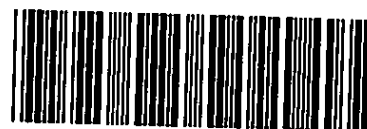


Swiss Re Specialty Insurance (UK) Limited

Annual Report 2013

Company Registration No 186919

TUESDAY



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Company Information

Board of Directors

Michael Lyons

David Scasbrook

Susan Lake

Nicola Parton

Company Secretary

Jennifer Gandy

Registered Office

30 St Mary Axe

London EC3A 8EP

Telephone 020 7933 3000

Fax 020 7933 5000

Company Registration Number

186919

Independent Auditors

PricewaterhouseCoopers LLP

7 More London Riverside

London

SE1 2RT

Strategic Report

Business review

The principal activity of Swiss Re Specialty Insurance (UK) Limited ("the Company") during the year was transacting all classes of general insurance business. The Company ceased to accept new business in 2007. It continues to run off its existing liabilities until expiry or settlement. The run-off continues to progress on a solvent basis and is expected to continue to do so in the future.

The business strategy is the continued settlement of outstanding technical liabilities. The Company will continue its policy of settling agreed claims.

The Company has a significant external retrocession arrangement which covers underwriting years 1992 & prior. The counterparty was formerly Eagle Star Insurance Company Limited (ESI), a subsidiary of Zurich Financial Services (ZFS). On 31 December 2013 ESI transferred its general insurance business to RiverStone Insurance (UK) Limited under Part VII of the Financial Services and Markets Act 2000. The terms and conditions of the Company's reinsurance will continue to apply and no material impact on net assets is envisaged.

Results

The results for the year, which are set out on pages 10 and 11, show a loss for the financial year of £11k (2012: loss of £384k). The shareholders' funds of the Company, as shown on page 12, total £17,870k (2012: £17,881k).

Principal risks & uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks affecting the Company are set out below. Risks are formally reviewed by the Board and appropriate processes put in place to monitor and mitigate them.

Underwriting risk comprises insurance risk and reserving risk. Insurance risk refers to fluctuation in the timing, frequency and severity of insured events, relative to the expectations at the time of underwriting. Insurance risk can also refer to fluctuations in the timing and amount of claim settlements. Specific examples of insurance risk include variations in the amount or frequency of claims or the unexpected occurrence of multiple claims arising from a single cause. Reserving risk is the risk that the current reserves are insufficient to cover their run-off.

The Company manages its exposure to insurance risk by use of external reinsurance and intra-group reinsurance with Swiss Re Europe S.A., registered in Luxembourg. The Company uses qualitative and quantitative claim data to determine future claims trends and ensure that it has an appropriate and prudent reserving strategy.

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market price. Market risk typically comprises currency risk, interest rate risk and price risk. Price risk is the risk that arises from changes in market prices and these may be caused by factors specific to the individual financial instrument or its issuer or factors affecting all similar financial instruments traded in the market.

The Company invests mainly in highly liquid assets (UK Treasury Bills) which are designed to provide both preservation of capital and liquidity. The Company's technical reserves are predominantly denominated in USD and these are currency-matched by quota share reinsurance arrangements. The currency risk on foreign currency claims settlements is considered to be immaterial as these are also matched by the quota share reinsurances.

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the Company is exposed to credit risk are:

- Reinsurers' share of insurance liabilities,
- Amounts due from reinsurers in respect of claims already paid,
- Amounts due from insurance contract holders, and
- Holdings in investments

In addition, credit risk takes account of the increase in risk represented by any deterioration in credit ratings.

The Company monitors the overall risk profile of its major reinsurance counterparties to ensure that the probability of default remains within acceptable limits.

The Company's investments are highly liquid and the principal counterparties are national governments in order to reduce exposure.

