

AC 1459

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

RETURNS TO

THE FINANCIAL SERVICES AUTHORITY

31ST DECEMBER 2003

Returns under the Accounts and Statements Rules of Part 1 of Chapter 9 to the
Interim Prudential Sourcebook for Insurers made by the Financial Services Authority
under the Financial Services and Markets Act 2000



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General insurance business : Calculation of required margin of solvency - first method and brought forward amount

Name of insurer AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Global business

Financial year ended 31st December 2003

Company
registration
number

GL/UK/CM

Period ended

Units

			day	month	year	
R11	1432586	GL	31	12	2003	£000

			This financial year	Previous year
			1	2
Gross premiums receivable			11	
Premium taxes and levies (included in line 11)			12	
Premiums receivable net of taxes and levies (11- 12)			13	
Premiums for classes 11,12 or 13 (included in line 13)			14	
Sub-total A (13 + 1/2 14)			15	
Adjusted Sub-total A if financial year is not a 12 month period to produce an annual figure			16	
Division of Sub-total A (or adjusted Sub-total A if appropriate)	Other than health insurance	Up to and including sterling equivalent of 50M EURO x 0.18	17	
		Excess (if any) over 50M EURO x 0.16	18	
	Health insurance	Up to and including sterling equivalent of 50M EURO x 0.06	19	
		Excess (if any) over 50M EURO x 0.16/3	20	
Sub-total B (17+18+19+20)			21	
Gross premiums earned			22	
Premium taxes and levies (included in line 22)			23	
Premiums receivable net of taxes and levies (22- 23)			24	
Premiums for classes 11,12 or 13 (included in line 24)			25	
Sub-total H (24 + 1/2 25)			26	
Adjusted Sub-total H if financial year is not a 12 month period to produce an annual figure			27	
Division of Sub-total H (or adjusted Sub-total H if appropriate)	Other than health insurance	Up to and including sterling equivalent of 50M EURO x 0.18	28	
		Excess (if any) over 50M EURO x 0.16	29	
	Health insurance	Up to and including sterling equivalent of 50M EURO x 0.06	30	
		Excess (if any) over 50M EURO x 0.16/3	31	
Sub-total I (28+29+30+31)			32	

General insurance business : Calculation of required margin of solvency - first method and brought forward amount

Name of insurer AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Global business

Financial year ended 31st December 2003

		Company registration number	GL/UK/CM	Period ended			Units
				day	month	year	
		R11	1432586	GL	31	12	2003
							£000
				This financial year		Previous year	
				1		2	
Sub-total J (greater of sub-total B and sub-total I)		40					
Claims paid in period of 3 financial years		41	381				388
Claims outstanding carried forward at the end of the 3 year period	For insurance business accounted for on an underwriting year basis	42	528				623
	For insurance business accounted for on an accident year basis	43	72				88
Claims outstanding brought forward at the beginning of the 3 year period	For insurance business accounted for on an underwriting year basis	44	1437				1474
	For insurance business accounted for on an accident year basis	45	83				83
Sub-total C (41+42+43-44-45)		46	(539)				(458)
Amounts recoverable from reinsurers in respect of claims included in Sub-total C		47	(9)				1
Sub-total D (46-47)		48	(530)				(459)
First result Sub-total J x Sub-total D (or if 1/2 is a greater fraction, x1/2) Sub-total C		49					
Provision for claims outstanding (before discounting and net of reinsurance)		50					
Brought forward amount (12.43.2 x 50.1 / 50.2 or, if less 12.43.2)		51					
Greater of lines 49 and 51		52					

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

Name of insurer AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Global business

Financial year ended 31st December 2003

Company registration number 1432586 GL/UK/CM GL Period ended day 31 month 12 year 2003 Units £000

			R12	1432586	GL	31	12	2003	£000
			This financial year	Previous year		Source			
			1	2		Form	Line	Column	
Reference period (No. of financial years) insert "0" if there is no reference period otherwise insert "3" or "7"			3	11				See instruction 1	
Claims paid in reference period			21	381	537				
Claims outstanding carried forward at the end of the reference period	For insurance business accounted for on an underwriting year basis		22	528	623				
	For insurance business accounted for on an accident year basis		23	72	88				
Claims outstanding brought forward at the beginning of the reference period	For insurance business accounted for on an underwriting year basis		24	1,437	1,624				
	For insurance business accounted for on an accident year basis		25	83	224				
Sub-total E (21+22+23-(24+25))			29	(539)	(600)				
Sub-total F -Conversion of Sub-total E to an annual figure (Multiply by 12 and divide by number of months in reference period)			31	(180)	(200)				
Division of Sub-total F	Other than health insurance	Up to and including sterling equivalent of 35M EURO x 26/100	32						
		Excess (if any) over 35M EURO x 23/100	33						
	Health Insurance	Up to and including sterling equivalent of 35M EURO x 26/300	34						
		Excess (if any) over 35M EURO x 23/300	35						
Sub-total G (32 to 35)			39						
Second result: Sub-total G x Sub-total D (or if 1/2 is a greater fraction x 1/2)			41						
First result			42				11 52		
Required margin of solvency (the higher of lines 41 and 42)			43						
Minimum guarantee fund			44	275	253				
Required minimum margin (the higher of lines 43 and 44)			49	275	253				

