

150 6943

**ANCON INSURANCE COMPANY (U.K.) LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2001**



**ANCON INSURANCE COMPANY (U.K.) LIMITED**

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**Directors**

L C W Brown  
B A Maher  
J D Whitelaw  
R L Barclay

Chairman

(resigned 20 February 2001)

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**Corporate Secretary**

Capita Eastgate Insurance Services Limited

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**Auditors**

PricewaterhouseCoopers  
31 Great George Street, Bristol BS1 5QD

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**Bankers**

Barclays Bank PLC  
Citibank, N A

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**Managers**

Capita Eastgate Insurance Services Limited

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**Registered and Administrative Offices**

Eastgate House, 40 Dukes Place, London EC3A 7NH

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**Registered Number**

1506943

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# **ANCON INSURANCE COMPANY (U.K.) LIMITED**

## **REPORT OF THE DIRECTORS**

For the year ended 31 December 2001

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The Directors present their financial statements for the year ended 31 December 2001.

### **Principal activities**

The principal activity of the Company is insurance and reinsurance business. The Company ceased active underwriting on 1st October 1984, but has continued to trade in fulfilment of its continuing commitments on insurance business contracted prior to that date. The Company will continue the orderly run-off of its business.

The Company has successfully completed a number of commutations during the year, which has reduced the technical provisions. The total settlement received in 2001 for commutations was £150,029 (2000: £972,456 paid).

### **Financial statements**

The Directors submit herewith the Profit and Loss Account of the Company for the year ended 31 December 2001, together with the Balance Sheet as at that date. The results for the period are set out on page 5.

### **Technical provisions**

Between 1981 and 1984, the Company wrote a London market account. In view of the nature of this business, some uncertainty exists as to the ultimate loss position. An independent actuarial review was carried out as at 30 June 2001. The Directors have established reserves for expected loss development within the range predicted by this review as adjusted for claims subsequently paid. The net technical provisions at 31 December 2001 are £5,115,325.

### **Directors and secretary**

The Directors of the Company during the year and the corporate secretary are shown on page 1.

### **Directors' shareholdings**

Under the provisions of The Companies (Disclosure of Directors' Interests) (Exceptions) Regulations 1985, the Directors of the Company are exempt from disclosing to this Company any interest they may have in shares of the ultimate holding Company.

### **Dividend**

The Directors do not recommend the payment of a dividend (2000 : nil).

### **Auditors**

PricewaterhouseCoopers have expressed their willingness to continue in office as auditors. The Company has elected, by way of an elective resolution to dispense with the need to appoint auditors annually.

**REPORT OF THE DIRECTORS (contd)**

For the year ended 31 December 2001

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**Directors' responsibilities for the financial statements**

The Directors are required by UK company law to prepare financial statements for each financial year that 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 profit or loss of the Company for that period. In preparing these financial statements, 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 financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 financial statements 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.

By Order of the Board



for Capita Eastgate Insurance Services Limited  
Corporate Secretary  
London, 16 April 2002

**Independent Auditors' Report  
to the Members of ANCON INSURANCE COMPANY (U.K.) LIMITED**

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We have audited the financial statements which comprise the profit and loss account and the statement of total recognised gains and losses for the year ended 31 December 2001, and the balance sheet as at that date, and the related notes which have been prepared in accordance with the accounting policies set out in the statement of accounting policies.

**Respective responsibilities of directors and auditors**

The Directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with the relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

**Basis of audit 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the 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 financial statements 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 financial statements.

In forming our opinion, we have considered the adequacy of the disclosures made in note 1(d) and note 9 to the financial statements concerning the fundamental uncertainty attaching to the quantification of the technical provision for claims outstanding and the outcome of the run-off. The ultimate liability will vary as a result of subsequent information and developments, and significant adjustments may be necessary to the amounts provided. Our opinion is not qualified in this respect.

