

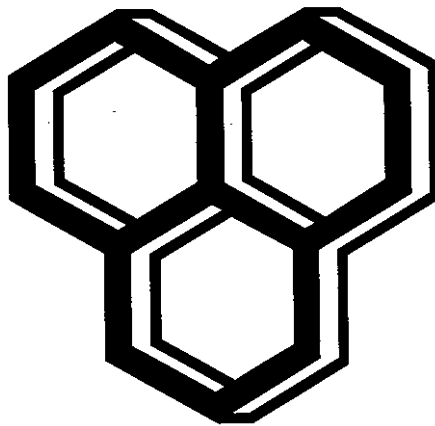
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# Sun Alliance Insurance Overseas

LIMITED

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## Report and Accounts

### 1994

**Sun Alliance Insurance Overseas Limited**

**Report and Accounts 1994**

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**Sun Alliance Insurance Overseas Limited**

**Directors**

R.J. Taylor, *Chairman*

A.J. Barron

N.D. Hooper

C.C.W. Huke

T.S. Nelson

R. Petty, *Managing Director*

**Secretary**

D.J. Miller, Barrister

**Head office and registered office**

1 Bartholomew Lane, London EC2N 2AB

# Sun Alliance Insurance Overseas Limited

Directors' report for the year ended 31st December, 1994

## Activities

The principal activity of the Company and its subsidiaries is the transaction of general and long-term insurance business.

## Profit and loss account

The result of the Group for the year is shown in the consolidated profit and loss account on page 6.

## Dividend

The directors recommend a dividend of £125,000,000 for payment on 3rd July, 1995.

## Directors

Mr.T.S.Nelson was appointed a director on 1st July, 1994.

The other directors whose names appear on page 2 served throughout the year.

Sir Roger Neville also served until he retired on 30th June, 1994.

The interests of directors in the shares of 25p each in Sun Alliance Group plc are as follows:-

	<u>Shares held at 1st January, 1994</u>	<u>Shares held at 31st December, 1994</u>
A.J. Barron	236	1,668
N.D. Hooper	5,529	5,686
C.C.W. Huke	400	3,245

## Options to subscribe for shares

	<u>Held at 1st January, 1994</u>	<u>During 1994</u>	<u>Held at 31st December, 1994</u>
		<u>Granted</u> <u>Exercised</u>	
A.J. Barron	117,687	8,722      1,422	124,987
N.D. Hooper	62,607	2,993      -	65,600
C.C.W. Huke	102,652	3,503      2,845	103,310

By order of the directors

D.J. MILLER

8th March, 1995

Secretary

## **Sun Alliance Insurance Overseas Limited**

### **Directors' responsibilities for accounts**

The directors are required by UK company law to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit or loss of the Group for that period subject to statutory exemptions applicable to insurance companies.

The directors confirm that suitable accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made in the preparation of the accounts for the year ended 31st December, 1994. The directors also confirm that applicable accounting standards have been followed and that the accounts have been prepared on the going concern basis.

The directors have responsibility for ensuring that the Company keeps proper accounting records. The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and the Group and to prevent and detect fraud and other irregularities.

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### **Auditors' report**

#### **Report of the auditors to the members of Sun Alliance Insurance Overseas Limited**

We have audited the accounts on pages 5 to 19.

### **Respective responsibilities of directors and auditors**

As described above the Company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

### **Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit 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 accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