Strategic Report

Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost

The Company holds the vast majority of its financial investment assets in unlisted investments. These are readily realisable in a relatively short period of time thus reducing overall liquidity risk

Operational risk is the risk of loss, resulting from inadequate or failed internal processes, people and systems, or from external events. Within the Company this is wide ranging and can cover risks arising from policy issues, general processing or functionality errors, data, financial modelling and corporate tax, business continuity and outsourcing

The Company monitors operational risk through routine management information and internal audits

Risk management

The risk management framework of the Company is established in accordance with Swiss Re's overall risk management framework and relevant guidelines

The ultimate responsibility for the Company's risk management principles and policies lies with its Board of Directors, which is also responsible for approving the overall risk tolerance. Group Internal Audit monitors the internal control framework

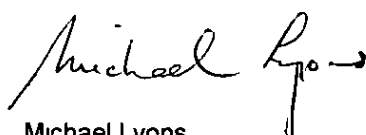
The Board has ultimate responsibility for risk management and is required to approve the overall risk framework for the Company, including risk policies, and review and approve the identification and prioritisation of all material risks facing the business, ensuring that arrangements are put in place to control those risks

Key performance indicators

Performance during the current year together with historical trend data is set out below

	2013 £'000	2012 £'000	
Net Underwriting Result	(29)	(58)	Balance on the technical account for general business
Total Shareholders' Funds	17,870	17,881	Value of shares in issue plus profit and loss account and revaluation account
Minimum Capital Requirement (MCR)	3,146	2,984	Amount required for PRA regulatory purposes
PRA available assets / MCR	568%	599%	Regulatory solvency margin %

The strategic report was approved by the Board of Directors on 19 March 2014 and is signed on their behalf by



Michael Lyons
Director
19 March 2014

Directors' Report

The directors present their annual report together with the strategic report and audited financial statements of the Company for the year ended 31 December 2013

Dividends

The directors recommended that no dividend be declared on ordinary shares for 2013 (2012 £nil)

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements are listed on page 3

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

The directors confirm that they have complied with the above requirements and also confirm that

- so far as each of the directors of the Company is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- each of the directors has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information, and to establish that the Company's auditors are aware of that information

Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

Future developments and management of financial risk

The Company's future business developments and financial risk management disclosures are presented in the strategic report on pages 4 and 5.

Political donations

No donations were made for political purposes during the year (2012 £nil)

Directors' Report

Independent Auditors

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors

The directors' report was approved by the Board of Directors on 19 March 2014 and is signed on their behalf by

A handwritten signature in black ink, appearing to read 'Michael Lyons', written in a cursive style.

Michael Lyons
Director
19 March 2014

Independent Auditors' Report to the Members of Swiss Re Speciality Insurance (UK) Limited

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

This opinion is to be read in the context of what we say in the remainder of this report

What we have audited

The financial statements, which are prepared by Swiss Re Speciality Insurance (UK) Limited, comprise

- the Balance Sheet as at 31 December 2013,
- the Profit and Loss Account for the year then ended,
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed,
- the reasonableness of significant accounting estimates made by the directors, and
- the overall presentation of the financial statements

In addition, we read all the financial and non-financial information in the Directors' Report and Strategic Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report and Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion

- we have not received all the information and explanations we require for our audit, or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns

Independent Auditors' Report to the Members of Swiss Re Speciality Insurance (UK) Limited

We have no exceptions to report arising from this responsibility

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Philip Watson

Philip Watson (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
19 March 2014

Profit and Loss Account

Technical Account – General Business

For the year ended 31 December 2013

	Note	2013 £'000	2012 £'000
Earned premiums, net of reinsurance			
Gross premiums written	2	46	225
Outward reinsurance premiums		(43)	(203)
Net premiums written		3	22
Earned premiums, net of reinsurance		3	22
Allocated investment return transferred from the non technical account			
	1(f), 5	1	1
Claims incurred, net of reinsurance			
Claims paid			
Gross amount		(4,683)	(4,007)
Reinsurers' share		4,672	3,728
Net claims paid		(11)	(279)
Change in the provision for claims			
Gross amount		10,586	5,025
Reinsurers' share		(10,561)	(4,731)
Net change in the provision for claims		25	294
Claims incurred, net of reinsurance	4	14	15
Net operating expenses	3	(47)	(96)
Balance on the technical account for general business		(29)	(58)

All amounts are from discontinued activities

The notes on pages 13 to 21 form an integral part of these financial statements

Profit and Loss Account

Non Technical Account

For the year ended 31 December 2013

	Note	2013 £'000	2012 £'000
Balance on the general business technical account		(29)	(58)
Investment income	1(f), 5	52	45
Unrealised gains on investments	1(f), 5	6	-
Investment expenses and charges	1(f), 5	(14)	-
Allocated investment return transferred to the general business technical account	1(f), 5	(1)	(1)
Net investment return		43	44
Other income		-	1
Other charges, including value adjustments	8	(28)	(496)
Loss on ordinary activities before tax		(14)	(509)
Tax on loss on ordinary activities	9	3	125
Loss for the financial year		(11)	(384)

All amounts are from discontinued activities. There are no gains and losses arising, other than those reported above. Accordingly, no Statement of Total Recognised Gains and Losses is provided.