**ANCON INSURANCE COMPANY (U.K.) LIMITED**

**Independent Auditors' Report (contd)  
to the Members of ANCON INSURANCE COMPANY (U.K.) LIMITED**

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**Opinion**

In our opinion, the financial statements give a true and fair view of the Company's affairs at 31 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*PricewaterhouseCoopers*  
PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors  
31 Great George Street

Bristol

BS1 5QD

Date: 16 April 2002

**ANCON INSURANCE COMPANY (U.K.) LIMITED****PROFIT AND LOSS ACCOUNT**

For the year ended 31 December 2001

|  | <u>Notes</u> | <u>2001</u><br>£ | <u>2000</u><br>£ |
|--|--------------|------------------|------------------|
| <b>TECHNICAL ACCOUNT - GENERAL BUSINESS</b>                      |              |                  |                  |
| Gross premiums   |              | 3,592            | 3,132            |
| Outward reinsurance premiums                                     |              | (8,473)          | (22,369)         |
|  |              | <hr/>            | <hr/>            |
| Earned premiums, net of reinsurance                              |              | (4,881)          | (19,237)         |
|  |              | <hr/>            | <hr/>            |
| Gross claims paid  |              | 1,328,867        | 2,426,265        |
| Reinsurers' share  |              | (291,407)        | (1,310,996)      |
|  |              | <hr/>            | <hr/>            |
| Net claims paid  |              | 1,037,460        | 1,115,269        |
|  |              | <hr/>            | <hr/>            |
| Change in the provision for claims - gross amount                |              | (1,512,991)      | (2,547,191)      |
| - reinsurers' share  |              | 57,774           | 406,626          |
|  |              | <hr/>            | <hr/>            |
| Net change in the provision for claims                           |              | (1,455,217)      | (2,140,565)      |
|  |              | <hr/>            | <hr/>            |
| Claims incurred, net of reinsurance                              |              | (417,757)        | (1,025,296)      |
|  |              | <hr/>            | <hr/>            |
| Net operating expenses   | 2            | 235,717          | 385,778          |
|  |              | <hr/>            | <hr/>            |
| BALANCE ON THE TECHNICAL ACCOUNT                                 |              | 177,159          | 620,281          |
|  |              | <hr/>            | <hr/>            |
| <b>NON-TECHNICAL ACCOUNT</b>                                     |              |                  |                  |
| Balance on the general business technical account                |              | 177,159          | 620,281          |
| Investment income  | 4            | 583,932          | 850,774          |
|  |              | <hr/>            | <hr/>            |
|  |              | 761,091          | 1,471,055        |
| Investment expenses and charges - investment management expenses |              | 18,431           | 8,424            |
|  |              | <hr/>            | <hr/>            |
| Profit on ordinary activities before tax                         |              | 742,660          | 1,462,631        |
| Tax on profit on ordinary activities                             | 5            | -                | -                |
|  |              | <hr/>            | <hr/>            |
| Profit on ordinary activities after tax                          |              | 742,660          | 1,462,631        |
|  |              | <hr/>            | <hr/>            |
| RETAINED PROFIT FOR THE FINANCIAL YEAR                           |              | 742,660          | 1,462,631        |
|  |              | <hr/>            | <hr/>            |

All activities are classified as discontinuing.

The notes on pages 10 to 14 form part of these financial statements

**ANCON INSURANCE COMPANY (U.K.) LIMITED**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

For the year ended 31 December 2001

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|   | <u>2001</u><br>£ | <u>2000</u><br>£ |
|---|------------------|------------------|
| Retained profit for the financial year          | 742,660          | 1,462,631        |
| Surplus on retranslation of net currency assets | 187,210          | 350,074          |
|   | <hr/>            | <hr/>            |
|   | 929,870          | 1,812,705        |
|   | <hr/>            | <hr/>            |

