

AC-1619.

PRIME HEALTH LIMITED

Annual Returns To Insurance Directorate Of HM Treasury Under Insurance Companies Legislation For the Financial Year Ended 15 November 1997

THIS IS AN IAC COMPANY
DOCUMENT DELIVERED
UNDER THE INSURANCE
ACT 1902



PRIME HEALTH LIMITED

ANNUAL RETURNS TO INSURANCE DIRECTORATE OF HM TREASURY UNDER INSURANCE COMPANIES LEGISLATION FOR THE FINANCIAL YEAR ENDED 15 NOVEMBER 1997.

CONTENTS

FORM	PAGE
9 Statement of solvency	1
10 Statement of net assets	2
11 General business: Calculation of required margin of solvency - first method	3
12 General business: Calculation of required margin of solvency - second method, and statement of required minimum margin	4
13 Analysis of admissible assets	5
15 Liabilities (other than long term business)	8
16 Profit and loss account (non-technical account)	9
20 General business: Technical account (excluding equalisation provisions)	10
21 General business (accident year accounting) : Analysis of premiums	12
22 General business (accident year accounting) : Analysis of claims, expenses and technical provisions	13
23 General business (accident year accounting) : Analysis of net claims and premiums	14
31 General business (accident year accounting) : Analysis of gross claims and premiums by risk group for direct insurance and facultative reinsurance	15
Notes to the returns	16
Major treaty reinsurers - Regulation 19	18
Major facultative reinsurers & reinsurance cedants - Regulations 20 and 21	19
Derivative contracts - Regulation 23	20
Shareholder controllers - Regulation 24	21
Additional information on business ceded - Regulation 26	22
Directors' certificate	23
Report of the Auditors	25

Statement of solvency

Name of company Prime Health Limited

Global business

Financial year ended 15 November 1997

Company registration number GLAUKCM
 Period ended day month year Units

R9	2123483	GL	15	11	1997	£000
----	---------	----	----	----	------	------

	As at the end of this financial year	As at the end of the previous year	Source		
	1	2	Form	Line	Column

GENERAL BUSINESS

Available assets

Other than long term business assets allocated towards general business required minimum margin	11	31,093	28,510	See Instructions 1 and 2	
-------------------------------------------------------------------------------------------------	----	--------	--------	--------------------------	--

Required minimum margin

Required minimum margin for general business	12	14,330	12,332	12	49
Excess (deficiency) of available assets over the required minimum margin (11-12)	13	16,763	16,178		

LONG TERM BUSINESS

Available assets

Long term business admissible assets	21	-	-	10	11
Other than long term business assets allocated towards long term business required minimum margin	22			See Instructions 1 and 3	
Total mathematical reserves (after distribution of surplus)	23			See Instruction 4	
Other insurance and non-insurance liabilities	24			See Instruction 5	
Available assets for long term business required minimum margin (21+22-23-24)	25	-	-		

Implicit items admitted under regulation 23(5) of the Insurance Companies Regulations 1994

Future profits	31				
Zilmerising	32				
Hidden reserves	33				

Total of available assets and implicit items (25+31+32+33)	34	-	-		
------------------------------------------------------------	----	---	---	--	--

Required minimum margin

Required minimum margin for long term business	41			60	69
Explicit required minimum margin (1/6 x 41, or minimum guarantee fund if greater)	42				
Excess (deficiency) of available assets over explicit required minimum margin (25-42)	43	-	-		
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 business as shown in a supplementary note to Form 15	51			See Instruction 6	
Quantifiable contingent liabilities in respect of long term business as shown in a supplementary note to Form 14	52			See Instruction 6	

Instructions for completion of Form 9

1. For a composite company, the whole Form shall be completed, with the sum of the entries at lines 11 and 22 being equal to the entry at Form 10 line 29.
2. For a company transacting only general business, only lines 11 to 13 and line 51 shall be completed, with the entry at line 11 being equal to the entry at Form 10 line 29.
3. For a company transacting only long term business, only lines 21 to 52 shall be completed, with the entry at line 22 being equal to the entry at Form 10 line 29.
4. The entry at line 23 shall be equal to the sum of lines 11 and 15 in Form 14 and the amount (if any) stated in a supplementary note to that Form in accordance with instruction 4 to that Form.
5. The entry at line 24 shall be equal to the total of lines 21 to 49 in Form 14 and the amount of any cash bonuses stated in a supplementary note to that Form in accordance with instruction 2 to that Form.
6. The entries at lines 51 and 52 shall not include provision for any liability to tax on capital gains referred to in paragraph 13(1)(b) of Schedule 1.

Statement of net assets

Name of company Prime Health Limited

Global business

Financial year ended 15 November 1997

		Company registration number	GL/UK/CM	Period ended			Units		
		R10	2123483 GL	15	11	1997	£000		
				day month year					
				As at the end of this financial year 1			As at the end of the previous year 2		
							Source		
							Form	Line	Column
Long Term business-admissible assets		11					13	89	1
Long Term business-liabilities and margins		12					14	59	1
Other than Long Term business-admissible assets		21	118,399	101,756			13	89	1
Other than Long Term business-liabilities		22	87,306	73,246			15	69	1
Net admissible assets (21-22)		23	31,093	28,510					
Other assets allowed to be taken into account in covering the required minimum margin	Unpaid amounts (including share premium) on partly paid shares	24							
	Supplementary contributions for a mutual carrying on general business	25							
Liabilities allowed to be left out of account in covering the required minimum margin	Subordinated loan capital	26							
	Cumulative preference share capital	27							
Available assets (23 to 27)		29	31,093	28,510					

