

# RETURNS UNDER INSURANCE COMPANIES LEGISLATION

## THE WEST OF ENGLAND SHIP OWNERS MUTUAL INSURANCE ASSOCIATION (LONDON) LIMITED

Year ended 20 February 2004

THIS IS AN ACC COMPANY  
DOCUMENT DELIVERED  
UNDER THE INSURANCE  
ACT 1982

### 1. Statement of the general reinsurance arrangements

As detailed below the Association has wholly reinsured all its risks with The West of England Ship Owners Mutual Insurance Association (Luxembourg) in consideration for the transfer of all its assets. All of the assets and liabilities shown on the balance sheet are held by the Association as trustee for the West of England Ship Owners Mutual Insurance Association (Luxembourg).

From 20 February 1970 the Association ceased to accept new business in Class 1 and no figures for this class are shown in the revenue account. The relevant policy years up to and including 1969/70 are subject to special reinsurance arrangements with The West of England Ship Owners Mutual Insurance Association (Luxembourg).

The Association ceased to insure new business in Class 2 - Freight, Demurrage and Defence risks on 20 February 1986 and has entered into a reinsurance agreement with The West of England Ship Owners Mutual Insurance Association (Luxembourg) whereby the latter, in consideration for the transfer of all the assets of Class 2 of the Association, will reinsure all the Freight, Demurrage and Defence risks up to 20 February 1986.

With effect from 20 February 1987, the Association ceased to insure new business under Classes 3 and 4 and The West of England Ship Owners Mutual Insurance Association (Luxembourg) has reinsured all the risks incurred up to that date of Classes 3 and 4 - Ships Officers and Crew Strikes and Port Area Strikes - in consideration of the transfer of all the Association's assets held for those classes.

On 7 January 2000, following application by the Association, The Financial Services Authority, in exercise of the powers of the Treasury under s11(1) of the Insurance Companies Act 1982, directed that the Association should cease to be authorised to effect contracts of insurance in general business classes 1,4,5,6,7,11, 12 and 15.

Subject to any changes resulting from matters dealt with in item 2 below, no alterations are envisaged to the general reinsurance arrangements in the next year.

### 2. Proposed Winding-up

At a meeting of the Board of Directors on 6 February 2001, it was unanimously resolved that, subject to the receipt of legal advice, the Association should proceed to be wound-up. Certain legal advice was then received, which raised a number of consequential issues on which further advice was required. The Board agreed that no further steps be taken to wind up the company until such further legal advice and information on which it would be based became available. A business plan for the winding up, requested by the FSA, is being considered.



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3. Supplementary Calls

There have been no supplementary calls made in the year.

4. a) We confirm that:

- (i) the return has been prepared in accordance with the Accounts and Statements Rules,
- (ii) proper accounting records have been maintained and adequate information on which to base the return has been obtained,
- (iii) appropriate systems and controls have been established and maintained by the marine mutual with respect to its transactions and records,
- (iv) the value or amount given for an asset or liability of the marine mutual has been determined in accordance with the Valuation of Assets Rules and the Determination of Liabilities Rules,
- (v) in respect of the Association's insurance business not excluded by rule 7.6, throughout the financial year in question 2003/04 the marine mutual complied with rules 7.1 to 7.5 (currency matching and localisation),
- (vi) by an order under s148 of Financial Services and Markets Act 2000, dated 11 February 2000, the Association is exempt from rule 2.1.
- (vii) *each mutual member of the Association has accepted those parts of the rules which oblige members to pay their share of any supplementary calls for the year and of calls to meet the required minimum margin (including any sum needed to make good failure by other members to pay calls made on them), and*
- (viii) the Association is empowered to make supplementary calls on its members which, if met, would produce sufficient assets to meet the required minimum margin; and

- (b) The number of direct mutual members at 20 February 2004 was nil. The Articles of Association state that membership shall cease upon termination of the period of insurance. Since all periods of insurance have ceased only the directors are ex officio members at 20 February 2004, however, members at the end of the final open Policy Year, at 20 February 1986 in respect of Class 2 and at 20 February 1987 for Classes 3 and 4, remain liable for any further calls in respect of those years.

