AC 1459.

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

AA Mutual International Insurance Company Limited



Returns to the FSA For the year ended 31 December 1998

Accounts and Statements pursuant to the Insurance Companies Act 1982 and the Insurance Companies (Accounts and Statements) Regulations 1996

16-7-99 108

Directors' Certificate required by regulation 28(a) of the Insurance Companies (Accounts and Statements) Regulations 1996

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Global Business

Financial year ended 31 December 1998

1(a) Matters relating to Winchester Fox

(i) Winchester Fox & Company Limited ('WF') were the company's main underwriting agent and accepted insurance business on its behalf under an underwriting agency agreement dated 10 July 1980. This agreement remained in place until 31 December 1984 when authority to accept insurance business was limited to aviation business only. The agency agreement was terminated with effect from 31 December 1986.

Hampden Insurance Services Limited ('Hampden'), formerly Market Run-off Services Limited continue to act as agent for the run-off of the portfolio of business written for the company by WF.

The directors believe that proper accounting records of the original insurance transactions were not kept by WF and are mindful of the costs of correcting them. Although no insurance business was written after 1986, and all communications from brokers and cedents are being processed by Hampden who are correcting and updating the accounting records of the company, it is impossible to guarantee that all assets and liabilities are accounted for and accordingly that the accounting records are 100% correct. The directors however believe that the records are substantially correct and no material liabilities are unaccounted for.

- (ii) A net debit of £42,516 which arises from adjustments to the WF portfolio of business has been included in Form 24.43.97 as administrative expenses.
- (iii) Insurance debts included in Form 13.75.1 are shown after the release of provisions of £143,252 in respect of amounts due from reinsurers other than AA Mutual Insurance Association Limited.
- (iv) Gross technical provisions for claims outstanding of £2,150,086 included in Form 15.12.1 and the related reinsurers' share of such provisions amounting to £724,112 included in Form 13.61.1 assumes that claims provisions released in earlier years will not be required and that the company will recover all significant amounts which will become due from reinsurers other than those for which provision has been made.
- (v) A credit of £476,783 which relates to the write-back of reinsurance inwards liabilities that have been established as time-barred has been included in Form 24.43.29.

Directors' Certificate required by regulation 28(a) of the Insurance Companies (Accounts and Statements) Regulations 1996

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Global Business

Financial year ended 31 December 1998

1 (b) Other matters

(i) On 24 June 1986 the short term insurance business of AA Mutual Insurance Association Limited, the company's major reinsurer, was placed in liquidation. When computing the value of claims to be admitted, the liquidators were required under the terms of the judgement of the Supreme Court of South Africa to convert all claims denominated in currencies other than South African Rand at the commercial rates of exchange ruling on 24 June 1986. The liquidators have admitted the company's claims amounting in total to £5,886,395 in respect of which dividends equivalent to 100% have been received, subject to exchange movements. The liquidators have also indicated that they have residual funds available for distribution.

The liquidators went to Court against the South African Receiver of Revenue on 19 April 1999 in order to determine the Receiver's claim that the income accruing during the liquidation was subject to taxation. Judgement was handed down in favour of the liquidators on 7 May 1999 but notice of leave to appeal against the ruling was lodged by the Receiver on the same day. At the date of this certificate, it is not known whether leave to appeal will be granted. If leave to appeal is granted, the matter will be referred to the Appellate Division of the Supreme Court of South Africa, and this could delay the resolution of the case for as much as two years.

On 22 April 1999 the liquidators gave notice of the lodging of their 22nd distribution account. This provided for the payment in early June 1999 of simple interest calculated at 1.6% from the date of the liquidation to the date of payment of the various distribution accounts. The company received its payment of South African Rawis \bar{z}_3 346,678, equivalent to £238,088, on 9 June 1999.

With uncertainty still surrounding future distributions, the directors have established from the liquidators' administrators the absolute worst case position, which assumes the payment of income tax on investment income accruing since the date of liquidation. Funds still available for distribution to the company, after taking the 22nd distribution into account, amount to some SA Rands 2,470,000, equivalent to £252,350. Accordingly, these Returns include receivables from the liquidators amounting to £490,438 in respect of the 22nd distribution account and the further funds available.

Notwithstanding the fact that the company received its payment under the 22nd distribution account on 9 June 1999, these Returns include £65,000 on Form 13.78.1 and £425,000 on Form 13.92.1 in respect of these receivables.

(ii) The directors are preparing an updated run-off plan for the company and have made provision for future claims handling costs, net of anticipated investment income, amounting to £900,000. This has been included in Form 15.12.1. along with the technical provision for claims outstanding.

Directors' Certificate required by regulation 28(a) of the Insurance Companies (Accounts and Statements) Regulations 1996

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Global Business

Financial year ended 31 December 1998

Subject to the foregoing, we certify:

- 2(a) In relation to the part of the return comprising Forms 9 to 13, 15, 16, 20 to 25, 28, 29, 31, 32 and 34 required by Regulations 19 to 21,23, 24 and 26 of the Insurance Companies (Accounts and Statements) Regulations 1996 ("the Regulations") that-
 - (i) the return has been prepared in accordance with the Regulations as modified by an order dated 9 October 1980 issued under Section 68 of the Insurance Companies Act 1982;
 - (ii) proper accounting records have been maintained and adequate information has been obtained by the company, and
 - (iii) an appropriate system of control has been established and maintained by the company over its transactions and records;
- 2(b) reasonable enquiries have been made by the Company for the purpose of determining whether any person and any body corporate are connected for the purposes of Regulations 19 to 21 above;
- 2(c) in respect of the Company's business which is not excluded by regulation 32 of the Insurance Companies Regulations 1994, the assets held throughout the financial year enabled the company to comply with regulations 27 and 31 (matching and localisation) of those Regulations;
- 2(d) immediately following the end of the financial year the amount of the company's required minimum margin and the amount of the company's available assets and quantifiable contingent liabilities (other than those included in form 15) were as shown in Form 9.

Directors' Certificate required by regulation 28(a) of the Insurance Companies (Accounts and Statements) Regulations 1996

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Global Business

V

Financial year ended 31 December 1998

2(e) We are satisfied that:

- (i) that the systems of control established and maintained by the Company in respect of its business complied at the end of the financial year with the following published guidance:
 - Prudential Guidance Note 1994/6- 'Systems of control over investments (and counterparty exposures) of insurance companies with particular reference to the use of derivatives'; and
 - Prudential Guidance Note 1996/1 'Controls over general business claims provisions',

and it is reasonable to believe that those systems continued to so comply subsequently and will continue to so comply in the future; and

- (ii) the return has been prepared in accordance with the followir.g published guidance:
 - Prudential Guidance Note 1995/1 Guidance for insurance companies and auditors on the Valuation of Asset Regulations (Part VIII of the Insurance Companies Regulations 1994);
 - Prudential Guidance Note 1995/3 'The use of derivatives in insurance funds'; and
 - Prudential Guidance Note 1998/1 'The preparation of annual returns to the Insurance Directorate
 of HM Treasury'.

E J Kok Director P J Ellion

K J Shulman Company Secretary

Report of the Auditors to the Directors pursuant to regulation 29 of the Insurance Companies (Accounts and Statements) Regulations 1996

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Global Business

Financial year ended 31 December 1998

We have examined the following documents prepared by the company pursuant to Section 17 of the Insurance Companies Act 1982 ('the Act') and the Insurance Companies (Accounts and Statements) Regulations 1996 ('the Regulations'):

- Forms 9 to 13, 15, 16, 20 to 25, 28, 29, 31, 32 and 34 (including the supplementary notes thereto) ('the Forms');
- the statements required by regulations 19 to 21 and 23 ('the statements'); and
- the certificate signed in accordance with regulation 28(a) ('the certificate').

In the case of the certificate, our examination did not extend to paragraph 2(a) in relation to the statements required by regulations 24 and 26 concerning shareholder controllers and general business ceded.

Respective responsibilities of the company and its auditors

The company is responsible for the preparation of an annual return (including the Forms, statements and certificate) under the provisions of the Act and the Regulations. The requirements of the Regulations have been modified by an Order issued under section 68 of the Act on 9 October 1980. Under regulation 5 the Forms and statements are required to be prepared in the manner specified by the Regulations and to state fairly the information provided on the basis required by the Regulations.

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 certificates to have made the statements therein, and to report our opinions to you.

Bases of opinions

We conducted our work in accordance with Bulletin 1998/3 'Auditors' Reports on Regulatory Returns made under the Insurance Companies Act 1982' 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 company for the financial year on which we reported on 30 June 1999. It also included an assessment of the significant estimates and judgements made by the company in the preparation of the Forms and statements.

We planned and performed our work in the knowledge that the company has been in run-off since 4 December 1987 and, as explained in Statement 1(a)(i) of the certificate by the directors that proper accounting records of the original insurance transactions had not been kept by Winchester Fox & Company Limited ('Winchester Fox'), the company's former underwriting agent. Except for the limitation in evidence available to us for these matters, we sought to obtain all other 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 regulation 5.

Report of the Auditors to the Directors pursuant to regulation 29 of the Insurance Companies (Accounts and Statements) Regulations 1996

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Global Business

Financial year ended 31 December 1998

Bases of opinions (continued)

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 did not extend to an evaluation of the effectiveness of the company's internal control systems.

Limitation in scope in respect of matters relating to Winchester Fox

In forming our opinions, we have considered the adequacy of the disclosures made in the returns concerning the run-off of the portfolio of insurance business written for the company by Winchester Fox. Statement 1(a) (i) of the certificate by the directors explains that the company has appointed an agent to run off this portfolio of insurance business and also to update and correct the accounting records in respect of it. The following limitations in scope arise in respect of matters relating to Winchester Fox:

(a) Debtors and creditors arising out of reinsurance operations and adjustments thereto

We are unable to obtain independent confirmation of the debtor and creditor balances arising from the portfolio of insurance business written by Winchester Fox. Insurance debtors of £200,000 and insurance creditors of £2,717,067 shown in Forms 13.75.1 and 15.42.1 respectively include £138,196 and £2,715,272 respectively in connection with these insurance balances.

Statement 1 (a) (ii) of the certificate by the directors and note 2209 refer to adjustments arising from the Winchester Fox portfolio of business. Until such time as all insurance balances have been confirmed, we are unable to assess whether the net debit of £42,516 which has been included in net operating expenses on Form 24.43.97, arising from adjustments to debtor and creditor balances arising out of reinsurance operations, is correctly stated.

(b) Technical provisions

Statement 1(a) (iv) of the certificate by the directors refers to gross technical provisions for claims outstanding of £2,150,086 included in Form 15.12.1 and the related reinsurers' share of such provisions of £724,112 included in Form 13.61.1. These include, respectively, £2,022,367 and £662,719 in respect of claims arising from business written by Winchester Fox.

We are unable to confirm the adequacy of these amounts since it is not possible to establish whether claims provisions released in prior years will be required or to quantify the extent to which amounts which will become due from reinsurers will be recoverable.

Report of the Auditors to the Directors pursuant to regulation 29 of the Insurance Companies (Accounts and Statements) Regulations 1996

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Global Business

Financial year ended 31 December 1998

Fundamental uncertainties in respect of matters relating to Winchester Fox

In forming our opinions, we have considered the adequacy of the disclosures made in the returns concerning the run-off of the portfolio of insurance business written for the company by Winchester Fox. Statement 1(a)(i) of the certificate by the directors explains that the company has appointed an agent to run off this portfolio of insurance business and also to update and correct the accounting records in respect of it. The following fundamental uncertainties arise in respect of matters relating to Winchester Fox:

(a) Time-barred reinsurance liabilities

Statement 1(a) (v) of the certificate by the directors and note 2408 refer to a credit of £476,783 that relates to the write-back of reinsurance inwards liabilities established as being time-barred. Due to the inherent uncertainties in the legal process, it is impossible to confirm whether the release of £476,783 to the technical account is correctly stated unless all the creditors involved have their claims subsequently denied by the courts.

(b) Provision for doubtful debts

Statement 1(a)(iii) of the certificate by the directors refers to the release of provisions of £143,252 in respect of amounts due from reinsurers other than AA Mutual Insurance Association Limited. We are unable to assess the adequacy of the residual provision of £1,183,261 since it is not possible to quantify with reasonable certainty the extent to which further provisions may be required.

Other fundamental uncertainties

In forming our opinions, we have also considered the adequacy of disclosures made in the returns regarding other fundamental uncertainties. These are:

(a) Amount anticipated from AA Mutual Insurance Association Limited

Statement 1(b)(i) of the certificate by the directors and note 1306 refer to the short term insurance business of AA Mutual Insurance Association Limited, a major reinsurer of the company, which was placed in liquidation on 24 June 1986. The liquidators have admitted the company's claims in respect of which dividends equivalent to 100% have been received subject to exchange movements. The South African Receiver of Revenue has claimed an interest in the residual funds held by the liquidators. Following litigation in April/May 1999 in which the High Court of South Africa ruled in favour of the liquidators, the Receiver of Revenue has sought leave to appeal. These returns include an amount of £490,438 as recoverable from the liquidators, of which £238,088 was received on 9 June 1999. We have received confirmation from the liquidators' office of the South African Rand equivalent of the remaining £252,350 as being attributable to the company on a worst case basis, but are unable to confirm the recoverability of this amount as the liquidators have not confirmed their distribution proposals.

(b) Provision for future claims handling costs

Statement 1 (b)(ii) of the certificate by the directors and note 2202 explain that the directors are preparing an updated run-off plan for the company which is carrying a provision of £900,000 for future claims handling costs. Until such time as the directors have completed the run-off plan, we are unable to assess the adequacy of this provision.

Report of the Auditors to the Directors pursuant to regulation 29 of the Insurance Companies (Accounts and Statements) Regulations 1996

AA MUTUAL INTERNATIONAL INSURANCE COMP. :> LIMITED

Global Business

Financial year ended 31 December 1998

Opinions

Subject to the foregoing, in our opinion:

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

Moore Stephen

MOORE STEPHENS Chartered Accountants and Registered Auditors

St Paul's House Warwick Lane London EC4P 4BN

30 June 1999

Statement of solvency

Name of company

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Global business

Financial year ended 31st December 1998		Company registration number	GL/I	JK/CM	day	eriod er month	ded year	U	nits
	R9	1432586	G	L	31	12	1998	£	000
		As at the end			the e		<u></u>	Source	
		this financi year	al	the	previo year	ous	Form	Line	<u>!</u>
		11	<u> </u>						
GENERAL BUSINESS Available assets									
Other than long term business assets allocated towards general business required minimum margin	15	(436	0)		(4767)		See inst 1 and 2	ructions	
Required minimum margin	_	,							
Required minimum margin for general business	12	282	2		273		12	. 49	
Excess (deficiency) of available assets over the required minimum margin (11-12)	13	(464	2)		(5040)				
LONG TERM BUSINESS Available assets									
Long term business admissible assets	21						10	11	
Other than long term businass assets allocated towards long term business required minimum margin	22						See inst 1 and 3	ructions	
Total mathematical reserves (after distribution of surplus)	23						See inst	ruction 4	
Other insurance and non-insurance liabilities	24						See inst	ruction 5	
Available assets for long term business required minimum margin (21+22-23-24)	25			i					
Implicit items admitted under regulation 23(5) of the Insurance Companies Regulations 1994							_		
Future profits	31								
Zillmerising	32								
Hidden reserves	33						<u> </u>		
Total of available assets and implicit items (25+31+32+33)	34	,		<u> </u>				 .	
Regulred minimum margin				· · · · · ·	-		Ŧ		-
Required minimum margin for long term business	41			1			60	. 69	•
Explicit required minimum margs (1/6 x 41, or minimum guarantee fund if greator)	42	2		 				····	
Excess (deficiency) of available assets over explicit required minimum margin (25-42)	43	3							
Excess (deficiency) of available assets and implicit items over the required minimum margin (34-41)	44								
CONTINGENT LIABILITIES									
Quantifiable contingent liabilities in respect of other than long term but as shown in a supplementary note to Form 15	sinoss 5	1					Sce in	struction 6	
Quantifiable contingent liabilities in respect of long term business as	shown 5			-1			1	struction 6	

Covering sheet to Form 9

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Global business

Financial year ended 31 December 1998

E J Kok
Director

P J Elliott
Director

K J Shulman

Company Secretary

Statement of net assets

Name of company

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Giobal business

Financial year ended	31st December 1998		Company registration number	GLTUKYCM	day	Period en	ded year	– Units
		R10	1432586	GL	31	12	1998	£000
			As at the end of this financial year 1		t the e revious	nd of year	Form	ource
Long term business - add	missible assets	11		-			12	89 . 1
Long term business - liab	pilities and margins	12						59 . 1
	siness - admissible assets	21	1585		23	72	t	89 . 1
Other than Long term bu		22	5945		71:	39		69 . 1
Net admissible assets (21		23	(4360)	<u> </u>	(47	67)		
Other assets allowed to be taken into account in covering the required	Unpaid amounts (including share premium) on partly paid shares	24						
minimum margin	Supplementary contributions for a mutual carrying on general business	25			·			
Liabilities allowed to be left out of account in	Subordinated loan capital	26			·			
covering the required minimum margin	Cumulative preference share capital	27			 -			
Available assets (23 to 27)		29	(4360)		(476	7)		
Represented by:		₽.		L				
Paid up share capita! (othe preference share capital)	_	51	4750		4750			
Amounts included in lines 2	24 to 27 above	52		<u> </u>				
Amounts representing the b		56	(9110)		(951)	,		
Total (51 to 56) and equal t		59	(4360)		(4767	,		
Movement of balance of r purposes - as per line 56								
Balance brought forward at financial year		61	(9517)	(1	1135)		10 . 56	5 . 2
Retained profit/(loss) for the		62	(33)		56		16 . 59) . 1
Movement in asset valuation		63	440		1562		See instru	
Decrease/(increase) in the p changes	i	64					ee instru	
Other movements (particular way of supplementary note)		65		 				-3011 0
Balance carried forward at the 65 to 65)	ie end of the financial year	69	(9110)		(9517)		· · · · · · · · · · · · · · · · · · ·	