Directors' certificate pursuant to rule 9.34 (a)

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Global business

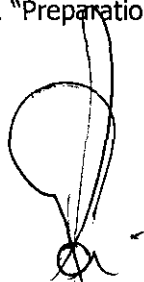
Financial year ended 31st December 2003

We certify:

1. (a) that in relation to the part of this return comprising Forms 9 to 13, 15, 16, 20 to 25, 28, 29, 31, 32 and 34 (including the supplementary notes) and the statements required by rules 9.25, 9.26, 9.27, 9.29, 9.30 and 9.32:
 - i) the return has been prepared in accordance with the Accounts and Statements Rules;
 - ii) proper accounting records have been maintained and adequate information has been obtained by the company; and
 - iii) appropriate systems and controls have been established and maintained by the company over its transactions and records;
- (b) that reasonable enquires have been made by the company for the purpose of determining whether any person and any body corporate are connected for the purpose of rules 9.25, 9.26 and 9.27.
2. that the margin of solvency required by rule 2.1 has been maintained throughout the financial year.
3. (a) that the systems and controls established and maintained by the company in respect of its business complied, at the end of the financial year, with the following published guidance:
 - Guidance Note P.1 "Systems and controls over the investments (and counterparty exposure) of insurers with particular reference to the use of derivatives"; and
 - Guidance Note P.2 "Systems and controls over general business claims provisions";and it is reasonable to believe that those systems and controls continued so to comply subsequently and will continue so to comply in future; and
- (b) that the return has been prepared in accordance with the following published guidance:
 - Guidance Note 4.1 "Guidance for insurers and auditors on the Valuation of Assets Rules";
 - Guidance Note 4.2 "Use of derivative contracts in insurance funds"; and
 - Guidance Note 9.1 "Preparation of returns."



EJ KOK
Director



PJ Elliot
Director



Hampden Legal Plc
Company Secretary

15 March 2004

Report of the auditors to the directors pursuant to rule 9.35.

AA MUTUAL INTERNATIONAL INSURANCE COMPANY

GLOBAL BUSINESS

We have examined the following documents prepared by the company pursuant to the Accounts and Statements Rules set out in part I of chapter 9 to the Interim Prudential Sourcebook for Insurers ("the Rules") made by the Financial Services Authority under section 138 of the Financial Services and Markets Act 2000:

- Forms 9 to 13, 15, 16, 20 to 25, 28, 29, 31, 32 and 34 (including the supplementary notes) ("the Forms");
- the statements required by rules 9.25, 9.26, 9.27 and 9.29 ("the statements"); and
- the certificate signed in accordance with rule 9.34(a) ("the certificate").

In the case of the certificate, our examination did not extend to paragraph 1 in relation to the statements required by rules 9.30 concerning shareholder controllers and 9.32 concerning general business ceded;

Our audit work has been undertaken so that we might state to the FSA those matters we are required to state to them in an auditors 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 FSA as a body for our audit work, for the report or for the opinions we have formed.

Respective responsibilities of the company and its auditors

The company is responsible for the preparation of an annual return (including the Forms, statements and certificate) under the provisions of the Rules. Under rule 9.11 the Forms and statements are required to be prepared in the manner set out in the Rules and to state fairly the information provided on the basis required by the Rules.

It is our responsibility to form an independent opinion, as to whether the Forms and statements meet these requirements and in the case of the certificate whether it was or was not unreasonable for the persons giving the certificate to have made the statements therein, and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

Bases of opinion

We conducted our work in accordance with Practice Note 20 "The audit of insurers in the United Kingdom" issued by the Auditing Practices Board. Our work included examination, on a test basis, of evidence relevant to the amounts and disclosures in the Forms and statements. The evidence included that obtained by us relating to the audit of the financial statements of the company for the financial year. It also included an assessment of the significant estimates and judgements made by the company in the preparation of the Forms and statements.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Forms and statements are free from material misstatement, whether caused by fraud or other irregularity or error and comply with rule 9.11.

