiaries

The subsidiaries, all of which are registered in England and Wales, are as follows:-

	Percentage of ordinary shares held	
	By Company	By subsidiary
National Vulcan Engineering Insurance Group Ltd	100	
National Vulcan Safety Products Ltd		100
Sun Alliance Financial Risks Ltd	100	
C.H. Thompson Ltd		100
Vulcan Boiler Engineering Services Ltd		100

8. Directors' emoluments

No emoluments were paid to the directors in respect of their services as directors of the Company in 1990 or 1989. All the directors are employees of Sun Alliance and London Insurance plc and receive remuneration in respect of their duties as directors or managers of that company.

9. Auditors' remuneration

The remuneration of the auditors of the Company and its subsidiaries amounted to £125,000 (1989 £120,000).

10. 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 Sun Alliance Group plc which is registered in England and Wales. A copy of that company's group accounts can be obtained from 1 Bartholomew Lane, London EC2N 2AB.