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

Name of company

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Global business

Financial year ended 31st December 1998

		_		Company registration number	GL/UK/CM	day	erlod end month	ied year	Units
			R11	1432586	GL	31	12	1998	£000
	· · · · · · · · · · · · · · · · · · ·		Land circulation		This finar year	ncial		Previ yea	ar
		11.1.10.1111.11.11.11.11.11.11.11.11.11.			1	<u> </u>		2	
Gross premium	s receivable			11					<u></u> .
Premium taxes	and levies (ir	ncluded in line 11)		12					
Sub-total A (1	I-12)			13					
Adjusted Sub-to		cial year is not a 12 mor	nth	14					
Division of	Other than	Up to and including stee	erling J x 18/10	15					
Sub-total A (or adjusted	health insurance	Excess (if any) over 10M ECU x 16/100	*	16					
Sub-total A if appropriate)	Health	Up to and including ste equivalent of 10M ECU		17					
	insurance	Excess (if any) over 10M ECU x 16/300		18					
Sub-total B (1	5+16+17+18)			19				···	
Claims paid				21	321			56	3
Claims outstar		For business accounte an underwriting year b		22	2022			210	00
end of the fina		For business accounte accident year basis	d for on	an 23	128			24	7
Claims outstar		For business accounte an underwriting year b		24	2100			254	11
beginning of the		For business accounte accident year basis	d for on	an 25	247			39	7
Sub-tota! C (2	1+22+23-(24	+25))		29	124			(28)
Amounts recov		reinsurers in respect tal C		30	(14)			(18	8)
Sub-total D (2	9-30)			39	138			160	0
First result Sub-total E	3 x <u>Sub-total i</u> Sub-total (O_(or, if ½ is a greater fr	action, x	1/2) 41					

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

Name of company

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Global business

Financial y	/ear endec	i 31st December 1998		Company registration number	GI/UK/CM	day	Period end month	ded year		Units
			R12	1435286	GL	31	12	1998	1	000
; ;				This financia year	al	Previo year	us	Form	Source .g	}
Reference per	riod (No. of fin pariod otherwi	nancial years) Insert "0" if there is so insert "3" or "7"	11	1		2		See in		L
Claims paid in	reference pe	riod	21	1975		2328				
Claims outsta forward at the	nding carried	For business accounted for on an underwriting year basis	22	2022		2100			-	
reference peri		For business accounted for on an accident year basis	23	128		247				
Claims outstar	nding brought beginning of	and or many your basis	24	5347		2542			<u></u>	<u></u>
the reference	period	For business accounted for on an accident year basis	25	768		742				
Sub-total E (2			29	(1990)		1391				
and divide by t	Conversion of number of mo	Sub-total E to annual figure (Multiply by nths in reference period)	31	(663)		464				
	Other than health	Up to and including sterling equivalent 7M ECU x 26/100	of 32			121				
Division of Sub-total F	Insurance	Excess (if any) over 7M ECU x 23/100							-	
COD-IOIAI P	Health insurance	Up to and including sterling equivalent 7M ECU x 26/300	of 34							
	msarance	Excess (if any) over 7M ECU x 23/300	35							
Sub-total G (3	2 to 35)		39			121				
Second result	Sub-total G :	x <u>Sub-total D</u> (or, if ½ is a greater Sub-total C fraction, x ½)	41			61				
	-		 		- · · · · · · · · · · · · · · · · · · ·					
First result			42					11 .	41	
Required margi	n of solvency	(the higher of lines 41 and 42)	43			61				
										
Ainimum guara	ntee fund		44	282		273				
			1		1				··········	
lequired minimu	ım margin (th	e higher of lines 43 and 44)	49	282		273				

Analysis of admissible assets

Name of company

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Global business

Financial year ended 31st December 1998

Category of assets

Total other than long term business assets

		*** *********************************		Company registration number	GL/UK/CM	day	Period end month	jed year	Units	Category of assets
		R1	13	1432586	GL	31	12	1998	£000	1
investments							this	the end of financial /ear 1	the p	ne end of revious ear 2
Land and buildings						11				-
	UK insurance	Shares			· · · · · · · · · · · · · · · · · · ·	21			 	
	dependants	Debt securities is	sued b	y, and loans to, de	pendants	22			 	
	Other Insurance	Shares				23			 	·
	dependants	Debt securities is	sued b	y, and loans to, dep	pendants	24		·		<u>. </u>
Investments in group undertakings and participating	Non-Insurance	Shares				25				<u> </u>
interests	dependants	Debt securities iss	sued by	/, and loans to, dep	endants	26		· · · · · · · · · · · · · · · · · · ·		
		Shares				27				
	Other group undertakings and	Debt securities iss	sued by	, and loans to, gro	up undertakings	28				
1	participating interests	Participating interes				29		<u> </u>		· _· · · · ·
		Debt securities iss which the compan	sued by ny has	, and loans to, und a participating inter	ortakings in est	30				-
Total sheet 1 (11 to 3	0)					39				

Analysis of admissible assets

Name of company

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Global business

Financial year ended 31st December 1998

Category of assets

Total other than lot g term business assets

			Company registration number	GL/UK/CM	day	riod_en month		Units	Category of assets
		R13	1432586	GL	31	12	1998	£000	1 1
eposits with	(continued) h ceding undertal to cover linked lia	kings bilities					t the end of financial year 1		the end of previous year 2
	Equity shares				41				
	Other shares and other	variable yield securitle	5		42			<u> </u>	
	Holdings in collective in	vestment schemes			43		<u></u>	<u> </u>	
	Rights under derivative	contracts			44				
j		The distance	Approved	securitles	45			 	
	Debt securities and	Fixed interest	Other		46				
	other fixed income securities		Approved	securities	47			<u> </u>	
	ļ	Variable interest	Other		48				
other financial	Participation in investm	nent pools			49				
	Loans secured by mor				50				
		Loans to public or lo	akings		51				
	Other loans	Loans secured by p	olicles of Insuran	ce issued by the	52	<u> </u>			
		Other			53				
	Deposits with approved credit	Withdrawal subject	to a time restriction	on of one month or l	ess 5 4		517		911
	institutions and approved financial institutions	Withdrawal subject month	to a time restricti	on of more than one	55	<u> </u>			
	Other				56		<u></u>		.
Deposits with c	eding undertakings				57	<u>' </u>		_	
		Index linked			58	-			
Assets held to	match linked liabilities	Property linked			59)			
		Provision for unear	rned premiums		60)			
		Claims outstanding	g		6	1	724		868
Reinsurers' sha	are of technical provision	S Provision for unex	pired risks		62	2			
		Other			6	3			
Total sheet 2 (4				<u> </u>	6	9	1241		1779

Analysis of admissible assets

Name of company

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Global business

Financial year ended

31st December 1998

Category of assets

Total other than long term business assets

3,				Company registration number	GL/UK/CM	day	eriod end month	ied year	Units	Category of assets
			R13	1432586	GL	31	12	1998	£000	1
Debtors Other assets			Mesman september				វhis	the end of financial year	the ;	he end of previous /ear 2
Debtors arising out of direct insurance	Policyholders					71		i fizikilenenzi		
operations	Intermediaries					72				
Salvage and subrog	ation recoveries			.,		73				
Debtors arising out	Due from ceding i	nsurers and in	termediarie	s under reinsurance	business	74				
of reinsurance operations	Due from reinsure	rs and interme	diaries und	er reinsurance contra	acts ceded	75	2	200		200
	Due from	Due in 12 (months or I	ess after the end of t	ne financial year	78				
	dependants	Due more	han 12 mo	onths after the end of	the financial year	77				
Other debtors		Dunin 12	months or I	ess after the end of t	ne financial year	78		79	•	62
	Other	Due more	than 12 mo	onths after the end of	the financial year	79				
Tangible assets						80		<u></u>		<u> </u>
Cash at bank and	, ,			vithdrawal, with appro		81		59	:	 219
in hand	Cash in hand	• • •				82				
Other assets (partice	ulars to be specified	by way of sup	plementary	note)		83				
	Accrued interest a	and rent	,			84		6		12
Prepayments and accrued income	Deferred acquisition	on costs				85				
	Other prepayment	s and accrued	income			86	•			
Deductions (under r 1994) from the aggr			e Insuranc	e Companies Regula	tions	87				······································
Total sheet 3 (71 to						88		344		93
Grand total of admis	ssible assets (39+69	9+88)				89	1	1585	2	372
Reconciliation shareholder ac		s determin	ed in ac	cordance with	the	-	I			
Total admissible ass	sets (as per line 89 :	above)	***			91	1	1588	23	372
				of the Insurance Com-		92	4	1818 1818	52	258
Solvency margin de						93				
Other differences in	the valuation of ass	ets (other than	for assets	not valued above)		94				
· · · · · · · · · · · · · · · · · · ·	 						 			

Amounts included in line 89 attributable to dobts due from related companies, other than these under contracts of insurance or reinsurance

Assets of a type not valued above, (as valued in accordance with the shareholder accounts rules)

Total assets determined in accordance with the shareholder accounts rules (91 to 95)

100

7630

6403

95

99

Liabilities (other than long term business)

Name of company

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Global business

Financial year ended 31st December 1998

		يوبير بحادانكي	Company registration number	GL/UK	/см day	Period end month	ed year	Units
		R15	1432586	G	L 31	12	1998	£000
					As at the this fin yea 1	ancial	the	he end of previous lear 2
	Provision for unearned premiums			11				
	Claims outstanding			12	3050		;	3547
Technical	Provision for unexpired risks		······································	13				····
provisions (gross	Equalisation provisions	Credit bus	siness	14				
amount)	- Ludansauori provisions	Other than	n credit business	15				
	Other	——————————————————————————————————————		16				
	Total (11 to 16)			19	3050	i-	3	547
Provisions for other risks	Taxation			21				
and charges	Other	***************************************		22				
Deposits recei	ved from reinsurers			31				
		Direct bus	iness	41				
:	Arising out of insurance operations	Reinsurano	ce accepted	42	2717		3:	223
		Reinsurand	ce ceded	43	·			<u> </u>
	Debenture loans	Secured		44				-
Creditors	- Deponder loans	Unsecured		45	·			
	Amounts owed to credit institutions	· · · · · · · · · · · · · · · · · · ·	 	46				
		Taxation		47			 _	
	Other creditors	Recommen	nded dividend	48				741
		Other		49	178		3	69
Accruals and de	eferred income	, ,		51			·	
Total (19 to 51)				59	5945	-	71	39
Provision for ad Insurance Com	verse changes (calculated in accordance panies Regulations 1994)	e with regulati	on 61 of the	61				
	erence share capital			62				
Subordinated lo	an capital			63			······································	
otal (59 to 63)				69	5945		71	39
mounts include	ed in line 69 attributable to liabilities to r tracts of insurance or reinsurance	elated compar	nies, other than	71				

Profit and loss account (non-technical account)

Name of company

AA MUTUAL INTERNATIONAL INGUNATION COMPANY LIMITED

Global business

Financial year ended 31st December 1998

				Company registration number	GLÆKK	M P	eriod end month	ed year	Units
		R	16	1432586	G	L 31	12	1998	0003
				This financia year 1	al	Previ yea 2	ar	Form	Column
Transfer (to)/from th		From Form 20	11	(148)		213		20	. 59
general business ted account	chnical	Equalisation provisions	12						· · · · · · · · · · · · · · · · · · ·
Transfer from the lo	ng term bu	siness revenue account	13					40	. 26
	Income		14	284		34	3		
Investment income	Value re-	adjustments on nts	15						<u></u>
	Gains on investme	the realisation of nts	16						
	Investment including	nt management charges, interest	17						
Investment charges	Value re- investme	adjustments on nts	18			 		,	
	Loss on t	he realisation of nts	19			<u> </u>			
Allocated investment business technical		nsferred to the general	20					20	, 51
Other income and of by way of supplemental	harges (pa entary note	articulars to be specified)	21	(169)		(50	00)	_	
Profit or loss on ord (11+12+13+14+15+	dinary activ 16-17-18-	ities before tax 19-20+21)	29	(33)	1		56		
Tax on profit or los	s on ordina	ary activities	31						. <u> </u>
Profit or loss on ord	dinary activ	ities after tax (29-31)	39	(33))	5	6		
Extraordinary profit by way of supplement	or loss (pa	articulars to be specified	41						
Tax on extraordinal			42						<u></u>
Other taxes not sho	own under	the preceding items	43						
Profit or loss for the	e financial	year (39+41-(42+43))	49	(33))	,	56	<u> </u>	
Dividends (paid an	d proposed	d)	51						
Profit or loss retain	ed for the	financial year (49-51)	59	(33	3)		56		

General business: Technical account (excluding equalisation provisions)

Name of company

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Global business

Financial year ended

31st December 1998

Accounting class

Summary

				Company registration number	GL/UK/C	M day	eriod en month	ded year	- Unit	Accountle class/ summary
			R20	1432586	GL	31	12	1998	£000	99
			- Carle / Amagine and and			This fin		Previou	s year	Source
Items to be sh	own	net of reinsurance				yea	ı	2	!	Form
	Ear	ned premium	· · · · · · · · · · · · · · · · · · ·		11		. <u>'</u>			21.19.5
	Cla	ims incurred			12					22 . 17 . 4
	Cla	ims management costs			13					22.18.4
This year's underwriting	Adj	ustment for discounting			14					22 . 52 . 4
(accident year	Incr	ease in provision for unex	pired risk	S	15					22.19.4
accounting)		er technical income or cha cified by way of suppleme			16					
	Net	operating expenses			17			1	95	22.42.4
	Bal	ance of year's underwriting	; (11-12-1	3+14-15+16-17)	19			(!	95)	
	Ear	ned premium			21					21.11.5
	Clai	ms incurred			22	1	0		46	22.13.4
Adjustment for	Clai	ms management costs			23	·		1	25	22.14.4
prior years' underwriting	Adji	ustment for discounting			24					22.51.4
(accident year accounting)	Oth spe	er technical income or cha cified by way of suppleme	rges (par	ticulars to be	25					-
	Net	operating expenses			26					22.41.4
	Bala	ance (21-22-23+24+25-26)		29	(1	0)	((171)	
		Per Form 24			31	(1:	38)		179	24, 69, 99-99
Balance from underwriting yea accounting	ar	Other technical income a be specified by way of su	nd charge	es (particulars to tary note)	32					
		Total			39	(1	38)		479	-
Balance of all y	ears'	underwriting (19+29+39)			49	(1	148)		213	
Allocated invest	ment	return			51					
Transfer to non-	techi	nical account (49+51)			59	(1	148)		213	-

General business: Technical account (excluding equalisation provisions)

Name of company

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Global business

Financial year ended

31st December 1998

Accounting class

Accident and Health

			والمساور والمساول	Company registration number	GLINK	C/CM	day	eriod en	ded year	· Uni	ts	clas	
Γ			R20	1432586	GL		31	12	1998	£00	0	sum 1	mary
Items to be	show	n net of reinsurance				T	his fina yea		Previou	s year		Sourc	Γ
	1				_		1		2		Form	Line	Column
	-	arned premium			11						21	. 19 .	5
	C	laims incurred			12	†						. 17 .	
	C	aims management costs			13	 				·		. 18 .	
This year's underwriting	_	djustment for discounting			14	 			····			52.	
(accident year accounting)	Inc	crease in provision for unex	pired risk	 §	15								
associating)	ام	her technical income or cha ecified by way of supplemer	rges (par ntary note	ticulars to be	16		<u></u>				22.	19.	4
	Ne	t operating expenses	-	· · · · · · · · · · · · · · · · · · ·	17				 _				_
-	Ba	lance of year's underwriting	(11-12-1	3+14-15+16-17)							22 . ——	42.	4
		rned premium	·		21				 				$ \bot $
	Cla	ims incurred			22		20			Ĭ		11.	
Adjustment for	Cla	ims management costs			23		<u> 20</u>		67			13.	
rior years' nderwriting		ustment for discounting			24				39		22 .	14.	4
accident year ccounting)	Oth	er technical income or char	ges (parti	culars to be	╂─┤		-				22 .	51 . 4	4
oodining)	орс	oned by way of supplement	ary note)		25								
		operating expenses			26	-					22 . 4	11 2	
	Bala	ance (21-22-23+24+25-26)			29		(20)		(106)				4
alance from]	Per Form 24			31				3		24, 69		
iderwriting yea counting	r	Other technical income and be specified by way of supp	l charges elementar	(particulars to y note)	32						:4. 0:	9. 99-	99
		Total			39	<u> </u>			3	}_			-
lance of all ye	ars' ເ	underwriting (19+29+39)			49		(20)						_
ocated investr					51		(40)		(103)			·	
ansfer to non-t	echni	ical account (49+51)	<u> </u>		59		/no\						
		·					(20)		(103)				

General business: Technical account (excluding equalisation provisions)