In the case of the certificate, the work performed involved a review of the procedures undertaken by the signatories to enable them to make the statements therein, and does not extend to an evaluation of the effectiveness of the company's internal control systems.

Continued

Report of the auditors to the directors pursuant to rule 9.35 (continued)

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Global business

Financial year ended 31st December 2003

Fundamental uncertainties

In forming our opinions we have considered the adequacy of the disclosures made in the returns concerning the following matters:

a) **Technical provisions**

Form 15.12.1 includes gross technical provisions for claims outstanding amounting to £825,000 and Form 13.61.1 includes the related reinsurers' share of such provisions amounting to £102,000. As explained in Notes 1505 and 1307, the insurer has completed its sixteenth year of run-off and accordingly the directors believe incurred claims to be effectively fully developed. Nevertheless, they acknowledge that unexpected future experience may show adjustments are required to these amounts, particularly in respect of:

- i) assumptions made in estimating claims provisions and in the potential for new sources or types of claim to emerge; and
- ii) assumptions made in estimating the reinsurers' share of claims outstanding and the appropriate provision in respect of them,

Accordingly, technical provisions could be either over-stated or under-stated with a corresponding impact on available assets. In the event of adjustments to these amounts being required, they will be reflected in the returns for the period in which they arise.

b) **Reinsurance creditors**


Note 2408 refers to reinsurance creditors identified as time barred, amounting to £252,000, that have been charged to the technical account. At 31 December 2003 the cumulative amount of such items written back to the technical account amounted to £1,728,751. Due to the inherent uncertainties in the legal process, it is impossible to confirm whether such treatment is appropriate unless all the creditors involved have their claims subsequently denied by the courts.

In view of the possible significance of these uncertainties, we consider that they should be brought to your attention. Our opinions are not qualified in these respects.

Opinions

In our opinion:

- (a) the Forms and statements fairly state the information provided on the basis required the Rules and have been properly prepared in accordance with the provisions of those Rules; and
- (b) based on the information and explanations received by us:
 - (i) the certificate has been properly prepared in accordance with the provisions of the Rules; and
 - (ii) it was not unreasonable for the persons giving the certificate to have made the statements therein.


SEYMOUR TAYLOR
Chartered Accountants
Registered Auditor
High Wycombe
Buckinghamshire
HP11 1BS
15 March 2004

Statement of solvency

Name of insurer AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Global business

Financial year ended 31st December 2003

Company
registration
number

GL/UK/CM

Period ended

Units

day month year

R9	1432586	GL	31	12	2003	£000
		As at the end of this financial year	As at the end of the previous year		Source	
		1	2		Form	Line
						Column

GENERAL INSURANCE BUSINESS

Available assets

Other than long term business assets allocated towards general business required minimum margin	11	286	263	See instructions 1 and 2
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Required minimum margin

Required minimum margin for general business	12	275	253	12 49
Excess (deficiency) of available assets over the required minimum margin (11-12)	13	11	10	

LONG TERM INSURANCE BUSINESS

Available assets

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

Implicit items admitted under Rule 2.10 [Regulation 23(5) of the Insurance Companies Regulations 1994]

Future profits	31			
Zillmerising	32			
Hidden reserves	33			

Total of available assets and implicit items(25+31+32+33)	34			
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Required minimum margin

Required minimum margin for long term insurance business	41			60 69
Explicit required minimum margin (1/6 x 41, or minimum guarantee fund if greater)	42			
Excess (deficiency) of available assets over explicit required minimum margin (25-42)	43			
Excess (deficiency) of available assets and implicit items over the required minimum margin (34-41)	44			

CONTINGENT LIABILITIES

Quantifiable contingent liabilities in respect of other than long term insurance business as shown in a supplementary note to Form 15	51			See instruction 6
Quantifiable contingent liabilities in respect of long term insurance business as shown in a supplementary note to Form 14	52			See instruction 6

Covering sheet to Form 9

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Global business

Financial year ended 31 December 2003



EJ Kok
Director



PJ Elliot
Director



Hampden Legal Plc
Company secretary

15 March 2004

Statement of net assets

Name of Insurer AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Global business

