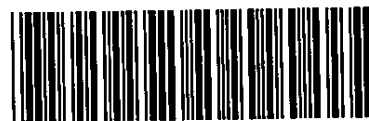


HCC INSURANCE SERVICES LTD.

FINANCIAL STATEMENTS

Year ended 31 December 2012

SATURDAY



A2B335HD

A22

22/06/2013

#361

COMPANIES HOUSE

Walsingham House
35 Seething Lane
London EC3N 4AH

**HCC INSURANCE SERVICES LTD.
COMPANY INFORMATION**

DIRECTORS

C Ashmead
J M Goodall

COMPANY SECRETARY

R L Hughes

REGISTERED NUMBER

05156306

REGISTERED OFFICE

Walsingham House
35 Seething Lane
London EC3N 4AH

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
7 More London Riverside
London SE1 2RT

**HCC INSURANCE SERVICES LTD.
CONTENTS**

	PAGE
Directors' Report	3
Independent auditor's report	5
Profit and loss account	6
Balance sheet	7
Accounting policies	8
Notes to the financial statements	9

HCC INSURANCE SERVICES LTD. DIRECTORS' REPORT

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2012

Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements were

C Ashmead
P Baynham (resigned 06 September 2012)
J M Goodall

Principal activity

The Company is approved by the Financial Services Authority under Part IV of FSMA to act as an Appointed Representative of HCC Underwriting Agency Ltd, the managing agent for Syndicate 4141. It is subject to the rules, regulations and byelaws of Lloyd's, and the Financial Services Authority.

The Company ceased handling new business with effect from 1 January 2012 and is now in run-off.

Business review

Financial risk management

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Results and dividends

The Company made neither profit nor loss for the year (2011: £nil), as stated on page 6. No dividends were paid during the year (2011: £nil). Shareholder's funds as at 31 December 2012 totalled £50,000 (2011: £50,000).

Key performance indicators

As the Company is inactive, the directors consider that key performance indicators are not relevant.

Future outlook

As the Company is inactive and has no future purpose, the directors intend to apply to Companies House to have the Company struck off as soon as it is permitted under Lloyd's regulations. Under Lloyd's regulations, the Company cannot apply to be struck off until all liabilities associated with risks previously placed have expired.

Principal risks and uncertainties

The directors of the Company have assessed the risks to which the Company is exposed and consider there are no material risks.

Charitable and political donations

The UK group makes its charitable donations centrally; consequently, the Company made no charitable donations in 2012 (2011: £nil).

No political donations were made in 2012 (2011: £nil).

Annual general meeting

The Company has passed an elective resolution dispensing with the requirement to hold an Annual General Meeting.

HCC INSURANCE SERVICES LTD. DIRECTORS REPORT (CON'T)

Independent auditors

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors and the directors have approved their reappointment

Statement on disclosure of information to auditors

Each of the persons who is a director at the date of this report confirms that

- so far as each of them is aware, there is no information relevant to the audit of the Company's financial statements for the year ended 31 December 2012 of which the auditors are unaware, and
- the director has taken all steps that he/she ought to have taken in his/her duty as a director in order to make him/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Statement of directors' responsibilities

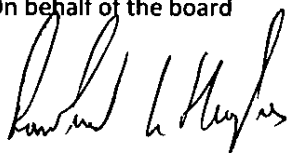
The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law 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,
- 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 to enable them 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.

On behalf of the board



R L Hughes
Company Secretary
Walsingham House
35 Seething Lane
London EC3N 4AH

23 May 2013



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HCC INSURANCE SERVICES LTD.

We have audited the financial statements of HCC Insurance Services Ltd for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet, the Accounting Policies and the related notes. 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).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities on page 4 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.

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.

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 financial statements to identify material inconsistencies with the audited financial statements. 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 2012 and of its profit 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.