### **Opinion**

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

London  
8th March, 1995

COOPERS & LYBRAND  
Chartered Accountants  
and Registered Auditors

Sun Alliance Insurance Overseas Limited

Consolidated revenue accounts  
for the year ended 31st December, 1994

General insurance	Notes	1994 £m	1993 £m
Premiums written less reinsurance	3	1,711.0	1,542.5
Premiums earned		1,669.4	1,546.5
less:			
Claims incurred		1,243.0	1,121.1
Commission		222.8	239.7
Expenses		310.2	283.7
		1,776.0	1,644.5
Underwriting result		(106.6)	(98.0)
<hr/>			
Long-term insurance			
Premiums less reinsurance	3	1,237.1	1,133.7
Investment income	5	808.2	763.7
Realised and unrealised appreciation (depreciation) on investments and foreign exchange adjustments		(976.9)	1,900.0
Development finance transfer		20.7	5.6
		1,089.1	3,803.0
less:			
Claims and surrenders		979.8	932.2
Annuities		304.0	258.2
Commission		90.2	90.8
Expenses		200.1	176.4
Taxation	6	66.1	170.1
Transfer to profit and loss account		56.3	67.2
		1,696.5	1,694.9
		(607.4)	2,108.1
Fund movements arising from acquisitions/transfers	10	8.2	2,461.9
Increase (decrease) in funds		(599.2)	4,570.0

Sun Alliance Insurance Overseas Limited

Consolidated profit and loss account  
for the year ended 31st December, 1994

	Notes	1994 £m	1993 £m
General insurance underwriting result		(106.6)	(98.0)
Long-term insurance profits	1(d)	89.1	95.8
Investment and other income	5	217.5	213.1
Profit before taxation		200.0	210.9
Taxation	6	(72.0)	(68.5)
Profit after taxation	9	128.0	142.4
Minority interests		(9.9)	(11.7)
Profit attributable to shareholders		118.1	130.7
Dividend		(125.0)	(46.0)
Retained profits transfer		(6.9)	84.7
 Statement of total recognised gains and losses for the year ended 31st December, 1994			
		1994 £m	1993 £m
Profit attributable to shareholders		118.1	130.7
Realised investment profits, less losses after taxation		24.8	(11.8)
Unrealised appreciation (depreciation) of investments and foreign exchange gains less losses		(161.6)	82.5
Development finance for long-term insurance		(20.7)	(5.6)
Total recognised gains (losses)		(39.4)	195.8
 Reconciliation of movements in shareholders' funds for the year ended 31st December, 1994			
		1994 £m	1993 £m
Shareholders' funds at 1st January		1,040.6	934.9
Total recognised gains (losses)		(39.4)	195.8
Goodwill written off	10	(15.3)	(44.1)
Dividend		(125.0)	(46.0)
Shareholders' funds at 31st December		860.9	1,040.6

# Sun Alliance Insurance Overseas Limited

## Consolidated balance sheet at 31st December, 1994

	Notes	1994 £m	1993 £m
<b>Share capital</b>			
Authorised, issued and fully paid: 400,000,000 shares of £1 each		400.0	400.0
<b>Reserves</b>			
Retained profits	8	10.3	28.4
Revaluation reserve	8	450.6	612.2
<b>Shareholders' funds</b>		<u>860.9</u>	<u>1,040.6</u>
<b>Interests of minority shareholders</b>		<u>209.9</u>	<u>214.8</u>
<b>Shareholders' funds including minority interests</b>		<u>1,070.8</u>	<u>1,255.4</u>
<b>Insurance funds including reserves</b>			
Unearned premiums		858.1	773.4
Outstanding claims		2,200.5	1,937.5
		<u>3,058.6</u>	<u>2,710.9</u>
<b>Other liabilities including reserves</b>			
Borrowings	7	31.6	42.2
Sundry creditors		366.0	360.1
Due to parent company		556.8	603.3
Due to fellow subsidiaries		44.5	41.4
Proposed dividend		125.0	40.0
		<u>5,253.3</u>	<u>5,053.3</u>
<b>Long-term insurance accounts (see separate balance sheet on page 8)</b>		<u>14,869.0</u>	<u>15,287.0</u>
		<u>20,122.3</u>	<u>20,340.3</u>
<b>Investments</b>			
British Government and municipal securities		127.4	135.0
Overseas government and municipal securities		1,203.1	1,243.9
Debentures		802.3	727.6
Preference stocks and shares		0.8	3.7
Ordinary stocks and shares		966.6	1,003.3
Property		345.6	321.9
Mortgages and loans		56.0	103.4
Deposits at interest		356.1	320.3
		<u>3,857.9</u>	<u>3,859.1</u>
<b>Reinsurers' share of insurance funds</b>			
Unearned premiums		71.4	66.9
Outstanding claims		326.4	183.3
		<u>397.8</u>	<u>250.2</u>
<b>Other assets</b>			
Deferred acquisition costs		161.1	144.5
Agents' balances and debtors		629.7	611.4
Capitalised equipment		54.9	49.2
Due from fellow subsidiaries		0.1	1.8
Due from long-term insurance fund		87.8	77.0
Bank balances and cash		64.0	60.1
		<u>5,253.3</u>	<u>5,053.3</u>
<b>Long-term insurance accounts (see separate balance sheet on page 8)</b>		<u>14,869.0</u>	<u>15,287.0</u>
		<u>20,122.3</u>	<u>20,340.3</u>