5. We are satisfied that:

- (a) the systems and controls established and maintained by the Association in respect of its insurance business complied, at the end of the financial year in question, and it is reasonable to believe that those systems and controls continue so to comply and will continue so to comply in future with;

Guidance Note P1 "Systems and controls over the investments (and counterparty exposure) of insurers with particular reference to the use of derivatives "; and

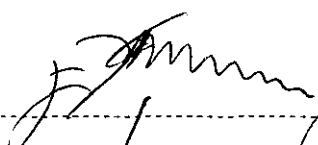
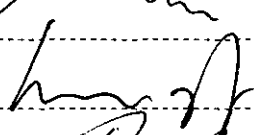
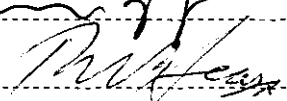
Guidance Note P2 "Systems and controls over general business claims provisions".

- (b) The return has been prepared in accordance with the following published guidance:

Guidance Note 4.1 "Guidance for insurers and auditors on the Valuation of Assets Rules"

Guidance Note 4.2 "The use of derivative contracts in insurance funds"; and

Guidance Note 9.1 "The preparation of returns".

  
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**Director**

**Director**

**Secretary**

**Date:**

14 APRIL 2004

**REPORT OF THE AUDITORS TO THE DIRECTORS PURSUANT TO RULE 9.36E  
AND APPENDIX 9.8 IPRU (INS)**

**WEST OF ENGLAND MUTUAL INSURANCE ASSOCIATION (LONDON) LIMITED**

**Financial year ended 20 FEBRUARY 2004**

We have examined the following documents prepared by the insurer under IPRU (INS) 9.36A and other relevant sections of IPRU (INS) ("the Rules").

- Forms 11, 12, M1, M2, M3 and M4 (including the supplementary notes) ("the Forms");
- the statements required by rules 9.29 and 9.36B on page 7 ("the statements");
- the certificate signed in accordance with rule 9.36D on page 3 ("the certificate").

**Respective responsibilities of the company and its auditors**

The insurer is responsible for the preparation of an annual return (including the Forms, statements and certificate) under the provisions of the Rules. The requirements of the Rules have been modified by a waiver granted under section 68 of the Insurance Companies Act (see note to M2). Under rule 9.11 the Forms and statements are required to be prepared in the manner set out in the Rules and to state fairly the information provided on the basis required by the Rules.

It is our responsibility to form an independent opinion as to whether the Forms and statements meet these requirements, and in the case of the certificate whether it was or was not unreasonable for the persons giving the certificate to have made the statements therein, and to report our opinions to you. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance. This report has been prepared for the directors of the West of England Mutual Insurance Association (London) Limited to comply with their obligations under rule 9.35 and for no other purpose. We do not, in providing this report, accept or assume responsibility for any other purpose save where expressly agreed by our prior consent in writing.

**Bases of opinions**

We conducted our work in accordance with Practice Note 20 "The audit of insurers in the United Kingdom" issued by the Auditing Practices Board. Our work included examination, on a test basis, of evidence relevant to the amounts and disclosures in the Forms and statements. The evidence included that previously obtained by us relating to the audit of the financial statements of the insurer for the financial year. It also included an assessment of the significant estimates and judgments made by the insurer in the preparation of the Forms and statements.

We planned and performed our work 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 Forms and statements are free from material misstatement, whether caused by fraud or other irregularity or error, and comply with rule 9.11.

In the case of the certificate, the work performed involved a review of the procedures undertaken by the signatories to enable them to make the statements therein, and does not extend to an evaluation of the effectiveness of the insurer's internal control systems.

### **Opinions**

In our opinion:

- (a) the Forms and statements fairly state the information provided on the basis required by the Rules as modified and have been properly prepared in accordance with the provisions of those Rules; and
- (b) according to the information and explanations received by us:
  - (i) the certificate has been properly prepared in accordance with the provisions of the Rules; and
  - (ii) it was not unreasonable for the persons giving the certificate to have made the statements therein.