Name of company

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Global business

Financial year ended

31st December 1998

Accounting class

Motor

				Company registration number	GĽ/UK	/CM	day	Period en month	ded year	- Unit	s	Accounting class/
	·		R20	1432586	GL		31	12	1998	£00	0	2
items to be s	hown no	et of reinsurance				T	his fin yea		Previou	s year	S	ource
		a or remsurance					1		2		Form	Line
	Earne	d premium			11	-				-		. 19 . 5
	Claims	s incurred			12	₩—	···					.17.4
	Claims	management costs		,, , 	13	\vdash	·					18.4
This year's underwriting	Adjust	ment for discounting			14	╁						52.4
(accident year	Increas	se in provision for unex	oired risks		15	 	 -	 -				19 . 4
accounting)	specific	technical income or cha ed by way of supplemen	rges (par ntary note	ticulars to be	16	-		·				
	Net op	erating expenses			17		·		<u></u>		22	42 . 4
	Balanc	e of year's underwriting	(11-12-1	3+14-15+16-17)	19			<u>-</u>		···		
	Earned	l premium	***	· · · · · · · · · · · · · · · · · · ·	21						21 .	11 . 5
	Claims	incurred			22							13 . 4
Adjustment for	Claims	management costs			23				·			14 . 4
prior years' underwriting	Adjustn	nent for discounting			24				······································			51 . 4
(accident year accounting)	Other to	echnical income or char d by way of supplemen	ges (parti tary note)	iculars to be	25							
	Net ope	erating expenses		······································	26						22	41 . 4
	Balance	(21-22-23+24+25-26)			29							
D-1 - 6	Pe	r Form 24			31		·				24. 6	9. 99-99
Balance from underwriting yea accounting	or Oth	ner technical income an specified by way of sup	d charges	s (particulars to	32							
	Tot	tal			39	·			,,,,,			
Balance of all ye	ears' und	erwriting (19+29+39)			49			 -				
Allocated investi	nent reti	urn			51	· · · · · · · · · · · · · · · · · · ·						
ransfer to non-	technical	account (49+51)			59							

General business: Technical account (excluding equalisation provisions)

Name of company

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Global business

Financial year ended

31st December 1998

Accounting class

Aviation

			<i>peli</i> derango	Company registration number	GĽ/UK/d	M day	Period one month	icd year	- Unit	s	Acco class sumi	
			R20	1432586	GL	31	ʻi2	1998	£000)	3	, , ,
					¥	This fir		Previou	s year	8	ourc	е
Items to be sh	own	net of reinsurance				yea 1	11	2	!	Form	Line	Celumn
	Ear	ned premium			11		****			21	. 19 .	. 5
	Cla	ims incurred			12					22	. 17 .	4
	Cla	ims management costs			13					22	. 18 .	4
This year's underwriting	Adj	ustment for discounting			14					22	. 52 .	4
(accident year	Incr	ease in provision for unex	pired risk	3	15					22	. 19 .	4
accounting)	spe	er technical income or che cified by way of suppleme	หตูอง (pai ritary noti	rticulars to be e)	16					2	·	<u></u>
	Net	operating expenses			17					22	. 42 .	4
	Bala	ance of year's underwriting	(11-12-1	3+14-15+16-17)	19	**** <u>-</u>				Ĭ		
	Ear	ned premium			21					21	. 11 .	5
	Clai	ims incurred			22					22	. 13 .	4
Adjustment for	Clai	ms management costs			23					22	. 14 .	4
prior years' underwriting	Adjı	ustment for discounting			24					22	. 51 .	4
(accident year accounting)	Oth spe	er technical income or cha cified by way of suppleme	rges (par ntary note	ticulars to be	25			<u>.</u>				
	Net	operating expenses			26			_ 		22	. 41 .	4
	Bala	ance (21-22-23+24+25-26))		29							
		Per Form 24			31			9	6	24.	69. 9	9-99
Balance from underwriting yea accounting	ar	Other technical income a be specified by way of su			32							
		Total			39			9	6			
Balance of all y	ears'	underwriting (19+29+39)			49			9	96			
Allocated invest	ment	return			51	·····						
Transfer to non-	techi	nical account (49+51)			59			9	6			

General business: Technical account (excluding equalisation provisions)

Name of company

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Global business

Financial year ended

31st December 1998

Accounting class

Property

				Company registration number	GL/UK/	CM day	Period en month	ded year	- Unii	ts	Acco class sumn	1
	. <u></u>		R20	1432586	GL	31	12	1998	£00	0	6	-
					······································	This fir		Previou	s year	8	ource	3
items to be si	iowi	net of reinsurance				1		2		Form	Line	
	Ea	rned premium			11						. 19 .	
	Cli	aims incurred			12			<u></u>			. 17 .	
	Cla	aims management costs			13	<u></u>	***			ļ	. 18 .	
This year's underwriting	Ad	justment for discounting	*	· · · · · · · · · · · · · · · · · · ·	14		·			!	52,	
(accident year accounting)	inc	rease in provision for unex	oired risk	s	15					22	. 19 ,	4
accounting)	spe	her technical income or cha ecified by way of supplemen	rges (par nary note	ticulars to be	16	<u>-</u>						
	Ne	t operating expenses		······································	17		 i			22	42.	4
	Ba	lance of year's underwriting	(11-12-1	3+14-15+16-17)	19							
	Ea	rned premium			21					21 .	11.	5
	Cla	ims incurred			22	(12)		17		22 .	13.	4
Adjustment for	Cla	ims management costs			23			26		22 .	14.	4
prior years' underwriting	Adj	ustment for discounting			24					22 .	51.	4
(accident year accounting)	Oth spe	er technical income or char cified by way of supplemen	ges (parl tary note	iculars to be)	25	·						
	Net	operating expenses			26					22 .	41.	4
	Bal	ance (21-22-23+24+25-26)			29	12		(43)		·		
D1.		Per Form 24			31			3		24. 6	99. 99	-99
Balance from underwriting yea accounting	ar	Other technical income an be specified by way of sur	d charge	s (particulars to ary note)	32	······································						
		Total	··		39			3				
Balance of all ye	ars'	underwriting (19+29+39)		·····	49	12		(40)				
Allocated investi	nent	return			51	····						
ransfer to non-	techi	nical account (49+51)			59	12		(40)	I		 -	

General business: Technical account (excluding equalisation provisions)

Name of company

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Global business

Financial year ended

31st December 1998

Accounting class

Third party liability

				Company registration number	GT/NK/C	OM day	Period end month	ded year	– Units	S	Accor classi sumn	
			R20	1432586	GL	31	12	1998	£000	,	7	
						This fin		Previou	ıs year	5	Source	e
Items to be sh	own	net of reinsurance			:	yea 1	ar	2	2	Form	Line	Control
	Ear	rned premium			11	****			*****	21	. 19 .	5
	Cla	aims incurred			12				-	22	. 17 .	4
	Cla	nims management costs		· · · · · · · · · · · · · · · · · · ·	13			<u> </u>		22	.18.	4
This year's underwriting	Adj	justment for discounting			14		•	-		22	. 52 .	4
(accident year	incr	rease in provision for unex	pired ris	ks	15					22	. 19 .	4
accounting)	Oth spe	ner technical income or cha ecified by way of suppleme	irges (pa intary no	irticulars to be te)	16							
	Net	t operating expenses			17		·		95	22 .	. 42 .	4
	Bal	ance of year's underwriting	J (11-12-	13+14-15+16-17)	19			((95)			
l	Ear	rned premium			21					21 .	. 11 .	5
J	Cla	ims incurred			22		2	((38)	22 .	. 13 .	4
Adjustment for	Clai	ims management costs			23			(60	22 .	. 14 .	4
prior years' underwriting	Adj	ustment for discounting			24		. =			22 .	.51 .	4
(accident year accounting)	Oth spe	ner technical income or cha cified by way of supplemen	rges (pa ntary no	rticulars to be te)	25							
	Net	operating expenses			26					22 .	41 .	4
	Bala	ance (21-22-23+24+25-26))		29	(2))	((22)			
		Per Form 24			31					24.	69, 99	 3-99
Balance from underwriting yea accounting	3r	Other technical income ar be specified by way of su	nd charg ipplemer	jes (particulars to ntary note)	32				Ì			
		Total			39							_
Balance of all ye	ars'	underwriting (19+29+39)			49	(2)		(1	117)			
Allocated investi	ment	return			51							
Transfer to non-	tech	nical account (49+51)			59	(2)		(1	17)			

General business: Technical account (excluding equalisation provisions)

Name of company

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Global business

Financial year ended

31st December 1998

Accounting class

Non-proportional treaty

				Company registration number	GL/UK	GM day	Period en month	ded year	- Unit	s	Accor classi summ	ſ
	 ,		R20	1432586	GL	31	12	1998	£00	0	9	
14						This fin		Previou	s year	s	ource	
items to be s	how	ก net of reinsurance				yea	a 1	2		Form	Line	
	E	arned premium	·		11		-				19 .	
	CI	aims incurred		-	12						13 . 17 .	
	CI	aims management costs	·		13						18.	
This year's underwriting	Ad	ljustment for discounting	··········	· · · · · · · · · · · · · · · · · · ·	14						52 .	
(accident year	ind	crease in provision for unex	pired risk	ş	15	<u> </u>				<u> </u>	19 .	
accounting)	Ot sp	her technical income or cha ecified by way of suppleme	rges (par	ticulars to be	16						13.	
	Ne	t operating expenses	· · · · · ·		17	···				22	42	 4
	Вa	lance of year's underwriting	(11-12-1	3+14-15+16-17)	19							<u>. </u>
	Ea	rned premium			21					21.1	11 !	
	Cla	ilms incurred	······································		22					22.1		
Adjustment for	Cla	ims management costs	· · · · · · · · · · · · · · · · · · ·		23					22 . 1		
prior years' underwriting	Adj	ustment for discounting		·····	24			······································		22 . 5		
(accident year accounting)	Oth spe	er technical income or char cified by way of supplemen	ges (parti tary note)	iculars to be	25	· · · · · · · · · · · · · · · · · · ·						
	Net	operating expenses	··········	** <u> </u>	26					22.4	1.4	
	Bal	ance (21-22-23+24+25-26)			29						-	
Delegas form		Per Form 24		······································	31	(138)		37	7	24. 69	99-9	
Balance from underwriting yea accounting	3 5	Other technical income an be specified by way of sup	d charges	s (particulars to	32							
-		Total		· · · · · · · · · · · · · · · · · · ·	39	(138)		377	,			<u></u>
Balance of all ye	ears'	underwriting (19+29+39)		 · · · · · · · · · · · · · · · · · ·	49	(138)		37				
Allocated invest	ment	return			51							_
ransfer to non-	techr	nical account (49+51)			59	(138)		377	,—	 		-

0

Returns under Insurance Companies Legislation

General business (accident year accounting): Analysis of premiums

Name of company AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Global business

Financial year ended 31st December 1998

Accounting class Accident and health

Accounting class	Accident and nearth					Company		å	Doring bared	_		
					·	regisuation number	GL/UK/CM	day	month	year	Units	class
				R21		1432586	G.	31	12	1998	€000	-
			Gross premiums written	itten	Reinst	Reinsurers' share		ĺ	Vet of re	Net of reinsurance		
Premiums receiva	Premiums receivable during the financial year		Earned in previous financial years	# 1 1	Eam	Earned in previous financial years 3			Earned i	Earned in previous financial years		
In respect of risks in financial years	In respect of risks incepted in previous financial years	7										
			Earned in this financial year	Unearned at end of this financial year	Ŗ Ţ	Earned in this financial year	Uneamed at end of this financial year	id of ear	Earno financ	Earnod in this financial year	Uneamed this finan	Unearned at end of this financial year
		•	-	8	···	ćn,	4			LC)		•
In respect of risks in financial years	In respect of risks incepted in previous financial years	12										
	For periods of less than 12 months	5										
In respect of risks incepted in this financial year	For periods of 12 months	44										
•	For periods of more than 12 months	15										
Premiums receivable (less rebates a previous financial years not earned is brought forward to the financial year	nd refunds) in n those years and	1 6										
Total (12 to 16)		19				}						

General business (accident year arcounting) : Analysis of premiums

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED Name of company

Global business

Financial year ended 31st December 1998

Accour ing class	Motor					Company registration number	GL/UK/CM -	Perio day m	Period ended month year	ar	Units	Accounting
				R21		1432586	75	31	12 19	1998 6	0003	2
			Gross premiums written	itten	Reins	Reinsurers' share		Z	Net of reinsurance	urance		
Premiums receivab	Premiums receivable during the financial year		Earned in previous financial years		Eam	Earned in previous financial years 3			Eamed in previous financial years 5	years		
In respect of risks incepted in previous financial years		1,1										
			Earned in this financial year	Uneamed at end of this financial year	ี ทุ ∉	Earned in this financial year	Unearned at end of this financial year	ld of ear	Earned in this financial year	n this year	Uneamed at end o this financial year	Uneamed at end of this financial year
			4-	2		3	4	_	9			9
In respect of risks incepted in previous financial years		12										
	For periods of less than 12 months	13										
In respect of risks incepted in this	For periods of 12 months	4										
initiational year	For periods of more than 12 months	15										
Premiums receivable (less rebates a previous financial years not earned is brought forward to the financial year	nd refunds) in n those years and	16										
Total (12 to 16)		19	:	1			3		Ġ.			

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Returns under Insurance Companies Legislation

CONTRACTOR NO.

General business (accident year accounting) : Analysis of premiums

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED Name of company

Global business

Financial year ended 31st December 1998

Accounting class

Property

	5 15000					Company registration		ď.	Period ended			altui coo
				8		number		day	month year	ar	Units	class
					R21	1432586	GL	31	12 18	1938	£000	9
			Gross premiums written	ritten	Reins	Reinsurers' share			Net of reinsurance	urance		1
Premiums receiva	Premums receivable during the financial year		Earned in previous financial years	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	Eam	Earned in previous financial years			Earned in previous financial years	revious /ears		
In respect of risks incepted in previous financial years	repted in previous	=				,			0			
			Earned in this financial year	Unearned at end of this financial year		Earned in this financial year	Unearned at end of this financial year	id of ear	Earned in this financial year	this	Unearned at end of this financial year	end of al year
			y =	2		ო	4		ហ		Œ	
In respect of risks incepted in previous financial years	repted in previous	12									Ì	
	For periods of less than 12 months	13			ļ							
in respect of risks incepted in this financial year	For periods of 12 months	44										
	For periods of more than 12 months	15										
Premiums receivable previous financial ye brought forward to the	Premiums receivable (less rebates and refunds) in previous financial years not earned in those years and brought forward to the financial year	16										
Total (12 to 16)		19			<u> </u>							
								-		_		G

General business (accident year accounting) : Analysis of premiums

Name of company AA MU

any AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Global business

Financial year ended 31st December 1998

Accounting class

Third party liability

•	Amani fami											
						Compr.ry registracion number	GL/UK/CM	Pe	Period ended	zyjen T	Accounting	-
					200	120500	3		L		ASSES -	_
						1452500	희	 -	12 1998	£000		
Premiume recoin-			Gross premiums written	ritten	Reins	Reinsurers' share		Ī	Net of reinsurance	nce		_
3A12021	remains receivene during the mancial year		Earned in previous financial years		Eame	Earned in previous financial years			Earned in previous financial years	Sno.		
In respect of risks incepted in previous		ξ				3			5			
					******						X	
			Earned in this financial year	Uneamed at end of this financial year	fina	Earned in this financial year	Uneamed at end of this financial year	d of	Eamed in this financial year		Uneamed at end of this financial year	
			1	2		m	*					
in respect of risks incepted in previous financial years		12						 	o	-	9	
	For periods of less than 12 months	+ 5						1				
In respect of risks	-	2										
incepted in this financial year	For periods of 12 months	4						-				
	For periods of more than 12 months	15						-				
Premiums receivable	Premiums receivable (less rebates and refinds) in	╁				}		-				
previous financial years not earned i brought forward to the financial year	n those years and											
Total (12 to 16)		-										
()		13				-						
		,									•	

Name of company

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Global business

Financial year ended 31st December 1998

Accounting class

Accident and Health

			pany tration ber	GL/U	к/см	day Po	nonth		- Unit		Accounting
	R22	143	2586		GL.	31	12	1998	£000	0	1
			Amount br forward fr previous fine year	om	payab	Amount le/receiv is financ year	able ial	Amount conformand to	next	attributa	nount ble to this cial year
	T		1	· · · · · · · · · · · · · · · · · · ·		2		3			4
Claims incurred in	Gross amount	11	77	, 		46		51			20
respect of incidents	Reinsurers' share	12	25	5				25			
occurring prior to this financial year	Net (11-12)	13	52	2		46		26			20
	Claims management costs	14	39)				39			
Claims income dis	Gross amount	15									
Claims incurred in respect of incidents	Reinsurers' share	16				····					
occurring in this financial year	Net (15-16)	17									
•	Claims management costs	18									·————
Provision for unexpir	ed risks	19									
	Commissions	21									<u></u>
	Other acquisition expenses	22	2407								
Net operating	Administrative expenses	23									
expenses	Reinsurance commissions and profit participations	24			-, ,						
	Total (21+22+23-24)	29		-							
Adjustments for	Gross amount	31						· · · · ·			·········
discounting in respect of the	Reinsurers' share	32									
items shown at lines 11 to 18	Claims management costs	33									
above	Total (31-32+33)	39					_				···
- " "	Prior financial years	41								·· ·	···
Split of line 29	This financial year	42									
Onlik of line 20	Incidents occurring prior to this financial year	51									
Split of line 39	Incidents occurring in this financial year	52									