Financial year ended 31st December 2003

Company
registration
number

GL/UK/CM

Period ended

Units

R10	1432586	GL	31	12	2003	£000
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		As at the end of this financial year	As at the end of the previous year	Source		
				Form	Line	Column
		1	2			
Long term insurance business - admissible assets	11			13	89	1
Long term insurance business - liabilities and margins	12			14	59	1

Other than Long term insurance business - admissible assets	21	1,885	2,297	13	89	1
Other than Long term insurance business - liabilities	22	1,599	2,034	15	69	1
Net admissible assets (21-22)	23	286	263			
Other assets allowed to be taken into account in covering the required minimum margin	Unpaid amounts (including share premium) on partly paid shares	24				
	Supplementary contributions for a mutual carrying on general business	25				
Liabilities allowed to be left out of account in covering the required minimum margin	Subordinated loan capital	26				
	Cumulative preference share capital	27				
Available assets (23 to 27)	29	286	263			

Represented by:

Paid up share capital (other than cumulative preference share capital)	51	4,750	4,750			
Amounts included in lines 24 to 27 above	52					
Amounts representing the balance of net assets	56	(4,464)	(4,487)			
Total (51 to 56) and equal to line 29 above	59	286	263			

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

Balance brought forward at the beginning of the financial year	61	(4,487)	(4,447)	10	56	2
Retained profit/(loss) for the financial year to date	62	(256)	20	16	59	1
Movement in asset valuation differences	63	279	(60)	See instruction 2		
Decrease/(increase) in the provision for adverse changes	64			See instruction 3		
Other movements (particulars to be specified by way of supplementary note)	65					
Balance carried forward at the end of the financial year (61 to 65)	69	(4,464)	(4,487)			

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

Name of insurer AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Global business

Financial year ended 31st December 2003

			Company registration number	GL/UK/CM	Period ended			Units	
					day	month	year		
			R11	1432586	GL	31	12	2003	£000
				This financial year		Previous year			
				1		2			
Gross premiums receivable				11	-	-			
Premium taxes and levies (included in line 11)				12	-	-			
Sub-total A (11-12)				13	-	-			
Adjusted Sub-total A if financial year is not a 12 month period to produce an annual figure				14	-	-			
Division of Sub-total A (or adjusted Sub-total A if appropriate)	Other than health insurance	Up to and including sterling equivalent of 10M EURO x 18/100	15	-	-				
		Excess (if any) over 10M EURO x 16/100	16	-	-				
	Health insurance	Up to and including sterling equivalent of 10M EURO x 6/100	17	-	-				
		Excess (if any) over 10M EURO x 16/300	18	-	-				
Sub-total B (15+16+17+18)				19	-	-			
Claims paid				21	(78)	388			
Claims outstanding carried forward at the end of the financial year	For insurance business accounted for on an underwriting year basis		22	528	623				
	For insurance business accounted for on an accident year basis		23	72	88				
Claims outstanding brought forward at the beginning of the financial year	For insurance business accounted for on an underwriting year basis		24	623	1474				
	For insurance business accounted for on an accident year basis		25	88	83				
Sub-total C (21+22+23-(24+25))				29	(189)	(458)			
Amounts recoverable from reinsurers in respect of claims included in Sub-total C				30	(9)	1			
Sub-total D (29-30)				39	(180)	(459)			
First result Sub-total B x $\frac{\text{Sub-total D}}{\text{Sub-total C}}$ (or, if 1/2 is a greater fraction, x1/2)				41	-	-			

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

 Name of insurer **AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED**

Global business

 Financial year ended **31st December 2003**

 Company
registration
number

GL/UK/CM

Period ended

Units

day month year

R12	1432586	GL	31	12	2003	£000
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			This financial year	Previous year	Source		
			1	2	Form	Line	Column
Reference period (No. of financial years) insert "0" if there is no reference period otherwise insert "3" or "7"			11			See instruction 1	
Claims paid in reference period			21	381	537		
Claims outstanding carried forward at the end of the reference period	For insurance business accounted for on an underwriting year basis		22	528	623		
	For insurance business accounted for on an accident year basis		23	72	88		
Claims outstanding brought forward at the beginning of the reference period	For insurance business accounted for on an underwriting year basis		24	1,437	1,624		
	For insurance business accounted for on an accident year basis		25	83	224		
Sub-total E (21+22+23-(24+25))			29	(539)	(600)		
Sub-total F -Conversion of Sub-total E to an annual figure (Multiply by 12 and divide by number of months in reference period)			31	(180)	(200)		
Division of Sub-total F	Other than health insurance	Up to and including sterling equivalent of 7M EURO x 26/100	32	-	-		
		Excess (if any) over 7M EURO x 23/100	33	-	-		
	Health Insurance	Up to and including sterling equivalent of 7M EURO x 26/300	34	-	-		
		Excess (if any) over 7M EURO x 23/300	35	-	-		
		Sub-total G (32 to 35)			39	-	-
Second result Sub-total G x Sub-total D (or if 1/2 is a greater fraction x 1/2) Sub-total C			41	-	-		
First result			42	-	-	11 41	
Required margin of solvency (the higher of lines 41 and 42)			43	-	-		
Minimum guarantee fund			44	275	253		
Required minimum margin (the higher of lines 43 and 44)			49	275	253		