The notes on pages 10 to 14 form part of these financial statements



**ANCON INSURANCE COMPANY (U.K.) LIMITED****BALANCE SHEET**

as at 31 December 2001

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|   | <u>Notes</u> | <u>2001</u><br>£  | <u>2000</u><br>£  |
|---|--------------|-------------------|-------------------|
| <b>ASSETS</b>   |              |                   |                   |
| <b>INVESTMENTS</b>  | 6            |                   |                   |
| Other financial investments   |              | 12,556,873        | 12,409,181        |
| <br><b>REINSURERS SHARE OF TECHNICAL PROVISIONS</b>                 | 9            |                   |                   |
| Claims outstanding  |              | 1,615,037         | 1,628,450         |
| <br><b>DEBTORS</b>  |              |                   |                   |
| Debtors arising out of direct insurance operations - intermediaries |              | -                 | 70,346            |
| Debtors arising out of reinsurance operations                       |              | 1,688,975         | 2,382,994         |
|   |              | <hr/>             | <hr/>             |
|   |              | 1,688,975         | 2,453,340         |
|   |              | <hr/>             | <hr/>             |
| <br><b>OTHER ASSETS</b>   |              |                   |                   |
| Cash at bank and in hand  |              | 339,778           | 417,798           |
| <br><b>PREPAYMENTS AND ACCRUED INCOME</b>                           |              | 11,544            | 26,998            |
|   |              | <hr/>             | <hr/>             |
| <br><b>TOTAL ASSETS</b>   |              | <u>16,212,207</u> | <u>16,935,767</u> |

The notes on pages 10 to 14 form part of these financial statements

**ANCON INSURANCE COMPANY (U.K.) LIMITED****BALANCE SHEET**

as at 31 December 2001

|  | <u>Notes</u> | <u>2001</u><br>£ | <u>2000</u><br>£ |
|--|--------------|------------------|------------------|
| <b>LIABILITIES</b>                                 |              |                  |                  |
| <b>CAPITAL AND RESERVES</b>                        |              |                  |                  |
| Called up share capital                            | 8            | 49,025,000       | 49,025,000       |
| Profit and loss account                            | 10           | (40,642,682)     | (41,572,552)     |
|  |              | <hr/>            | <hr/>            |
| Shareholder funds attributable to equity interests |              | 8,382,318        | 7,452,448        |
|  |              | <hr/>            | <hr/>            |
| <b>TECHNICAL PROVISIONS</b>                        |              |                  |                  |
| Claims outstanding                                 | 9            | 6,730,362        | 8,024,749        |
| <b>CREDITORS</b>                                   |              |                  |                  |
| Arising out of direct insurance operations         |              | 406,581          | 212,923          |
| Arising out of reinsurance operations              |              | 631,930          | 1,198,034        |
|  |              | <hr/>            | <hr/>            |
|  |              | 1,038,511        | 1,410,957        |
|  |              | <hr/>            | <hr/>            |
| <b>ACCRUALS</b>                                    |              | 61,016           | 47,613           |
|  |              | <hr/>            | <hr/>            |
| <b>TOTAL LIABILITIES</b>                           |              | 16,212,207       | 16,935,767       |
|  |              | <hr/>            | <hr/>            |

Approved by the Board of Directors on 16 April 2002



L C W Brown, Director

The notes on pages 10 to 14 form part of these financial statements

NOTES TO THE ACCOUNTS

as at 31 December 2001

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**1 ACCOUNTING POLICIES**

**(a) Basis of preparation**

The accounts have been prepared in compliance with the provisions relating to insurance companies of Section 255 of, and Schedule 9A to, the Companies Act 1985, and with the Statement of Recommended Practice on Accounting for Insurance Business issued by the Association of British Insurers ("the ABI SORP") dated December 1998.

**(b) Standard accounting practice**

The financial statements have been prepared in accordance with applicable accounting standards. FRS 18 "Accounting Policies" has been adopted in the current year, but this did not require any change in accounting policy.

**(c) Premiums**

Premiums comprise the total premiums receivable for the whole period of cover provided by contracts, together with adjustments arising in the financial year to such premiums receivable in respect of business written in previous years.

All premiums are shown gross of commission payable to intermediaries.

**(d) Technical account**

The technical provisions are assessed by reference to projections of the ultimate development of premiums and claims in respect of each underwriting year.

Claims are accounted for in respect of all incidents up to the year end. Provision is made for the estimated cost of:

- (i) Claims reported but not settled.
- (ii) Claims incurred but not yet reported.
- (iii) Claims handling expenses.

Provision for outstanding claims are established based on actuarial and statistical projections and other estimates of the ultimate cost of settlement. Traditional actuarial techniques are used to estimate future liabilities for each major class of liabilities excluding latent claims.