Name of company

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Global business

Financial year ended

31st December 1998

Accounting class

Motor

	grant of the state	re	ompany gistration umber	GL/I	JK/CM	day	erlod e monti		Units	Accounting class
	R2	2 1	432586		GL	31	12	1998	£000	2
			Amount forward previous f yea	from inancial	payal	Amount ple/receiv nis financ year		Amount ca forward to s financial y	next att	Amount ibutable to this inancial year
	Gross amount	1	1	73		2		3		4
Claims incurred in respect of incidents	Reinsurers' share	1:	 		<u> </u>					
occurring prior to this financial year	Net (11-12)	1:	,					· · · · · · · · · · · · · · · · · · ·		
L	Claims management costs	14	<u>-</u>				\dashv			
	Gross amount	15	;							· · · <u>· · · · · · · · · · · · · · · · </u>
Claims incurred in respect of incidents	Reinsurers' share	16			 -					
occurring in this financial year	Net (15-16)	17								· · · · · · · · · · · · · · · · · · ·
	Claims management costs	18						 		i
Provision for unexp	red risks	19					-		- 	
	Commissions	21								
	Other acquisition expenses	22	 				+			
Net operating expenses	Administrative expenses	23								
	Reinsurance commissions and profit participations	24			<u> </u>					
	Total (21+22+23-24)	29					十	 		
Adjustments for discounting in	Gross amount	31								
respect of the	Reinsurers' share	32								
items shown at lines 11 to 18	Claims management costs	33							 	 [
above	Total (31-32+33)	39					-			
Split of line 29	Prior financial years	41		 						
	This financial year	42					-			
Split of line 39	Incidents occurring prior to this financial year	51							- 	
	Incidents occurring in this financial year	52								

Name of company

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Global business

Financial year ended

31st December 1998

Accounting class

Property

			pany stration ber	GL/U	К/СМ	day	eriod e monti		Units	Accounting class
	R22	143	2586		GL	31	12	1998	£000	6
	,		Amount bro forward fr previous find year	om	payal	Amount ble/recelv bls financ year		Amount ca forward to r financial ye	next a	Amount ttributable to this financial year
4	T		1			2		3		4
Claims incurred in	Gross amount	11	52	}				50		(2)
respect of incidents	Reinsurers' share	12	51			56		5		10
occurring prior to this financial year	Net (11-12)	13	1			(56)		45	-	(12)
	Claims management costs	14	26					26		
	Gross amount	15			-					······································
Claims incurred in respect of incidents	Reinsurers' share	16						·		
occurring in this financial year	Net (15-16)	17		•						
imanoiai you	Claims management costs	18			**					
Provision for unexpir	ed risks	19								
	Commissions	21								
	Other acquisition expenses	22								
Net operating	Administrative expenses	23								
expenses	Reinsurance commissions and profit participations	24								
	Total (21+22+23-24)	29								·
Adjustments for	Gross amount	31								
discounting in respect of the	Reinsurers' share	32								
items shown at lines 11 to 18	Claims management costs	33								
above	Total (31-32+33)	39								
	Prior financial years	41								
Split of line 29	This financial year	42					 			
Calif. of the CO	Incidents occurring prior to this financial year	51								
Split of line 39	Incidents occurring in this financial year	52								·····

Name of company

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Global business

Financial year ended 31st December 1998

Accounting class

Third party liability

	_		Comp regist numb	tration	GL/U	K/CM	day	riod er munth		U	nits	Accounting class
		R22	143	2586		GL	31	12	1998	£0	00	7
	5e	far et		Arnount br forward fi previous fin year	rom	payal	Amount ole/receiv nis financ year		Amount forward t financia	to next	attribu	Amount stable to this ancial year
		<u> </u>		1			2		3			4
	Gross amount		11	1	18		93		2	7		2
Claims incurred in respect of incidents	Reinsurers' share		12	4:	2		10		3	2		
occurring prior to this financial year	Net (11-12)	·	13	70	6		83		(!	5)		2
ans manorar year	Claims management costs	3	14	6	0				6	0		
	Gross amount		15									
Claims incurred in respect of incidents	Reinsurers' share		16									
occurring in this financial year	Net (15-16)		17									
manoidi you	Claims management costs	3	18									
Provision for unexpir	ed risks		19									
	Commissions		21									
	Other acquisition expense	s	22									
Net operating	Administrative expenses		23									
expenses	Reinsurance commissions profit participations	and	24									
	Total (21+22+23-24)		29									
Adjustments for	Gross amount		31									
discounting in respect of the	Reinsurers' share		32		·							_
items shown at lines 11 to 18	Claims management cost	S	33									
above	Total (31-32+33)		39									
	Prior financial years		41									
Split of line 29	This financial year		42									
Outh - 615 - 20	Incidents occurring prior to	o this	51									
Split of line 39	Incidents occurring in this financial year		52									

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General business (accident year accounting) : Analysis of net claims and premiums

Name of company AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Global business

Financial year ended	papua	अँ	31st December 1998	r 1998						Сощрану						
Accounting class	92	Aci	Accident and health	heaith					į	registration number	GLUKCM	day	Period ended month	year	Chits	Accounting class
			į						R23	1432586	뎡	31	12	1998	0003	-
Accident year ended	ended		Claims paid (net) during the accident	Ctaims outstanding (net) as at end	Total claims paid (net) since the end	Claims paid (net) during this financial	Claims outstanding carried forward	nding camed ard	Claims outstanding brought forward	iding brought	Balance on each accident	Deduction for discounting from claims	x Eamed premiums		Deterioration/ (surplus) of	Claims ratio
A Country			yezr	of the accident year	of the accident year, but prior to this financial year.	year	Reported (net)	incurred but not reported (net)	Reported (net)	Incurred but rot reported (net)	(4+5+6-7-8)	outstanding carried forward (net)	· · · · · · · · · · · · · · · · · · ·		salasa. %	-
	- da		-	7	ю	4	'n	ø	^	æ	o,	5	*		5	ç
12	1998	=======================================	-								, Plans				:	2
12	1997	12											_			
12	1996	13											-	-		
12	1995	14												-		
12	1994	15												-		
12	1993	16												-		
12	1992	17											-			
12	1991	18												-		
12	1990	13												+		
12	1989	20											-			
Prior accident years	Sī	21				46	21	ro.	47	5	20					
Reconcilation		22														
Total (11 to 22)	-TALE	29				46	21	5	47	rc.	20					

Retuins unuer institutione companies registation

General business (accident year accounting) : Analysis of net claims and premiums

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED Name of company

Global business

31st December 1998 Financial year ended

Accounting class Claims ratio ŧ N Deterioration/ (surplus) of original reserve Units 0003 4 1998 Eamed premiums (net) 喜 Period ended Ξ 4 Deduction for discounting from claims outstanding carried forward (net) 3 day õ **GLUKKCM** Balance on ench accident year (4+5+6-7-8) ß 6 incurred but not reported (net) Company registration number 1432586 Claims cutstanding brought forward ø Reported (net) R23 Incurred but not reported (net) Claims outstanding carried forward ဖ Reported (net) ç, Claims paid (net) during this financial 4 Total claims paid (net) since the end of the accident year, but prior to this financial year ო Claims
outstanding
(net) as at end
of the
accident year N Claims paid (net) chring the accident year Motor 63 8 5 77 22 29 7 52 <u>49</u> 4 7 20 1998 1995 1989 1996 1994 1993 1992 1990 1991 1997 Accident year ended Year Prior accident years Accounting class Total (11 to 22) 42 7 2 4 42 42 4 Recondilation 72 42 Month

Retuins unaet instrance Companies Legisiation

General business (accident year accounting) : Analysis of net claims and premiums

Name of company

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Global business

Financial year ended 3/st December 1998

Accounting class	ISS	Pro	Property							Company registration number	GLUKKM	day	Period ended month year	Cults	Accounti: class
		ļ		i					R23	1432586	GL	31	12 1998	€000	9
Accident year ended	papus .		Claims paid (net) cluing the accident	Claims outstanding (net) as at end	Total claims paid (net) since the end	Claims paid (net) during this financial	Caims outsta	Claims outstanding camed forward	Claims outstanding forward	Claims outstanding brought forward	Balance on each accident	Deduction for discounting	Eamed premiums	Deterioration/ (surplus) of	Claims rati
			year	of the accident year	of the accident year, but prior to this financial	year	Reported (net)	Incurred but not reported (net)	Reported (net)	Incurred but not reported (net)	year (4+5+6-7-8)	from claims outstanding carried forward	(net)	original rest. ve %	
Month	Year				year							וויכו			
			-	N	ო	4	ເດ	9		00	σ	Ę	Ť	Ç	;
12	1998	11								, .		2	=	71	13
12	1997	12													
12	1996	13										- -			
12	1995	14													
12	1994	15													
12	1993	16													
12	1992	17													
12	1991	82													
12	1990	19													
12	1989	20		<u> </u>											
Prior accident years	l I	21				(99)	40	ro	(4)	r.	(12)				
Reconciliation		22										•			
Total (11 to 22)		29				(99)	40	25	(4)	5	(12)				

General business (accident year accounting): Analysis of net claims and premiums

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED Name of company

Global business

GLUNCOM day month year Units GL 31 12 1998 £000 Balance on Deduction for Earned Detenoration/ each accriter from claims (surplus) of original original ceserve claimed (net) 9 10 11 12 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	Financial year ended	, ended	3151	31st December 1998	- 1998						Company			Period ended	;	Accounting
Honder Colore Lange Colore Co	Accounting cl	ass	Thir	d party lial	bility						registration number	GL/UK/CK	day	month year	Units	class
House Continue C										R23	1432586	GL	31			7
1906 1 1907 2	Accident yea	r ended					Claims paid (net) dung this financial	Claims outstan forwa	oding carried Ird	Claims outstar	iding brought ard	Balance on each accident year	Deduction for discounting from claims		Deterioration/ (surplus) of original	Cleams ratio
Vear Total Libraria Librar							year	Reported (net)	Incurred but	Reported (net)	Incurred but	(4+5+6-7-8)	outstanding carried		reserve %	
1998 11 2 3 4 5 6 7 9 10 11 12 13 1998 11 2 3 4 5 6 7 9 9 10 11 12 13 1997 12 3 4 5 6 7 9 9 10 11 12 1994 15 4 5 6 7 9 9 10 11 <td>A CONTRACTOR</td> <td>7007</td> <td></td> <td></td> <td></td> <td>but prior to this financial year</td> <td></td> <td></td> <td>(uet)</td> <td></td> <td>(net)</td> <td></td> <td>forward (net)</td> <td></td> <td></td> <td></td>	A CONTRACTOR	7007				but prior to this financial year			(uet)		(net)		forward (net)			
1998 11 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 7 <td></td> <td>5</td> <td></td> <td>4-</td> <td>2</td> <td>3</td> <td>4</td> <td>S.</td> <td>9</td> <td>7</td> <td>c</td> <td>o.</td> <td>10</td> <td></td> <td>12</td> <td>13</td>		5		4-	2	3	4	S.	9	7	c	o.	10		12	13
1996 13 6 7 6 7 <td>7</td> <td>1998</td> <td>11</td> <td></td>	7	1998	11													
1996 13 19 14 19 <	12	1997	12													Í
1996 14 15 1998 14 15 <td< td=""><td>12</td><td>1986</td><td>13</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></td<>	12	1986	13													
1994 15 6 7 6 7 <td>12</td> <td>1995</td> <td>14</td> <td></td>	12	1995	14													
1992 17 1992 17 1992 17 1992 17 1992 199	12	1994	15													
1992 17 18 18 19 <	12	1993	16													
1991 18 196 <td>12</td> <td>1992</td> <td>17</td> <td></td>	12	1992	17													
1980 19 20 83 (20) 15 61 15 2 ars 21 83 (20) 15 61 15 2 22 83 (20) 15 61 15 2	12	1991	18													
1989 20 15 61 15 2 22 83 (20) 15 61 15 2 29 83 (20) 15 61 15 2	12	1990	19													
ars 21 61 15 2 22 15 61 15 2 29 83 (20) 15 61 15 2	12	1989	20													
22 29	Prior accident	years	23				83	(20)	15	61	15	7				
29 83 (20) 15 61 15 2	Reconciliation		22													
	Total (11 to 2	2)	29				83	(20)	15	61	15	2				· ·

THE COMPANY OF THE PARKS

General buviness (underwriting year accounting) : Analysis of premiums, claims and expenses

Name of company AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Global business

31st December 1998 Accident and health	nber 1 nd he	998 Hile											Company registration number	_ 5	ö	GLUKKOM	day	Period ended month	year]	Units	Accounting
											R24		1432586	92		GL GL	31	12	1598		5000	۳-
—	Underwriting year ended	Prior underwriting years	MM	₩	MM	⊁	M.M	₩	MM	۲.	MM	<u>۱</u>	MM	<u>₩</u>	MM	<u>~</u>	MM	XX MM	<i></i>	MM	.	Total all previous columns
	7	83 83	12	68	12	90	12	91	12	92	12	93	12 8	94	12	95	12	96	12 97	12	98	83 83
	11						1							<u> </u>		-			-	-	-	-
	12		_			-		 						<u> </u>		_		-		-		
	19											-		_		-		<u> </u>		-		
	21	દ						_		_				-		-		<u> </u>		 	-	6
	22						 			 						-					-	
	29	3											ļ !					<u> </u> 			-	က
	39											-						<u> </u> 				
1	41							<u> </u>								 		<u> </u>			 	
	42											 				 				<u> </u>		
	43] ;			<u> </u>								
Reinsurers' commissions and profit participations	44											-		 			,				-	
	49													-				<u> </u>			\vdash	
	51	43]						_						43
	52																					
	53	40														-						8
1	54							-				_		<u> </u>	ļ	-		-			-	
	59	(3)														\vdash		-				(6)
	69		·																			2
ı		17.00							Sur.				I						-		_	

General business (underwriting year accounting) : Analysis of premiums, claims and expenses

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED Name of company

Global business

Financ	Financial year ended		ecemb	31st December 1998										Сомрапу	2								
Accou	Accounting class	Aviation	ä									1.		registration number	ici i	GLW	GLUKCM .	day Per	Period ended	Zear L	5	Units	Accounting
													R24	1432586	98	<u> </u>		7	;	3			
/	ŭ5/	Underwriting year ended	ır ende		Prior	MANA		-	-	 	-	_		-	-		,	;	2	1998	£000	Ω	ი
	/	/	L,				r r MIM	<u></u>	M M	<u>~</u> ≿	MM YY	Y MM	<u></u>	MM	<u>×</u>	MM	MM		M M	₩	MM	, ,	Total
				8	R	12 89	9 12	66	12	91	12 92	12	03				4	_					columns
Promitme		mount	Ţ	17	(9)		_			+	-	-	_	7	\$	12 95	12	96	12	26	12 9	88	83
vritten	Reinsurers' share	irs' share	-	12			-			+					\dashv					-		-	(9)
	Net (11-12)	(2)	4	19 ((9)		-			+-		1			-							-	
į	Gross amount	nount	2	21	6		-			+		_			-					-		-	9
paid	Reinsurers' share	rs' share	2	22	ī.		 -			-		_										-	6
	Net (21-22)	23	29		4		-			+		_								 		+	LC
Claims ma	Claims management costs	osts	39	-	-					\dashv		_			_					-		-	4
	Commissions	ons	4	 	+-		-			-		_								+		-	
Net Set	Other acqu	Offher acquisition expenses	42	-	+		-	+		+		_	7							-		-	
operating exp.	Administra	Administrative expenses	43		-		_	+		+										-		-	
} t	Reinsurers' commis profit participations	Reinsurers' commissions and profit participations	5 4	-	+-			+		+			1					-		-		+	
	Payable ne	Payable net (41+42+43-44)	49		-			+-		+			1							-		-	
	Brought	Undiscounted	51	475	+			-		_			+										
		Adjustment for discounting	52							-			\dashv		_							2332	475
rechnical provisions	Carried	Undiscounted	53	465	-			+		+	j		\dashv		_								
		Adjustment for discounting	54					-		+			\dashv		_					_			465
	Increase (de financial yea	Increase (decrease) in the financial year (53-54-51+52)	59	(10)				+-		-				ĺ									
(19-29-39-49-59)	balance on each underwriting year (19-29-39-49-59)	riting year	69		-			-		-	1		+		_								(10)

C311131145

S. Carrier

General business (underwriting year accounting) : Analysis of premiums, claims and expenses

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED Name of company

Global business

Сотрапу

Financial	Financial year ended	ed 31st December 1998	čer 19	998										registration number	ation		GL/UK/CM	day	Period ended mधर्मक	ended 5 year	ať	Units	Acco	Accounting class
Accounting class	ıg class	Property											R24	1432586	586		GL	31	12	1998	98	2000	ø	
	Unde	Underwriting year ended	pa	Prior underwriting years	MM	⋩	M M		MM ×	<u>▼</u>	MM YY	YMM	<u></u>	MM	⋩	MM	⊁	MM	<u>*</u>	MM	₩ XX	MM YY	Total ail previous columns	tal vious nns
	•			83	12	68	12	98	12 9	91	12 92	2 12	93	12	94	12	95	12	96	12 97	7 12	86	8	88
	Gross amount	unt	11			-																		
Premiums written	Reinsurers' share	; share	12																		\dashv			
	Net (11-12)	ĵ.	19																+		_			
	Gross amount	ount	21					-						_					-		_			
Claims	Reinsurers' share	s' share	22					-								\downarrow								
	Net (21-22)	(i	29							_				_							_			
Claims mai	Claims management costs	sts	39																					
 	Commissions	งบร	141																		1			
	Other acqu	Otner acquisition expenses	42									_							_					
Net operating	Administral	Administrative expenses	43												Ì									•
expenses	Reinsurers' commis profit participations	Reinsurers' commissions and profit participations	44									-	}	_					\dashv		\dashv			
	Payable ne	Payable net (41+42+43-44)	49				į					-							_					
		Undiscounted	51	78														_						28
	forward	Adjustment for discounting	52								Ì													
Technical provisions	Carrisd	Undiscounted	53	78								_							\dashv					78
	forward	forward Adjustment for discounting	54					\dashv				-		-		_					-			
	Increase (c	increase (decrease) in the financial year (53-54-51+52)	59																+		\dashv			
Balance on each (19-29-39-49-59)	Balanco on each underwriting year (19-29-39-49-59)	writing year	69																· · · · · · · · · · · · · · · · · · ·					