Represented by:

Paid up share capital (other than cumulative preference share capital)	51	50,000	40,000	
Amounts included in lines 24 to 27 above	52			
Amounts representing the balance of net assets	56	(18,907)	(11,490)	
Total (51 to 56) and equal to line 29 above	59	31,093	28,510	

Movement of balance of net assets for solvency purposes - as per line 56

Balance brought forward at the beginning of the financial year	61	(11,490)	(3,437)	10	56	2
Retained profit/(loss) for the financial year	62	(7,426)	(7,753)	16	59	1
Movement in asset valuation differences	63	9	(300)	See instruction 2		
Decrease/(increase) in the provision for adverse changes	64	-	-	See instruction 3		
Other movements (particulars to be specified by way of supplementary note)	65	-	-			
Balance carried forward at the end of the financial year (61 to 65)	69	(18,907)	(11,490)			

Instructions for completion of Form 10

1. Amounts included at lines 24 to 27 shall be as determined in accordance with regulation 23 of the Insurance Companies Regulations 1994 or as specifically allowed pursuant to an order issued under section 68 of the Insurance Companies Act 1982.
2. Line 63 shall be equal to lines 13.92.2 to 13.95.2 less lines 13.92.1 to lines 13.95.1 of the form for the Total other than long term business assets category.
3. Line 64 shall be Form 15.61.2 less 15.61.1.

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

Name of company Prime Health Limited

Global business

Financial year ended 15 November 1997

			Company registration number	GL/UK/CM	Period ended			Units
			R11	2123483	GL	15	11 1997	£000
						This financial year		Previous year
						1		2
Gross premiums receivable						11	115,479	101,898
Premium taxes and levies (included in line 11)						12	216	211
Sub-total A (11-12)						13	115,263	101,687
Adjusted Sub-total A if financial year is not a 12 month period to produce an annual figure						14	-	-
Division of Sub-total A (or adjusted Sub-total A if appropriate	Other than health insurance	Up to and including sterling equivalent of 10M ECU x 18/100	15		1,408	1,514		
		Excess (if any) over 10M ECU x 16/100	16		17,191	14,924		
	Health insurance	Up to and including sterling equivalent of 10M ECU x 6/100	17		-	-		
		Excess (if any) over 10M ECU x 16/300	18		-	-		
Sub-total B (15+16+17+18)						19	18,599	16,438
Claims paid						21	77,293	63,878
Claims outstanding carried forward at the end of the financial year		For business accounted for on an underwriting year basis	22		-	-		
		For business accounted for on an accident year basis	23		15,952	10,443		
Claims outstanding brought forward at the beginning of the financial year		For business accounted for on an underwriting year basis	24		-	-		
		For business accounted for on an accident year basis	25		10,443	8,694		
Sub-total C (21+22+23-(24+25))						29	82,801	65,627
Amounts recoverable from reinsurers in respect of claims included in Sub-total C						30	19,004	16,394
Sub-total D (29-30)						39	63,798	49,232
First result								
Sub-total B x		Sub-total D (or, if 1/2 is a greater fraction, x 1/2) Sub-total C	41		14,330	12,332		

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

Name of company Prime Health Limited

Global business

Financial year ended 15 November 1997

Company
registration
number

GL/UK/CM

Period ended
day month year

Units

				R12	2123483	GL	15	11	1997	£000		
					This financial year		Previous year		Source			
					1		2		Form	Line	Column	
Reference period (No. of financial years) Insert "0" if there is no reference period otherwise "3" or "7"					3	11			See instruction 1			
Claims paid in reference period					21	182,377	143,957					
Claims outstanding carried forward at the end of the reference period	For business accounted for on an underwriting year basis				22	-	-					
	For business accounted for on an accident year basis				23	15,952	10,443					
Claims outstanding brought forward at the beginning of the reference period	For business accounted for on an underwriting year basis				24	-	600					
	For business accounted for on an accident year basis				25	7,337	5,461					
Sub-total E (21+22+23-(24+25))					29	190,992	148,338					
Sub-total F - Conversion of Sub-total E to annual figure (Multiply by 12 and divide by number of months in reference period)					31	66,432	51,596					
Division of Sub-total F	Other than health insurance	Up to and including sterling equivalent of 7M ECU x 26/100			32	1,424	1,531					
		Excess (if any) over 7M ECU x 23/100			33	14,020	10,513					
	Health insurance	Up to and including sterling equivalent of 7M ECU x 26/300			34	-	-					
		Excess (if any) over 7M ECU x 23/300			35	-	-					
Sub-total G (32 to 35)					39	15,444	12,044					
Second result Sub-total G x Sub-total D (or, if 1/2 is a greater fraction, x 1/2)					41	11,899	9,035					

First result	42	14,330	12,332	11	41
Required margin of solvency (the higher of lines 41 and 42)	43	14,330	12,332		

Minimum guarantee fund	44	313	336		
------------------------	----	-----	-----	--	--

Required minimum margin (the higher of lines 43 and 44)	49	14,330	12,332		
---------------------------------------------------------	----	--------	--------	--	--