Sun Alliance Insurance Overseas Limited

Consolidated long-term insurance balance sheet  
at 31st December, 1994

	Notes	1994 £m	1993 £m
Long-term insurance funds including reserves		13,905.0	14,504.2
Other liabilities including reserves			
Outstanding claims		42.4	45.3
Borrowings	7	43.9	103.1
Creditors		227.8	278.0
Banking liabilities	11	551.3	276.2
Due to parent company		10.6	3.0
Due to fellow subsidiary		0.2	0.2
Due to general fund		87.8	77.0
		<u>14,869.0</u>	<u>15,287.0</u>
Investments			
British Government and municipal securities		1,938.7	2,203.7
Overseas government and municipal securities		616.4	718.1
Debentures		3,621.8	3,791.5
Preference stocks and shares		38.3	33.3
Ordinary stocks and shares		5,646.8	5,815.1
Property		1,290.5	1,315.0
Mortgages and loans		201.0	199.1
Deposits at interest		515.6	506.1
		<u>13,869.1</u>	<u>14,581.9</u>
Other assets			
Debtors		343.5	348.5
Banking assets	11	645.0	344.8
Bank balances and cash		11.4	11.8
		<u>14,869.0</u>	<u>15,287.0</u>

This balance sheet forms part of the balance sheet appearing on page 7.

# Sun Alliance Insurance Overseas Limited

## Balance sheet of the Company at 31st December, 1994

	Notes	1994 £m	1993 £m
<b>Share capital</b>			
Authorised, issued and fully paid: 400,000,000 shares of £1 each		400.0	400.0
<b>Reserves</b>			
Retained profits	9	237.6	91.0
Revaluation reserve		223.3	549.6
<b>Shareholders' funds</b>		860.9	1,040.6
<b>Insurance funds including reserves</b>			
Unearned premiums		66.0	57.6
Outstanding claims		205.8	175.6
		271.8	233.2
<b>Other liabilities including reserves</b>			
Sundry creditors		21.6	15.3
Bank overdrafts		3.0	3.2
Due to parent company		598.2	598.2
Due to subsidiaries		107.5	98.7
Due to fellow subsidiaries		11.9	12.7
Proposed dividend		125.0	40.0
		1,999.9	2,041.9
<b>Investments</b>			
Ordinary stocks and shares		1.6	1.5
Deposits at interest		6.3	1.4
Shares in subsidiaries	9&10	1,524.2	1,688.0
		1,532.1	1,690.9
<b>Reinsurers' share of insurance funds</b>			
Unearned premiums		40.0	25.5
Outstanding claims		74.0	45.3
		114.0	70.8
<b>Other assets</b>			
Deferred acquisition costs		7.3	8.4
Agents' balances and debtors		49.5	36.6
Capitalised equipment		2.1	0.6
Due from subsidiaries		289.6	232.9
Due from long-term insurance funds		0.8	-
Bank balances and cash		4.5	1.7
		1,999.9	2,041.9

The accounts on pages 5 to 19 were approved  
by the directors on 8th March, 1995 and were  
signed on their behalf by:-

T.S. NELSON, *Director*

## Sun Alliance Insurance Overseas Limited

### Notes on the accounts

#### 1. Accounting policies

The principal accounting policies of the Group as set out below comply with U.K. accounting standards to the extent that they are applicable to insurance companies. Reinsurance balances have been grossed up on the face of the balance sheet to reflect the requirements of Financial Reporting Standard 5 regarding offset. Advantage has been taken of the transitional provision within Financial Reporting Standard 5 which permits the offset of balances arising from insurance broking transactions.