Models are used to derive IBNR to outstanding ratios for Ancon's exposure. The models consider the likely future losses from either known asbestos insureds or known pollutant insureds by site and likely future losses from currently unknown insureds. The models are designed explicitly to reflect the features of the risks and all information currently available in the market.

The claims provision includes amounts in respect of potential claims on long tail casualty business. Whilst the Directors consider that the gross provision for claims and the related reinsurance recoveries 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 that may result in significant adjustments to the amount provided. Adjustments to the amounts of provision are reflected in the financial statements for the period in which the adjustments are made. The methods used, and the estimates made, are reviewed regularly.

The estimates made are based upon current facts available to the Company and the prevailing legal environment affecting it and are subjected to continual review, with any resulting adjustments reported in the current earnings.

**(e) Reinsurance Recoveries**

Reinsurance recoveries in respect of estimated claims incurred but not reported are assumed to be consistent with the historical pattern of such recoveries. An assessment is also made of the recoverability of reinsurance recoveries having regard to market data on the financial strength of each of the reinsurance companies.

## NOTES TO THE ACCOUNTS (contd)

as at 31 December 2001

**1 ACCOUNTING POLICIES (contd)****(f) Translation of foreign currencies**

Assets and liabilities are translated to Sterling at rates ruling on the Balance Sheet date. Revenue transactions in the principal overseas currencies in which the Company transacts business are also translated to Sterling at the rates ruling on the Balance Sheet date. Realised exchange differences are dealt with in the result for the year, unrealised exchange differences are adjusted against retained profits brought forward or within changes in the provision for claims, as appropriate.

**(g) Investment income**

Investment income is reported on an accruals basis.

**(h) Investments**

All investments are stated at current value in the Balance Sheet.

**(i) Cash flow statement and related party disclosures**

The Company is a 100% subsidiary within the Exxon Mobil Corporation Group and is included in the consolidated financial statements of Exxon Mobil Corporation, which are publicly available. Therefore the Company utilises the exemption contained in paragraph 5(a) of FRS 1 Cash Flow statements not to prepare a cash flow statement. The Company also utilises the exemption contained in paragraph 3(c) of FRS 8 Related Party Disclosures not to disclose any transactions with any entities that are part of that group.

**2 NET OPERATING EXPENSES**

|                         | <u>2001</u><br>£ | <u>2000</u><br>£ |
|-------------------------|------------------|------------------|
| Acquisition costs       | 70               | 513              |
| Administration expenses | 235,752          | 385,305          |
|                         | <hr/>            | <hr/>            |
|                         | 235,822          | 385,818          |
| Reinsurance commissions | (105)            | (40)             |
|                         | <hr/>            | <hr/>            |
| Net operating expenses  | 235,717          | 385,778          |
|                         | <hr/>            | <hr/>            |

**3 ADMINISTRATION EXPENSES**

|                                     |                  |                  |
|-------------------------------------|------------------|------------------|
| Administration expenses include:    | <u>2001</u><br>£ | <u>2000</u><br>£ |
| Bad debt costs                      | 4,727            | 76,626           |
| Auditors' remuneration – audit fees | 30,642           | 31,925           |
| Directors' emoluments               | -                | -                |
|                                     | <hr/>            | <hr/>            |
|                                     | 35,369           | 108,551          |
|                                     | <hr/>            | <hr/>            |

The company has no employees and has sub-contracted its administration to Capita Eastgate Insurance Services Limited.

# ANCON INSURANCE COMPANY (U.K.) LIMITED

## NOTES TO THE ACCOUNTS (contd)

as at 31 December 2001

### 4 INVESTMENT INCOME

|   | <u>2001</u><br>£ | <u>2000</u><br>£ |
|---|------------------|------------------|
| Income from intra group loans & deposits to fellow subsidiary undertaking | 583,932          | 850,774          |

### 5 TAXATION

There is no corporation tax charge as the Company's taxable profits during the year have been offset against taxable losses brought forward of £3,353,394 (2000 nil tax charge).

No deferred tax has been provided as in the opinion of the Directors no taxation liability will arise in the foreseeable future.