Instruction for completion of Form 12

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

Analysis of admissible assets

Name of company Prime Health Limited

Global business

Financial year ended 15 November 1997

Category of assets Total

			Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			R13	2123483	GL	15	11	1997	£000	1
Investments									As at the end of this financial year 1	As at the end of the previous year 2
Land and buildings						11		-	-	
Investments in group undertakings and participating interests	UK insurance dependants	Shares	21		-	-				
		Debt securities issued by, and loans to, dependants	22		-	-				
	Other insurance dependants	Shares	23		-	-				
		Debt securities issued by, and loans to, dependants	24		-	-				
	Non-insurance dependants	Shares	25		-	-				
		Debt securities issued by, and loans to, dependants	26		-	-				
	Other group undertakings and participating interests	Shares	27		-	-				
		Debt securities issued by, and loans to, group undertakings	28		-	-				
		Participating interests	29		-	-				
		Debt securities issued by, and loans to, undertakings in which the company has a participating interest	30		-	-				
Total sheet 1 (11 to 30)						39		-	-	

Analysis of admissible assets

Name of company Prime Health Limited

Global business

Financial year ended 15 November 1997

Category of assets Total

Category of assets	Total		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			R13	2123483	GL	15	11	1997	£000	1
						day	month	year	As at the end of this financial year 1	As at the end of the previous year 2
Investments (continued)										
Deposits with ceding undertakings										
Assets held to cover linked liabilities										
Other financial investments	Equity shares				41			-	-	
	Other shares and other variable yield securities				42			-	-	
	Holdings in collective investment schemes				43			-	-	
	Rights under derivative contracts				44			-	-	
	Debt securities and other fixed income securities	Fixed interest	Approved securities		45			35,625	25,609	
			Other		46			-	-	
		Variable interest	Approved securities		47			-	-	
			Other		48			-	-	
	Participation in investment pools				49			-	-	
	Loans secured by mortgages				50			-	-	
	Other loans	Loans to public or local authorities and nationalised industries or undertakings			51			-	-	
		Loans secured by policies of insurance issued by the company			52			-	-	
		Other			53			-	-	
	Deposits with approved credit institutions and approved financial institutions	Withdrawal subject to a time restriction of one month or less			54			-	-	
		Withdrawal subject to a time restriction of more than one month			55			12,000	14,000	
	Other				56			-	-	
Deposits with ceding undertakings				57			-	-		
Assets held to match linked liabilities	Index linked			58			-	-		
	Property linked			59			-	-		
Reinsurers' share of technical provisions	Provision for unearned premiums			60			11,121	11,162		
	Claims outstanding			61			3,917	2,757		
	Provision for unexpired risks			62			-	-		
	Other			63			-	-		
Total sheet 2 (41 to 63)				69			62,663	53,529		

Analysis of admissible assets

Name of company Prime Health Limited

Global business

Financial year ended 15 November 1997

Category of assets Total

Category of assets		Total	Company registration number	GLAUK/CM	Period ended			Units	Category of assets		
					day	month	year				
					R13	2123483	GL	15 11 1997	£000	1	
Debtors								As at the end of this financial year	As at the end of the previous year		
Other assets								1	2		
Debtors arising out of direct insurance operations		Policyholders			71			43,146	39,284		
		Intermediaries			72			-	-		
Salvage and subrogation recoveries					73			-	-		
Debtors arising out of reinsurance operations		Due from ceding insurers and intermediaries under reinsurance business accepted			74			-	-		
		Due from reinsurers and intermediaries under reinsurance contracts ceded			75			-	-		
Other debtors		Due from dependants		Due in 12 months or less after the end of the financial year			76			-	-
				Due more than 12 months after the end of the financial year			77			-	-
		Other		Due in 12 months or less after the end of the financial year			78			662	365
				Due more than 12 months after the end of the financial year			79			-	-
Tangible assets					80			2,180	1,699		
Cash at bank and in hand		Deposits not subject to time restriction on withdrawal, with approved credit institutions and approved financial institutions and local authorities			81			1,030	250		
		Cash in hand			82			-	(3,208)		
Other assets (particulars to be specified by way of supplementary note)					83			-	-		
Prepayments and accrued income		Accrued interest and rent			84			499	566		
		Deferred acquisition costs			85			7,508	8,675		
		Other prepayments and accrued income			86			711	596		
Deductions (under regulations 57(2)(b) and 57(3) of the Insurance Companies Regulations 1994) from the aggregate value of assets					87			-	-		
Total sheet 3 (71 to 86 less 87)					88			55,736	48,227		
Grand total of admissible assets (39+69+88)					89			118,399	101,756		
Reconciliation to asset values determined in accordance with the shareholder accounts rules											
Total admissible assets (as per line 89 above)					91			118,399	101,756		
Total assets in excess of the admissibility limits of Schedule 12 of the Insurance Companies Regulations 1994, (as valued in accordance with those Regulations before applying admissibility limits)					92			-	-		
Solvency margin deduction for insurance dependants					93			-	-		
Other differences in the valuation of assets (other than for assets not valued above)					94			1,040	1,049		
Assets of a type not valued above, (as valued in accordance with the shareholder accounts rules)					95			-	-		
Total assets determined in accordance with the shareholder accounts rules (91 to 95)					99			119,439	102,805		
Amounts included in line 89 attributable to debts due from related companies, other than those under contracts of insurance or reinsurance					100			-	-		

Instructions for completion of Form 13

1. Form 13 shall be completed for the total long term business assets of the company or branch and for each fund or group of funds for which separate assets are appropriated. The words "Total long term business assets" or the name of the fund shall be shown against the heading "Category of Assets". The corresponding code box shall contain "10" for the total assets and, in the case of separate funds, code numbers allocated sequentially beginning with code "11".