Alex Bertolotti (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
24 May 2013

PricewaterhouseCoopers LLP, 7 More London Riverside, London SE1 2RT
T +44 (0) 20 7583 5000, F +44 (0) 20 7212 4652, www.pwc.co.uk

HCC INSURANCE SERVICES LTD. PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2012

	Notes	2012 £	2011 £
Turnover	1	146	43
Administrative expenses		<u>(146)</u>	<u>(43)</u>
Profit		<u>-</u>	<u>-</u>
Profit on ordinary activities before taxation	2	-	-
Tax on profit on ordinary activities		<u>-</u>	<u>-</u>
Profit for the financial year		<u>-</u>	<u>-</u>

The Company has no recognised gains and losses other than the profit for the year

All items in the profit and loss account relate to continuing operations

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents

HCC INSURANCE SERVICES LTD. BALANCE SHEET

As at 31 December 2012

	Notes	2012 £	2011 £
Current assets			
Debtors	5	957	1,816
Cash at bank and in hand		49,043	49,035
Current liabilities			
Creditors	6	-	(851)
Net current assets		<u>50,000</u>	<u>50,000</u>
Net assets		<u>50,000</u>	<u>50,000</u>
Capital and reserves			
Called up share capital	7	50,000	50,000
Profit and loss account		-	-
Total shareholder's funds	8	<u>50,000</u>	<u>50,000</u>

The financial statements on pages 6 to 10 were approved by the board of directors on 23rd May 2013 and signed on its behalf by

C J Adcock .

Director

HCC INSURANCE SERVICES LTD. ACCOUNTING POLICIES

Basis of presentation

The financial statements have been prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom

Cash flow statement and related party disclosures

As a wholly owned subsidiary, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS1 (revised 1996) The Company is also exempt under the terms of FRS8 from disclosing related party transactions with entities that are part of the HCC Insurance Holdings, Inc group or investees of the HCC Insurance Holdings, Inc group

Comparatives

Where necessary, comparative amounts have been adjusted to conform to changes in presentation in the current year

HCC INSURANCE SERVICES LTD.
NOTES TO THE FINANCIAL STATEMENTS

1. Turnover

Turnover represents the foreign exchange gain arising on the revaluation of foreign currency balances (2011 recharge of expenses to Syndicate 4141)

2 Profit on ordinary activities before taxation

Net income/expenses incurred by the Company are recharged to Syndicate 4141

The Company's audit fee of £5,790 (2011 £4,720) was incurred by Syndicate 4141, no recharge was made to the Company (2011 nil)

3. Directors' emoluments

All directors are remunerated by HCC Service Corporation (UK), a group service company No recharge of their emoluments was made to the Company in respect of their services to the Company (2011 nil)

4. Staff costs

All staff are employed by HCC Service Corporation (UK) The Company's staff costs were incurred by Syndicate 4141, no recharge was made to the Company (2011 nil)

5. Debtors

	2012 £	2011 £
Amount due from Syndicate 4141	957	1,816
	<u>957</u>	<u>1,816</u>
All amounts fall due within one year		

6. Creditors

	2012 £	2011 £
Amount due to other group companies	-	851
	<u>-</u>	<u>851</u>
All amounts fall due within one year		

7. Called up share capital

	2012 £	2011 £
Authorised 50,000 ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>
Called up, allotted and fully paid 50,000 ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

HCC INSURANCE SERVICES LTD.
NOTES TO THE FINANCIAL STATEMENTS

8. Reconciliation of movements in shareholder's funds

	Called up share capital £	Profit and loss account £	Total shareholder's funds £
At 1 January 2011	50,000	-	50,000
Result for the year	-	-	-
At 31 December 2011	<u>50,000</u>	<u>-</u>	<u>50,000</u>
At 1 January 2012	50,000	-	50,000
Result for the year	-	-	-
At 31 December 2012	<u>50,000</u>	<u>-</u>	<u>50,000</u>

9. Financial commitments

At 31 December 2012, the Company had annual commitments under non-cancellable operating leases expiring as follows

	2012 £	2011 £
Land and buildings		
Within one year	516	7,850
Later than one year and less than five years	-	516
In over five years	<u>6,280</u>	<u>-</u>
	<u>6,796</u>	<u>8,366</u>

Operating lease payments represent rental fees payable by the Company for office and related services. The operating lease expires on 24 January 2018. There are no contingent rental payments arrangements. All lease costs are paid by HCC Service Corporation (UK) and recharged to Syndicate 4141.

10. Ultimate parent company

HCC Insurance Holdings, Inc (HCCI), incorporated in the USA and listed on the New York Stock Exchange, is regarded by the directors as the Company's ultimate parent company.

The largest and smallest group in which the results of the Company are consolidated is that of which HCCI is the parent company. Copies of the consolidated financial statements of HCCI can be obtained from its principal office at 13403, Northwest Freeway, Houston, Texas 77040-6094, USA, or from its website at hcc.com/InvestorRelations/Financials/FinancialReports.

HCC Underwriting Agency Ltd is the immediate parent company.