##### (a) Group accounts

The consolidated accounts of the Group include the audited accounts of subsidiaries drawn up to 31st December.

The results of associated companies attributable to the Group's shareholdings are not of sufficient significance to be included in the consolidated accounts except to the extent of dividends received.

Goodwill arising on the acquisition of subsidiary companies and other interests is written off against consolidated retained profits in the year of purchase.

##### (b) Exchange

Assets and liabilities in foreign currencies and overseas revenue transactions are translated into sterling at rates ruling at the year-end. In the case of general insurance business, the resulting exchange adjustments, including the differences arising from the translation of the insurance funds at the beginning of the year at year-end rates, are taken to revaluation reserve. The exchange adjustments and gains and losses on the conversion of remittances relating to the general insurance business of the Company and its U.K. subsidiary companies are transferred to the immediate parent company.

##### (c) General insurance business

###### (i) Underwriting results

The underwriting results of general insurance business are determined on an annual basis. Premiums written are accounted for in the year in which the risks are assumed. The unearned proportions of the premiums and the commission and other acquisition costs incurred in writing the business relating to periods of risk extending beyond the end of the financial year are deferred to subsequent accounting periods. Claims incurred comprise the settlement and handling costs of paid and outstanding claims arising from events occurring in the year and adjustments to prior years' claims provisions.

###### (ii) Insurance funds

Unearned premiums are calculated on a time apportionment basis.

Outstanding claims comprise provisions for the estimated cost of settling all claims incurred up to but not paid at the balance sheet date, whether reported or not. Claims provisions include estimates based on both past settlement experience and factors that are foreseeable and determinable at the time. In the case of an excess of loss reinsurance agreement made with The Chubb Corporation in 1985 the claims provision has been discounted at the average interest rate applicable to the investment funds specifically held to meet the liability.

Insurance funds include provisions, as necessary, for any estimated future losses relating to unexpired risks at the balance sheet date, after taking account of future investment income on all insurance funds.

## Sun Alliance Insurance Overseas Limited

### Notes on the accounts continued

#### (d) Long-term insurance business

The profits on long-term insurance business are determined annually by actuarial valuation. The shareholders' proportion of these profits is grossed up in the consolidated profit and loss account by the estimated tax in the long-term insurance funds attributable to such profits.

#### (e) Investment income

Interest and dividends on investments other than ordinary shares are included on an accruals basis. Investment income is grossed up to include related tax credits on dividend income and is shown after deduction of interest payable and investment management expenses.

#### (f) Taxation

Taxation in the consolidated profit and loss account is based on the profits and income of the year and includes deferred taxation on timing differences other than those considered likely to continue in the foreseeable future.

Taxation in the consolidated long-term insurance revenue account is based on the income and realised investment profits less losses of the year, less reliefs.

Provision for deferred taxation on unrealised appreciation of investments is made only where realisations giving rise to a taxation liability are anticipated in the foreseeable future.

#### (g) Investments

Investments are stated in the balance sheets at market values comprising stock exchange values for listed securities, open market valuations by the Group's qualified surveyors for properties, values determined in accordance with the policy terms for investments in unit-linked funds and directors' valuations for other investments.

The difference between market values and book values of general fund investments, other than the amount attributable to minority interests, is taken to revaluation reserve. Profits and losses on the realisation of general fund investments, less taxation and the amount attributable to minority interests, are taken to retained profits.

In the long-term insurance accounts unrealised appreciation and profits and losses on the realisation of investments are dealt with in the revenue account and included in long-term insurance funds.

### 2. Accounting and disclosure requirements

These accounts are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to insurance companies. As permitted by section 230 of the Companies Act 1985 a separate profit and loss account for the Company is not presented.