2. Form 13 shall be completed in respect of the total assets of the company or branch other than any long term business assets. The words "Total other than long term business assets" shall be shown against the heading "Category of Assets", and the corresponding code box shall contain "1".

3. (a) In the case of the United Kingdom branch return of an external company (other than a pure reinsurer) Form 13 shall be completed for the following categories of assets -

Category	Code
Assets deposited with the Accountant General	2
Assets maintained in the United Kingdom	3
Assets maintained in the United Kingdom and the other EEA States	4

- (b) In the case of an EEA branch return of a United Kingdom deposit company Form 13 shall be completed for the following categories of assets -

Category	Code
Assets deposited with the Accountant General	2
Assets maintained in the United Kingdom and the other EEA States	4
Assets maintained in the United Kingdom and the EEA States where business is carried on	5

4. In lines 11 to 86 -

(a) for the purpose of classifying (but not valuing) assets, headings and descriptions used above, wherever they also occur in the balance sheet format in Schedule 9A to the Companies Act 1985, shall have the same meaning as in that Schedule,

(b) assets shall be valued in accordance with regulation 4, and

(c) assets of any particular description shall be shown after deduction of assets of that description which (for any reason) fall to be left out of account under regulation 57(2)(a) of the Insurance Companies Regulations 1994.

5. The aggregate value of those investments which are:

- (i) unlisted investments falling within any of lines 41, 42, 46 or 48 which have been valued in accordance with regulation 51 of the Insurance Companies Regulations 1994: or
- (ii) listed investments falling within any of lines 41, 42, 46 or 48 which have been valued in accordance with regulation 51 of the Insurance Companies Regulations 1994 and which are not ready realisable; or
- (iii) units or other beneficial interests in collective investment schemes falling within paragraph (c) of regulation 52(1) of the Insurance Companies Regulations 1994: or
- (iv) reversionary interests or remainders in property other than land or buildings

shall be stated by way of a supplementary note to this form, together with a description of such investments.

6. The aggregate value of those investments falling within lines 46 or 48 which are hybrid securities shall be stated by way of a supplementary note to this form.
7. Amounts in respect of salvage or subrogation included above other than at line 73 shall be stated by way of a supplementary note.
8. The entry at line 85 shall be equal to the sum of lines 22.29.3 and lines 25.24.99-99.
9. In line 93 "Solvency margin deduction for insurance dependants" refers to deductions under regulation 47(2)(c) and (d) of the Insurance Companies Regulations 1994.
10. In line 95 "Assets of a type not valued above" refers to assets left out of account under regulation 45(3) of the Insurance Companies Regulations 1994.

Liabilities (other than long term business)

Name of company Prime Health Limited

Global business

Financial year ended 15 November 1997

Company
registration
number

GLUK/CM

Period ended
day month year

Units

				R15	2123483	GL	15	11	1997	£000
							As at the end of this financial year 1		As at the end of the previous year 2	
Technical provisions (gross amounts)	Provision for unearned premiums			11			57,788	52,322		
	Claims outstanding			12			15,952	10,443		
	Provision for unexpired risks			13			-	-		
	Equalisation provisions	Credit business		14			-	-		
		Other than credit business		15			-	-		
	Other			16			450	400		
	Total (11 to 16)			19			74,190	63,165		
Provisions for other risks and charges	Taxation			21			-	-		
	Other			22			-	-		
Deposits received from reinsurers				31			-	-		
Creditors	Arising out of Insurance operations	Direct business		41			-	-		
		Reinsurance accepted		42			-	-		
		Reinsurance ceded		43			6,286	5,093		
	Debenture loans	Secured		44			-	-		
		Unsecured		45			-	-		
	Amounts owed to credit institutions			46			-	-		
	Other creditors	Taxation		47			1,284	716		
		Recommended dividend		48			-	-		
		Other		49			3,401	3,030		
Accruals and deferred income				51			2,145	1,242		
Total (19 to 51)				59			87,306	73,246		
Provision for adverse changes (calculated in accordance with regulation 61 of the Insurance Companies Regulations 1994)				61			-	-		
Cumulative preference share capital				62			-	-		
Subordinated loan capital				63			-	-		
Total (59 to 63)				69			87,306	73,246		
Amounts included in line 69 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance				71			31	98		

Instruction for completion of Form 15

1. Amounts in lines 11 to 13 and 16 shall be stated gross of reinsurers' share.
2. The aggregate amount of any accrued dividend in respect of cumulative preference shares issued by the company shall be shown by way of a supplementary note to this form.
3. Only equalisation provisions that are created as a result of a statutory requirement are to be included at lines 14 and 15.