Form

Returns under Insurance Companies Legisiation

General business (underwriting year accounting): Analysis of premiums, claims and expenses

Name of company

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Global business

36 GL 31 12 1998 £000 YY MM YY MM YY MM YY NM YY 191 94 12 95 12 96 12 97 12 98 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9	Financial y	ded	embe	r 1998											Company registration number	S nol	2	GL/UK/CM .	P.	Period ended	3	ر ا	Units	Accou
The continue of the continue	Supunossa		portio	nal treaty	_									7,	14325	30	L			in line	year	-		class
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21 170	-	Vet (11-12)	14	ļ	-		-		-							-		_						
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39 Secondaria 39 Secondaria 39 Secondaria 39 Secondaria 31 Secondaria 31 Secondaria 31 Secondaria 31 Secondaria 31 Secondaria 32 Secondaria 32 Secondaria 32 Secondaria 33 Secondaria 34 Secondaria 35 Secon	Z	let (21-22)	29	_	-		-		-		1			-		\dashv		_						58
Ses 43 (477) 775 Ses 43 (477) 775 43-44) 49 (477) 775 43-44) 49 (477) 775 43-44) 49 (477) 775 11 for 52 2 2 11 for 54 3 1552 3 11 for 54 3 1552 3 11 for 54 3 1552 3 11 for 54 3 3 4 11 for 54 3 4 4 11 for 54 3 4 4 11 for 54 53 53 53 54 12 for 3 4 <th< td=""><td>Claims manag</td><td>lement costs</td><td>39</td><td>-</td><td> </td><td></td><td>-</td><td></td><td>- -</td><td></td><td></td><td></td><td></td><td> </td><td></td><td>-</td><td></td><td>_</td><td></td><td>_</td><td></td><td></td><td></td><td>112</td></th<>	Claims manag	lement costs	39	-			-		- -							-		_		_				112
Ses 42 (477) 775 Sions and 44 44 775 775 43-44) 49 (477) 775 A3-49 49 (477) 775 Inled 51 1822 775 Inled 53 1552 8 Inled 53 1552 8 Inled 54 270) 8 Inled 54 270) 8	0	ommissions	41						_							- -		-						
ses 43 (477) 775 ions and 44 44 777 775 43-44) 49 (477) 775 nied 52 22 22 iled 53 1552 22 il for 54 22 32 11 for 54 32 32 11 for 54 32 32		ther acquisition expenses	42		-		-							-		_								
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nied 51 1822 775 ii for 52 1552 8 ii for 54 1552 8 ii for 69 637 8	8	syable net (41+42+43-44)	49	_			_							_								ĺ	,	
11 for 52	8		5	1822	<u> </u>		_		_			1		+		-		_				775		298
lied 53 1552 It for the limit of th			52		-		-							-		-								1822
11 for 54 11 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1			53	1552								-		-		-		1					guar Rédi	
1 the 59 (270) (775)	loj	ward Adjusiment for discounting	54		-		-					1		- -				_	T					1552
69 637	inc fina	ancial year (53-54-51+52)	59	(270)			<u> </u> 					-		-		_								
(275)	Bafance on each (19-29-39-49-59	h underwiting year	69	637	-		-					+-		-									7	(270)
												1		_								(775	_	(138)

General business (underwriting year accounting) : Analysis of technical provisions

Name of company

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED Global business

Financial year ended 31st next

rındıldı year ended	ended 31st December 1998	embe	ar 1998											Company registration	7: 15: 15:14	i			7	•				
Accounting class	ass Accident and health	and	heaith									L		number		<u>5</u>	GL/UK/CM	day	month 1	nged h year		Unlts	Accounting class	nting
/			-				İ					R25	70	1432586	98		GP.	3	12		1998	0003	,	
/ د	Underwriting year ended	nded		Prior undenwriting	MM ××	- XX	3		 -	 	 					┪	l	┢	-	_	-		- 	į
		L	×	years	—į			MIM	۱ ۲۲ ۱	MM	<u></u>	MM	≿	MW W	़⊁	MM	<u>₹</u>	MM	<u>~</u>	MM Y	YY	<u></u>	Total all previous	sno
	/	7	53	৪	12 89	12	90	12	91	12	92	12	F	5	1	- <u>R</u> -	╬		+	1	-	_	columns	2
Reported claims	Gross amount	7	_	7		 	_		-			!	3	_1	<u>.</u>	2	c C	12 9	မ္တ	12 97	7 12	98	86	83
duistanding	Reinsurers' share	12	2:			-		<u> </u>		1					7		\dashv		_				11	
Claims incurred	Gross amount	13	-			-		_					+						_					
out not reported	Reinsurers' share	4		 		_		_		 - -							+		-		_			
Ciaims management costs	nent costs	15		4		-							+		\dashv		\dashv		-	}				
Adind	Gross amount	16				<u> </u>									-				-	1	<u></u> -		4	
discounting	Reinsurers' share	17		-									-		+		+		_					يبديون
Claims m costs	Claims management, costs	18		 							_				-		\dashv		-		_			7
Augcation to/(fron	Augment of (from) another accounting class of anticipated surplus	9		25							1				-		-			İ				
Balance of the fund	ıd	20		-			7				-				\dashv		-						25	
Claims outstanding (11-12+13-14+15-1	Claims outstanding (11-12+13-14+15-16+17-18+19+20)	2		64							_								_					
Provision for uneamed premiums	med premiums	22					\top				-		+		+		_		_				5	-
Provision for unexpired risks	oired risks	23		-				٠. ا									_		_					
Deferred acquisition costs	n costs	24		-			+-				+		+			 			_	ĺ				
Outer technical provision to be specified by way of suppliementary note)	Other technical provisions (particulars to be specified by way of suppliementary note)	25		<u> </u>			 				-		-		_		-		_					
Total (21+22+23-24+25)		29	4	40			+-				-		+		\dashv		_					-		-

General business (underwriting year accounting) : Analysis of technical provisions

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED Name of company

Global business

Accounting class Total
all previous
columns 465 465 8 290 178 191 194 n ኦ Units 2000 86 Σ ~ 1998 ≿ 97 year GL/UK/CM Period ended 72 Σ 2 ≿ 88 3 ΣW 42 7 9 臼 Σ ļ, ≿ Company registration number 94 1432586 Σ 42 93 ≿ R25 12 MM ≿ 32 Σ 2 ≿ 9 MM 12 ≿ 8 MM 72 ≿ 83 7 Z Prior underwriting years 465 197 465 178 প্ত 290 194 8 31st December 1998 23 7 23 22 24 25 7 ب 16 18 **€** 8 42 5 17 ~ Underwriting year ended accounting class of anticipated surplus Claims management costs Other technical provisions (particulars to be specified by way of Reinsurers' share (11-12+13-14+15-16+17-18+19+20) Aviation Reinsurers' share Reinsurers' share Provision for unearned premiums Gross amount Gross amount Gross amount Provision for unexpired risks Allocation to/(from) another Claims management costs Deferred acquisition costs Total (21+22+23-24+25) Financial year ended supplementary note) Balance of the fund Claims outstanding Accounting class Reported claims Claims incurred but not reported Adjustment for discounting outstanding

General business (underwriting year accounting) : Analysis of technical provisions

Name of company AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Global business

Financial year ended	pap	mber	1998								(Company registration numi.er	y ion	7 1 9	GLUKICM	Pe	Period ended month	year	ž I	Units	Accounting class
in filminoso.	roperty				ı						17.	R25	1432586	98	_	GL GL	31	12	1998	0003	8	9
<u></u>	Underwriting year ended	pepu	Prior underwiting years	MM	≿	MM	}	MM	WW AW	<u></u>	WW	}	₩ W	<u>~</u> }	MM	XX MM	\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\	- WW		MM		Total all previous
		Ĺ,	83 83	12	88	12	s	12	91 12	2 92	12	93	12 9	76	12 9	95	8	\$	67	ţ		columns
Reported claims	Gross amount	7	10			-		-	<u> </u>	-			_	-	_			1			-	88
outstanding	Reinsurers' share	12	8		_		-		 		-	"				-		_			-	
Claims incurred	Gross amount	13					-		-					-		-		_			-	∞
but not reported	Reinsurers' share	14			ļ		-				_			+		_					-	
Claims management costs	nent costs	15	23		-		+-		-	,	-					_					-	
	Gross amount	16					+		+		-			-		_					_	ro
Adjustment for discounting	Reinsurers' share	17			-		-		-		_			-		-						
	Claims management costs	18			-		-		-		-			_							-	
Allocation to/(from) another accounting class of anticipa	Allocation to/(from) another accounting class of anticipated surplus	19	77		+-		<u> </u>		_		_											
Balance of the fund	Pu	20			-		-				-					-					-	77
Claims outstanding (11-12+13-14+15-16	Claims outstanding (11-12+13-14+15-16+17-18+19+20)	21	78		-		+-		-					-							-	
Provision for uneamed premiums	amed premiums	22		!	-		-		 			 		-					_			7.8
Provision for unexpired risks	pired risks	23					-		_					+							_	
Deferred acquisition costs	on costs	24			-]	<u> </u>					-		-		_					-	
Other technical provision to be specified by way of supplementary note)	Other technical provisions (particulars to be specified by way of supplementary note)	25					-		ļ			-		-								
Total (21+22+23-24+25)		29	78											-					1		-	P

Returns under Insurance Companies Legislation

General business (underwriting year accounting) : Analysis of technical provisions

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED Name of company

Global business

Financial year ended	inded 31st December 1998	nber	1998									QEE	Company registration number	g .	ดเวช	GL UKKCМ .	Pe	Period ended month	year]	Units	Accou	Accounting class
Accounting class	s Non-proportional treaty	rtion	ial treaty					·			R25		1422586	وو	၅	GL.	31	12	1998		5000	6	
ร์/	Underwriting year ended	ded	Prior underwriting years	MM YY	/ Min	i YY	MM	XX	MM		MM	۱ ۲۰۰۰	MM	ν.	MM YY		MM YY	YMM	₩	MM	\	All procedures	Total all previous columns
			23 23	12 89	12	90	12	91	12	92	12	93 1	12 9	94	12 9	95 1	12 96	5 12	2 97	12	88	8	8
Reported claims	Gross amount	7	1711									,											1711
outstanding	Reinsurers' share	12	460																				460
Claims incurred	Gross amount	13																					
but not reported	Reinsurers' share	14																					
Claims management costs	ient costs	15	588					_														,	588
	Gross amount	16																					
Adjustment for discounting	Reinsurers' share	17			 																		
Claims m	Claims management costs	18																	,				
Allocation tol(fron accounting class	Allocation to/(from) another accounting class of anticipated surplus	19	(287)																			<u> </u>	(287)
Balance of the fund	pu	20																					
Claims outstanding (11-12+13-14+15-16	Claims outstanding (11-12+13-14+15-16+17-18+19+20)	21	1552																			¥	1552
Provision for uneamed premiums	amed premiums	22																					
Provision for unexpired risks	xpired risks	23																 					
Deferred acquisition costs	ion costs	24		į																			
Other technical provision to be specified by way of supplementary note)	Other technical provisions (particulars to be specified by way of supplementary note)	25																					
Total (21+22+23-24+25)	24+25)	29	1552	ì																		11	1552

Non-proportional treaty

Sterling

Currency

General business (underwriting year accounting): Analysis of premiums, claims and expenses by category for treaty reinsurance

Accounting class AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED Name of company

Fotal all previous (138)(270)170 112 298 298 83 1822 1552 columns a 28 2 Currency ₹ ≿ Accounting class 88 775 (775)775 MM 77 ≿ **Business** category 97 Σ £ 72 ₹ 96 Monetary units 000 MM 42 ζ 1998 95 žea Σ 12 Period ended month 72 ₹ 94 gg 12 Σ 8 GLUKKCM ≿ 93 占 MM 12 ≿ 92 Company registration number 1432586 Σ 12 ₹ 9 MM **R28** 12 ≿ 90 M 2 ≿ 83 Miscellaneous and pecuniary loss 12 MM Prior underwriting প্ত 112 (270)(477)170 (477)637 28 1822 1552 N ଷ୍ଟ 31st Decmber 1998 43 49 53 12 19 22 53 33 42 44 2 52 Ų. 69 7 4 54 Underwriting year ended Reinsurers' commissions and financial year (53-54-51+52) Fayable net (41+42+43-44) Other acquisition expenses Adjustment for discounting Adjustment for discounting Increase (decrease) in the Undiscounted Undiscounted Administrative expenses profit participations Reinsurers' share Reinsurers' share Balance on each financial year Financial year ended Gross amount **Gross amount** Claims management costs Commissions Net (11-12) Net (21-22) Brought forward forward Global business Carried (19-29-39-49-59) Category provisions Premiums Technical operating expenses Claims paid written ä

Form 28 (continuation sheet)

Non-proportional treaty

Sterling

Currency

Returns under Insurance Companies Legislation

General business (underwriting year accounting) : Analysis of premiums, claims and expenses by category for treaty reinsurance Accounting class

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Mame of company

≿ 88 AA Currency Σ× 7 ≿ Accounting class 87 6 MM 7 ≿ 98 Business category 28 8 عد Σ× 72 ≿ 85 174 3 181 ∞ Monetary units 72 9 ∞ 8 000 4 MM 12 ≿ 1998 84 161 **E** 72 (09) (60) 208 35 ₹) E 8 Σ Σ Period ended 72 12 X MM (88) 83 24 깢 83 79 24 € 48 ~ 4 12 8 day GLUKKCM (295) 1096 ≿ 655 1391 82 (405)G 3 (405) 79 33 12 Z ≿ Company registration number 1432586 MM <u>;</u> MΜ **R28** ≿ MM MM XY Miscellaneous and pecuniary Loss ≿ MM 31st December 1998 69 54 6 52 53 42 43 4 4 33 77 27 22 23 77 ξ. 42 13 Underwriting year ended Reinsurers' commissions and finarcial year (53-54-51+52) Balance on each financial year Payable net (41+42+43-44) Adjuntment for discounting Other acquisition expenses | discounting Adjustment for Undiscounted Undiscounted Administrative expenses profit participations Reinsurers' share Reinsurers' share Gross amount Gross amount Claims management costs Commissions Financial year ended Net (11-12) Net (21-22) **Erought** forward forward Carried Global business Technical provisions Net operaling e, venses Category Premiums Claims written

(19.79.39.49-59)

Accounting class Non-proportional treaty

Returns under Insurance Companies Legislation

General business (underwriting year accounting): Analysis of technical provisions by category for treaty reinsurance

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED Name of company

Total all previous columns (287)1552 8 1711 588 460 Currency ₹ 8 86 ≿ Accounting class ø MM 12 Sterling ≿ 97 Business category = MM 12 Currency ≿ 96 Monetary units 000 MM 72 ≿ 1998 95 year MM 7 Period ended month 42 ≿ 94 GL/UK/CM day MM 2 સ ≿ 5 93 MM 1,5 ≿ 92 Company registration number 1432586 MM 12 ≿ 6 R25 MM 7 ≿ 90 MM 72 89 ≿ Miscellaneous and pecuniary loss MΜ 12 Prior underwriting ଷ 1522 (287)588 1711 460 ଛ 31st December 1998 13 15 9 23 5 15 23 20 21 22 24 11 12 14 Underwriting year ended Claims management Allocation to/(from) another category or accounting class of enticipated surplus Reinsurers' share Reinsurers' share Reinsurers' share (11-12+13-14+15-16+17-18+19+20) Gross amcunt Gross amount Gross amount Provision for unearned premiums Provision for unexpired risks Claims management costs Deferred acquisition costs Financial year ended Balance of the fund Claims outstanding Reported claims outstanding Global business Claims incurred but not reported Adjustment for discounting Category

1552

1552

23

Total (21+22+23-24+25)

supplementary note)

25

Other technical provisions (particulars to be specified by way of

Form ; (continuation shee

Returns under Insurance Companies Legislation

General business (underwriting year accounting) : Analysis of technical provisions by category for treaty reinsurance

Name of company

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

MM X 88 Accounting class Non-porportional treaty Currency ₹ 2 87 Accounting class ≿ MM Sterling 2 g, ≿ 86 Business category ~ 29 28 38 MM = 7 ≿ Monetary units 83 Currency 106 000 169 92 174 50 174 12 ≿ Pariod ended 1998 84 185 25 98 161 161 (88) MM 12 [2 ≿ 83 128 369 (317) 169 93 à MM 12 31 93 GLUNKICM ≿ 82 덩 986 200 227 1096 1096 MM 12 83 ≿ Company registration number 1432586 MM ≿ **R29** Σ ≿ MM ≿ Miscellaneous and pecuniary loss Σ ≿ Σ 31st December 1998 Underwriting year ended F 12 5 14 15 16 4 13 6 20 21 22 23 24 25 29 Claims management Allocation to/(from) another category or accounting class of anticipated surplus Reinsurers' share Reinsurers' share Reinsurers' share Other technical provisions (particulars to be specified by way of Gross amount (11-12+13-14+15-16+17-18+19+20) Gross amount Gross amount Provision for unearned premiums Provision for unexpired risks Claims management costs Financial year ended Deferred acquisition costs Total (21+??~2.5-24+25) Balance of the fund supplementary note) Global business Claims outstanding Claims incurred but not reported Reported claims Adjustment for discounting outstanding Category

COLUMN TO SOUTH THE

General business (accident year accounting) : Analysis of gross claims and premiums by risk group for direct insurance and facultative reinsurance