Analysis of admissible assets

Name of insurer AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Global business

Financial year ended 31st December 2003

Category of assets Total other than long term insurance business assets

			Company registration number	GL/UK/CM	Period ended			Units	Category of Assets	
			R13	1432586	GL	31	12	2003	£000	1
Investments						As at the end of this financial year			As at the end of the previous year	
						1			2	
Land and buildings					11					
Investments in group undertakings and participating interests	UK insurance business dependants	Shares	21							
		Debt securities issued by, and loans to, dependants	22							
	Other insurance dependants	Shares	23							
		Debt securities issued by, and loans to, dependants	24							
	Non-insurance dependants	Shares	25							
		Debt securities issued by, and loans to, dependants	26							
	Other group undertakings and participating interests	Shares	27							
		Debt securities issued by, and loans to, group undertakings	28							
		Participating interests	29							
Debt securities issued by, and loans to undertakings in which the insurer has a participating interest		30								
Total sheet 1(11 to 30)					39					

Analysis of admissible assets

Name of insurer AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Global business

Financial year ended 31st December 2003

Category of assets Total other than long term insurance business assets

		Company registration number	GL/UK/CM	Period ended			Units	Category of Assets	
				day	month	year			
		R13	1432586	GL	31	12	2003	£000	1
Investments (continued)				As at the end of this financial year			As at the end of the previous year		
Deposits with ceding undertakings				1			2		
Assets held to cover linked liabilities									
Other financial investments	Equity shares		41						
	Other shares and other variable yield securities		42						
	Holdings in collective investment schemes		43						
	Rights under derivative contracts		44						
	Debt securities and other fixed income securities	Fixed interest	Approved securities	45	-			-	
			Other	46					
		Variable interest	Approved securities	47					
			Other	48					
	Participation in investment pools		49						
	Loans secured by mortgages		50						
	Other loans	Loans to public or local authorities and nationalised industries or undertakings		51					
		Loans secured by policies of insurance issued by the insurer		52					
		Other		53					
	Deposits with approved credit institutions and approved financial institutions	Withdrawal subject to a time restriction of one month or less		54	1,287			2,002	
		Withdrawal subject to a time restriction of more than one month		55					
	Other		56						
Deposits with ceding undertakings			57						
Assets held to match linked liabilities	Index linked		58						
	Property linked		59						
Reinsurers share of technical provisions	Provision for unearned premiums		60						
	Claims outstanding		61	102			131		
	Provision for unexpired risks		62						
	Other		63						
Total sheet 2 (41 to 63)			69	1,389			2,133		

Analysis of admissible assets

Name of insurer AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Global business

Financial year ended 31st December 2003

Category of assets	Company registration number	GL/UK/CM	Period ended			Units	Category of Assets
			day	month	year		
Total other than long term insurance business assets	R13	1432586	GL	31	12	2003	£000 1

Debtors			As at the end of this financial year	As at the end of the previous year
Other assets			1	2
Debtors arising out of direct insurance operations	Policyholders		71	
	Intermediaries		72	-
Salvage and subrogation recoveries			73	-
Debtors arising out of reinsurance operations	Due from ceding insurers and intermediaries under reinsurance business accepted		74	-
	Due from reinsurers and intermediaries under reinsurance contracts ceded		75	41
Other debtors	Due from dependants	Due in 12 months or less after the end of the financial year	76	-
		Due more than 12 months after the end of the financial year	77	
	Other	Due in 12 months or less after the end of the financial year	78	-
		Due more than 12 months after the end of the financial year	79	21
Tangible assets			80	
Cash at bank and in hand	Deposits not subject to time restriction on withdrawal with approved credit institutions and approved financial institutions and local authorities		81	454
	Cash in hand		82	93
Other assets (particulars to be specified by way of supplementary note)			83	
Prepayments and accrued income	Accrued interest and rent		84	1
	Deferred acquisition costs		85	-
	Other prepayments and accrued income		86	
Deductions (under regulations 57(2)(b) and 57(3) of the Insurance Companies Regulations 1994) from the aggregate value of assets			87	-
Total sheet 3 (71 to 86 less 87)			88	496
Grand total of admissible assets (39+69+88)			89	1 885
				2 297