Profit and loss account (non-technical account)

Name of company Prime Health Limited

Global business

Financial year ended 15 November 1997

		Company registration number	GL /UK/CM	Period ended			Units			
		R16	2123483	GL	15	11	1997	£000		
				This financial year	Previous year			Source		
				1	2			Form	Line	Column
Transfer (to)/from the general business technical account	From Form 20	11	(10,512)	(10,304)	20	59				
	Equalisation provisions	12	-	-						
Transfer from the long term business revenue account		13	-	-	40	26				
Investment income	Income	14	2,810	1,871						
	Value re-adjustments on investments	15	251	95						
	Gains on the realisation of investments	16	-	-						
Investment charges	Investment management charges, including interest	17	-	-						
	Value re-adjustments on investments	18	-	-						
	Loss on the realisation of investments	19	-	-						
Allocated investment return transferred to the general business technical account		20	-	-	20	51				
Other income and charges (particulars to be specified by way of supplementary note)		21	24	586						
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)		29	(7,426)	(7,753)						
Tax on profit or loss on ordinary activities		31	-	-						
Profit or loss on ordinary activities after tax (29-31)		39	(7,426)	(7,753)						
Extraordinary profit or loss (particulars to be specified by way of supplementary note)		41	-	-						
Tax on extraordinary profit or loss		42	-	-						
Other taxes not shown under the preceding items		43	-	-						
Profit or loss for the financial year (39+41-(42+43))		49	(7,426)	(7,753)						
Dividends (paid and proposed)		51	-	-						
Profit or loss retained for the financial year (49-51)		59	(7,426)	(7,753)						

General business: Technical account (excluding equalisation provisions)

Name of company Prime Health Limited

Global business

Financial year ended 15 November 1997

		Company registration number	GL/UK/CM	Period ended			Units		Accounting class/ summary
Summary		R20	2123483	GL	15	11	1997	£000	99
Items to be shown net of reinsurance			This financial year 1	Previous year 2	Source Form			Line	Column
This year's underwriting (accident year accounting)	Earned Premium	11	87,961	68,822	21	19	5		
	Claims incurred	12	63,675	49,304	22	17	4		
	Claims management costs	13	3,088	2,347	22	18	4		
	Adjustment for discounting	14	-	-	22	52	4		
	Increase in provision for unexpired risks	15	-	-	22	19	4		
	Other technical income or charges (particulars to be specified by way of supplementary note)	16	-	-					
	Net operating expenses	17	31,571	27,476	22	42	4		
	Balance of year's underwriting (11-12-13+14-15+16-17)	19	(10,374)	(10,305)					
Adjustment for prior years' underwriting (accident year accounting)	Earned Premium	21	(24)	(44)	21	11	5		
	Claims incurred	22	124	(72)	22	13	4		
	Claims management costs	23	(17)	14	22	14	4		
	Adjustment for discounting	24	-	-	22	51	4		
	Other technical income or charges (particulars to be specified by way of supplementary note)	25	-	-					
	Net operating expenses	26	7	13	22	41	4		
	Balance (21-22-23+24+25-26)	29	(138)	1					
Balance from underwriting year accounting		39	-	-	24	69	99-99		
Balance of all years' underwriting (19+29+39)		49	(10,512)	(10,304)					
Allocated investment return		51	-	-					
Transfer to non-technical account (49+51)		59	(10,512)	(10,304)					

General business: Technical account (excluding equalisation provisions)

Name of company Prime Health Limited

Global business

Financial year ended 15 November 1997

		Company registration number	GL/UK/CM	Period ended			Units		Accounting class/ summary
Accounting class		R20	2123483	GL	15	11	1997	£000	1
Items to be shown net of reinsurance				This financial year	Previous year		Source		
				1	2		Form	Line	Column
This year's underwriting (accident year accounting)	Earned Premium	11	87,961	68,822	21	19	5		
	Claims incurred	12	63,675	49,304	22	17	4		
	Claims management costs	13	3,088	2,347	22	18	4		
	Adjustment for discounting	14	-	-	22	52	4		
	Increase in provision for unexpired risks	15	-	-	22	19	4		
	Other technical income or charges (particulars to be specified by way of supplementary note)	16	-	-					
	Net operating expenses	17	31,571	27,476	22	42	4		
	Balance of year's underwriting (11-12-13+14-15+16-17)	19	(10,374)	(10,305)					
Adjustment for prior years' underwriting (accident year accounting)	Earned Premium	21	(24)	(44)	21	11	5		
	Claims incurred	22	124	(72)	22	13	4		
	Claims management costs	23	(17)	14	22	14	4		
	Adjustment for discounting	24	-	-	22	51	4		
	Other technical income or charges (particulars to be specified by way of supplementary note)	25	-	-					
	Net operating expenses	26	7	13	22	41	4		
	Balance (21-22-23+24+25-26)	29	(138)	1					
Balance from underwriting year accounting		39	-	-	24	69	99-99		
Balance of all years' underwriting (19+29+39)		49	(10,512)	(10,304)					
Allocated investment return		51	-	-					
Transfer to non-technical account (49+51)		59	(10,512)	(10,304)					

General business (accident year accounting) : Analysis of premiums

Name of company Prime Health Limited

Global business

Financial year ended 15 November 1997

Accounting class Accident & Health

		Company registration number	GLUK/KCM	Period ended			Units	Accounting class	
				day	month	year			
		R21	2123483	GL	15	11	1997	£000	1
Premiums receivable during the financial year		Gross premiums written		Reinsurers' share		Net of reinsurance			
		Earned in this financial years 1		Earned in previous financial years 3		Earned in previous financial years 5			
in respect of risks incepted in previous financial years		11	(2)	22		(24)			
		Earned in this financial year 1	Unearned at end of this financial year 2	Earned in this financial year 3	Unearned at end of this financial year 4	Earned in this financial year 5	Unearned at end of this financial year 6		
in respect of risks incepted in previous financial years		12	(582)	-	(28)	-	(554)	-	-
In respect of risks incepted in this financial year		13	1,329	-	252	-	1,077	-	-
		14	56,946	57,788	10,668	11,121	46,278	46,667	
		15	-	-	-	-	-	-	-
Premiums receivable (less rebates and refunds) in previous financial years not earned in those years and brought forward to the financial year		16	52,322	-	11,162	-	41,160	-	-
Total (12 to 16)		19	110,015	57,788	22,055	11,121	87,961	46,667	