The Company and certain U.K. subsidiaries have entered into mutual guarantees with Sun Alliance and London Insurance plc and certain of its U.K. subsidiaries for the payment of general insurance business liabilities.

# Sun Alliance Insurance Overseas Limited

Notes on the accounts continued

## 3. Segmental analysis

An analysis of the results and net assets of the Group is provided below in compliance with statement of standard accounting practice number 25.

	Premium Income		Result		Net Assets	
	1994	1993	1994	1993	1994	1993
	£m	£m	£m	£m	£m	£m
General insurance						
Denmark	343.2	245.2	(13.4)	(34.1)	137.3	98.1
Rest of Europe	453.3	411.0	(5.3)	(22.9)	181.3	164.4
U.S.A.	367.3	357.1	36.0	55.6	146.9	142.8
Australia	266.3	242.2	12.4	25.7	84.7	96.9
Other overseas	280.9	287.0	14.8	18.8	112.4	114.8
	<u>1,711.0</u>	<u>1,542.5</u>	<u>44.5</u>	<u>43.1</u>	<u>662.6</u>	<u>617.0</u>
Long-term insurance						
United Kingdom	711.3	740.0	57.5	54.6		
Denmark	232.5	182.9	26.2	35.6		
Rest of Europe	136.0	114.3	0.9	-		
Australia	75.9	47.2	-	1.3		
Other overseas	81.4	49.3	4.5	4.3		
	<u>1,237.1</u>	<u>1,133.7</u>	<u>89.1</u>	<u>95.8</u>		
Investment/borrowings			66.4	72.0	408.2	638.4
Profit before taxation			<u>200.0</u>	<u>210.9</u>		
Shareholders' funds including minority interests					<u>1,070.8</u>	<u>1,255.4</u>

Net assets have been attributed to territorial segments of the Group's business on the basis of management's view of the assets committed locally to support the general business operation. The territorial disposition of the remaining assets is determinable by group management and these have therefore not been segmented.

The result for general business represents the profit(loss) from insurance operations including investment income on the attributed net assets. The long-term insurance business result represents the shareholders' profits transfers. The investment/borrowings result represents the investment and other income arising on the remaining net assets.

# Sun Alliance Insurance Overseas Limited

## Notes on the accounts continued

### 4. Pension costs

The majority of the staff in the U.K. are employed by Sun Alliance and London Insurance plc and are members of a defined benefits pension scheme. The majority of the Company's staff employed overseas are members of locally operated pension schemes. Details of the pension scheme arrangements are disclosed in the accounts of Sun Alliance and London Insurance plc.

### 5. Investment income

Investment income is shown after deduction of:-

	Consolidated profit and loss account		Consolidated long-term insurance revenue account	
	1994	1993	1994	1993
	£m	£m	£m	£m
Interest payable on bank loans and overdrafts repayable within 5 years	-	-	0.2	0.1
Interest payable on other loans	10.3	10.9	8.7	6.7
	<u>10.3</u>	<u>10.9</u>	<u>8.9</u>	<u>6.8</u>

### 6. Taxation

The charges for taxation, after adjustments in respect of previous years, comprise:-

	Consolidated profit and loss account		Consolidated long-term insurance revenue account	
	1994	1993	1994	1993
	£m	£m	£m	£m
United Kingdom taxation				
Corporation tax	26.8	43.7	32.5	22.2
Taxation attributable to U.K. dividend income and to U.K. long-term insurance transfers	23.5	16.5	14.7	13.5
Prior year adjustments	-	-	(0.7)	-
	<u>50.3</u>	<u>60.2</u>	<u>46.5</u>	<u>35.7</u>
Double taxation relief	(17.1)	(30.6)	(1.7)	(0.8)
	<u>33.2</u>	<u>29.6</u>	<u>44.8</u>	<u>34.9</u>
Overseas taxation on profits	38.8	38.9	21.3	135.2
	<u>72.0</u>	<u>68.5</u>	<u>66.1</u>	<u>170.1</u>

U.K. corporation tax in the consolidated profit and loss account has been calculated at 33% (1993 33%).