Reconciliation to asset values determined in accordance with the shareholder account rules

Total admissible assets (as per line 89 above)	91	1,885	2,297
Total assets in excess of admissibility limits of Appendix 4.2 [Schedule 12 of the Insurance Companies Regulations 1994] (as valued in accordance with those Regulations before applying admissibility limits)	92	-	279
Solvency margin deduction for insurance dependants	93		
Other differences in the valuation of assets (other than for assets not valued above)	94		
Assets of a type not valued above (as valued in accordance with the shareholder accounts rules)	95		
Total assets determined in accordance with the shareholder accounts rules (91 to 95)	99	1,885	2,576

Amounts included in line 89 attributable to debts due from related companies, other than those under contracts of insurance or reinsurance	100	-	-
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Liabilities (other than long term insurance business)Name of insurer **AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED**

Global business

Financial year ended **31st December 2003**

Financial year ended		31st December 2003		Company registration number	GL/UK/CM	Period ended			Units		
						day	month	year			
		R15		1432586		GL		31	12	2003	£000
						As at the end of this financial year		As at the end of the previous year			
						1		2			
Technical provisions (gross amount)	Provision for unearned premiums			11							
	Claims outstanding			12		825		1,161			
	Provision for unexpired risks			13							
	Equalisation provisions		Credit business		14						
			Other than credit business		15						
	Other			16							
	Total (11 to 16)			19		825		1,161			
Provisions for other risks and charges	Taxation			21							
	Other			22							
Deposits received from reinsurers				31							
Creditors	Arising out of insurance operations		Direct business		41		-		-		
			Reinsurance accepted		42		731		828		
			Reinsurance ceded		43						
	Debenture loans		Secured		44						
			Unsecured		45						
	Amounts owed to credit institutions			46							
	Other creditors		Taxation		47		-		-		
			Recommended dividend		48						
			Other		49		43		45		
Accruals and deferred income				51							
Total (19 to 51)				59		1,599		2,034			
Provision for adverse changes calculated in accordance with Rule 5.3 [regulation 61 of the Insurance Companies Regulations 1994]				61							
Cumulative preference share capital				62							
Subordinated loan capital				63							
Total (59 to 63)				69		1,599		2,034			
Amounts included in line 69 attributable to liabilities to related insurers, other than those under contracts of insurance or reinsurance				71		-		-			

Profit and loss account (non-technical account)Name of insurer **AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED**

Global business

Financial year ended **31st December 2003**Company
registration
number

GL/UK/CM

Period ended

Units

day month year

R16	1432586	GL	31	12	2003	£000
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			This financial year	Previous year	Source		
			1	2	Form	Line	Column
Transfer (to)/from the general insurance business technical account	From Form 20	11	(189)	78	20	59	
	Equalisation provisions	12					
Transfer from the long term insurance business revenue account		13			40	26	
Investment income	Income	14	19	41			
	Value re-adjustments on investments	15	-	-			
	Gains on the realisation of investments	16	-	-			
Investment charges	Investment management charges, including interest	17	-	-			
	Value readjustments on investments	18	-	-			
	Loss on realisation of investments	19	-	-			
Allocated investment return transferred to the general business technical account		20	-	-	20	51	
Other income and charges (particulars to be specified by way of supplementary note)		21	(86)	(99)			
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)		29	(256)	20			
Tax on profit or loss on ordinary activities		31	-	-			
Profit or loss on ordinary activities after tax (29-31)		39	(256)	20			
Extraordinary profit or loss (particulars to be specified by way of supplementary note)		41	-	-			
Tax on extraordinary profit or loss		42	-	-			
Other taxes not shown under the preceding items		43	-	-			
Profit or loss for the financial year to date (39+41-(42+43))		49	(256)	20			
Dividends (paid and proposed)		51	-	-			
Profit or loss retained for the financial year to date (49-51)		59	(256)	20			

Analysis of derivative contracts

Name of insurer AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Global business

