CHB

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Report & Accounts

1992

Bishopsgate

Bishopsgate
INSURANCE LIMITED

Directors' Report and Statement of Accounts

Contents

a Fortis company

Bishopsgate
INSURANCE LIMITED

Fortis

a united force in financial services

Fortis is an international insurance and banking group, formed at the end of 1990 when AG and AMEV/VSB combined their operational activities. Fortis' parent companies are AG Group from Belgium and N.V. AMEV from the Netherlands. The group's operations are widely spread, both geographically and in terms of products. Fortis companies are active in Europe, the United States and Australia. More than 22,000 Fortis employees work hard to provide their customers with insurance, banking products and other financial services.

Since its creation, Fortis has implemented its strategy resolutely and energetically. The aim of this strategy is to realise growth of the group in total as well as to strengthen the market position of all individual Fortis companies. Fortis sees this in terms of growth of company size and of profit.

Fortis has a specific strategy for each of the various geographical areas. In Belgium and the Netherlands, Fortis is working to strengthen its position as a provider of a broad range of financial services. In these markets Fortis has chosen a 'bancassurance' strategy. In the United States and Australia, Fortis occupies strong positions in a number of attractive market sectors. In the United States, Fortis concentrates on product niches, in Australia on distribution niches. In both regions Fortis intends to consolidate its existing postions while securing substantial positions in new niche markets.

In Europe Fortis is not only active in Belgium and the Netherlands, but also in several other countries. In pursuit of this policy Fortis has joined 'la Caixa', Spain's largest savings bank, in setting up the joint venture CAIFOR in Spain. Fortis intends to secure a position in at least one other European country that is to be compared in size with those in the two home countries.

1992 a good year for Fortis

Fortis recorded very good results in 1992, a year in which total revenues, operating result and profit all increased. This growth was achieved in all the countries in which Fortis is active and in all the sectors in which the group operates, with the exception of non-life insurance. Banking and life insurance in particular made a significant contribution. The full-year projection expressed at the beginning of December (slightly higher operating result and profit) has been more than achieved; under the accounting principles on which that forecast was made. Fortis has reported a rise in operating result of 7.6% and an increase in profit of 11.1%.

However, Fortis has decided to modify its accounting principles, as a result of which less profit was recorded in 1992 from the sale of fixed-interest investments. As a consequence of this modification, net profit rose by 4.4% and operating result by 8 7%.

Fortis regards the results it has achieved as very satisfactory, specifically when they are set against the adverse economic and market developments in 1992.

Prospects

The results of enterprises in the financial services sector are hardly likely to benefit from the difficult economic situation or the fierce competition. On the other hand Fortis has taken steps to strengthen its position and improve the profitability of its activities. As far as can be seen at the moment, Fortis expects its operating result and net profit for 1993 to at least equal the 1992 figures, barring major exchange rate fluctuations and exceptional circumstances.