The taxation charge in the consolidated profit and loss account includes a deferred taxation charge of £1.4m (1993 credit £0.4m).

# Sun Alliance Insurance Overseas Limited

## Notes on the accounts continued

### 6. Taxation continued

Under an agreement with the Inland Revenue the United Kingdom corporation tax liabilities of the Company and its subsidiaries attributable to general insurance business have been aggregated with those attributable to such business of other U.K. subsidiaries of Sun Alliance and London Insurance plc and assessed in the name of that company. Accordingly, any provisions for United Kingdom taxation liabilities are transferred to Sun Alliance and London Insurance plc.

The potential liability for deferred taxation which is not expected to be payable in the foreseeable future and for which, therefore, no provision has been made is estimated to amount to:-

	General funds		Long-term insurance funds	
	1994 £m	1993 £m	1994 £m	1993 £m
On unrealised appreciation of investments	150.0	200.0	134.0	280.0
On insurance funds and other continuing timing difference	(47.0)	(10.0)	-	-
	<u>103.0</u>	<u>190.0</u>	<u>134.0</u>	<u>280.0</u>

### 7. Borrowings

Bank borrowings and other loans are as follows:-

	Consolidated balance sheet		Consolidated long-term insurance balance sheet	
	1994 £m	1993 £m	1994 £m	1993 £m
Bank loans and overdrafts repayable:				
Within one year, or on demand				
Unsecured	28.1	37.8	18.3	11.3
Other unsecured loans, at commercial rates of interest, repayable within one year		-	22.9	10.8
Loans secured on properties, most of which are at interest rates ranging from 6% to 10% p.a. repayable:				
Within one year, or on demand	-	-	0.8	27.5
Between two and five years	-	-	0.2	6.5
After five years	3.5	4.4	1.7	47.0
	<u>31.6</u>	<u>42.2</u>	<u>43.9</u>	<u>103.1</u>

The other unsecured loans of £22.9m (1993 £10.8m) in long-term insurance borrowings are due to general fund.

# Sun Alliance Insurance Overseas Limited

## Notes on the accounts continued

### 8. Consolidated retained profits and revaluation reserve

	Retained profits		Revaluation reserve	
	1994	1993	1994	1993
	£m	£m	£m	£m
Balance at 1st January	28.4	5.2	612.2	529.7
Profit and loss account transfer	(6.9)	84.7	-	-
Realised investment profits less losses, after taxation	24.8	(11.8)	-	-
Unrealised appreciation (depreciation) of investments and foreign exchange gains less losses		-	(161.6)	82.5
Goodwill written off	(15.3)	(44.1)	-	-
Development finance for long-term insurance	(20.7)	(5.6)	-	-
Balance at 31st December	10.3	28.4	450.6	612.2

### 9. Company accounts

The profit after taxation of the Company for the year amounted to £122.6m (1993 £111.3m).

Shares in subsidiaries are stated in the Company's balance sheet at net asset value and the excess over book value is taken to revaluation reserve.

### 10. Subsidiaries

On 1st January, 1994 the Group acquired Royal Insurance (NZ) Ltd. The operations of this company were subsequently merged with the Group's general business company in New Zealand.

The aggregate consideration for acquisitions during the year, principally Royal Insurance (NZ) Ltd, comprised cash of £7.3m. The provisional book and fair values of the net assets acquired were £7.3m and £3.0m respectively. Goodwill in respect of these acquisitions amounted to £4.3m and together with an adjustment to the fair value of the assets of A/S Forsikringsselskabet Hafnia, acquired in 1993, gave rise to total goodwill of £20.2m. The Group shareholders' proportion of £15.3m has been written off to retained profits, the balance of £4.9m being charged to minority interests.

The aggregate proceeds from disposals during the year, principally Sun Alliance and London Assurance Co. (Canada), amounted to £12m. The disposals gave rise to a gain of £10.8m.

### 11. Banking Activities

The Danish long-term funds and the Danish general funds own 65% and 35% respectively of Codan Bank A/S.