Gains and losses of an insurance company arising on the holding or disposal of investments are not required to be included in a note of historical profits and losses. There are no other differences between the profit on ordinary activities before tax or the profit for the financial year stated above and their historical cost equivalents.

The notes on pages 13 to 21 form an integral part of these financial statements.

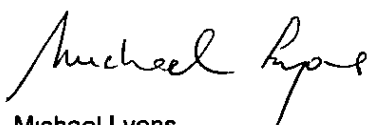
Balance Sheet

As of 31 December 2013

	Note	2013 £'000	2012 £'000
Assets			
Investments			
Other financial investments	10	16,995	16,977
Deposits with ceding undertakings		22	26
		17,017	17,003
Reinsurers' share of technical provisions			
Claims outstanding		17,821	28,240
Debtors			
Debtors arising out of direct insurance operations		-	39
Debtors arising out of reinsurance operations	11	174	307
Other debtors	12	128	40
		302	386
Other assets			
Cash at bank and in hand		1,164	1,404
Total assets		36,304	47,033
Liabilities			
Capital and reserves			
Called up share capital	13	18,000	18,000
Profit and loss account	14	(130)	(119)
Total shareholders' funds	14	17,870	17,881
Technical provisions			
Claims outstanding		17,977	28,421
Provision for other risks	18	380	460
Creditors			
Creditors arising out of reinsurance operations	15	41	171
Other creditors including taxation and social security	16	19	84
		60	255
Accruals and deferred income		17	16
Total liabilities		36,304	47,033

The notes on pages 13 to 21 form an integral part of these financial statements

The financial statements on pages 10 to 21 were approved by the Board of Directors on 19 March 2014 and were signed on their behalf by



Michael Lyons
Director

Notes to the Financial Statements

1. Accounting policies

a) Basis of preparation

The financial statements have been prepared on the going concern basis under the historical cost convention under the provision of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI2008/410) relating to insurance groups and in accordance with the Statement of Recommended Practice of Accounting for Insurance Business issued by the Association of British Insurers ("the ABI SORP") dated December 2005, as amended in December 2006. The accounting policies adopted reflect UK financial reporting standards and statements of accounting practice applicable at the end of the financial year, as considered appropriate for an insurance company.

The Company is exempt from preparing a cash flow statement in accordance with Financial Reporting Standard 1, Cash Flow Statements (FRS 1), as it is included by full consolidation in the consolidated financial statements of the ultimate parent company, Swiss Re Ltd, registered in Switzerland, which are publicly available.

In accordance with Financial Reporting Standard 3, Reporting Financial Performance (FRS 3), the Company is exempt, as an insurance company, from the requirement to include a note of historical cost profit and losses.

In accordance with Financial Reporting Standard 8, Related Party Disclosures (FRS 8), the Company is exempt from the requirement to disclose transactions with entities that are part of Swiss Re or investees of Swiss Re qualifying as related parties, as it is a wholly owned subsidiary of Swiss Re Ltd, registered in Switzerland, whose consolidated financial statements are publicly available.

The following accounting policies have been applied consistently in dealing with items which are considered material to the Company's financial statements.

b) Premiums

General business premiums written reflect business inception during the year and include adjustments to premiums written in prior financial periods and estimates for pipeline premiums.

Outward reinsurance premiums, commissions and claims are accounted for in the same financial period as the premium for the related inwards reinsurance business.

c) General business technical provisions

Provision is made for the estimated cost of claims outstanding at the end of the financial year, including those incurred but not reported at that date, and for the related costs of settlement. Claims incurred comprise amounts paid or provided in respect of claims occurring during the current financial year, together with the amount by which settlement or reassessment of claims from previous financial years differs from the provision at the beginning of the financial year.