*PricewaterhouseCoopers LLP*

**PricewaterhouseCoopers LLP**  
**Chartered Accountants and Registered Auditors**  
**32 London Bridge Street**  
**London SE1 9SY**

Date: 14 April 2004

**RETURNS UNDER INSURANCE COMPANIES LEGISLATION  
NOTES TO THE RETURN**

**THE WEST OF ENGLAND SHIP OWNERS MUTUAL INSURANCE ASSOCIATION  
(LONDON) LIMITED**

**Year ended 20 February 2004**

**0901 Modification to the Return**

This return has been prepared in accordance with the Interim Prudential Source Book for Insurers. The Association has followed those sections relevant to Marine Mutuals, namely 9.36 A-E. Under these sections, the Association does not need to apply for individual concessions.

The FSA, on the application of the firm, made a direction in February 2004 under section 148 of the Act. The effect of the direction is to modify paragraphs 2 to 6 of Appendix 2.3 to IPRU (INS) to reduce the firm's minimum guarantee fund for its general insurance business from 2,250,000 Euro to 300,000 Euro.

**Form M1**

**M102 Other Income**

Other income includes the reinsurer's share of expenses (\$14,686) and unrealised exchange differences on the translation of bank balances (\$3,683).

**M103 Other Expenditure**

This relates to exchange differences on claim payments.

**Form M2**

By an Order under s68 of the Insurance Companies Act 1982, dated 11 February 2000, the Association is not required to comply with the requirements of IPRU(INS) rule 2.1 (formerly s32 of the Insurance Companies Act 1982) that it maintain a required minimum margin. Concessions issued under s68 carried forward at commencement of the Financial Services and Markets Act 2000, continue under the transitional provisions set out in the supervision manual. This concession has subsequently been replaced by a section 148 waiver which takes effect as of 21 February 2004.

The FSA, on the application of the firm, made a direction in February 2004 under section 148 of the Act. The effect of the direction is to modify paragraphs 2 to 6 of Appendix 2.3 to IPRU (INS) to reduce the firm's minimum guarantee fund for its general insurance business from 2,250,000 Euro to 300,000 Euro.

Although the Association remains solvent through its reinsurance arrangements, it is unable to meet its Minimum Margin. This matter is being discussed with the FSA.

**Form M3 (Sheet 3)**

**M303 The amounts of any non-debtor salvage or subrogation recoveries**

Line 73 Sheet 3. Salvage and subrogation recoveries includes an amount of \$150,000 which relates to anticipated recovery of amounts paid on account of a claim.

**STATEMENT OF ADDITIONAL INFORMATION ON DERIVATIVE CONTRACTS  
PURSUANT TO IPRU (INS) 9.29**

The Association's investment guidelines do not permit derivative contracts. No derivative contracts were entered into by the Association during the year.

**General business : Calculation of required margin of solvency - first method**

Name of company      The West of England Ship Owners Insurance Association (London) Limited

Global business ☒ UK branch business ☒ EEA branch business ☒

Financial year ended      20 February 2004

R11	Company registration number	GL/UK/CM	Period ended			Units
			day	month	year	
	22211		20	02	2004	US\$

			This financial year	Previous year
			1	2
Gross premiums receivable			11	
Premium taxes and levies (included in line 11)			12	
Sub-total A (11-12)			13	
Adjusted Sub-total A if financial year is not a 12 month period to produce an annual figure			14	
Division of Sub-total A (or adjusted Sub-total A if appropriate)	Other than health insurance	Up to and including sterling equivalent of 10M ECU x 18/100	15	
		Excess (if any) over 10M ECU x 16/100	16	
	Health insurance	Up to and including sterling equivalent of 10M ECU x 6/100	17	
		Excess (if any) over 10M ECU x 16/300	18	
Sub-total B (15+16+17+18)			19	
Claims paid			21	90,73815,793
Claims outstanding carried forward at the end of the financial year	For business accounted for on an underwriting year basis		22	80,85087,625
	For business accounted for on an accident year basis		23	
Claims outstanding brought forward at the beginning of the financial year	For business accounted for on an underwriting year basis		24	87,62584,160
	For business accounted for on an accident year basis		25	
Sub-total C (21+22+23-(24+25))			29	85,57819,258
Amounts recoverable from reinsurers in respect of claims included in Sub-total C			30	(85,578)(19,258)
Sub-total D (29-30)			39	
First result Sub-total B x Sub-total D (or, if ½ is a greater fraction, x ½) Sub-total C			41	NILNIL



**General business : Calculation of required margin of solvency - second method, and statement of required minimum margin**