Insurance Business Other than long term

Financial year ended 31st December 2003

Category of assets Total

			Company registration number	GL/UK/CM	Period ended			Units	Category of Assets
					day	month	year		
			R17	1432586	GL	31	12	2003	£000 1
Derivative contracts			As at the end of this financial year		As at the end of the previous year				
			Assets	Liabilities	Assets		Liabilities		
			1	2	3		4		
Futures contracts	Fixed interest securities	11	-	-	-		-		
	Equity shares	12	-	-	-		-		
	Land	13	-	-	-		-		
	Currencies	14	-	-	-		-		
	Other	15	-	-	-		-		
Options	Fixed interest securities	21	-	-	-		-		
	Equity shares	22	-	-	-		-		
	Land	23	-	-	-		-		
	Currencies	24	-	-	-		-		
	Other	25	-	-	-		-		
Contracts for differences	Fixed interest securities	31	-	-	-		-		
	Equity shares	32	-	-	-		-		
	Land	33	-	-	-		-		
	Currencies	34	-	-	-		-		
	Other	35	-	-	-		-		
Adjustments for variation margin		41	-	-	-		-		
Total (11 to 41)		49	-	-	-		-		

General business : Technical account (excluding equalisation provisions)

Name of Company AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Global business

Financial year ended 31st December 2003

Accounting class Summary

Company registration number	GL/UK/CM	Period ended			Units	Accounting class/ summary	
		day	month	year			
R20	1432586	GL	31	12	2003	£000	99

Items to be shown net of reinsurance		This financial year		Previous year		Source		
		1		2		Form	Line	Column
This year's underwriting (accident year accounting)	Earned premium	11				21	19	5
	Claims incurred	12				22	17	4
	Claims management costs	13				22	18	4
	Adjustment for discounting	14				22	52	4
	Increase in provision for unexpired risks	15				22	19	4
	Other technical income or charges (particulars to be specified by way of supplementary note)	16						
	Net operating expenses	17				22	42	4
	Balance of years underwriting (11-12-13+14-15+16-17)	19						
Adjustment for prior year's underwriting (accident year accounting)	Earned premium	21				21	11	5
	Claims incurred	22	(15)	5		22	13	4
	Claims management costs	23	(65)	(25)		22	14	4
	Adjustment for discounting	24				22	51	4
	Other technical income or charges (particulars to be specified by way of supplementary note)	25						
	Net operating expenses	26				22	41	4
	Balance (21-22-23+24+25-26)	29	80	20				
Balance from underwriting year accounting	Per Form 24	31	(269)	58		24	69	99-99
	Other technical income and charges (particulars to be specified by way of supplementary note)	32						
	Total	39	(269)	58				
Balance of all years underwriting (19+29+39)		49	(189)	78				
Allocated investment return		51	-	-				
Transfer to non technical account (49+51)		59	(189)	78				

General business : Technical account (excluding equalisation provisions)Name of Company **AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED**

Global business

Financial year ended **31st December 2003**Accounting class **Accident and Health**

		Company registration number	GL/UK/CM	Period ended day month year			Units	Accounting class/ summary	
		R20	1432586	GL	31	12	2003	£000	1
Items to be shown net of reinsurance			This financial year		Previous year		Source		
			1		2		Form	Line	Column
This year's underwriting (accident year accounting)	Earned premium		11				21	19	5
	Claims incurred		12				22	17	4
	Claims management costs		13				22	18	4
	Adjustment for discounting		14				22	52	4
	Increase in provision for unexpired risks		15				22	19	4
	Other technical income or charges (particulars to be specified by way of supplementary note)		16						
	Net operating expenses		17				22	42	4
	Balance of years underwriting (11-12-13+14-15+16-17)		19						
Adjustment for prior year's underwriting (accident year accounting)	Earned premium		21				21	11	5
	Claims incurred		22	8	-		22	13	4
	Claims management costs		23	(20)	(9)		22	14	4
	Adjustment for discounting		24				22	51	4
	Other technical income or charges (particulars to be specified by way of supplementary note)		25						
	Net operating expenses		26				22	41	4
	Balance (21-22-23+24+25-26)		29	12	9				
Balance from underwriting year accounting	Per Form 24		31	-	2		24	69	99-99
	Other technical income and charges (particulars to be specified by way of supplementary note)		32						
	Total		39	-	2				
Balance of all years underwriting (19+29+39)			49	12	11				
Allocated investment return			51	-	-				
Transfer to non technical account (49+51)			59	12	11				

General business : Technical account (excluding equalisation provisions)Name of Company **AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED**