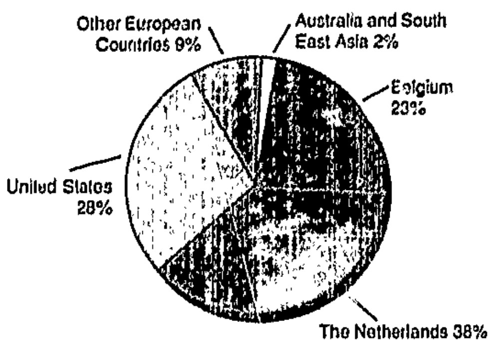
Bishopsgate
INSURANCE LIMITED

Fortis

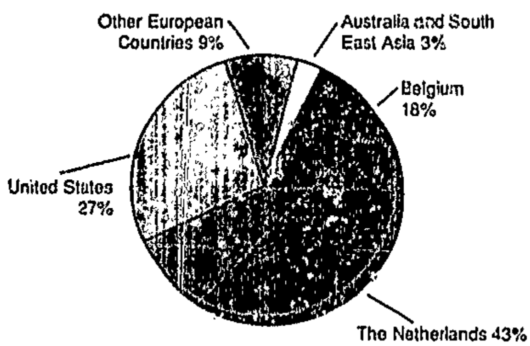
key figures*

ECU Million	1992	1991
Results		
On former accounting principles		
Pre-tax operating result	393.7	365.9
Realised capital gains / losses	[illegible]	153.1
Profit	452.8	407.7
On new accounting principles		
Pre-tax operating result	422.4	388.7
Realised capital gains / losses	123.3	125.0
Profit	419.4	401.7
Total revenues		
Gross premiums		
Life insurance	1,867.9	1,757.6
Accident and health insurance	1,547.0	1,155.3
Other non-life insurance	1,762.3	1,629.3
Interest income		
Insurance sector	1,696.0	1,555.2
Banking sector	1,248.2	894.6
Other	19.0	14.4
Other revenues	368.4	299.6
Elimination interest income	(98.5)	(99.6)
	8,410.3	7,206.4
Balance sheet data		
Investments	34,019.1	27,830.0
Technical provisions insurance	19,181.2	16,211.3
Amounts owed to customers banking	8,953.5	6,428.7
Balance sheet total	38,586.4	31,570.6
Net equity	3,340.2	3,222.7
Employees at year-end	22,218	21,386

TOTAL REVENUES 1992



EMPLOYEES AT YEAR END 1992



Explanatory notes to the key figures

The profit and net equity are shown net of third party interests in consolidated companies.

All Fortis figures are stated in European Currency Units (ECU). This is the EC currency calculation unit that was introduced in 1978, based on a weighted average of the currencies of the 12 members.

Guideline rates: 1 ECU = £0.80 (year-end 1992).

The comparative figures for 1991 have been adjusted for the changes in accounting methods described in the Fortis annual report.

Bishopsgate
INSURANCE LIMITED

Chairman's Review

1992 has proved to be another very difficult year for the Company. When I wrote my review in March 1992 I had expected 1992 to show an improving trend, but the need to make a substantial additional provision on our discontinued business led to a loss of £18.2m after tax.

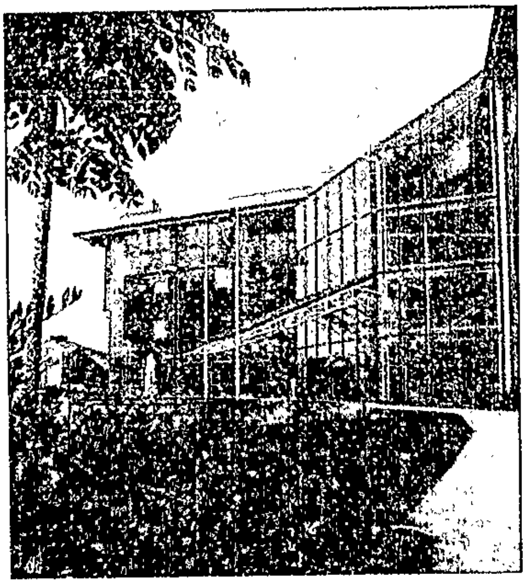
In view of these results our parent group Fortis has subscribed for £6m additional shares in December 1992 and contributed a further £14 million capital in April 1993, bringing total shareholders funds on a pro forma basis as at 31 December 1992 to £43.9 million.

A full review of the reserves on our closed book of business was carried out in the Fourth Quarter and we decided it was necessary to make additional provisions. This has resulted in a loss of £23.7m on these run-off accounts.

Trading on the ongoing Personal Lines accounts was mixed. Motor lines benefited from the substantial rate increases introduced in 1991 and 1992. Although it was necessary to strengthen reserves on certain older years, overall the result was satisfactory.