Name of company    The West of England Ship Owners Mutual Insurance Association (London) Limited

Global business ~~UK branch business~~ ~~EEA branch business~~

Financial year ended    20 February 2004

R12	Company registration number	GL/UK/CM	Period ended			Units
			day	month	year	
	22211		20	02	2004	US\$

			This financial year	Previous year	Source		
			1	2	Form	Line	Column
Reference period (No. of financial years) Insert "0" if there is no reference period otherwise insert "3" or "7"	3	11			See instruction 1		
Claims paid in reference period		21	188,446	206,587			
Claims outstanding carried forward at the end of the reference period	For business accounted for on an underwriting year basis	22	80,850	87,625			
	For business accounted for on an accident year basis	23					
Claims outstanding brought forward at the beginning of the reference period	For business accounted for on an underwriting year basis	24	119,335	88,464			
	For business accounted for on an accident year basis	25					
Sub-total E (21+22+23-(24+25))		29	149,961	205,748			
Sub-total F - Conversion of Sub-total E to annual figure (Multiply by 12 and divide by number of months in reference period)		31	49,987	68,583			
Division of Sub-total F	Other than health insurance	Up to and including sterling equivalent of 7M ECU x 28/100	32	12,997	17,832		
		Excess (if any) over 7M ECU x 23/100	33				
	Health insurance	Up to and including sterling equivalent of 7M ECU x 28/300	34				
		Excess (if any) over 7M ECU x 23/300	35				
Sub-total G (32 to 35)		39	12,997	17,832			
Second result Sub-total G x Sub-total D (or, if 1/2 is a greater fraction, x 1/2)		41	6,499	8,916			

First result	42			11	41
Required margin of solvency (the higher of lines 41 and 42)	43	6,499	8,916		

Minimum guarantee fund	44	258,131	304,136		
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Required minimum margin (the higher of lines 43 and 44)	49	258,131	304,136		
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**Instruction for completion of Form 12**

If the company has not been in existence long enough to acquire a reference period lines 21 to 41 shall be ignored.

## Marine mutuals : Revenue account

Name of company The West of England Ship Owners Mutual Insurance Association (London) Limited

Financial year ended 20 February 2004

		Company registration number	Period ended			Units (See instruction 1)	
			day	month	year		
		M1	22211	20	02	2004	US\$
			This financial year 1	Previous year 2	Source		
Income	Gross income from contributions etc		11				
	Reinsurance premiums paid		12				
	Net income from contributions and premiums		13				
	Investments	Income before tax	14	309	61		
		Value re-adjustments on investments	15				
		Gains on realisation of investments	16				
	Other income		17	18,369	20,217	See instruction 2	
	Total (13 to 17)		19	18,678	20,278		
Expenditure	Claims paid		21	90,738	15,793		
	Reinsurance recoveries received		22	92,353	17,364		
	Net claims paid (21-22)		23	(1,615)	(1,571)		
	Claims outstanding carried forward		24				
	Claims outstanding brought forward		25				
	Increase (decrease) in claims outstanding (24-25)		26				
	Unexpended contributions and unearned premiums (if any) and any amounts set aside for unexpired risks carried forward		27			See instruction 3	
	Unexpended contributions and unearned premiums (if any) and any amounts set aside for unexpired risks brought forward		28			See instruction 3	
	Increase (decrease) in unexpended contributions and unearned premiums (if any) and any additional amounts set aside for unexpired risks (27-28)		29			See instruction 3	
	Administrative expenses		30	19,853	21,363		
	Acquisition costs including commission		31				
	Taxation		32	6	1		
	Other expenditure		33	434	485	See instruction 4	
	Total (23+26+29 to 33)		39	18,678	20,278		
Surplus/deficit of income over expenditure (19-39)			49				

**Instructions for completion of Form M1**

1. Units should be £000 or, if permitted under a S68 Order, one of the following: £, US\$, US\$000.
2. Particulars of other income shown in line 17 shall be stated in a supplementary note.
3. Unexpended contributions, unearned premiums etc shown in lines 27, 28 or 29 should be recorded net of reinsurance and deferred acquisition costs.
4. Particulars of other expenditure shown in line 33 shall be stated in a supplementary note.