Name of company

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Accounting class Accident and Health Curency Sterling

raince of company	, and	Ę			1010011					Currency	Ster	Sterling		
Global business	sy.													
Financial year ended	ended	31s	31st December 1998	866				Company registration ni com	GL/UK/CM	Period ended day month	Pear	Monetary units	Country	Accounting class
Risk group	Accident	ent					R31	380 7200	GL	31 12	1998	000	AA	1
Accident year ended	pepue .		Number	Number of claims	Gross cla	Gross claims paid	Gross claims or for	Gross claims outstanding carried forward	Pross claims outstanding brought forward	outstanding broug forward	Ba eac		Gress earned premiums	Claims ratio %
Month	Year		Closed at some cost during this or previous financial years	Reported claims outstanding	In previous financial years	In this financial year	Reported	Incurred but not reported	Reported	Incurred but not reported	7eal (4+5+6-7-8)	7-8)		
			1	2	3	4	သ	9	7	8	6		10	11
12	1998	11												
12	1997	12												
12	1936	13												
12	1995	14												
12	1994	15												
12	1993	16												
12	1992	12					,						-	
12	1991	18												
12	1990	19												
12	1989	20												
Prior accident years	ears	21		12		46	46	5	72	2	70			
Total (11 to 21)	(29		12		46	46	ß	72	ស	20			
Line 29 expressed in sterling	ssed in	30				46	46	rs.	72	ເດ	20			

Í

Returns under Insurance Companies Legislation

General business (accident year accounting) : Analysis of gross claims and premiums by risk group for direct insurance and facultative reinsurance

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED Name of company

Accounting class Property

Sterling

Currency

Global business

Financial year ended	ır ended	315	31st December 1998	1998				Company registration number	GLUKICM	Perio day m	Period ended month y	Monetary year units		Ac Country cla	Accounting class
Risk group		q	Property Other				R31	1432586	G.	31	12 18	1998 0	000 AA		9
Accident year ended	ar ended		Number	Number of claims	Gross claims paid	ims paid	Gross claims ou forw	Gross claims outstanding carried forward	Gross claims outstanding brought forward	outstanding b	brought	Balance for each accident	Gross eamed premiums	 	Claims ratio %
Month	Year		Closed at some cost during this or previous financial years	Reported claims outstanding	In previous financial years	In this financial year	Reported	Incurred but not reported	Reported	Incurred but not reported	but not	year (4+5+6-7-8)			
			1	2	က	4	ĸ	တ	7	ω		თ	5		=
12	1998	11											; }	-	
12	1997	77													
12	1996	13													
12	1995	14													
12	1994	15													
12	1993	16												-	
12	1992	17							5		-			-	
12	1991	18													
12	1990	19									 				
12	1989	707													
Prior accident years	/ears	21		6			45	9	47	15		(2)			
Total (11 to 21)	1)	29		6			45	rt)	47	ะถ	 	(2)			
Line 29 expressed in sterling	ssed in	30					45	S.	47	r.		(2)			

े प्राच्या

General business (accident year accounting) : Analysis of gross claims and premiums by risk group for direct insurance and facultative reinsurance

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED Name of company Global business

Accounting class Third party liability

	8									Currency	Sterling		
Financial year ended	r ended		31st December 1998	1998				Сопрапу					
Risk group			General Third Date:					registration number	В ЕЛЛКИСМ	Period anded day month	year Monetary	fary Country ts	Acceunting class
,		i	ייכימו וווות בי	arry			R31	1432586	GL	31 12	1998	000	
Accident year ended	ır ended		Number	Number of claims	Gross cla	Gross claims naid	Gross claims or	Gross claims cutstanding carried				UU AA	,
		 1	Closed at some	<u> </u>		plad citing	fon	forvard	Gross claims or	Gross claims outstanding brought forward	Balance for each accident	Gross earned	Claims ratio
Month	Year		cost during this or previous financial years	reported claims outstanding	In previous financial years	In this financial year	Reported	Incurred but not reported	Reported	Incurred but not reported			8
			-	7	en		1						
12	1998	Ξ			,	7	5	9	7	8	6	16	7
12	1997	12											
12	1996	55											
12	1995	4											
12	1994	135											}
12	1933	16											
12	1992	12											
12	1991	18											
12	1990	13											
12	1989	20											
Prior accident years	ars	21		47		93	15	4					
Total (11 to 21)		29		47		83	i é	2	103	15	2		
Line 29 expressed in		06				: :	<u> </u>	<u>c</u>	103	15	~		
sterling		2				?	12	1 0	163	15	2		

Form 31 (continuation sheet)

Returns under Insurance Companies Legislation

Accounting class: Third-party liability General business (accident year accounting) : Analysis of gross claims and premiums by risk group for direct insurance and facultative reinsurance

Name of company

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Accounting class Country ¥ 000 Monetary units Sterling 1998 year Period ended day month 12 Currency 37 G GLIUKKCM 1432586 Company registration number R31 Financial year ended 31st December 1998 General Third Party Global business Risk group

Risk Gloup	; }		•									
		Mumbor of claims	Claims	Gross claims paid	ims paid	Gross claims outstanding carried		Gross claims out	Gross claims outstanding brought forward	Balance for each accident	Gross earned premiums	Claims ratio %
Accident	Accident year ended	3							Inclined but not	year		
			Reported claims	In previous	In this financial	Reported	incurred but not reported	Reported	reported	(410,000)		
		cost during this or previous financial years	outstanding	Inancial years) George							
Month	Year	•	r	co	4	ហ	Ø	7	8	6	10	11
		1	7			A STATE OF THE PERSON NAMED IN COLUMN	the second second					
12	1988		i									
12	1987			:						•		
40	1986		7		32	ဖ	5	33	15	6		
71	3		1.5		3	က		9		(4)		
12	1985		=			•		63		ε		
12	1984		16		23	,,		3				
12	1983		4									
! !	7000		<u>س</u>		3			~	,	2		
12	7061											
							<u> </u>					
	<u> </u>											
,												

3"

Returns under Insurance Companies Legislation

General business (accident year accounting) : Analysis of gross claims and premiums for motor vehicle direct insurance and facultative reinsurance

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Sterling Currency

Name of company	any	AA MI	UTUAL IN	TERNATIO	NAL INSUF	AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED	IPANY LIMI	ITED							
Global business	v									Company registration number	вликсм	Perk day n	Period ended month year	Monetary units	Country
Financial year ended	ended	31st I	31st December 1998	- 1998					R32	1432586	GL	31	12 1998	000	Ą
Risk group		Black	Black cabs	ļ		- 					Defence on	Gross	Claims ratio	Vehicle	Claims
Accident year ended	papua		Number of claims	ıf claims	Gross claims paid	ims paid	Gross claims outstanding carried forward	outstanding	Gross claims outstanding brought forward	outstanding forward		eamed	8	years (000's)	frequency %
		"	Closed at	1	In previous financial	in this financial year	Reported	Incurred but not reported	Reported	incurred but not reported	(4+5+6-7-8)				
Month	Year	귱	during this or previous years	outstanding	years										
			-	2	3	4	S	9	7	8	6	10	11	12	13
12	1998	11													
12	1997	12													
12	1996	55													
12	1995	14													
12	1994	15													
12	1993	16	!		 										
12	1992	17													
12	1991	18													
12	1990	19													
12	1989	20													
Prior accident years	ears	21													
Total (11 to 21)		29													
Line 29 expressed in	ssed in	30							,						
sterling															

Carried Services

Returns under Insurance Companies Legislation

General bu	siness (u	nden	writing year acco	ounting): Analy:	General business (underwriting year accounting) : Analysis of gross claims and premiums by risk group for direct insurance and facultative reinsurance	ns and premi	ıms by risk gro	up for dire	ect ins	urance	and fact	ıltative reir	surance	
Name of company	прапу	₹	AA MUTUAL INTERNATIONAL INSURANCE	RNATIONAL INS	URANCE COMPA	COMPANY LIMITED			Accol	Accounting class	lass	Accident	Accident and health	#
Global business	ess								Currency	ncy		Sterling		
Finanola e	ear ended	3	31st December 1998	82			Company registration	GLUBKICM	ď	Period ended	·	Monetary	County	Accounting
Risk group		Ac	Accident				number		day	month	year	units	comma	class
		ı				R34	1432586	Ø	2	12	1998	000	AA	4-
Underwriting year ended	ng year d		Gross ck	Gross claims paid	Gross claims outstanding carried forward	tanding carried Ird	Gross claims outstanding brought forward	outstanding bro forward	ught	Balanc	Balance on each underwrting year	Gross premiums written	itums	Claims ratio %
			In previous financial years	In this financial year	Reported	Incurred but not reported	Reported	Incurred but no	out no.	(2+3	+4-5-6)		*	
Month	Year							-						
			-	, 2	ო	4	ທ	9			۲.	ω		თ
12	1998	11												
12	1997	12												
12	1996	13												
12	1995	14								[<u> </u>	
12	1994	15												
12	1993	.j.												
12	1992	17											-	
12	1991	18												
12	1990	19										<u> </u>	-	
12	1989	20												
Prior underwriting years	ing years	21		3	11		&				9			
Total (11 to 21)	.1)	29		3	11		∞				9			
Line 29 expressed in sterling	essed in	30		8	11		æ				9			

General business (underwriting year accounting) : Analysis of gross claims and premiums by risk group for direct insurance and facultative reinsurance

Name of company	npany	\$	AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED	RNATIONAL INS	URANCE COMP	ANY LIMITED			Accor	Accounting class	lass	Aviation		
Global business	ess								Currency	ncy		Sterling		
Financial year ended	ır ended	3	31st December 1998	86			Company registration number	GLUKICM	g S	Period ended month	year	Monetary units	Country	Accounting class
dio is very		2	Aviduoli			R34	1432586	ď	37	12	1998	000	AA	ဧ
Underwriting year ended	ng year d	<u>-</u>	Gross of	Gross claims paid	Gross claims out forw	claims outstanding carried forward	Gross claims outstanding brought forward	s outstanding broi forward	ught	Balan underv	Balance on each underwriting year	Gross premiums written	ums	Claims ratio %
			In previous financial years	In this financial year	Reported	Incurred but not reported	Reported	Incurred but not reported	ut not	<u>\$</u>	44-9-6)			
Month	Year						·							
			1	2	ဂ	4	ß	9			7	ω		o
12	1998	11										; ;		
12	1997	12											-	
12	1996	13											-	
12	1995	14										1	-	
12	1994	15											-	
12	1993	16											-	
12	1992	17											-	
12	1991	18												
12	1990	19												
12	1989	20											-	
Prior underwriting years	ing years	21		6	290		348				(49)			
Total (11 to 21)	1)	29		6	290		348	 			(49)			
Line 29 expressed in sterling	ssed in	30		6	290		348			}	(64)			

ACCUPATION.

TO CHARLES

aim	
General business (underwr	facultative reinsurance

Company registration GLUKCM data 1432586 GL 3 Gross claims outstanding brought forward forward Reported Incurred but n reported 10 10	Currence Currence of the color	Currency Currency GL 31 12 1998 orted Incurred but not reported 6 6 7 6 7 6 7 Currency GL 34 12 1998 Toward Toward Feriod ended Incurred but not reported Feriod ended Incurred but not G-4-3-4-4-5-6) For a claims outstanding brought reported For a claims outstanding brought orderwing year (2+-3+4-5-6) For a claims outstanding brought orderwing year (2+-3+4-5-6)
GL date of the standing brough and lincurred but reported	uno un un un un un un un un un un un un un	rrency Period ended N Period ended N Balance on each underwriting year (2+3+4-5-6)
	uno un un un un un un un un un un un un un	rrency Period ended N Period ended N Balance on each underwriting year (2+3+4-5-6)
Sterling Sterling Sterling 1998 000 AA 1998 000 AA 4-5-6) 8 7	₹ ₽	

A.A.MUTUAL INTERNATIONAL INSURANCE CO. LIMITED

Service Control

Returns under Insurance Companies Legislation Insurance Companies (Accounts and Statements) Regulations 1996 - Regulation 19 Financial Year Ended 31.12.1998

MAJOR REINSURERS REPORT

Anticipated Recovery $\hat{\mathcal{E}}$	1,263.00	1.00	199,224.00
Deposit £		186,672.90	
Amount of Debt at 31.12.98 £	0.00	0.00	0.00
Premiúm Cedéd In Financiul Year £	0.00	4.09	46.47
Connected Company	92	Ио	8
	1. Polygon Insurance Co. Ltd Le Riche House 50 High Street St Peter Port GUERNSEY	2. Dai Tokyo Fire & Narine Insurance Company 1-6 Wihonbashi 3-Chome Chou-ku, Tokyo 103 JAPAN	Lloyd's Lime Street London EC3 ENGLAMD
	In respect of Proportional Reinsurance Ceded		In respect of Non-Proportional Reinsurance Ceded

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A. A. MUTUAL INTERNATIONAL INSURANCE CO. LIMITED

Returns under Insurance Companies Legislation Insurance Companies (Accounts and Statements) Regulation 1996 - Regulation 20 Financial Year Ended 31.12.1998

MAJOR FACULIATIVE REINSURER REPORT

Anticipated Recovery £	44,550.46
Deposit £	
Amount of Debt at $31.12.98$	36,704.90
d Premium Ceded in Financial Year	0.00
Connected Company	NO
	Home & Overseas The Grange Bishops Cleeve Cheltenham Glos GLS2 4XX
	In respect of Facultative Reinsurance Ceded
ŕ	

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A.A. MUTUAL INTERNATIONAL INSURANCE CO. LIMITED

Returns under Insurance Companies Legislation Insurance Companies (Accounts and Statements) Regulations 1996 - Regulation 21 Financial Year Ended 31.12.1998

MAJOR CEDANT REPORT

Name & Address of Cedant

Connected Company

Amount

£

Lloyd's Lime Street, EC3

llo

2,015.61

Returns under Insurance Companies Legislation
Statement required by regulation 23 of the Insurance Companies (Accounts and Statements) Regulations 1996
AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED
GLOBAL BUSINESS
Financial year ended 31 December 1998

Additional information on derivative contracts

The investments guidelines operated by the company probibit the use of derivative contracts, and accordingly the company has not entered into any such contracts in the year ended 31 December 1998.

Returns under Insurance Companies Legislation
Statement of Shareholder Controllers required by regulation 24 of the Insurance Companies (Accounts and Statements) Regulations 1996
AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED
GLOBAL BUSINESS
Financial year ended 31 December 1998

Statement of Shareholder Controllers

During the whole of the financial year ended 31 December 1998 100% of the share capital of the company was controlled by AAM Holdings Limited.

The controller referred to above, was able to exercise control over all of the share capital of the company at any duly convened general meeting of the Company subject to the restriction of having certain of the company's assets held on deposit with Republic National Bank of New York.

Supplementary note to Form 10

1001 Reconciliation of net assets

	£,000	£'000
Total assets per Form 13.99.1	6,403	7,630
Total liabilities per line 15.69.1	(5,945)	(7,139)
		
01	458	491
Other movements	•	-
Comital and recoming man shoughold are accounts	A50	401
Capital and reserves per shareholders accounts	458	491

Supplementary notes to Form 13

1304 Debtors arising out of reinsurance operations

The company has made its best endeavours to present debtors arising out of reinsurance operations shown in form 13.74.1 in compliance with FRS5.

1305 Maximum Permitted Counterparty Limit

The Company's assets are held in trust and the trustees' investment policy is to place funds on deposit with credit institutions that have a high quality credit rating. In carrying out this policy no limit is set as how much can be deposited with each institution.

1306 Exposure at Year End to Large Counterparties

The company had the following exposures at 31 December 1998 in excess of 5% of GBA:

i) On 24 June 1986, the short-term insurance business of AA Mutual Insurance Association Limited ('AAMA'), the Company's major reinsurer, was placed in liquidation. When computing the value of claims to be admitted, the liquidators were required, under the terms of the judgement of the Supreme Court of South Africa, to convert all claims denominated in currencies other than South African Rand at the commercial rates of exchange ruling on 24 June 1986. The liquidators have admitted the company's claims amounting in total to £5,886,395 in respect of which dividends equivalent to 100% have been received, subject to exchange movements. The liquidators have also indicated that they have residual funds available for distribution.

The liquidators went to Court against the South African Receiver of Revenue on 19 April 1999 in order to determine the Receiver's claim that the income accruing during the liquidation was subject to taxation. Judgement was handed down in favour of the liquidators on 7 May 1999 but notice of leave to appeal against the ruling was lodged by the Receiver on the same day. At the date of this certificate, it is not known whether leave to appeal will be granted. If leave to appeal is granted, the matter will be referred to the Appellate Division of the Supreme Court of South Africa, and this could delay the resolution of the case for as much as two years.

On 22 April 1999 the liquidators gave notice of the lodging of their 22nd distribution account. This provided for the payment in early June 1999 of simple interest calculated at 1.6% from the date of the liquidation to the date of payment of the various distribution accounts. The company received its payment of South African Rands 2,346,678, equivalent to £238,088, on 9 June 1999.

With uncertainty still surrounding future distributions, the directors have established from the liquidators' administrators the absolute worst case position, which assumes the payment of income tax on investment income accruing since the date of liquidation. Funds still available for distribution to the company, after taking the 22nd distribution into account, amount to some SA Rands 2,470,000, equivalent to £252,350. Accordingly, these Returns include receivables from the liquidators amounting to £490,438 in respect of the 22nd distribution account and the further funds available.

Notwithstanding the fact that the company received its payment under the 22nd distribution account on 9 June 1999, these Returns include £65,000 on Form 13.78.1 and £425,000 on Form 13.92.1 in respect of these receivables.

At 31 December 1998 the GBP equivalent of £4,909,936 was placed on deposit with Republic National Bank of New York for a period not exceeding one month. The admissibility of these deposits for the purposes of these returns is limited to 5% of the general business amount. At 31 December 1998 £4,393,000 (1997: £4,467,000) of the total deposit was included as inadmissible assets at form 13.92.1.