The profit from Travel was lower due to the fierce competition in the holiday travel market. The Household account saw significant growth, but a number of areas of business experienced very adverse results mainly due to the level of theft claims, and we had to take strong underwriting action.

We believe the intermediary market is the most effective source through which the public can obtain independent insurance advice. We are totally committed to this market and believe it has a bright future, provided insurers and intermediaries work together to improve efficiency and thus ensure they offer competitively priced insurance. I would like to thank all our intermediaries for the increasing support we received in 1992.



Good progress has been made in improving the quality of our customer service, with a continuing major investment in Information Technology and staff training. These programmes again feature strongly in our 1993 plans.

The progress in service to our customers was reflected in our receiving an award for Private Motor Insurance at the Institute of Insurance Brokers 1992 Awards. This improvement in service has been achieved thanks to the efforts of our staff, and on behalf of the Directors I thank them for their achievements in 1992.

P N O Robinson
Chairman

Bishopsgate
INSURANCE LIMITED

Chairman and Chief Executive
Peter N O Robinson

Directors
Kenneth J Acott
Michael H Cranston
Jozef G DeMey
Charles F Moxom
Alan Sendall

Secretary
Rosemary A Smith

Head Office and Registered Address
Bishopsgate House, Tollgate, Eastleigh SO5 3YA.
Telephone: (0703) 644455
Facsimile: (0703) 641146

Registered Number 354568

Auditors
KPMG Peat Marwick,
Eastgate Court, Guildford
Surrey GU1 3AE

Bankers
National Westminster Bank PLC,
12 High Street,
Southampton SO9 5UL

Bishopsgate
INSURANCE LIMITED

Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended 31st December 1992.

Activities

During the year the Company continued to develop its personal lines business, principally Motor, Travel and Household.

The Company also administered the run off of its Marine and City business for which it ceased accepting new business in 1991.

Share Capital

To support the ongoing business, the Company issued 6,000,000 ordinary shares of £1 each at par, increasing the issued share capital by £6,000,000. The Company's parent, Fortis (UK) Limited has agreed to inject a further £14,000,000 with effect from 20th April 1993.

Group results

The result of the year's operation is a loss after taxation of £18,166,000 (1991 loss £4,121,000). The result reflects a complete review of the reserves of the Marine and City accounts which are in run off and where a further provision of £20,781,000 has been made. The trading results of the ongoing business were satisfactory for Motor and Travel but Household was adverse. The growth in premium income reflects the rating increases taken in Motor and growth in the Household and Travel accounts. The Directors recommend that no dividend be paid.

Directors

The present members of the Board are shown on page 5. On 14th April 1992 T J Newman resigned as a Director. A Sendall was appointed as a Director on 11th March 1992 and J G DeMey was appointed as a Director on 7th April 1992.

Directors' shareholdings

Throughout the year none of the Directors or their families had any beneficial interest in either the shares of the Company, of any other group company, or of the ultimate holding company.

Employees

The average number of persons employed in the United Kingdom by the Company and its subsidiaries each week during the year was 386 at an annual aggregate remuneration of £5,688,000.

Employee involvement

Staff are kept informed of matters affecting the Company by means of regular departmental meetings and bulletins from general management. The views of the majority of staff are represented by an external union, Manufacturing, Science and Finance, and there are regular meetings with staff representatives.

Disabled persons

The Company's recruitment policy considers sympathetically applications for employment from the disabled where they have the necessary aptitudes and skills to perform the job. If an employee becomes disabled during employment with the Company every effort would be made to retrain that employee to perform a job appropriate to their aptitudes and skills. The Company's policy to encourage career development for its employees includes the disabled for whom further training would be arranged if necessary to allow for special needs.

Charitable donations

Charitable donations in the year amounted to £8,750 (1991 £10,530).

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing the reappointment of KPMG Peat Marwick as Auditors to the Company will be put to the Annual General Meeting.