## Marine mutuals : Statement of solvency

Name of company The West of England Ship Owners Mutual Insurance Association (London) Limited

Financial year ended 20 February 2004

	Company registration number	Period ended day month year			Units (See instruction 1)
	M2 22211	20	02	2004	US\$
	As at the end of the financial year 1	As at the end of the previous financial year 2	Source Form Line Column		

## ASSETS

Admissible assets	11	260,807	254,088	M3 . 89
Calls approved by the Board but unmade at the end of the financial year	12			
Total (11+12)	19	260,807	254,088	

## LIABILITIES

Unexpended contributions and unearned premiums and any additional amounts set aside for unexpired risks, gross of reinsurance and deferred acquisition costs	21			See instruction 2
Gross provision for outstanding claims	22	80,850	87,625	See instruction 3
Creditors	23	179,957	166,463	
Taxation	24			
Other liabilities	25			See instruction 4
Total (21 to 25)	29	260,807	254,088	

## REQUIRED MINIMUM MARGIN

Net admissible assets (19-29)	31			
Calls unapproved by the Board at the end of the financial year	32	129,065	152,068	See instruction 5
Available net assets (31+32)	33	129,065	152,068	
Required minimum margin	34	258,131	304,136	
Excess (deficiency) of available net assets over the required minimum margin (33-34)	39	(129,065)	(152,068)	

**Instructions for completion of Form M2**

1. Units should be £000 or, if permitted under a S68 Order, one of the following: £, US\$, US\$000.
2. The amount shown at line 21 should equal the sum of  $M1.27 + M3.60 + M3.62 + M3.85$ .
3. The amount shown at line 22 should equal the sum of  $M4.29.8 + M4.29.9$  for all marine classes.
4. Details of the amount shown in line 25 shall be stated in a supplementary note.
5. The amounts shown at line 32 shall not exceed 50% of the amounts shown at line 34.

## Returns under Insurance Companies Legislation

Form M3  
(Sheet 1)

## Marine mutuals : Analysis of admissible assets

Name of company The West of England Ship Owners Mutual Insurance Association (London) Limited

Financial year ended 20 February 2004

Company  
registration  
numberPeriod ended  
day month yearUnits  
(See instruction 1)

M3

22211

20

02

2004

US\$

Investments			As at the end of this financial year 1	As at the end of the previous year 2
Land and buildings			11	
Investments in group undertakings and participating interests	UK insurance dependants	Shares	21	
		Debt securities issued by, and loans to, dependants	22	
	Other insurance dependants	Shares	23	
		Debt securities issued by, and loans to, dependants	24	
	Non-insurance dependants	Shares	25	
		Debt securities issued by, and loans to, dependants	26	
	Other group undertakings and participating interests	Shares	27	
		Debt securities issued by, and loans to, group undertakings	28	
		Participating interests	29	
		Debt securities issued by, and loans to, undertakings in which the company has a participating interest	30	
Total sheet 1 (11 to 30)			39	

### **Instructions for completion of Form M3**

- 1. Units should be in £000 or, if permitted under a S68 order, one of the following: £, US\$, US\$000**
- 2. In lines 11 to 85 -**
  - a) for the purpose of classifying (but not valuing) assets, headings and descriptions used above, wherever they also occur in the balance sheet format in Schedule 9A to the Companies Act 1985, shall have the same meaning as in that Schedule,**
  - b) assets shall be valued in accordance with regulation 4, and**
  - c) assets of any particular description shall be shown after deduction of assets of that description which (for any reason) fall to be left out of account under regulation 57(2)(a) of the Insurance Companies Regulations 1994.**
- 3. The aggregate value of those investments which are:**
  - i) unlisted investments falling within any of lines 41, 42, 46 or 48 which have been valued in accordance with regulation 51 of the Insurance Companies Regulations 1994; or**
  - ii) listed investments falling within any of lines 41, 42, 46 or 48 which have been valued in accordance with regulation 51 of the Insurance Companies Regulations 1994 and which are not ready realisable; or**
  - iii) units or other beneficial interests in collective investment schemes falling within paragraph (c) of regulation 52(1) of the Insurance Companies Regulations 1994; or**
  - iv) reversionary interests or remainders in property other than land or buildings**

