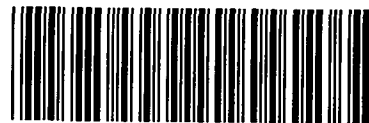


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# **HARDY INSURANCE SERVICES LIMITED**

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**ANNUAL REPORT**

**YEAR ENDED 31 DECEMBER 2013**

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(Company Number 3075206)

**HARDY INSURANCE SERVICES LIMITED**  
**YEAR ENDED 31 DECEMBER 2013**

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**HARDY INSURANCE SERVICES LIMITED  
YEAR ENDED 31 DECEMBER 2013**

**STRATEGIC REPORT**

**Introduction**

The Directors of Hardy Insurance Services Limited ("HIS" or "the Company") have prepared this report in accordance with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

With effect from 31 December 2002, the company ceased to take on any new business and its ongoing activities were assumed by Hardy (Underwriting Agencies) Limited.

HIS is a wholly owned subsidiary of Hardy Underwriting Bermuda Limited ("HUB" or "the Group").

HUB is wholly owned by The Continental Corporation ("TCC"), a part of CNA Financial Corporation ("CNAF"), which, in turn, is controlled by the Loews Corporation. References to "CNA" in this report are to CNAF and its group undertakings.

CNA is the 8th largest commercial insurance writer and the 13th largest property and casualty organization in the United States. It has approximately 7,000 employees and its insurance products include commercial property and casualty coverages, including surety. CNA's products and services are primarily marketed through independent agents, brokers and managing general underwriters to a wide variety of customers, including small, medium and large businesses, insurance companies, associations, professionals and other groups.

**Financial position**

The loss before tax for the 2013 year was £60 (2012: loss £124).

**Key performance indicators and Principal Risks**

The company no longer has any active underwriting or trading operations, therefore there are no relevant key performance indicators or principal risks.

**Future developments**

The directors intend to pay a dividend to the immediate parent company. This dividend will reduce the company's net assets down to £1, and allow the company to achieve dormant status.

**Going concern**

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in the financial statements.

By order of the Board

1<sup>st</sup> Floor, Fitzwilliam House  
10 St Mary Axe  
London EC3A 8NA



**D STEVENS**  
Director  
22 May 2014

**HARDY INSURANCE SERVICES LIMITED  
YEAR ENDED 31 DECEMBER 2013**

**DIRECTORS' REPORT**

The directors submit their report and the audited financial statements for the year ended 31 December 2013 of Hardy Insurance Services Limited ("the Company") (registered number 3075206)

**Dividends**

The directors propose the payment of a dividend of £6,533(2012: £nil).

**Directors**

The following were directors of HIS during the year and up to the date of this report:

R Cruwys	Appointed 27 January 2014
D Stevens	Appointed 27 January 2014
D Brosnan	Appointed 10 March 2014
BJ Merry	Resigned 18 February 2014
TP Griffin	Resigned 12 December 2013
J D MacDiarmid	Resigned 27 January 2014
MTA Sugden	Resigned 31 December 2013

**Information included in the Strategic Report**

In accordance with section 414C(11) of the Companies Act, the Company has chosen to set out the following information in the Strategic Report which would otherwise be required to be contained in the Directors' report:

- information on the financial risk management objectives and policies;
- indication of the exposures to relevant key risks; and
- indication of likely future developments in the business of the Company

**Auditor**

Each of the persons being a director at the date of approval of this report confirms that:

- So far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- The director has taken all the steps that he or 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 auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006.

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and Deloitte LLP will therefore continue in office.

1<sup>st</sup> Floor, Fitzwilliam House  
10 St Mary Axe  
London EC3A 8NA

**R CRUWYS**  
Director  
22 May 2014



**HARDY INSURANCE SERVICES LIMITED**  
**YEAR ENDED 31 DECEMBER 2013**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 judgments and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

**HARDY INSURANCE SERVICES LIMITED**  
**YEAR ENDED 31 DECEMBER 2013**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF HARDY INSURANCE SERVICES LIMITED**

We have audited the financial statements of Hardy Insurance Services Ltd for the year ended 31 December 2013, which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds and the related notes 1 to 8. 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).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement, 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 International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

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 annual 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 financial statements**

In our opinion the financial statements:

- 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.

**Opinion on other matter prescribed by the Companies Act 2006**

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

**HARDY INSURANCE SERVICES LIMITED  
YEAR ENDED 31 DECEMBER 2013**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF HARDY INSURANCE SERVICES LIMITED (continued)**

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- 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; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Colin Rawlings FCA (Senior statutory auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London, United Kingdom

27 May 2014

**HARDY INSURANCE SERVICES LIMITED**  
**YEAR ENDED 31 DECEMBER 2013**

**PROFIT AND LOSS ACCOUNT**

	Notes	2013 £	2012 £
Administrative expenses		(60)	(125)
Operating loss		<u>(60)</u>	<u>(125)</u>
Interest and similar income		<u>-</u>	<u>1</u>
Loss on ordinary activities before taxation	2	(60)	(124)
Taxation charge	4	<u>-</u>	<u>-</u>
Loss for the financial year		<u><u>(60)</u></u>	<u><u>(124)</u></u>

The Company had no recognised gains or losses other than those in the profit and loss account and therefore a Statement of Recognised Gains or Losses has not been presented. All results relate to discontinued operations.