The assets and liabilities of the Bank at 31st December comprise:

	1994	1993
Assets	£m	£m
Investments:		
Bonds	125.6	97.0
Shares	45.9	51.1
Loans to customers	456.8	185.7
Other banking assets	16.7	11.0
	<u>645.0</u>	<u>344.8</u>
Liabilities		
Bank customer accounts	451.3	229.4
Other banking liabilities	100.0	46.8
	<u>551.3</u>	<u>276.2</u>

# Sun Alliance Insurance Overseas Limited

## Notes on the accounts continued

### 11. Banking Activities continued

The primary function of the bank is to provide support to the activities of the Danish long-term and general business operations. During the year Codan Bank made a pre-tax profit of £4.4m (1993 loss £4.9m). No dividends were paid or declared in the year.

### 12. Directors' emoluments

Directors emoluments amounted to £561,777 (1993 £528,746) in respect of other services. No emoluments were paid by the Company to the Chairman nor to the previous Chairman. The emoluments, excluding pension fund contributions, of the highest paid director were £178,478 (1993 £164,271).

The following table shows the number of directors of the Company whose emoluments were within the ranges stated:

Emoluments (excluding pension fund contributions)		1994	1993
£			
0	- 5,000	3	2
65,001	- 70,000	-	1
105,001	- 110,000	-	1
110,001	- 115,000	1	-
115,001	- 120,000	2	1
160,001	- 165,000	-	1
175,001	- 180,000	1	-
		<u>7</u>	<u>6</u>

Three directors received no emoluments during the year. They were employed by Sun Alliance and London Insurance plc and did not receive remuneration for their services to the Company. It is not appropriate, because of the non-executive nature of their services, to make an apportionment of their emoluments in respect of the Company.

### 13. Transactions and arrangements involving directors of the Company and its parent companies

The following loan, under staff house purchase scheme repayable out of the proceeds of collaterally charged life assurance policies, applied throughout 1994: Mr.A.J.Barron £24,000, on which interest was charged at between 4% and 8.1% per annum.

The following guarantee to a building society in respect of a mortgage advance under a staff house purchase scheme applied throughout 1994: Mr.M.L.Dew £14,972.

### 14. Capital commitments

Capital commitments in respect of office premises and equipment not provided for in these accounts were:-

	1994 £m	1993 £m
Contracted for at 31st December	11.4	6.2
Authorised but not contracted for at 31st December	8.5	1.0

## Sun Alliance Insurance Overseas Limited

Notes on the accounts continued

### 15. Auditors' remuneration

The remuneration of the auditors of the Company and its subsidiaries amounted to £3,054,000 (1993 £2,662,000). In the United Kingdom, the auditors of the Company also received fees of £82,000 (1993 £81,000) in respect of non-audit services.

### 16. Parent companies

The Company's immediate parent company is Sun Alliance and London Insurance plc which is registered in England and Wales.

The Company's ultimate parent company is Sun Alliance Group plc which is registered in England and Wales. A copy of that company's accounts can be obtained from 1 Bartholomew Lane, London EC2N 2AB.

### 17. Associated companies and other participating interests

The Group owned more than 10% of the equity share capital of the following companies:-

Name and country of incorporation unless otherwise indicated	Percentage of ordinary shares held	
	By Company	By subsidiaries

#### Associated companies

<b>Jamaica</b>		
West Indies Alliance Insurance Co.Ltd.	49.0	
<b>Malaysia</b>		
Sun Alliance Insurance (Malaysia) Sdn. Bhd.		49.0
<b>Philippines</b>		
Federal Phoenix Assurance Co.Ltd.		40.0
<b>Saudi Arabia</b>		
Al-Alamiya Insurance Co.Ltd.(EC) (incorporated in Bahrain)	42.0	

#### Other participating interests

<b>Peru</b>		
Compania de Seguros La Fenix Peruana		19.2

Some interests in associated companies and other participating interests have been omitted from this statement to avoid providing particulars of excessive length but none materially affects the profits or assets of the Group.