**shall be stated by way of a supplementary note to this form, together with a description of such investments.**
- 4. The aggregate value of those investments falling within lines 46 or 48 which are hybrid securities shall be stated by way of a supplementary note to this form.**
- 5. Amounts in respect of salvage or subrogation included above other than at line 73 shall be stated by way of a supplementary note.**
- 6. In line 93 "Solvency margin deduction for insurance dependants" refers to deductions under regulation 47(2)(c) and (d) of the Insurance Companies Regulations 1994.**
- 7. In line 95 "Assets of a type not valued above" refers to assets left out of account under regulation 45(3) of the Insurance Companies Regulations 1994.**



## Marine mutuals : Analysis of admissible assets

Name of company The West of England Ship Owners Mutual Insurance Association (London) Limited

Financial year ended 20 February 2004

				Company registration number	Period ended			Units (See instruction 1)	
				M3	22211	20	02	2004	US\$
Investments (continued)					As at the end of this financial year 1		As at the end of the previous year 2		
Deposits with ceding undertakings									
Assets held to cover linked liabilities									
Other financial investments	Equity shares			41					
	Other shares and other variable yield securities			42					
	Holdings in collective investment schemes			43					
	Rights under derivative contracts			44					
	Debt securities and other fixed income securities	Fixed interest	Approved securities	45					
			Other	46					
		Variable interest	Approved securities	47					
			Other	48					
	Participation in investment pools			49					
	Loans secured by mortgages			50					
	Other loans	Loans to public or local authorities and nationalised industries or undertakings		51					
		Loans secured by policies of insurance issued by the company		52					
		Other		53					
	Deposits with approved credit institutions and approved financial institutions	Withdrawal subject to a time restriction of one month or less		54					
		Withdrawal subject to a time restriction of more than one month		55					
	Other			56					
Deposits with ceding undertakings				57					
Assets held to match linked liabilities	Index linked			58					
	Property linked			59					
Reinsurers' share of technical provisions	Provision for unearned premiums			60					
	Claims outstanding			61	80,850			87,625	
	Provision for unexpired risks			62					
	Other			63					
Total sheet 2 (41 to 63)				69	80,850			87,625	

## Marine mutuals : Analysis of admissible assets

Name of company The West of England Ship Owners Mutual Insurance Association (London) Limited

Financial year ended 20 February 2004

Company  
registration  
numberPeriod ended  
day month yearUnits  
(See instruction 1)

M3

22211

20

02

2004

US\$

Debtors Other assets			As at the end of this financial year 1	As at the end of the previous year 2
Debtors arising out of direct insurance operations	Policyholders		71	
	Intermediaries		72	
Salvage and subrogation recoveries			73	150,000
Debtors arising out of reinsurance operations	Due from ceding insurers and intermediaries under reinsurance business accepted		74	
	Due from reinsurers and intermediaries under reinsurance contracts ceded		75	
Other debtors	Due from dependants	Due in 12 months or less after the end of the financial year	76	
		Due more than 12 months after the end of the financial year	77	
	Other	Due in 12 months or less after the end of the financial year	78	
		Due more than 12 months after the end of the financial year	79	
Tangible assets			80	
Cash at bank and in hand	Deposits not subject to time restriction on withdrawal, with approved credit institutions and approved financial institutions and local authorities		81	29,884
	Cash in hand		82	
Other assets (particulars to be specified by way of supplementary note)			83	
Prepayments and accrued income	Accrued interest and rent		84	73
	Deferred acquisition costs		85	
	Other prepayments and accrued income		86	
Deductions (under regulations 57(2)(b) and 57(3) of the Insurance Companies Regulations 1994) from the aggregate value of assets			87	
Total sheet 3 (71 to 86 less 87)			88	179,957
Grand total of admissible assets (39+69+88)			89	260,807
				254,088

Reconciliation to asset values determined in accordance with the  
shareholder accounts rules

Total admissible assets (as per line 89 above)	91	260,807	254,088
Total assets in excess of the admissibility limits of Schedule 12 of the Insurance Companies Regulations 1994, (as valued in accordance with those Regulations before applying admissibility limits)	92		
Solvency margin deduction for insurance dependants	93		
Other differences in the valuation of assets (other than for assets not valued above)	94		
Assets of a type not valued above, (as valued in accordance with the shareholder accounts rules)	95		
Total assets determined in accordance with the shareholder accounts rules (91 to 95)	99	260,807	254,088