Supplementary notes to Form 15

1501 Provision for Adverse Changes

As explained in note 1701, the company has not entered into any derivative contracts. Accordingly no provision for adverse changes is required.

1504 Creditors arising out of insurance operations

The company has made its best endeavours to present creditors arising out of reinsurance operations shown in form 15.42.1 in compliance with FRS5.

1505 Technical provisions

Technical provisions for claims outstanding includes in form 15.12.1 a provision of £900,000 (1997:£1,200,000) for future claims handling costs.

Supplementary notes to Form 16

1601 Basis of foreign currency conversion

The general business technical accounts are maintained in three currencies, Sterling, Canadian Dollars and US Dollars.

The opening balances on the United States Dollar and Canadian Dollar general business technical accounts are translated into Sterling at the rates ruling at 31st December 1998 The resulting revaluation adjustment is shown, in the general business technical account, as part of the change in the provision for claims figure for the year. Revenue transactions are translated at the rates ruling at the date of settlement. Unsettled revenue transactions and the related asset and liability balances at 31st December 1998 in currencies other than Sterling, are translated at the appropriate year end rates.

23

1603 Other income and charges

Amounts shown in form 16.21.1 relate to foreign exchange movements.

Emplementary note to Form 17

1701 Derivative Contracts

The company has not entered into any derivative transactions during the year under review. As permitted by Prudential Guidance Note 1998/2 "The preparation of annual returns to the Insurance Directorate of HM Treasury" no form 17 has been included in this return, because the company has no transactions which qualify to be reported for the year ended 31st December 1998 or for the previous year.

Supplementary notes to Form 20

2002 Analysis between UK and Overseas business
For all accounting classes there are no gross premiums written.

2003 Date of last new contract

On 4 December 1987, at the request of the company, the Department of Trade and Industry withdrew the authorisation of the company to effect contracts of insurance. Accordingly no new contracts of insurance have been effected since that date.

2007 Concession

On 9 October 1980, the company was given a concession by the Department of Trade and Industry to account for certain classes of business on a three-year basis.

Under the new regulations, this business is now accounted for on an underwriting year basis. Accordingly, the Company considers the classes of business as being managed together.

Notes to the Return

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

GLOBAL BUSINESS

Financial year ended 31 December 1998

Supplementary notes to Form 22

2202 Provision for future claims handling costs

A provision of £900,000 (1997: £1,200,000) has been made for future claims handling costs, net of anticipated investment income. This provision has been allocated between accident years and underwriting years by reference to the value of outstanding claims. The provision has been included in this return as follows:

,	F	orm 22			For	m 25		Total Per
	£'000	6 £'000	7 £'000	1 £'000	3 £'000	6 £'000	£'000	Return £'000
Provision for future claims handling costs	39	26	60	4	178	5	588	900

2209 Reconciliation of administration and other costs in the return to those in the financial statements

Below is set out a reconciliation of the administration and other costs per the financial statements to those included in the return:

	Class:	1 £'000	£'000	7 £'000	9 £'000	Total £'000
Form 24.43.98		-	•		775	775

Per accounts:

Administrative expenses	674
Items arising from the run off of the WF Portfolio of business	42
Decrease in provision for doubtful debts	(143)
AAMA write-down	202
	775

Supplementary note to Form 23

2303 Analysis of net claims

As reinsurance recoveries are in excess of the claims outstanding for accounting class 6, net claims are shown as negative.

Supplementary notes to Form 24

2401 Amounts brought forward

Amounts brought forward differ from the amounts carried forward due to exchange movements.

2402 Reporting Basis/Basis of Profit Recognition

Certain classes of business are accounted for on an underwriting year basis because the nature of the business accepted was such that underwriting results could not be established with sufficient accuracy under the annual basis. These classes of business are: accident, aviation, property and excess loss/general treaty.

Under the non annual underwriting basis of accounting, premiums, claims and expenses were carried forward as a provision and profit recognition was deferred until the end of the third year from the start of any underwriting year. Any anticipated underwriting losses were recognised as soon as they were foreseen.

2404 Claims Management Costs

The directors are preparing an updated run-off plan for the company and have made provision for future claims handling costs, net of anticipated investment income. Refer to note 2202 for further details.

2407 Reconciliation of Form 24 to Form 34

Form 34 relates to direct and facultative reinsurance whereas Form 24 includes, direct, facultative and treaty reinsurance. Thus Form 24 does not agree directly with Form 34.

2408 Time-barred creditors

During the year, the directors have assessed the time bar status of all creditors that were outstanding on the reinsurance inwards ledger as at December 1998 with the objective of identifying all time-barred creditors. Time-barred creditors are those that have been outstanding for a sufficient period, with no acknowledgement of liability by the company, that the creditor's debt is no longer actionable.

In carrying out this assessment the reinsurance inwards ledger as at 31 December 1998 was fully analysed and a list of all policies on which there were unpaid creditors identified. The policy files were retrieved from the archives and a review was undertaken by a team of experienced claims technicians to establish the contract jurisdiction country, and in the case of the USA, the state for each policy. In addition the files were also reviewed to establish whether any communications had taken place that would 'stop' the time bar clock in respect of each unpaid creditor.

Having performed this analysis the time-barred reinsurance liabilities were calculated. This calculation was performed in compliance with established case law and written legal opinions obtained by Hampden on behalf of the company, confirming that the approach taken by the directors was reasonable.

Returns under Insurance Companies Legislation

Notes to the Return

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

GLOBAL BUSINESS

Financial year ended 31 December 1998

Supplementary notes to Form 24 (continued)

2408 Time-barred creditors (continued)

The above assessment resulted in a write-back of reinsurance inwards liabilities, established as being time-barred, amounting to £476,783 (1997: £3,548,417). This has been allocated between underwriting years by reference to outstanding claims as follows:

£4/0,/83 (1997: £3,546,417). This has be	on another point of	Form 24			Total per	
Class	1 £'000	3 £'000	6 £'000	£'000	HMT return £'000	
Form: Form 24.43.29	<u>.</u>	-	.	(477)	(477)	

Time bar analysis on remaining liabilities will continue on an ongoing basis.

2409 Reconciliation of administration and other costs

Below is set out a reconciliation of the administration costs per the financial statements to those included in the return.

Class:	1 £'000	6 £'000	7 £'000	9 £'000	Total £'000
Form: Form 24.43.98		-	-	775	775
Per accounts:					£'000
Administrative expenses Items arising from the run off of the WF Portfolio of to Decrease in provision for doubtful debts AAMA write-down	ousiness				674 42 (143) 202 775

Supplementary notes to Form 25

2504 Surplus for offset

On 9 October 1980, the company was given a concession by the Department of Trade and Industry to account for certain classes of business on a three year basis.

Under the new regulations, this business is now accounted for on an underwriting year basis. Accordingly, the company considers the classes of business as being managed together.

2507 Reconciliation of Form 25 to Form 34

Form 34 relates to direct and facultative reinsurance whereas Form 25 includes direct, facultative and reinsurance. Thus Form 25 does not directly agree with Form 34.

2508 Provision for future ..laims handling costs

As explained in note 2404, a provision of £900,000 has been made for future claims handling costs, net of anticipated investment income. This provision has been allocated between underwriting years and accident years by reference to the value of outstanding claims. The provision has been included in this return as follows:

2	Form 25			Form 22			Total per	
Class	1 £'000	3 £'000	£'000	£'000	1 £'000	6 £'000	7 £'000	return £'000
Provision for future claims handling costs	4	178	5	588	39	26	60	900

Supplementary note to Form 28

2801 Amounts Brought Forward

Amounts brought forward differ from the amounts carried forward due to exchange movements.

Supplementary note to Form 29

2901 Surplus for offset

On 9 October 1980, the company was given a concession by the Department of Trade and Industry to account for certain classes of business on a three year basis.

Under the new regulations this business is now accounted for on an underwriting year basis. Accordingly, the Company considers the classes of business as being managed together and as such transfers are made, at line 19, between years of account

Supplementary note to Form 29

2901 Surplus for offset

On 9 October 1980, the company was given a concession by the Department of Trade and Industry to account for certain classes of business on a three year basis.

Under the new regulations this business is now accounted for on an underwriting year basis. Accordingly, the Company considers the classes of business as being managed together and as such transfers are made, at line 19, between years of account.

AC 1459 MOORE STEPHEN

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

Registered Number: 1432586



AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

REPORT AND FINANCIAL STATEMENTS
31st DECEMBER 1998

Directors' Report
For the year ended 31st December 1998

Financial Statements

The directors present their report and financial statements for the year ended 31st December 1998.

Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of aff urs of the Company and of the profit or loss of the Company for that period. In preparing those 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; and
- 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 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.

Principal Activity and Progress with the Run-off

Since 4th December 1987, the Company has been in run-off and accordingly is no longer a going concern. Prior to that date, the Company was authorised to write off all classes of general insurance business.

Hampden Insurance Management Services Limited (previously Market Run-Off Services Limited) continue to act as agent for the run-off of the portfolio of business written for the Company by Winchester Fox & Company Limited. Because of pressure of work Mr. B.A. Stiefel resigned as a director on 8th September 1998, after more than twelve years of dedicated service to the Company. In order to ensure that focussed run-off of the Company continues as efficiently as possible, the directors renegotiated the contract with Hampdens for run-off, management and administration incorporating aspects previously undertaken by the Company's own staff such as company administration, accounting, commutations, etc.

The directors are constantly re-assessing the run-off of the Company in order to ensure that all creditors are treated equitably. To this end claims are reviewed and scrutinised regularly to ensure that only valid liabilities are accepted by the Company. In cases where there is doubt, steps are taken to ensure that the situation is clarified and rectified. As part of this process, the company actively negotiates commutations with interested creditors whereby the cedents are offered a cash settlement based on the cash availability in the Company.

The directors are of the view that by negotiating commutations, the outstanding liabilities of the Company will be reduced to less than their face value giving rise to an improvement in the capital base which should enable the Company to withstand any deterioration in liabilities that may arise in the forthcoming years.

At 31st December 1997 the directors assessed the time-bar status of all claims that remained open as reinsurance inwards creditors. In carrying out this assessment the reinsurance inwards ledger was fully analysed and a list of all policies on which there were unpaid creditors identified. The policy files were retrieved from the archives and a review was undertaken by a team of experienced claims technicians to establish the contract jurisdiction country, and in the case of the USA, the state for each policy. In addition the files were also reviewed to establish whether any communications had taken place that would "stop" the time bar clock in respect of each unpaid creditor. This assessment resulted in a write-back of reinsurance creditors as being time barred at 31st December 1997 amounting to £3,548,417.

Directors' Report For the year ended 31st December 1998

Principal Activity and Progress with the Run-off (Continued)

A further assessment was carried out at 31st December 1998 resulting in an accumulative write-back of reinsurance creditors amounting to £4,004,414. Of this amount £3,548,417 was recognised at 31st December 1997 leaving an amount of £476,783 recognised in these accounts. Time-bar analysis on remaining liabilities will continue on an ongoing basis. These assessments were performed in compliance with established case law and written legal opinions, obtained by Hampden on behalf of the company, confirming that the approach taken by the directors was reasonable.

In 1997 the directors also took the decision to write down debtors arising out of reinsurance operations by £1,083,870 to an amount of £200,000. At 31st December 1998 the decision was still considered to be prudent.

As stated earlier in this report, run-off costs have been renegotiated to incorporate previously variable costs of employment relating to company administration, accounting and commutations. This will further assist the directors in controlling overall administration expense in the Company. A proportion of the provision was utilised to settle the outstanding legal expenses in relation to the Elico claim and other litigation. Accordingly, the remaining provision for future run-off expenses at 31st December 1998 amounts to £900,000 (1997: £1,200,000).

The directors are mindful of the cost of correcting the accounting records of the original insurance transactions that were maintained by Winchester Fox. Although no insurance business was written after 1986, and all communications from brokers and cedents are being processed by Hampdens and the accounting records are being updated, it is impossible to guarantee that all assets and liabilities have been accounted for and consequently that the accounting records are 100% correct.

In these circumstances, the directors recognise that it is not cost effective nor would it necessarily achieve anything for the Company's auditors to carry out an insurance debtors and creditors circularisation and certain other audit procedures that they might wish to undertake. Accordingly, they may not have obtained all the information and explanations that they would consider necessary in respect of the portfolio of business written for the Company by Winchester Fox.

AA Mutual Insurance Association Limited

The liquidators of the short-term insurance business of AA Mutual Insurance Association Limited ("AAMA") are endeavouring to finalise the liquidation of AAMA and to pay the remaining funds to creditors. The Company submitted two claims to the liquidators amounting to £396,643 and £5,155,443. In addition, Winchester Fox also submitted a claim of £334,309 on behalf of the Company giving rise to a total amount of £5,886,395. Ail these claims have been admitted and the liquidators have paid dividends, based on the South African Rand equivalent at the date of the liquidation, amounting to 100%.

The liquidators of the short term business of AAMA went to Court against the South African Receiver of Revenue on 19th April 1999 in order to determine the Receiver's claim that the income accruing during the liquidation was subject to taxation. Judgement was handed down in favour of the liquidators on 7th May 1999 but notice of leave to appeal against the ruling was lodged by the Receiver on the same day. At the date of this report, it is not known whether leave to appeal will be granted. If leave to appeal is granted, the matter will be referred to the Appellate Division of the Supreme Court of South Africa, and this could delay the resolution of the case for as much as two years.

On 22nd April 1999 the liquidators gave notice of the lodging of their 22nd distribution account. In terms of the notice, interest at 1,6% (simple interest) calculated form the date of liquidation to date of payment of the various dividends, was payable to creditors early in June 1999. The company received its payment in the sum of SA Rands 2,346,678 (equivalent to £238,088) on 9th June 1999.

With uncertainty still surrounding future distributions, the directors have established from the liquidators' administrators the absolute worst position, which assumes the payment of income tax on investment income since the date of liquidation. Funds available for distribution to this Company of SA Rands 2,470,000 (equivalent to £252,350) have been computed on this basis, and accordingly a debtor in respect of AAMA of £490,438 has therefore been recorded in these financial statements. While the amount has been adjusted to take account of the sterling/SA Rand exchange rate as at the financial year end, the Company has continued to apply the policy of taking out forward cover contracts in an attempt to hedge against currency fluctuations

Directors' Report For the year ended 31st December 1998

Year 2000

The database of reinsurance creditors inwards and outwards is critical to the successful run-off of the Company. This database is administered by Hampden Insurance Management Services Limited and the directors have obtained certification that a project is in place to ensure that Hampdens, its suppliers, systems and date dependent equipment will continue to correctly function after 31st December 1999.

Results and Dividends

The results for the year are shown in the profit and loss account on page 8.

The directors do not recommend the payment of a dividend.

Directors

The names of the directors of the Company during the year were:

Mr. P.J. Elliott

Mr. E.J. Kok

(Appointed 3rd June 1998)

Mr. B.A. Stiefel

(Resigned 4th September 1998)

Mr. E.J. Kok retires at the Annual General Meeting and offers himself for re-election.

Auditors

Binder Hamlyn resigned as auditors of the company on 2nd March 1999 and Moore Stephens were appointed to fill the casual vacancy.

Moore Stephens have expressed a willingness to continue in office. A resolution confirming their appointment and authorising the directors to fix their remuneration will be submitted to the forthcoming Annual General Meeting.

This report was approved by the Board on June 1999

K.J. SHULMAN

Secretary

Hampden House

Great Missenden

Buckinghamshire HP16 9RD

Report of the Auditors to the Members of AA Mutual International Insurance Company Limited

We have audited the financial statements on pages 9 to 17 which have been prepared on the basis of the accounting policies set out on page 14 is no longer a going concern but has been in run-off since 4th December 1987.

Respective Responsibilities of Directors and Auditors

As described on page 1 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements 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 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 company's circumstances, consistently applied and adequately disclosed.

We planned our audit in the knowledge that the Company has been in run-off since 4th December 1987 and, as explained in note 1, that proper accounting records of the original insurance transactions had not been kept by Winchester Fox & Company Limited ("Winchester Fox"), the company's former underwriting agent. Except for the limitation in evidence available to us for these matters, we sought to obtain all other information and explanations which we considered necessary in order to provide us with sufficient evidence to give a reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregulatory or error. In forming our opinion, we have also evaluated the overall adequacy of the presentation of information in the financial statements.

Report of the Auditors to the Members of AA Mutual International Insurance Company Limited (Continued)

Limitation in Scope in Respect of Matters Relating to Winchester Fox

In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements concerning the run-off of the portfolio of insurance business written for the Company by Winchester Fox. Note 1 explains that the Company has appointed an agent to run off this portfolio of insurance business and also to update and correct the accounting records in respect of it. The following matters arise on account of the limitation in evidence available to us:

(a) Debtors and creditors arising out of reinsurance operations and adjustments thereto

We are unable to obtain independent confirmation of the debtors and creditor balances arising out of reinsurance operations. Debtors of £200,000 (1997: £200,000) and creditors of £2,717,067 (1997: £3,223,280) shown in the balance sheet as arising out of reinsurance operations include £138,196 (1997: £135,811) and £2,715,272 (1997: £3,221,485) respectively in respect of balances arising from business written by Winchester Fox.

Until such time as all insurance balances have been confirmed we are unable to assess whether the net debit of £42,516 (1997: £276,681) to the profit and loss account arising from adjustments to debtors and creditors arising out of reinsurance operations is correctly stated.

(b) Technical provisions

Gross technical provisions for claims outstanding of £2,150,086 (1997: £2,346,932) and the reinsurers' share of technical provisions of £724,112 (1997: £868,008) include £2,022,367 (1997: £2,099,387) and £662,719 (1997: £749,529) respectively in respect of claims arising from business written by Winchester Fox.