General business (accident year accounting) : Analysis of claims, expenses and technical provisions

Name of company Prime Health Limited

Global business

Financial year ended 15 November 1997

Accounting class Accident & Health

		Company registration number	GL/UK/CM	Period ended			Units	Accounting class	
		R22	2123483	GL	15	11	1997	£000	1
				Amount brought forward from previous financial year	Amount payable/receivable in this financial year			Amount carried forward to next financial year	Amount attributable to this financial year
				1	2			3	4
Claims incurred in respect of incidents occurring prior to this financial year	Gross amount	11		10,443	9,076			1,648	281
	Reinsurers' share	12		2,757	2,090			824	157
	Net (11-12)	13		7,686	6,986			824	124
	Claims management costs	14		400	363			20	(17)
Claims incurred in respect of incidents occurring in this financial year	Gross amount	15			68,217			14,304	82,521
	Reinsurers' share	16			15,753			3,093	18,846
	Net (15-16)	17			52,464			11,211	63,675
	Claims management costs	18			2,658			430	3,088
Provision for unexpired risks		19		-				-	-
Net operating expenses	Commissions	21		4,299	8,326			4,172	8,453
	Other acquisition expenses	22		6,262	13,591			5,242	14,611
	Administrative expenses	23			12,232				12,232
	Reinsurance commissions and profit participations	24		1,885	3,738			1,906	3,718
	Total (21+22+23-24)	29		8,675	30,411			7,508	31,579
Adjustments for discounting in respect of the items shown at lines 11 to 18 above	Gross amount	31		-				-	-
	Reinsurers' share	32		-				-	-
	Claims management costs	33		-				-	-
	Total (31-32+33)	39		-				-	-
Split of line 29	Prior financial year	41		-	7			-	7
	This financial year	42		8,675	30,404			7,508	31,571
Split of line 39	Incidents occurring prior to this financial year	51		-				-	-
	Incidents occurring in this financial year	52						-	-

Instructions for completion of Form 22

1. Amounts included at lines 11 to 18 are to be shown undiscounted and related adjustments for discounting are to be shown at lines 31 to 39.
2. The values in column 4 are calculated as follows:
 - for lines 11 to 18 values in columns 2+3-1;
 - for lines 21 to 29 and lines 41 to 42 values in columns 1+2-3;
 - for line 19, lines 31 to 39 and lines 51 to 52 values in columns 3-1.
3. Amounts shown at lines 11 to 13, lines 15 to 17 and lines 31 and 32 shall exclude amounts in respect of claims management costs.

Returns under Insurance Companies Legislation

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

Name of company Prime Health Limited

Global business

Financial year ended

15 November 1997

Accounting class

Accident year ended		Claims paid (net) during the accident year		Claims outstanding (net) as at end of the accident year		Total claims paid (net) since the end of the accident year, but prior to this financial year		Claims paid (net) during this financial year		Claims outstanding carried forward		R23		2123483		GL		15 11 1997		£000		Claims ratio %	
Month	Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
	1997																						
	1996																						
	1995																						
	1994																						
	1993																						
	1992																						
	1991																						
	1990																						
	1989																						
	1988																						
Prior accident years																							
Reconciliation																							
Total (11 to 22)																							

Instructions for completion of Form 23

1. All figures are to be shown net of the reinsurers' share.
2. The accident years shown at lines 11 to 20 shall correspond to this financial year and the nine previous financial years respectively.
3. Columns 1 to 9 are to be shown before deduction for discounting.
4. All amounts shown shall exclude claims management costs.
5. The percentage shown at column 12 shall be the ratio of the columns 3+4+5+6-2 to column 2.
6. The percentage shown at column 13 shall be the ratio of the columns 1+3+4+5+6 to column 11.
7. $23.29.5 + 23.29.6 = 22.13.3 + 22.17.3$; $23.29.7 + 23.29.8 = 22.13.1$;
 $23.29.10 = 22.31.3 - 22.32.3$; and $23.29.4 = 22.13.2 + 22.17.2$.
8. Line 20 need not be completed when this Form is substituted in respect of the first financial year ended after 23 December 1996.
9. Columns 1, 11 and 13 need not be completed in respect of accident years ended before 23 December 1996.
10. The percentages shown at columns 12 and 13 are to be expressed as percentages to one place of decimals.
11. Business reported on any Form 33 may be reported on this form at line 22 and not lines 11 to 21.