The notes on pages 8 to 10 form part of the financial statements

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS**

	2013 £	2012 £
Shareholder's funds at 1 January	6,693	6,817
Loss for the financial year	<u>(60)</u>	<u>(124)</u>
Shareholder's funds at 31 December	<u><u>6,633</u></u>	<u><u>6,693</u></u>

The notes on pages 8 to 10 form part of the financial statements



**HARDY INSURANCE SERVICES LIMITED**  
**YEAR ENDED 31 DECEMBER 2013**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2013**

	Notes	2013 £	2012 £
<b>CURRENT ASSETS</b>			
Cash at bank		6,633	6,693
<b>NET ASSETS</b>		<u>6,633</u>	<u>6,693</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	5	100	100
Profit and loss account		6,533	6,593
Shareholder's funds	6	<u>6,633</u>	<u>6,693</u>

The notes on pages 8 to 10 form part of the financial statements

The financial statements were approved on 22 May 2014 and issued on behalf of the Board.



R CRUWYS  
Director



D STEVENS  
Director

Company Number 3075206

**HARDY INSURANCE SERVICES LIMITED**  
**YEAR ENDED 31 DECEMBER 2013**

**NOTES TO THE FINANCIAL STATEMENTS**

**1. ACCOUNTING POLICIES**

- (a) The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom.

Under Financial Reporting Standard 1 (revised 1996), the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the results of this company in its own published consolidated financial statements.

The Board has satisfied itself that the Company has adequate resources to continue in operation for the foreseeable future. Accordingly, these financial statements are prepared on a going concern basis. Further detail is contained in the strategic report.

- (b) Interest income is recognised when receivable.
- (c) Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred taxation is provided on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax enacted or substantially enacted by the balance sheet date, at a future date, at rates expected to apply when they crystallise based upon tax rates and law. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

**2. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION**

All audit costs are borne by the immediate holding company, HUG. The total cost which relates specifically to the audit of Hardy Insurance Services Limited is £2,806 (2012: £2,500).

Fees paid to the company's auditor, Deloitte LLP, and its associates for services other than the statutory audit of the company are not disclosed in these accounts since the consolidated accounts of Hardy Insurance Services parent, Hardy Underwriting Bermuda Limited, are required to disclose non-audit fees on a consolidated basis.

**3. STAFF COSTS**

The company had no employees and incurred no staff costs during the year (2012: nil).

**HARDY INSURANCE SERVICES LIMITED**  
**YEAR ENDED 31 DECEMBER 2013**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**4. TAXATION**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Current tax:		
UK corporation tax charge/(credit) on loss for the year at 23.25% (2012: 24.5%)	-	-
Total current tax	<u>-</u>	<u>-</u>

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Factors affecting tax charge for period:		
(Loss) on ordinary activities before tax	(60)	(124)
UK corporation tax at 23.25% (2012: 24.5%)	(14)	(30)
Amounts group relieved	<u>14</u>	<u>30</u>
Total tax charge	<u>-</u>	<u>-</u>

**5. CALLED UP SHARE CAPITAL**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Authorised, allotted and fully paid		
100 ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

**6. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Loss for the financial year	(60)	(124)
Shareholder's funds at 1 January	<u>6,693</u>	<u>6,817</u>
Shareholder's funds at 31 December	<u>6,633</u>	<u>6,693</u>

**HARDY INSURANCE SERVICES LIMITED  
YEAR ENDED 31 DECEMBER 2013**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**7. RELATED PARTIES**

The Company has taken advantage of the exemption given in Financial Reporting Standard No.8 'Related Party Transactions' not to disclose transactions with companies in the group qualifying as related parties. 100% of the voting rights of the Company are controlled within the group and results are included in the consolidated financial statements of the ultimate parent company. The group is taken to mean the group of companies controlled by the ultimate parent company, Loews Corporation.

**8. ULTIMATE PARENT COMPANY**

The ultimate parent company and controlling party is Loews Corporation incorporated in the United States of America. Group accounts for Loews Corporation are available from 667 Madison Avenue, New York, 10065-8087, USA.

The immediate parent undertaking of the Company is HUG, a company incorporated in Great Britain and registered in England and Wales.

The parent undertaking which heads the smallest group of undertakings for which group accounts were drawn up and of which the Company is a member is HUG. The consolidated financial statements of HUG are available from Companies House in the UK or by writing to Fitzwilliam House, 10 St Mary Axe, London EC3A 8NA.