Such provisions, although not capable of precise assessment, are made in the light of information made available by cedants, statistically based projections and technical judgement. These are the subject of on-going review and any resulting adjustments are reported in the financial year in which they are identified. Further details of adjustments made to prior years' provisions are shown in note 4.

d) Claims provisions and related reinsurance recoveries

Provision is made at the year-end for the estimated cost of claims incurred but not settled at the balance sheet date, including the cost of claims incurred but not yet reported to the Company. The estimated cost of claims includes expenses to be incurred in settling claims and a deduction for the expected value of salvage and other recoveries. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

Notes to the Financial Statements

1 Accounting policies (continued)

The estimation of claims incurred but not reported ("IBNR") is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company, where more information about the claim event is generally available. Claims IBNR may often not be apparent to the insured until many years after the event giving rise to the claims has happened. Classes of business where the IBNR proportion of the total reserve is high will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these reserves. Classes of business where claims are typically reported relatively quickly after the claim event tend to display lower levels of volatility. In calculating the estimated cost of unpaid claims the Company uses a variety of estimation techniques, generally based upon statistical analyses of historical experience, which assumes that the development pattern of the current claims will be consistent with past experience as adjusted to reflect changes in the underlying exposures.

Allowance is made, however, for changes or uncertainties which may create distortions in the underlying statistics or which might cause the cost of unsettled claims to increase or reduce when compared with the cost of previously settled claims including

- changes in Company or cedant processes which might accelerate or slow down the development and/or recording of paid or incurred claims compared with the statistics from previous periods
- changes in the claims, social, economic and legal environment
- the effects of inflation
- changes in the mix of business
- the impact of large losses
- movements in industry benchmarks

A component of these estimation techniques is usually the estimation of the cost of notified but not paid claims. In estimating the cost of these the Company has regard to the claim circumstance as reported, any information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods.

Large claims impacting each relevant business class are generally assessed separately, being measured on a case by case basis or projected separately in order to allow for the possible distortive effect of the development and incidence of these large claims.

Where possible the Company adopts multiple techniques to estimate the required level of provisions. This assists in giving greater understanding of the trends inherent in the data being projected, and the range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and the extent of the development of each underwriting year.

Provisions are calculated gross of any reinsurance recoveries. A separate estimate is made of the amounts that will be recoverable from reinsurers based upon the gross provisions and having due regard to collectability.

Property and accident business

Property and accident business is "short tail", in that there is not a significant delay between the occurrence of the claim and the claim being reported to the Company. The costs of claims notified to the Company at the balance sheet date are estimated on a case by case basis to reflect the individual circumstances of each claim. The ultimate expected cost of claims is projected from this data by reference to statistics which show how estimates of claims incurred in previous periods have developed over time to reflect changes in the underlying estimates of the cost of notified claims and late notifications.

Notes to the Financial Statements

1 Accounting policies (continued)

Liability claims

Liability claims, including those in the marine and aviation classes, are longer tail than the classes of business described above and so a larger element of the claims provision relates to incurred but not reported claims. Claims estimates for the Company's liability business are derived from a combination of loss ratio based estimates and an estimate based upon actual claims experience using a formula whereby greater weight is given to actual claims experience as time passes. The initial estimate of the loss ratio based on the experience of previous years adjusted for factors such as exposure changes, premium rate changes and claims inflation, and on the anticipated market experience, is an important assumption in this estimation technique. The assessment of claims inflation and anticipated market experience is particularly sensitive to the level of court awards and to the development of legal precedent on matters of contract and tort. This class of business is also subject to the emergence of new types of latent claims but no allowance is included for this as at the balance sheet date.

Reinsurance recoveries

Reinsurance recoveries in respect of estimated claims incurred but not reported are assumed to be consistent with the historical pattern of such recoveries, adjusted to reflect changes in the nature and extent of the Company's reinsurance programme over time. An assessment is also made of the recoverability of reinsurance recoveries having regard to market data on the financial strength of each of the reinsurance companies.

Provision for future run-off expenditure

Future run-off expenditure is provided for the costs of running off the insurance business no longer being written that have been incurred to the extent that they are not expected to be covered by future profits of the operation. No provision is made when the expected return on investments exceeds such associated cost borne by the Company.

e) Investments

Investments are stated at market value at the end of the period. Market value is determined using the closing bid price for each investment on the last trading date before the balance sheet date.

f) Investment return

Investment return comprises investment income, realised investment gains and losses and movements in unrealised gains and losses, net of investment expenses and charges.

Interest and expenses are included on an accruals basis.

Realised gains and losses on investments are calculated as the difference between the net sale proceeds and original cost.