### 6 INVESTMENTS

|   | <u>2001</u><br>£ | <u>Current Value</u><br><u>2000</u><br>£ | <u>2001</u><br>£ | <u>Historical Cost</u><br><u>2000</u><br>£ |
|---|------------------|--|------------------|--|
| Intra group loans and deposits to fellow subsidiary undertaking | 12,556,873       | 12,409,181                               | 12,556,873       | 12,409,181                                 |

The Intra group loans and deposits have no specified maturity period and are based on a 90 day interest period.

### 7 DIRECTORS EMOLUMENTS

The total emoluments were nil (2000 nil).

### 8 SHARE CAPITAL

|   | <u>2001</u><br>£ | <u>2000</u><br>£ |
|---|------------------|------------------|
| Authorised<br>60,000,000 (2000 - 60,000,000) Ordinary shares of £1            | 60,000,000       | 60,000,000       |
| Issued and fully paid<br>49,025,000 (2000 - 49,025,000) Ordinary shares of £1 | 49,025,000       | 49,025,000       |

### 9 OUTSTANDING CLAIMS PROVISION

|                    | <u>Gross</u><br>£ | <u>Reinsurance</u><br>£ | <u>Net</u><br>£ |
|--------------------|-------------------|-------------------------|-----------------|
| <u>2001</u>        |                   |                         |                 |
| Claims outstanding | 6,730,362         | 1,615,037               | 5,115,325       |
| <u>2000</u>        |                   |                         |                 |
| Claims outstanding | 8,024,749         | 1,628,450               | 6,396,299       |

# ANCON INSURANCE COMPANY (U.K.) LIMITED

## NOTES TO THE ACCOUNTS (contd)

as at 31 December 2001

The claims provision includes amounts in respect of potential claims relating to asbestos, pollution and health hazard. These claims are not expected to be settled for many years and there is considerable uncertainty as to both the insurer's liability for these claims and the amounts at which they will be settled.

The level of the provision has been set on the basis of the information which is currently available, including potential outstanding loss advices, experience and development of similar claims and case law. Whilst the Directors consider that the gross provision for claims and the related reinsurance recoveries 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 significant adjustments to the amount provided. Adjustments to the amounts of provisions are reflected in the financial statements for the period in which the adjustments are made. The methods used, and the estimates made, are reviewed regularly.

### 10 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

|  | <u>Share<br/>capital</u><br>£ | <u>Profit and<br/>loss account</u><br>£ | <u>Total</u><br>£ |
|--|-------------------------------|---|-------------------|
| <b>2001</b>  |                               |   |                   |
| Retained profit for the financial year             | -                             | 742,660                                 | 742,660           |
| Other recognised gains and losses (net)            | -                             | 187,210                                 | 187,210           |
|  |                               |   |                   |
| Net addition to shareholders' funds                | -                             | 929,870                                 | 929,870           |
| Opening shareholders' funds                        | 49,025,000                    | (41,572,552)                            | 7,452,448         |
|  |                               |   |                   |
| Closing shareholders' funds at<br>31 December 2001 | 49,025,000                    | (40,642,682)                            | 8,382,318         |
|  |                               |   |                   |
|  | <u>Share<br/>capital</u><br>£ | <u>Profit and<br/>loss account</u><br>£ | <u>Total</u><br>£ |
| <b>2000</b>  |                               |   |                   |
| Retained profit for the financial year             | -                             | 1,462,631                               | 1,462,631         |
| Other recognised gains and losses (net)            | -                             | 350,074                                 | 350,074           |
|  |                               |   |                   |
| Net addition to shareholders' funds                | -                             | 1,812,705                               | 1,812,705         |
| Opening shareholders' funds                        | 49,025,000                    | (43,385,257)                            | 5,639,743         |
|  |                               |   |                   |
| Closing shareholders' funds at<br>31 December 2000 | 49,025,000                    | (41,572,552)                            | 7,452,448         |