The report was approved by the board of directors on 17th March 1993 and signed on its behalf by:

R A Smith
Secretary

Bishopsgate
INSURANCE LIMITED

Consolidated Revenue Accounts

for the year ended 31st December 1992

	Notes	1992 £'000	1991 £'000
FIRE AND ACCIDENT			
Gross Premiums		161,390	126,506
Reinsurance premiums		(31,127)	(27,284)
		130,263	99,222
Increase in unearned premiums		(6,241)	(19,024)
Premiums earned		124,022	80,198
Less:			
Gross claims incurred		119,298	76,733
Reinsurance recoveries		(27,196)	(22,466)
Net incurred claims		92,102	54,267
Acquisition costs		36,767	27,497
Increase in deferred acquisition costs		(1,588)	(4,035)
Expenses	1(d)	11,620	8,361
		138,901	86,090
Underwriting result	1(c)	(14,879)	(5,892)
MARINE AND AVIATION			
Gross premiums		12,193	22,929
Reinsurance premiums		(4,476)	(12,910)
		7,717	10,019
Gross claims paid		40,539	33,310
Reinsurance recoveries		(25,491)	(19,947)
		15,048	13,363
Increase in fund		8,821	3,835
Currency revaluation		(2,691)	(233)
Expenses	1(d)	1,620	1,320
		22,798	18,285
Underwriting result	1(c)	(15,081)	(8,266)

The notes on pages 11 to 18 form part of these accounts.

Bishopsgate
INSURANCE LIMITED

Consolidated Profit and Loss Account

for the year ended 31st December 1992

	Notes	1992 £'000	1991 £'000
Financial return	2	11,146	8,123
Foreign exchange adjustment	1(c)	-	260
Underwriting results:			
Fire and accident	1(c)	(14,879)	(5,892)
Marine and aviation	1(c)	(15,081)	(8,266)
Expenses not charged to other accounts		(502)	(593)
Loss before taxation		(19,316)	(6,368)
Taxation	5	1,150	2,247
Transferred from reserves		(18,166)	(4,121)

MOVEMENT IN RESERVES

	Notes	1992 £'000	1991 £'000
Retained profit and reserves:			
Balance at beginning of year		10,483	13,705
Transferred to profit and loss account		(18,166)	(4,121)
Movement in the value of investments	1(f)	465	899
Balance at end of year	10	(7,218)	10,483

The notes on pages 11 to 18 form part of these accounts.

Bishopsgate
INSURANCE LIMITED

Consolidated Balance sheet

at 31st December 1992

	Notes	1992 £'000	1991 £'000
Capital and reserves			
Share capital	8	33,240	27,240
Reserves	10	(3,358)	14,343
		29,882	41,583
Represented by:			
Investments			
Securities	1(f)	96,915	65,766
Short term deposits		21,426	34,283
Other deposits	11	416	341
		118,757	100,390
Fixed assets	1(h)	10,562	10,779
Current assets			
Debtors		48,330	35,453
Due from group companies		347	-
Taxation recoverable		4,170	2,929
Bank balances		161	209
		53,008	38,591
Less:			
Current liabilities			
Creditors and provisions		28,774	22,064
Obligations under finance leases	6	275	144
Due to group companies		407	664
Bank overdrafts		-	2
		29,456	22,874
TOTAL ASSETS LESS CURRENT LIABILITIES		152,871	126,886
Deferred taxation	1(i)&9	-	159
		152,871	126,727
Less:			
Insurance funds			
Fire and accident			
Unearned premiums net	1(c)&13	28,072	23,419
Outstanding claims	14	65,939	41,568
Marine and aviation	1(c)	28,978	20,157
		122,989	85,144
NET ASSETS		29,882	41,583

The notes on pages 11 to 18 form part of these accounts.