Unrealised gains and losses represent the difference between the valuation of investments at the balance sheet date and their purchase price. The movement in unrealised gains and losses recognised in the year also includes the reversal of unrealised gains and losses recognised in earlier accounting periods in respect of investment disposals in the current period.

g) Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into Sterling at rates of exchange prevailing at the balance sheet date with the exception of non monetary items which are maintained at historic rates. Revenue transactions denominated in foreign currencies are translated into Sterling at average rates of exchange for the year. Profits and losses arising from the fluctuation are included in the non technical account.

Notes to the Financial Statements

1 Accounting policies (continued)

h) Taxation

Taxation in the profit and loss account is based on profits and income for the period as determined in accordance with the relevant tax legislation together with adjustments to provisions for prior periods

2. Segmental information for general business

	Fire and other damage to property	Third party liability	Marine & Aviation	Miscellaneous and pecuniary loss	Reinsurance Acceptance	Total
	2013 £'000	2013 £'000	2013 £'000	2013 £'000	2013 £'000	2013 £'000
Gross premiums written	12	-	23	(1)	12	46
Gross premiums earned	12	-	23	(1)	12	46
Gross claims incurred	-	(1,001)	7,613	-	(709)	5,903
Gross operating expenses	(2)	(34)	(37)	(2)	-	(75)
Gross balance	10	(1,035)	7,599	(3)	(697)	5,874
Reinsurance balance	(8)	997	(7,589)	1	695	(5,904)
Net Balance	2	(38)	10	(2)	(2)	(30)
Allocated investment return	-	1	-	-	-	1
Balance on the technical account	2	(37)	10	(2)	(2)	(29)

All amounts are from discontinued activities

	Fire and other damage to property	Third party liability	Marine & Aviation	Miscellaneous and pecuniary loss	Reinsurance Acceptance	Total
	2012 £'000	2012 £'000	2012 £'000	2012 £'000	2012 £'000	2012 £'000
Gross premiums written	106	-	116	-	3	225
Gross premiums earned	106	-	116	-	3	225
Gross claims incurred	-	(194)	795	6	411	1,018
Gross operating expenses	(26)	(71)	(42)	-	(7)	(146)
Gross balance	80	(265)	869	6	407	1,097
Reinsurance balance	(76)	181	(850)	(5)	(406)	(1,156)
Net Balance	4	(84)	19	1	1	(59)
Allocated investment return	-	1	-	-	-	1
Balance on the technical account	4	(83)	19	1	1	(58)

Notes to the Financial Statements

2 Segmental information for general business (continued)

The company deems general insurance to be a class of business under SSAP 25. The company only carries on general insurance business and therefore no additional business analysis is given for results before tax and net assets.

3 Net operating expenses

	2013 £'000	2012 £'000
Acquisition costs	32	55
Administrative costs	43	91
Gross operating expenses	75	146
Reinsurance commissions and profit participation	(28)	(50)
Net operating expenses	47	96

4. Prior years' claim provisions for general business

Over/ (under)-provisions in general business claims outstanding at the beginning of the year by comparison to payments and provisions at the end of the year were

	2013 £'000	2012 £'000
Third party liability	(4)	(11)
Marine & Aviation	18	25
Reinsurance acceptances	-	1
	14	15

5 Investment return summary

	2013 £'000	2012 £'000
Investment income		
Income from investments	-	24
Gains on the realisation of investments	52	21
Investment income	52	45
Unrealised gains on investments	6	-
Investment expenses and charges	(14)	-
	44	45
Analysed by:		
Allocated investment return transferred to the general business technical account	1	1
Investment return in non technical account	43	44
	44	45

A transfer has been made from the non-technical account to the general business technical account in order to reflect allocated investment income. The calculation of allocated investment return has been based on the actual return on those assets which are attributable to general business technical provisions and related shareholders' funds.

Notes to the Financial Statements

6. Auditors' remuneration, other expenses and employee information

Fees paid to the Company's auditor, PricewaterhouseCoopers LLP, for the current year audit amounted to £46,300 and were incurred by Swiss Re Services Limited, a fellow subsidiary undertaking, and recharged to the Company (2012 £46,500) Other services pursuant to legislation, being the audit of the regulatory return, provided to the Company by its auditors totalled £12,400 (2012 £12,400)

The Company does not employ any staff as all staff are employed by Swiss Re Services Limited, a fellow group undertaking All administration, staff and pension costs, including audit fees, have been incurred by Swiss Re Services Limited Swiss Re Services Limited made a management charge to the Company for its share of these costs