### 11 SEGMENTAL INFORMATION

|                          | <u>Accident<br/>&amp; Health</u><br>£ | <u>Direct<br/>Property</u><br>£ | <u>Direct<br/>Liability</u><br>£ | <u>Direct<br/>Other</u><br>£ | <u>Total<br/>Direct</u><br>£ | <u>Reinsurance</u><br>£ | <u>Total</u><br>£ |
|--------------------------|---------------------------------------|---------------------------------|----------------------------------|------------------------------|------------------------------|-------------------------|-------------------|
| <b>2001</b>              |                                       |                                 |                                  |                              |                              |                         |                   |
| Gross premiums – UK      | 1,780                                 | -                               | (3,941)                          | -                            | (2,161)                      | 5,753                   | 3,592             |
| Gross claims incurred    | -                                     | 153,431                         | (175,308)                        | (9,355)                      | (31,232)                     | (152,892)               | (184,124)         |
| Gross operating expenses | -                                     | 5,855                           | 113,676                          | -                            | 119,531                      | 116,291                 | 235,822           |
|                          |                                       |                                 |                                  |                              |                              |                         |                   |
| Gross technical result   | 1,780                                 | (159,286)                       | 57,691                           | 9,355                        | (90,460)                     | 42,354                  | (48,106)          |
| Reinsurance balance      | -                                     | (20,589)                        | (26,502)                         | -                            | 47,091                       | (178,174)               | (225,265)         |
|                          |                                       |                                 |                                  |                              |                              |                         |                   |
| Net technical result     | 1,780                                 | (138,697)                       | 84,193                           | 9,355                        | (43,369)                     | 220,528                 | 177,159           |

**ANCON INSURANCE COMPANY (U.K.) LIMITED****NOTES TO THE ACCOUNTS (contd)**

as at 31 December 2001

## Net technical provisions

|                          | <u>Direct</u><br><u>Property</u><br>£ | <u>Direct</u><br><u>Liability</u><br>£ | <u>Direct</u><br><u>Other</u><br>£ | <u>Total</u><br><u>Direct</u><br>£ | <u>Reinsurance</u><br>£ | <u>Total</u><br>£ |
|--------------------------|---------------------------------------|--|------------------------------------|------------------------------------|-------------------------|-------------------|
| <b>2000</b>              |                                       |  |                                    |                                    |                         |                   |
| Gross premiums - UK      | -                                     | -                                      | -                                  | -                                  | 3,132                   | 3,132             |
| Gross claims incurred    | (28,370)                              | 633,852                                | -                                  | 605,482                            | (726,408)               | (120,926)         |
| Gross operating expenses | 2,110                                 | 202,230                                | -                                  | 204,340                            | 181,478                 | 385,818           |
| Gross technical result   | 26,260                                | (836,082)                              | -                                  | (809,822)                          | 548,062                 | (261,760)         |
| Reinsurance balance      | 1,492                                 | (1,007,249)                            | -                                  | (1,005,757)                        | 123,716                 | (882,041)         |
| Net technical result     | 24,768                                | 171,167                                | -                                  | 195,935                            | 424,346                 | 620,281           |
| Net technical provisions | 36,478                                | 3,203,758                              | -                                  | 3,240,236                          | 3,156,063               | 6,396,299         |

All gross premiums in respect of direct business are written in the United Kingdom and those in respect of reinsurance business are written in the London Market.

**12 TRUST DEPOSITS**

During 2001 a Trust Fund guarantee of US\$1,500,000 was maintained in favour of the State of New York for the benefit of United States policyholders. The Trust Fund Agreement is supported by a Letter of Credit with Citibank issued by the Company. The Letter of Credit is guaranteed by Exxon Overseas Investment Corporation which is a subsidiary of the Company's ultimate parent undertaking.

**13 ULTIMATE PARENT UNDERTAKING**

The Company is owned by Esso Holding Company UK Inc, which is the immediate parent undertaking and controlling company. The ultimate parent undertaking of this company is Exxon Mobil Corporation incorporated in New Jersey, USA. This is the largest Group of which the company is a member, and for which Group accounts are prepared. The parent undertaking of the smallest Group of which the company is a member, and for which Group accounts are prepared is Esso Holdings Company U.K. Inc., which is registered in England. Copies of the above accounts are available from the secretary of the company at Esso House, Ermyn Way, Leatherhead, Surrey KT22 8UZ.