Amounts included in line 89 attributable to debts due from related companies, other than those under contracts of insurance or reinsurance	100		
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**Name of company**  
The West of England Ship Owners Mutual Insurance Association (London) Limited

The West of England Ship Owners Mutual Insurance Association (London) Limited

20 February 2004

## Freight Demurrage and Defence

Financial year ended				20 February 2004				Company registration number				Period ended				Class code				Units	
								day month year												(See instruction 2)	
Marine class				Freight Demurrage and Defence				M4		22211		20		02		2004		US\$			
Policy year ended				Calls made/refunded in financial year		Anticipated future calls/refunds		Reinsurance premiums paid/payable in financial year		Outstanding net claims reserve b/f (including IBNR)		Net payments made in financial year		Outstanding net claims reserve c/f (including IBNR)		Gross payments made in financial year		Estimate of gross payments remaining on reported claims		Estimate of gross payments for IBNR claims	
Month	Year			1	2	3	4	5	6												
02	1986			11																	
02	1985			12												415					
02	1984			13														7,000		1,085	
02	1983			14														2,000		310	
02	1982			15												1,036					
				16																	
				17																	
				18																	
				19																	
				20																	
				21																	
				22																	
				23																	
				24																	
				25																	
Prior years				26												89,288		61,000		9,455	
Totals (11 to 26)				29												90,738		70,000		10,850	

# Instructions for completion of Form M4

1. Separate forms should be completed for each class of business written. The description should be entered against the Marine class heading and the corresponding code entered in the form header.

Code	Description
01	Protection and Indemnity
02	Hull and Machinery
03	Freight Dismurrage and Defence
04	War risks
05	Strikes
06	Other - nature of business to be detailed in a supplementary note

2. Units should be £000 or, if permitted under a S68 Order, one of the following: £, US\$, US\$000.
3. The current policy year should be stated at line 11 and preceding policy years should be listed in reverse chronological order in lines 12 to 25.

## Marine mutuals : Analysis of derivative contracts

Name of company The West of England Ship Owners Mutual Insurance Association (London) Limited

Financial year ended 20 February 2004

Company  
registration  
numberPeriod ended  
day month yearUnits  
(See instruction 1)

M5 | 22211 | 20 | 02 | 2004 | US\$

Derivative contracts			As at the end of this financial year		As at the end of the previous year	
			Assets 1	Liabilities 2	Assets 3	Liabilities 4
Futures contracts	Fixed-interest securities	11				
	Equity shares	12				
	Land	13				
	Currencies	14				
	Other	15				
Options	Fixed-interest securities	21				
	Equity shares	22				
	Land	23				
	Currencies	24				
	Other	25				
Contracts for differences	Fixed-interest securities	31				
	Equity shares	32				
	Land	33				
	Currencies	34				
	Other	35				
Adjustments for variation margin		41				
Total (11 to 41)		49				

## **Instructions for completion of Form M5**

1. Units should be £000 or, if permitted under a S68 Order, one of the following: £, US\$, US\$000.
2. Derivative contracts shall be analysed according to the description of assets shown in the second column of Form M5 which represents the principal subject of the contract.
3. Derivative contracts shall be reported as assets in column 1 of Form M5 if their value to the association (gross of variation margin) is positive and as liabilities in column 2 of Form M5 if their value to the association (gross of variation margin) is negative.
4. All amounts included at lines 11 to 35 of Form M5 in respect of derivative contracts shall be determined without making any allowance for variation margin.
5. Amounts in respect of a derivative contract may only be included net of amounts in respect of any other derivative contract if -
  - a) obligations of the association under the contracts may be set off against each other under generally accepted accounting practice; and
  - b) such other contract has the effect (in whole or in part) of closing out the obligations of the association under the first mentioned contract.
6. The effect of any variation margin upon amounts included at lines 11 to 35 of Form M5 shall be shown at line 41.
7. The entry at M5.49.1 shall be shown at M3.44.1.
8. The entry at M5.49.2 shall be included at M2.23.1.
9. Rights to recover assets transferred by way of initial margin shall not be shown on Form M5.