These accounts were approved by the board of directors on 17th March 1993 and were signed on its behalf by:

P N O Robinson
Chairman and Chief Executive

M H Cranston
Director

Bishopsgate
INSURANCE LIMITED

Balance Sheet of the Company

at 31st December 1992

	Notes	1992 £'000	1991 £'000
Capital and reserves			
Share capital	8	33,240	27,240
Reserves	10	(3,358)	14,343
		29,882	41,583
Represented by:			
Investments			
Securities	1(f)	96,915	65,766
Short term deposits		21,426	34,407
Other deposits	11	416	341
		118,757	100,514
Fixed assets	1(h)	1,178	1,379
Subsidiaries	1(g)&12	1,994	1,697
Current assets			
Debtors		48,326	35,317
Due from group companies		7,555	7,261
Taxation recoverable		4,170	2,942
Bank balances		161	209
		60,212	45,729
Less:			
Current liabilities			
Creditors and provisions		28,588	21,623
Obligations under finance leases	6	275	144
Due to group companies		407	664
Bank overdrafts		-	2
		29,270	22,433
TOTAL ASSETS LESS CURRENT LIABILITIES		152,871	126,886
Deferred taxation	1(i)&9	-	159
		152,871	126,727
Less:			
Insurance funds			
Fire and accident			
Unearned premiums net	1(c)&13	28,072	23,419
Outstanding claims	14	65,939	41,568
Marine and aviation	1(c)	28,978	20,157
		122,989	85,144
NET ASSETS		29,882	41,583

The notes on pages 11 to 18 form part of these accounts.

These accounts were approved by the board of directors on 17th March 1993 and were signed on its behalf by:

P N O Robinson
Chairman and Chief Executive

M H Cranston
Director

Bishopsgate
INSURANCE LIMITED

Notes to accounts

1 Accounting Policies

The principal accounting policies followed by the Group in determining the result for the year and in stating its financial position are set out below.

(a) *Basis of preparation*

The Group prepares its accounts under the historical cost convention (as modified by the revaluation of investments) in accordance with Chapter II of Part VII of the Companies Act 1985 and in accordance with applicable accounting standards. Advantage is taken of certain disclosure exemptions of that Act available to insurance companies.

(b) *Basis of consolidation*

The consolidated accounts include the results to 31st December of all subsidiaries.

(c) *Underwriting results*

Underwriting results are determined as follows:

Personal Lines Business: The underwriting result is determined after making provision for:
- Unearned premiums which are calculated on the 365ths method.
- Deferred acquisition costs. These represent commission and other acquisition expenses which are deferred over the period the premium is earned.
- Outstanding claims being the estimated cost of claims reported at the balance sheet date together with a provision for claims incurred but not reported.

Other One Year Business: Premiums and claims are allocated to the appropriate underwriting year by reference to the inception dates of policies. The ultimate loss ratio for each underwriting year is determined on a statistical basis and the resultant provisions, based on premiums booked, are included as outstanding claims. Expenses relating to underwriting are charged to the current underwriting year.

Three Year Non-Marine business: Premiums and paid and outstanding claims are allocated to the appropriate underwriting year by reference to the inception dates of policies. The ultimate loss ratio for each underwriting year is determined by reference to statistics which record the development of each underwriting year for a period of up to ten years. A provision for incurred but not reported claims, being the difference between the anticipated final claims settlement cost and the current incurred claims on premiums received, is established. Expenses relating to the run off of business are charged when incurred. A profit is not recognised until the end of the third year following the start of each underwriting year, although a loss will be provided at any appropriate stage.

Notes to accounts

continued

Marine and aviation business: The figures shown in the revenue account are net of commission. Premiums and claims are allocated to the appropriate underwriting year by reference to the Institute of London Underwriters signing year. The ultimate loss ratio for each underwriting year is determined by reference to statistics which record the development of each account for a period of up to ten years. A provision for incurred but not reported claims, being the difference between the anticipated future claims settlement cost and the unclosed premium is established. Expenses relating to the run off of business are charged when incurred. A profit is not recognised until the end of the third year following the start of each underwriting year. Where appropriate, a provision for losses is made for the open underwriting years.