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

Name of company Prime Health Limited Accounting class Accident and Health
 Global business Currency Sterling

Financial year ended 15 November 1997

Risk group Private Medical Insurance

Accident year ended		Number of claims				Gross claims paid				R31		2123483		GL		15 11 1997		£000		AA		1	
		Closed at some cost during this or previous financial years		Reported claims outstanding		In previous financial years		In this financial year		Gross claims outstanding carried forward		Gross claims outstanding brought forward		Balance for each accident year (4+5+6-7-8)		Gross earned premiums		Claims ratio %					
Month	Year	1	2	3	4	5	6	7	8	9	10	11											
11	97	35,731	15,921		68,217	10,013	4,291			82,521	110,015	75.0											
11	96	44,990	3	56,404	8,896	372	-	6,462	2,769	37	89,898	73.1											
11	95	30,355	10	42,381	102	662	-	515	-	248	60,182	71.7											
12	94	29,603	3	39,327	33	199	-	195	-	37	58,492	87.6											
12	93	26,345	3	32,589	25	239	-	109	-	155	-	-											
12	92	17,260	2	16,344	20	175	-	393	-	(198)	-	-											
12	91	5,004	-	4,675	-	-	-	-	-	-	-	-											
12	90	6,260	-	4,379	-	-	-	-	-	-	-	-											
12	89	3,225	-	2,827	-	-	-	-	-	-	-	-											
12	88	539	-	494	-	-	-	-	-	-	-	-											
Prior accident years																							
Total (11 to 21)		15,942		77,293		11,661		4,291		7,674		2,769		82,802									
Line 29 expressed in sterling																							

Instructions for completion of Form 31

1. All figures are to be shown gross of the reinsurers' share and before any deduction for discounting.
2. The accident years shown at lines 11 to 20 shall correspond to this financial year and the nine previous financial years respectively.
3. All amounts shown shall exclude claims management costs.
4. The percentage shown at column 11 shall be the ratio of the sum of columns 3 to 6 to column 10.
5. Columns 10 and 11 need not be completed in respect of accident years ended before 23 December 1994.
6. The percentages shown at column 11 are to be expressed as percentages to one place of decimals.
7. For risk groups falling in accounting class 7 the amounts shown in line 21 shall be analysed by accident year on continuation sheets.
8. Columns 1 and 2 need not be completed in respect of accounting classes 3, 4 and 5.

PRIME HEALTH LIMITED

**THE INSURANCE COMPANIES (ACCOUNTS AND STATEMENTS) REGULATIONS
1996**

NOTES TO THE RETURNS

Financial Year ended 15 November 1997

1001	Reconciliation of net assets to shareholder accounts	1997 £000	1996 £000
	Net assets in DTI return :		
	Form 13, Line 99	119,439	102,805
	Form 15, Line 59	87,306	73,246
		<u>32,133</u>	<u>29,559</u>
		=====	=====
	Capital and reserves in shareholder accounts	32,133	29,559
		=====	=====

1304 Debtors

Certain amounts included in Form 13 have been calculated by netting amounts due to any person against amounts which are due from that person.

1305 Maximum counterparty limit

The maximum counterparty limit under the company's investment guidelines is £5 million.

1501 Provision for adverse changes

No provision is required for adverse changes, as defined in regulation 61 of the Insurance Companies Regulations 1994, because the company does not have any obligations under the types of contract referred to in the regulation.

1700 Omission of Form 17

The Form has been omitted from the Return as all entries, including comparatives, are blank.

2102 Unearned Premium

The provision for unearned premium has been calculated on a daily basis.

PRIME HEALTH LIMITED

**THE INSURANCE COMPANIES (ACCOUNTS AND STATEMENTS) REGULATIONS
1996**

NOTES TO THE RETURNS (CONTINUED)

Financial Year ended 15 November 1997

2202 Claims management costs

The claims management costs payable include all the direct costs of the claims handling department, together with a proportion of overhead expenses which is determined by reference to the numbers of staff in the department and the office space occupied.

The claims management costs carried forward represent a provision to cover the anticipated future costs of negotiating and settling the outstanding claims at the balance sheet date. The provision has been estimated by reference to the ratio of claims management costs payable to claims settled in the year.

2204 Acquisition expenses

Acquisition expenses payable represent all costs directly attributable to the acquisition and processing of new and renewal business, together with a proportion of overheads determined by reference to numbers of staff involved in acquisition activities and the office space used.

The acquisition expenses carried forward represent that proportion of the total acquisition expenses which the unearned premium provision bears to gross written premiums.

PRIME HEALTH LIMITED**STATEMENT IN ACCORDANCE WITH REGULATION 19 OF THE
INSURANCE COMPANIES (ACCOUNTS AND STATEMENTS) REGULATIONS 1996****MAJOR TREATY REINSURERS****Financial Year ended 15 November 1997**

	Reinsurance Premiums Payable £000	Debt due at 15 Nov 1997 £000	Anticipated recoveries £000
Munich Reinsurance Company Limited 154 Fenchurch Street London EC3M 6JJ	8,724	-	1,915
Swiss Reinsurance Company (UK) Limited 71-77 Leadenhall Street London EC3A 2PQ	5,171	-	514
ERC Frankona Reassurance Limited Castle House Castle Hill Avenue Folkestone Kent CT20 2TF	98	-	120
The Mercantile and General Reinsurance Company plc St James' House St James' Square Cheltenham GL50 3RD	8,041	-	1,368
	<u>22,035</u>	<u>-</u>	<u>3,917</u>
	Form 21		Form 13.61.1

- a) The company is not connected with any of the reinsurers listed above.
- b) There were no deposits received from reinsurers.
- c) The amounts of anticipated recoveries taken into account in determining the reinsurers' share of technical provisions in respect of claims outstanding are as shown above.

PRIME HEALTH LIMITED

**STATEMENT IN ACCORDANCE WITH REGULATIONS 20 AND 21 OF THE
INSURANCE COMPANIES (ACCOUNTS AND STATEMENTS) REGULATIONS 1996**

MAJOR FACULTATIVE REINSURERS

MAJOR REINSURANCE CEDANTS

Financial Year ended 15 November 1997

We confirm that the company has no major facultative reinsurers and no major cedants as defined by the above regulations.