We are unable to confirm the adequacy of these amounts since it is not possible to establish whether provisions for claims released in prior years will be required or to quantify the extent to which amounts which will become due from reinsurers will be recoverable.

Report of the Auditors to the Members of AA Mutual International Insurance Company Limited (Continued)

Fundamental Uncertainties in Respect of Matters Relating to Winchester Fox

In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements concerning the run-off of the portfolio of insurance business written for the company by Winchester Fox. Note 1 explains that the company has appointed an agent to run off its portfolio of insurance business and also to update and correct the accounting records in respect of it. The following fundamental uncertainties arise in respect of matters relating to Winchester Fox:

(a) Time-barred reinsurance liabilities

As explained in Note 2, the technical account includes a credit of £476,783 (1997: £3,548,417) relating to the write back of reinsurance creditors as being time-barred. Due to the inherent uncertainties in the legal process, it is impossible to confirm whether the release of £476,783 (1997: £3,548,417) to the technical account is correctly stated unless all the creditors involved have their claims subsequently denied by the courts.

(b) Provision for doubtful debts

We are unable to assess the adequacy of a provision of £1,183,261 (1997: £1,340,320) in respect of the possible non-recovery of amounts due from reinsurers since it is not possible to quantify with reasonable certainty the extent to which further provisions may be required.

Report of the Auditors to the Members of AA Mutual International Insurance Company Limited (Continued)

Other Fundamental Uncertainties

In forming our opinion, we have also considered the adequacy of the disclosures made in the financial statements concerning other findamental uncertainties. These are:

(a) Amounts anticipated from AA l'Autual Insurance Association Limited ("AAMA")

As explained in note 4, the short term insurance business of AAMA, a major reinsurer of the company, was placed in liquidation on 24th June 1986. The liquidators have admitted the company's claims in respect of which dividends equivalent to 100% have been received subject to exchange movements. The South African Receiver of Revenue has claimed an interest in the residual funds held by the liquidators. Following litigation in April/May 1999 in which the High Court of South Africa ruled in favour of the liquidators, the Receiver of Revenue has sought leave to appeal. The balance sheet includes an amount of £490,438 (1997: £846,719) as recoverable from the liquidators, of which £238,088 was received on 9th June 1999. We have received confirmation from the liquidators' office of the South African Rand equivalent of the remaining £252,350 as being attributable to the company on a worst case basis, but are unable to confirm the recoverability of this amount as the liquidators have not confirmed their distribution proposals.

(b) Provision for future claims handling costs

As explained in note 3d, the directors are preparing an updated run-off plan. Until such time as this has been completed we are unable to assess the adequacy of the provision of £900,000 (1997: £1,200,000) for future claims handling costs.

Report of the Auditors to the Members of AA Mutual International Susurance Company Limited (Continued)

Opinion: Disclaimer on View given by Financial Statements

Because of the possible effect of the limitation in evidence available to us and in particular until such time as the run-off agent has completed the reconstruction of the insurance accounting records:

- (a) we are unable to form an opinion as to whether the financial statements give a true and fair view of the state of the company's affairs as at 31st December 1998 and of its loss for the year then ended; and
- (b) we are unable to form an opinion as to whether the financial statements have been prepared properly in accordance with the Companies Act 1985.

In respect alone of the limitation on our work relating to the Winchester Fox portfolio of business:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether proper accounting records have been maintained in respect of the Winchester Fox portfolio of business.

Moor Stophens

MOORE STEPHENS

Registered Auditor Chartered Accountants

St. Paul's House London, EC4P 4BN

30th June 1999

Profit and Loss Account For the year ended 31st December 1998

	Note	1998_	1997
		£	£
Technical Account - General Business Wholly attributable to reinsurance operations			
Adjustment to gross premiums Adjustments to outward reinsurance premiums		(4,529) 464 	(14,339) 4,255
(Refund of) earned premiums, net of reinsurance		(4,993)	(18,594)
Gross claims paid or processed Reinsurers' share		321,193 (130,068)	563,647 (300,002)
Net claims paid or processed		191,125	263,645
Gross change in the provision for claims Reinsurers' share		(190,083) 143,896	(624,319) 488,221
Net reduction in the provision for claims		(46,187)	(136,098)
Claims incurred net of reinsurance Administrative expenses	5	144,938 674,006	127,547 828,742
Items arising form the run-off of the WF portfolio of business Time-barred reinsurance liabilities Provision for future claims handling costs Increase/(decrease) in provision for doubtful debts Write-down of amount anticipated from AAMA	2	42,516 (476,783) (300,000) (143,252) 210,558	276,681 (3,548,417) 1,200,000 883,870
Total technical charges		142,983	(231,577)
(Loss)/profit on the technical account		(147,976)	212,983

Profit and Loss Account For the year ended 31st December 1998 (Continued)

	Note	1998	1997
		£	£
Non-Technical Account		,	
(Loss)/profit on the technical account Investment income: Bank interest Exchange movements Loss on disposal of subsidiary undertakings	6	(147,976) 284,373 (169,086)	212,983 343,672 (35,077) (465,525)
(Loss)/Profit on ordinary activities before taxation Tax on ordinary activities		(32,689)	56,053 -
(Loss)/Profit on ordinary activities after taxation Retained loss brought forward		(32,689) (4,258,894)	56,053 (4,314,947)
Retained loss carried forward	,	(4,291,583)	(4,258,894)

All operating income and expenditure is derived from run-off activities (note 1).

There are no recognised gains or losses other than those reported in the profit and loss account.

Balance Sheet as at 31st December 1998

	Notes	1998	1997
Assets		£	£
Investments			
Other financial investments		4,909,638	5,378,165
Reinsurers' share of technical provisions Claims outstanding		724,112	868,008
Debtors Debtors arising out of reinsurance operations Other debtors		200,000 510,291	200,000 965,075
Other assets		710,291	1,165,075
Cash at bank and in hand		59,364	218,616
Total Assets		6,403,405	7,629,864
Liabilities			
Capital and reserves			
Called up share capital Profit and loss account - retained loss	6	4,750,000 (4,291,583)	4,750,000 (4,258,894)
Shareholders' funds attributable to equity interests Technical provisions	7	458,417	491,106
Claims outstanding: Gross amount Provision for future claims handling costs		2,150,086 900,000	2,346,932 1,200,000
Creditors		3,050,086	3,546,932
Creditors arising out of reinsurance operations Other creditors including taxation and social security	,	2,717,067 177,835	3,223,280 368,546
1		2,894,902	3,591,826
Total liabilities		6,403,405	7,629,864
The financial statements on pages 7 to 17 were approved by the	he Board on 304 sure	144	

P.J. ELLIOTT

Director

Cash Flow Statement For the year ended 31st December 1998

	Note	1998	1997
		£	£
Net cash (outflow) from operating activities	8	(878,292)	(1,209,623)
Returns on investment and servicing of finance			
Interest received		284,373	343,672
		(593,919)	(865,951)
Taxation			
UK taxation paid		-	-
Management of liquid resources			
Cash withdrawn from deposits		438,231	754,583
Financing		-	-
(Decrease)/Increase in Cash	9	£ (155,688) £	(111,368)

Notes to the Financial Statements For the year ended 31st December 1998

1. Progress with run-off

Since 4th December 1987, the Company has been in run-off and accordingly is no longer a going concern. Prior to that date, the Company was authorised to write all classes of general insurance business.

Winchester Fox & Company Limited ("WF") was the Company's main underwriting agent and accepted insurance business on its behalf under a underwriting agency agreement dated 10th July 1980. This agreement remained in place until 31st December 1984 when authority to accept insurance business was limited to aviation business only. The agency agreement was terminated with effect from 31st December 1986.

Hampden Insurance Management Services Limited (previously Market Run-off Services Limited) continue to act as agent for the run-off of the portfolio of business written for the company by WF. The directors believe that proper accounting records of the original insurance transactions were not kept by WF and are mindful of the costs of correcting them. Although no insurance business was written after 1986, and all communications from brokers and cedents are being processed by MRS who are correcting and updating the accounting records of the Company, it is impossible to guarantee that all assets and liabilities have been accounted for and consequently that the accounting records are 100% correct.

In these circumstances the directors recognise that it is not cost effective, nor would it necessarily achieve anything, for the Company's auditors to carry out an insurance debtors and creditors circularization and certain other audit procedures that they might wish to undertake and accordingly they may not have obtained all the information and explanations that they would consider necessary in respect of the portfolio of business wrank for the Company by WF.

The directors are constantly reassessing the run-off of the Company in order to ensure that all creditors are treated equitably. To this end claims are reviewed and scrutinised to ensure that only valid liabilities are accepted by the Company. In cases where there is doubt, steps are taken to ensure that the situation is clarified and rectified. As part of this process, the directors are actively negotiating commutations with interested creditors whereby the cedents are offered a cash settlement based on the cash availability in the Company. The directors are of the view that by negotiating communications, the outstanding liabilities of the Company will be reduced to less than their face value giving rise to an improvement in the capital base which should enable the Company to withstand a deterioration in liabilities that may arise in forthcoming years.

As detailed in note 2, the directors have reassessed the time-bar status of all the reinsurance liabilities that remained open on reinsurance inwards ledger as at 31st December 1998.

2. Time-barred reinsurance liabilities

During the year, the directors have reassessed the time bar status of all reinsurance liabilities that were outstanding on the reinsurance inwards ledger as at 31st December 1998 with the objective of identifying all time-barred creditors. Time-barred creditors are those that have been outstanding for a sufficient period, with no acknowledgement of liability by the company, that the creditor's debt is no longer actionable.

In carrying out this assessment, the reinsurance inwards ledger was fully analysed and a list of all policies on which there were unpaid creditors identified. The policy files were retrieved from the archives and a review was undertaken by a team of experienced claims technicians to establish the contract jurisdiction country, and in the case of the USA, the state for each policy. In addition the files were also reviewed to establish whether any communications had taken place that would "stop" the time bar clock in respect of each unpaid creditor.

Having performed this analysis the time-barred reinsurance liabilities were calculated. This calculation was performed in compliance with established case law and written legal opinions obtained by Hampdens on behalf of the company, confirming that the approach taken by the directors was reasonable.

The above assessment resulted in a write-back during the year of reinsurance inwards liabilities, established as being time-barred, amounting to £476,783 (1997: £3,548,417). Time-bar analysis on remaining liabilities will continue on an ongoing basis.

Notes to the Financial Statements For the year ended 31st December 1998 (Continued)

3. Accounting policies

(a) Accounting convention

The financial statements have been prepared on a run-off basis under the historical cost convention and in accordance with applicable accounting standards.

(b) Disclosure requirements

The financial statements have been prepared in accordance with the provisions of Section 255 of and Schedule 9A to the Companies Act 1985.

(c) Technical provisions

The directors assess the adequacy of the technical provisions on an annual basis by reference to the estimated future cost of each claim notified. As the Company is in its 12th year of run-off the directors believe there is no need for the Company to carry any provision for incurred but not reported claims ("IBNR") in respect of the Winchester Fox portfolio of business.

(d) Provision for future claims handling costs

The directors are preparing an updated run-off plan for the Company and have made provision for future claims handling costs, net of anticipated investment income.

(e) Foreign currencies

Assets and liabilities expressed in currencies other than sterling are translated to sterling at rates of exchange ruling at the year end, whilst revenue transactions are translated to sterling mainly at rates of exchange ruling at the year end.

Realised and unrealised currency gains and losses are included in the non-technical profit and loss account.

(f) Debtors and creditors arising from reinsurance operations

The balance sheet reflects the amounts due to or from the Company in respect of reinsurance operations rather than the net amounts due from or to brokers.

4. AA Mutual Insurance Association Limited

On 24th June 1986, the short-term insurance business of AA Mutual Insurance Association Limited ("AAMA"), the Company's major reinsurer, was placed in liquidation. When computing the value of claims to be admitted, the liquidators were required, under the terms of the judgements of the Supreme Court of South Africa, to convert all claims denominated in currencies other than South African Rand at the commercial rates of exchange ruling on 24th June 1986. The Company has submitted claims amounting in total to £5,886,395 which have been admitted and paid by the liquidators, subject to exchange movements.

The liquidators of the short term business of AAMA went to Court against the South African Receiver of Revenue on 19th April 1999 in order to determine the Receiver's claim that the income arising during the liquidation was subject to taxation. Judgement was handed down in favour of the liquidators on 7th May 1999 but notice of leave to appeal against the ruling was lodged by the Receiver on the same day. It is not yet known whether leave to appeal will be granted. If leave to appeal is granted the matter will be referred to the Appellate Division of the Supreme Court of South Africa which could delay the case for as much as two years.

Notes to the Financial Statements
For the year ended 31st December 1998 (Continued)

4. AA Mutual Insurance Association Limited (Conlinued)

On 22nd April 1999 the liquidators gave notice of the lodging of their 22nd distribution account. In terms of the notice, interest at 1,6% (simple interest) calculated form the date of liquidation to date of payment of the various dividends, would be paid to creditors early in June 1999. The payment to this Company amounted to SAR2,346,675, equivalent to £238,088 which was received on 9th June 1999.

In the present uncertainty, the directors have therefore deemed it prudent to only anticipate future distributions calculated on the absolute worst position, net of potential taxation in South Africa. The balance sheet therefore includes an amount of £490,438 (1997: £846,719) in respect of the 22nd distribution and a further amount equivalent to £252,350 which has been confirmed by the liquidators' office and which has been calculated on this basis. While the amount has been adjusted to take account of the Sterling/SA Rand exchange rate as at the financial year end, the Company has continued to apply the policy of taking out forward cover contracts in an attempt to hedge against currency fluctuations.

5. Administrative expenses

	1998	<u>1997</u>
	£	£
Administrative expenses include the following items, including attributable irrecoverable VAT:		
Auditors' remuneration:		
- in respect of audit services	96,460	51,700
- in respect of non audit services	· -	11,273
Fees charged by run-off agent	300,803	419,751

The emoluments of the directors, were as follows:		
Fees paid in respect of directors' services	3,527	5,907
	A	

Employees

The average weekly number of persons (including executive directors) employed by the company during the year was 1 (1997: 2). The employment costs were:

	58,881	73,337
Wages and salaries Social security costs	53,999 4,882 	66,903 6,434
	<u>1998</u>	<u> 1997</u>

Notes to the Financial Statements (Continued) 31st December 1998

6. Loss on disposal of subsidiary undertakings

On 25th February 1988 AAMI's subsidiary undertakings were disposed of for a consideration of £393,980 of which £375,000 remained outstanding at 31st December 1996, together with an amount of £115,525 due by one of the subsidiary undertakings in respect of group relief. These matters were the subject of litigation which was concluded in June 1998 with a loss to the group of £465,525.

7. Share Capital

		Authorised 1998 and 1997	Called Up 1998 and 1997
		£	£
	Ordinary shares of £1 each	5,000,000	4,750,000
8.	Reconciliation of movements in shareholders' funds		
		1998	1997
		£	£
	1st January	491,106	435,053
	Retained (loss)/profit for the year	(32,689)	56,053
	31st December	458,417	491,106
9.	Reconciliation of operating profit to net cash outflow from operating ac	tivities	
		1998	_1997
		£	£
	(Loss)/profit on ordinary activities before taxation	(32,689)	56,053
	Less bank interest	(284,373)	(343,672)
	Increase/(decrease) in net technical provisions	(352,950)	1,096,265 (3,905,510)
	Decrease in creditors Decrease in debtors	(696,924) 454,784	2,076,751
	Exchange rate adjustment on cash and investments	33,860	(189,510)
	Net cash outflow from operating activities	(878,292)	(1,209,623)

Notes to the Financial Statements (Continued) 31st December 1998

10. Movement in Cash, Portfolio Investments and Financing

	At 1st January 1998	Cashflow	Changes to Market Value and Currencies	At 31st December 1998
Cash in hand and at bank Cash deposits	218,616 5,378,165	(155,688) (438,231)	(3,564) (30,296)	59,364 4,909,638
	5,596,781	(593,919)	(33,860)	4,969,002
	1=1-1	<u> </u>		

11. Capital commitments

There were no capital commitments at 31st December 1998 or 31st December 1997.

12. Letters of credit

·WF provided letters of credit to certain insurers or their agents and treated such transactions as settled claims. The Company's balance sheet includes within debtors arising out of reinsurance operations the cash collateral in respect of letters of credit amounting to £Nil (1997: £24,833). The liabilities in respect of these letters of credit are included within technical provisions.

13. Related parties

Mr. B.A. Stiefel and a trust in which members of his family are beneficiaries have a controlling interest in Meridian Corporate Services Limited, which has provided the Company with office accommodation and secretarial services from 1st April 1991 until this arrangement was terminated on 30th September 1998.

These services have been provided at a cost of £4,406 for the nine months (1997: £5,875 for the year) including VAT which the directors believe to be on a proper commercial basis.

14. Subsequent Events re AAMA

The liquidators of the short term insurance business of AAMA went to court against the South African Receiver of Revenue on 19th April 1999 to determine the Receiver's claim that the income arising during the liquidation was subject to taxation. Further details of this case and of the liquidators' 22nd distribution account are set out in note 4.

15. Parent Undertakings

The directors regard AAMI Holdings (Pty) Limited, a company incorporated in the Republic of South Africa, as the Company's ultimate parent undertaking.

AAM Holdings Limited, incorporated in England and Wales, is the parent undertaking of the largest and the smallest UK group of which the Company is a member and for which group accounts are drawn up in the UK. Copies of the UK group accounts are available from the Registrar of Companies, Companies Registration Office, Crown Way, Maindy, Cardiff CF4 3UZ.