General: Although provisions for losses are based upon the best information available, subsequent information and events may show that the ultimate liability is less than or in excess of the amounts provided. The methods used and estimates made are continually reviewed by management and any resulting adjustments are reported in current earnings.

(d) *Underwriting expenses*
These comprise the expenses of management, less underwriting fees.

(e) *Exchange rates*
Assets and liabilities expressed in foreign currencies have been translated into sterling at the exchange rates ruling at the balance sheet date. Foreign currency insurance funds at the beginning of the year have been revalued at closing exchange rates. Income and expenditure expressed in foreign currencies is translated into sterling at the exchange rates ruling during the year. Any surplus or deficiency is included in the Profit and Loss Account.

(f) *Investments*
Investments are stated at market value.

Differences between the cost and redemption values of fixed interest investments are charged or released to Profit and Loss Account evenly over the remaining term of the investment. Unrealised profits and losses are adjusted through reserves. Profits and losses on sales of investments are included in the Profit and Loss Account.

(g) *Investments in subsidiaries*
Investments in subsidiaries are shown at attributable net asset value.

(h) *Fixed assets*
Fixed assets comprise freehold land and buildings, computer equipment and other equipment. Computer equipment and other equipment are written off on a straight line basis over periods of two or four years being the maximum permitted by the Insurance Companies Regulations 1981. Buildings are depreciated on a straight line basis over fifty years being their estimated economic life. No depreciation is provided on land.

(i) *Deferred taxation*
Deferred taxation is provided by the liability method to allow for timing differences in the treatment of the results for accounting and tax purposes but only when it is considered that the amount is payable in the foreseeable future.

Notes to accounts

continued

(j) *Leases*
Assets acquired under finance leases are capitalised as fixed assets. The present value of the corresponding lease obligation is recorded as a liability. The total finance charge under the lease is allocated to accounting periods during the lease term based on the underlying rate of interest. Operating lease rentals are charged over the period of the lease.

(k) *Cashflow Statement*
Under Financial Reporting Statement 1, the Company is exempt from the requirement to prepare a Cashflow Statement on the grounds that it is a wholly owned subsidiary undertaking.

2 Financial return

	1992	1991
	£'000	£'000
Investment income	10,628	7,780
Instalment service charges	127	-
(Increase) / decrease in provision for redemption losses	(284)	160
Interest payable	(92)	(45)
Profits on sales of investments	767	228
	11,146	8,123

3 Directors' remuneration

During the year, emoluments of the Directors, including pension contributions, were as follows:

	1992	1991
	£'000	£'000
Other emoluments	375	385

The Directors' remuneration disclosed above includes amounts (excluding pension contributions) pai[illegible]

	1992	1991
	£'000	£'000
The Chairman	82	90

The number of Directors whose emoluments, excluding pension contributions, fell within the ranges listed below, were as follows:

	1992	1991
Nil to £5,000	1	2
£10,001 to £15,000	1	-
£45,001 to £50,000	-	2
£55,001 to £60,000	1	-
£60,001 to £65,000	1	-
£65,001 to £70,000	1	1
£70,001 to £75,000	1	-
£80,001 to £85,000	1	1
£85,001 to £90,000	-	1

In addition to the above, the Chairman is a Director of Fortis (UK) Ltd, the Company's parent, and certain other Directors are employees of that company. The Chairman's emoluments are disclosed in the accounts of that company and an appropriate charge in respect of Directors' emoluments is included in the expenses charged by Fortis (UK) Ltd to the Group.

Notes to accounts

continued

4 Pension fund

The Company operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme, comprising primarily stock exchange securities administered by Capel Cure Myers Capital Investment Management Limited under trustee guidelines, are held in a separate trustee fund called Bishopsgate Staff Pension Scheme. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the Company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation was at 1st April 1991. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries. It was assumed that the investment returns would be 2% more than salary increases and that future pensions would increase at the rate laid down in the rules. Future dividend increases on the existing assets were assumed at 4% per annum.