PRIME HEALTH LIMITED

**STATEMENT IN ACCORDANCE WITH REGULATION 23 OF THE
INSURANCE COMPANIES (ACCOUNTS AND STATEMENTS) REGULATIONS 1996**

DERIVATIVE CONTRACTS

Financial Year ended 15 November 1997

We confirm that it is not the policy or practice of the company to make use of derivative or quasi-derivative contracts (as defined in Regulation 56 of the Asset Valuation Rules).

PRIME HEALTH LIMITED

**STATEMENT IN ACCORDANCE WITH REGULATION 24 OF THE
INSURANCE COMPANIES (ACCOUNTS AND STATEMENTS) REGULATIONS 1996**

SHAREHOLDER CONTROLLERS

Financial Year ended 15 November 1997

We confirm that the following is a list of all shareholder controllers during the year ended 15 November 1997:

The Standard Life Assurance Company
Standard Life House
30 Lothian Road
Edinburgh
EH1 2DH

The Standard Life Assurance Company held 100% of the ordinary shares of the company, and was entitled to exercise 100% of the voting power at any general meeting of the company.

PRIME HEALTH LIMITED**STATEMENT IN ACCORDANCE WITH REGULATION 26 AND SCHEDULE 5
OF THE INSURANCE COMPANIES (ACCOUNTS AND STATEMENTS)
REGULATIONS 1996****ADDITIONAL INFORMATION ON BUSINESS CEDED****Financial Year ended 15 November 1997**

The company cedes general business on a non-facultative basis under two types of cover, being quota share and excess of loss. Details for each are given below:

	Quota Share	Excess of loss
Accounting class/risk group:	Accident & Health - private medical expenses, PHI and critical illness	Accident & Health - travel and personal accident
Limits on cover:	Maximum of 50% of original loss (any one risk)	In layers - 1st : £0.425m xs £0.075m 2nd : £2.5m xs £0.5m 3rd : £3.0m xs £3.0m (any one event)
Reinstatements available:	N/A	In layers - 1st : 5 2nd : 2 3rd : 2
Period of cover:	Financial year	Financial year
Maximum net probable loss:	N/A	£0.09m
Premiums payable (£000)	22,035 (Form 21)	29 (included in Form 22, Line 23)

PRIME HEALTH LIMITED

CERTIFICATE BY DIRECTORS

Financial Year ended 15th November 1997

We certify that :

- (a) in relation to the part of the return comprising Forms 9 to 13, 15 to 17, 20 to 23 and 31 and the statements required by regulations 19 to 21, 23, 24 and 26 of the Insurance Companies (Accounts and Statements) Regulations 1996 that -
 - (i) the return has been prepared in accordance with the Regulations ;
 - (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 ;
- (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, 20 and 21 of the Insurance Companies Regulations 1996.
- (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 in question enabled the company to comply with regulations 27 to 31 (matching and localisation) of those Regulations ;
- (d) the company maintained the margin of solvency required by section 32 of the Insurance Companies Act 1982 throughout the financial year ;
- (e) 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 the investments (and counterparty exposure) of insurance companies with particular reference to the use of derivatives' ;

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 future ; and

PRIME HEALTH LIMITED

CERTIFICATE BY DIRECTORS

Financial Year ended 15th November 1997

CONTINUED

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

Prudential Guidance Note 1995/1 - 'Guidance for insurance companies and auditors on the Valuation of Assets Regulations' ;

Prudential Guidance Note 1995/3 - 'The use of derivatives in insurance funds' ; and

Prudential Guidance Note 1998/1 - 'The preparation of annual returns to Insurance Directorate of HM Treasury'.

P J DALBY
DIRECTOR

M A HALL
DIRECTOR

T R BAILEY
SECRETARY

Report of the auditors to the directors pursuant to regulation 29 of the Insurance Companies (Accounts & Statements) Regulations 1996

PRIME HEALTH LIMITED

Global business

Financial year ended 15 November 1997

We have examined the following documents prepared by the company pursuant to section 17 of the Insurance Companies Act 1982 ("the Act") and the regulations 1996 ("the regulations"). These comprise Forms 9 to 13, 15 to 17, 20 to 23 and 31, the statements required by regulations 19, 20, 21 and 23 on pages 18 to 20, the supplementary notes on pages 16 and 17 and the certificate signed in accordance with regulation 28(a) on pages 23 and 24 ("the certificate"). In the case of the certificate, our audit did not extend to paragraph (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 under the provisions of the Act and the Regulations. 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 certificate to have made the statements therein, and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Auditing Standards issued by the Auditing Practices Board. Our work includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the documents specified by regulation 29. It also includes an assessment of the significant estimates and judgements made by the company in the preparation of the documents specified by regulation 29.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the documents specified by regulation 29 are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated whether the documents had been prepared in the manner specified by the Regulations as modified and fairly stated the information provided on the basis required.

Report of the auditors to the directors pursuant to regulation 29 of the Insurance Companies (Accounts & Statements) Regulations 1996

PRIME HEALTH LIMITED

Global business

Financial year ended 15 November 1997

Continued

Opinions

In our opinion:

- (a) the Forms, statements and supplementary notes fairly state the information provided on the basis required by the regulations, and have been properly prepared in accordance with the provisions of the Regulations as modified 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.

Price Waterhouse
Chartered Accountants and Registered Auditors

St Albans
May 1998