# Sun Alliance Insurance Overseas Limited

## Subsidiaries

Name and country of incorporation	Percentage of ordinary shares held	
	By Company	By subsidiaries
<b>United Kingdom (registered in England and Wales)</b>		
Alliance Assurance Co.Ltd.	100.0	
The London Assurance	100.0	
Phoenix Assurance plc		100.0
Phoenix Assurance Overseas Holdings Ltd.	100.0	
The Sea Insurance Co.Ltd.		100.0
Sun Alliance and London Assurance Co.Ltd.		100.0
Sun Alliance Life Ltd.	100.0	
Sun Insurance Office Ltd.	100.0	
Tariff Reinsurances Ltd.	100.0	
<b>Antigua</b>		
Sun Alliance Insurance (Eastern Caribbean) Ltd.	75.0	
<b>Argentina</b>		
Los Andes Compania de Seguros S.A.	51.0	
<b>Australia</b>		
Sun Alliance Holdings Ltd.	100.0	
Sun Alliance and Royal Insurance Australia Holdings Ltd.		60.0
Sun Alliance and Royal Insurance Australia Ltd.		60.0
Sun Alliance Life Assurance Ltd.		100.0
<b>Austria</b>		
Sun Alliance Versicherungs AG	100.0	
<b>Bahamas</b>		
Sun Alliance Insurance (Bahamas) Ltd.	65.0	
<b>Belgium</b>		
Sun Alliance SA	100.0	
<b>Brazil</b>		
Sun Alliance Seguradora SA	100.0	
<b>Canada</b>		
Yonge Wellington Property Ltd.		100.0
<b>Channel Islands (Guernsey)</b>		
Sun Alliance International Life Assurance Co.Ltd.	100.0	
<b>Colombia</b>		
Compania de Seguros La Fenix de Colombia S.A.	51.9	
<b>Curacao</b>		
Sun Alliance Insurance (Antilles) NV	51.0	
<b>Denmark</b>		
A/S Forsikringsselskabet Codan		71.5
A/S Forsikringsselskabet Codan Liv		71.5
A/S Forsikringsselskabet Codan Pension		71.5
Codan Bank A/S		71.5
<b>France</b>		
Sun Alliance Assurance SA	100.0	

# Sun Alliance Insurance Overseas Limited

## Subsidiaries continued

Name and country of incorporation	Percentage of ordinary shares held	
	By Company	By subsidiaries
<b>Germany</b>		
Securitas Bremer Allgemeine Versicherungs AG	99.6	
Securitas-Gilde Lebensversicherung AG	49.0	50.7
<b>Greece</b>		
Sun Alliance Insurance (Hellas) SA	100.0	
<b>Holland</b>		
Sun Alliance Verzekering NV	100.0	
Sun Alliance Levensverzekering NV	100.0	
<b>Indonesia</b>		
PT Sun Alliance Insurance Indonesia		65.0
<b>Italy</b>		
Sun Alliance Vita S.p.A.	100.0	
<b>New Zealand</b>		
Sun Alliance Insurance Ltd.	100.0	
Sun Alliance Life Ltd.	100.0	
<b>Republic of South Africa</b>		
Protea Assurance Co.Ltd.		79.7
<b>Singapore</b>		
Sun Alliance Insurance Ltd.	100.0	
<b>Spain</b>		
Sun Alliance SA	98.9	
<b>Sweden</b>		
Försäkringsaktiebolaget Holmia		71.5
<b>United States of America</b>		
Alliance Assurance Company of America Inc.		100.0
London Guarantee & Accident Company of New York		100.0
Phoenix Assurance Company of New York		100.0
Sun Alliance USA Inc.	100.0	
Sun Insurance Office of America Inc.		100.0
The London Assurance of America Inc.		100.0
The Sea Insurance Company of America Inc.		100.0
Wm. H. McGee & Co.Inc.		100.0
<b>Zimbabwe</b>		
Phoenix Assurance Zimbabwe Ltd.	53.2	

Some subsidiaries have been omitted from this statement to avoid providing particulars of excessive length but none materially affects the profits or assets of the Group.