The pensions charge for the year was £410,000 (1991 £308,000). The net pension cost from 1st April 1992 allowed for a surplus variation to be amortised over the working lifetimes of the active members.

The variation from 1st April 1992 was calculated to be £278,000 and this will be adjusted in line with future salaries.

The most recent actuarial valuation showed that the market value of the scheme's assets was £8,088,000 and that the actuarial value of those assets represented 136% of the benefits that had accrued to members, after allowing for the expected future increases in earnings.

5 Taxation

	1992 £'000	1991 £'000
United Kingdom taxation		
Corporation tax recoverable	1,375	2,135
Overseas taxation	(51)	(4)
ACT written off	(333)	-
Adjustment in respect of previous years	-	(19)
	991	2,112
Deferred taxation	159	135
	1,150	2,247

The company has unrelieved losses carried forward which have not been recognised for deferred tax purposes in accordance with accounting policies.

Notes to accounts

continued

6 **Leased Assets (Group and Company)**

a) Operating Leases.

At 31st December 1992 the Company had annual commitments under non-cancellable operating leases as set out below:

	Land and Buildings 1992 £'000	Other 1992 £'000	Land and Buildings 1991 £'000	Other 1991 £'000
Operating leases which expire:				
within one year	55	63	2	68
second to fifth years inclusive	87	111	71	91
over five years	515	-	562	-
	657	174	635	159

Included in the loss before taxation is hire of other assets under operating leases of £740,000 (1991 £836,000).

b) Finance Leases.

The maturity of obligations under finance leases shown in the balance sheet is as follows:

	1992 £'000	1991 £'000
within one year	100	141
second to fifth years inclusive	175	3
	275	144

Included in the loss before taxation are finance charges relating to finance leases of £21,000 (1991 £22,000). Within fixed assets is equipment which is the subject of finance leases at 31st December 1992 of £321,000 (1991 £124,000).

7 **Auditors' remuneration**

	1992 £,000	1991 £,000
Audit fees	63	67
Other fees	31	19
	94	86

8 **Share capital**

	1992 £'000	1991 £'000
Authorised		
Ordinary shares of £1 each	30,240	24,240
Deferred shares of £1 each	3,000	3,000
	33,240	27,240
Issued and fully paid		
Ordinary shares of £1 each	30,240	24,240
Deferred shares of £1 each	3,000	3,000
	33,240	27,240

During the year the company issued 6,000,000 ordinary shares of £1 each at par, increasing the issued share capital by £6,000,000.

The deferred shares are non voting and not entitled to participate in the profits of the Company.

Bishopsgate
INSURANCE LIMITED

Notes to accounts

continued

9 Deferred taxation

The balance on this account which represents the full potential liability is provided at 33% and arises from:

	Consolidated		Parent Company	
	1992	1991	1992	1991
	£'000	£'000	£'000	£'000
Accrued interest	574	306	574	306
Other	(574)	(147)	(574)	(147)
	–	159	–	159

No taxation liability would arise if the subsidiaries were disposed of at their balance sheet values.

10 Reserves

	Consolidated		Parent Company	
	1992	1991	1992	1991
	£'000	£'000	£'000	£'000
Share premium account	3,860	3,860	3,860	3,860
Retained profit and reserves	(7,218)	10,483	(7,218)	10,483
	(3,358)	14,343	(3,358)	14,343

Included in the retained profit and reserves of the Company are amounts of £556,000 (1991 £259,000) relating to the revaluation of investments in subsidiaries which are not distributable.

11 Other deposits

Other deposits are interest earning amounts deposited with the Group's agents.