7. Directors' emoluments

	2013 £'000	2012 £'000
Aggregate emoluments	7	5

The emoluments of four (2012 four) directors have been included Retirement benefits are accruing to four (2012 four) directors under a defined contribution scheme All directors' emoluments were borne by Swiss Re Services Ltd a fellow Swiss Re group subsidiary undertaking

8. Other charges, including value adjustments

	2013 £'000	2012 £'000
Provision for run-off costs	-	(460)
Losses on foreign exchange	(28)	(36)
	(28)	(496)

A provision for future run-off expenses was made in 2012 for the costs of running off the business to the extent that they are not expected to be covered by future profits of the operation

Notes to the Financial Statements

9. Tax on loss on ordinary activities

	2013 £'000	2012 £'000
UK corporation tax at 23.25% (2012: 24.5%)		
Current tax credit on income for the year	(3)	(125)
Current tax credit for the year	(3)	(125)

Factors affecting the tax charge for the year

The main UK corporation tax rate was reduced from 24% to 23% with effect from 1 April 2013 resulting in a standard tax rate for the year of 23.25% (2012: the main UK corporation tax rate was reduced from 26% to 24% with effect from 1 April 2012 resulting in a standard tax rate for the year of 24.5%)

	2013 £'000	2012 £'000
Non technical account		
Loss on ordinary activities before tax	(14)	(509)
Loss on ordinary activities multiplied by standard rate of corporate tax in the UK of 23.25% (2012: 24.5%)	(3)	(125)
Current tax credit for the year	(3)	(125)

Legislation has been enacted to reduce the main UK corporation tax rate to 21% with effect from 1 April 2013 and 20% with effect from 1 April 2015

10 Other financial investments

	Market value 2013 £'000	Cost 2013 £'000	Market value 2012 £'000	Cost 2012 £'000
Debt securities and other fixed income securities	16,995	16,989	16,977	16,977
	16,995	16,989	16,977	16,977

All investments are unlisted

11 Debtors arising out of reinsurance operations

	2013 £'000	2012 £'000
Amounts due from parent undertaking	55	226
Non group undertakings	119	81
	174	307

Amounts owed by the parent undertaking are unsecured, interest free, have no fixed date of repayment and are repayable on demand

12 Other debtors

	2013 £'000	2012 £'000
Taxation recoverable from group undertakings	128	40
	128	40

Notes to the Financial Statements

13. Called up share capital

	2013 £'000	2012 £'000
Authorised		
18,000,000 (2012 18,000,000) £1 ordinary shares	18,000	18,000
Allotted called up and fully paid		
18,000,000 (2012 18,000,000) £1 ordinary shares	18,000	18,000

14 Reconciliation of movements in shareholders' funds

	Called up share capital £'000	Profit and loss account £'000	Total shareholders' funds £'000
Balance at 1 January 2013	18,000	(119)	17,881
Loss for the financial year	-	(11)	(11)
Balance at 31 December 2013	18,000	(130)	17,870

15 Creditors arising out of reinsurance operations

	2013 £'000	2012 £'000
Non group undertakings	41	171
	41	171

16. Other creditors including taxation and social security

	2013 £'000	2012 £'000
Amounts due to group undertakings	19	84
	19	84

Amounts owed to the group undertaking are unsecured, interest free, have no fixed date of repayment and are repayable on demand

17 United States trust fund

A trust fund comprising an unconditional and irrevocable letter of credit issued by Citibank was held in the amount of £3,260,790 as security for future liabilities on insurance contracts for statutory and other purposes (2012 £3,322,350)

18. Provision for other risks

	2013 £'000	2012 £'000
Balance at start of year	460	-
Provision charged to non-technical account	-	460
Partial release charged to technical account	(80)	-
Balance at end of year	380	460

A provision for future run-off expenses was made in 2012 for the costs of running off the business to the extent that they are not expected to be covered by future profits of the operation

Notes to the Financial Statements

19. Immediate and ultimate parent company

The Company's immediate Parent is Swiss Re Corporate Solutions Ltd , registered in Switzerland

The parent undertaking of the smallest and largest group of undertakings for which Group consolidated financial statements are drawn up and the ultimate parent company is Swiss Re Ltd, registered in Switzerland. Its financial statements may be obtained by applying to the Company Secretary of Swiss Re Ltd at the following address

Mythenquai 50/60
P O Box 8022
Zurich
Switzerland