12 Subsidiaries

	1992	1991
	£'000	£'000
Subsidiaries (wholly owned)		
100% of ordinary and deferred shares at cost	1,438	1,438
Revaluation adjustment	556	259
At revaluation	1,994	1,697
Leadenhall Insurance Limited (non trading)	1,000	1,000
Bishopsgate Services Limited	635	632
Bishopsgate Head Office Limited	358	64
Non trading subsidiaries	1	1
	1,994	1,697

The principal activity of the subsidiary companies is the provision of emergency services and leasing of property to the Parent Company. All subsidiaries are registered in England.

Bishopsgate
INSURANCE LIMITED

Notes to accounts

continued

13 Net unearned premiums (Group and Company)

	1992 £'000	1991 £'000
Unearned premiums comprise:		
Gross unearned premiums	42,993	35,418
Applicable to reinsurers	(6,900)	(5,566)
	36,093	29,852
Deferred acquisition costs	(8,021)	(6,433)
	28,072	23,419

14 Outstanding Claims (Group and Company)

	1992 £'000	1991 £'000
Gross outstanding claims	91,559	57,677
Applicable to reinsurers	(25,620)	(16,109)
Net outstanding claims	65,939	41,568

15 Non disposable assets

Of the assets in the consolidated and Company balance sheets, £6,622,000 (1991 £5,853,000) are not at the free disposal of the Company. These have been deposited to guarantee insurance liabilities.

16 Due from Group Companies

Included in the Balance Sheet of the Company is an amount of £8,180,000 (1991 £8,225,000) which is not repayable within 12 months. This represents amounts advanced to Bishopsgate Head Office Limited, a subsidiary company, to finance the Group's head office building.

17 Segmental Reporting

Classes of Business	Personal Lines 1992 £'000	City Marine & Non-Marine 1992 £'000	Total 1992 £'000	Personal Lines 1991 £'000	City Marine & Non-Marine 1991 £'000	Total 1991 £'000
Gross premium	156,938	16,645	173,583	110,123	39,312	149,435
Loss before tax	(881)	(22,614)	(23,495)	1,788	(10,898)	(9,110)
Common costs			(502)			(554)
Shareholders' income			4,681			3,296
Total loss before Tax			(19,316)			(6,368)
Segment interest earning assets	70,265	36,045	106,310	47,017	26,481	73,498
Unallocated interest earning assets			12,447			26,892
Total investments			118,757			100,390

Geographical Segments	Home Foreign 1992 £'000	United Kingdom 1992 £'000	Total 1992 £'000	Home Foreign 1991 £'000	United Kingdom 1991 £'000	Total 1991 £'000
Gross Premium	12,949	160,634	173,583	26,934	122,501	149,435

Geographical analyses of loss before taxation and net assets are not available.

Bishopsgate
INSURANCE LIMITED

Notes to accounts

continued

18 Loss after taxation

The Group accounts do not include a separate Profit and Loss Account for Bishopsgate Insurance Limited as permitted by Section 230(4) of the Companies Act 1985.

Of the loss after taxation of £18,166,000 (1991 loss £4,121,000), £18,462,000 (1991 loss £1,522,000) was dealt with in the profit and loss account of the holding company.

19 Capital commitments (Group and Company)

	1992 £'000	1991 £'000
Authorised and contracted for	70	581

20 Ultimate Holding Company

The Company's ultimate holding company is AMEV/VSB 1990 NV which is incorporated in the Netherlands and is jointly owned by NV AMEV, incorporated in the Netherlands and Groupe AG, incorporated in Belgium.

Bishopsgate
INSURANCE LIMITED

Report of the Auditors,

KPMG Peat Marwick,
to the Members of Bishopsgate Insurance Limited

We have audited the accounts set out on pages 7 to 18 in accordance with Auditing Standards.

In our opinion the accounts have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to insurance companies.

KPMG Peat Marwick

KPMG Peat Marwick
Chartered Accountants
Registered Auditors
Guildford
17th March 1993