Global business

Financial year ended **31st December 2003**Accounting class **Motor**

		Company registration number	GL/UK/CM	Period ended			Units	Accounting class/ summary	
		R20	1432586	GL	31	12	2003	£000	2
Items to be shown net of reinsurance		This financial year		Previous year		Source			
		1		2		Form	Line	Column	
This year's underwriting (accident year accounting)	Earned premium	11				21	19	5	
	Claims incurred	12				22	17	4	
	Claims management costs	13				22	18	4	
	Adjustment for discounting	14				22	52	4	
	Increase in provision for unexpired risks	15				22	19	4	
	Other technical income or charges (particulars to be specified by way of supplementary note)	16							
	Net operating expenses	17				22	42	4	
	Balance of years underwriting (11-12-13+14-15+16-17)	19							
Adjustment for prior year's underwriting (accident year accounting)	Earned premium	21				21	11	5	
	Claims incurred	22	-		-	22	13	4	
	Claims management costs	23	-		-	22	14	4	
	Adjustment for discounting	24				22	51	4	
	Other technical income or charges (particulars to be specified by way of supplementary note)	25							
	Net operating expenses	26				22	41	4	
	Balance (21-22-23+24+25-26)	29	-		-				
Balance from underwriting year accounting	Per Form 24	31				24	69	99-99	
	Other technical income and charges (particulars to be specified by way of supplementary note)	32							
	Total	39	-		-				
Balance of all years underwriting (19+29+39)		49	-		-				
Allocated investment return		51	-		-				
Transfer to non technical account (49+51)		59	-		-				

General business : Technical account (excluding equalisation provisions)

Name of insurer AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Global business

Financial year ended 31st December 2003

Accounting class Aviation

		Company registration number	GL/UK/CM	Period ended			Units	Accounting class/ summary	
		R20	1432586	GL	31	12	2003	£000	3
Items to be shown net of reinsurance		This financial year		Previous year			Source		
		1		2			Form	Line	Column
This year's underwriting (accident year accounting)	Earned premium	11					21	19	5
	Claims incurred	12					22	17	4
	Claims management costs	13					22	18	4
	Adjustment for discounting	14					22	52	4
	Increase in provision for unexpired risks	15					22	19	4
	Other technical income or charges (particulars to be specified by way of supplementary note)	16							
	Net operating expenses	17					22	42	4
	Balance of years underwriting (11-12-13+14-15+16-17)	19							
Adjustment for prior year's underwriting (accident year accounting)	Earned premium	21					21	11	5
	Claims incurred	22					22	13	4
	Claims management costs	23					22	14	4
	Adjustment for discounting	24					22	51	4
	Other technical income or charges (particulars to be specified by way of supplementary note)	25							
	Net operating expenses	26					22	41	4
	Balance (21-22-23+24+25-26)	29							
Balance from underwriting year accounting	Per Form 24	31	218	52			24	69	99-99
	Other technical income and charges (particulars to be specified by way of supplementary note)	32							
	Total	39	218	52					
Balance of all years underwriting (19+29+39)		49	218	52					
Allocated investment return		51	-	-					
Transfer to non technical account (49+51)		59	218	52					

General business : Technical account (excluding equalisation provisions)Name of insurer **AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED**

Global business

Financial year ended **31st December 2003**Accounting class **Property**

Company registration number	GL/UK/CM	Period ended			Units	Accounting class/ summary	
		day	month	year			
R20	1432586	GL	31	12	2003	£000	6

Items to be shown net of reinsurance		This financial year		Previous year		Source		
		1		2		Form	Line	Column
This year's underwriting (accident year accounting)	Earned premium	11				21	19	5
	Claims incurred	12				22	17	4
	Claims management costs	13				22	18	4
	Adjustment for discounting	14				22	52	4
	Increase in provision for unexpired risks	15				22	19	4
	Other technical income or charges (particulars to be specified by way of supplementary note)	16						
	Net operating expenses	17				22	42	4
	Balance of years underwriting (11-12-13+14-15+16-17)	19						
Adjustment for prior year's underwriting (accident year accounting)	Earned premium	21				21	11	5
	Claims incurred	22	(22)	-		22	13	4
	Claims management costs	23	(15)	(6)		22	14	4
	Adjustment for discounting	24				22	51	4
	Other technical income or charges (particulars to be specified by way of supplementary note)	25						
	Net operating expenses	26				22	41	4
	Balance (21-22-23+24+25-26)	29	37	6				
Balance from underwriting year accounting	Per Form 24	31	(7)	(1)		24	69	99-99
	Other technical income and charges (particulars to be specified by way of supplementary note)	32						
	Total	39	(7)	(1)				
Balance of all years underwriting (19+29+39)		49	30	5				
Allocated investment return		51	-	-				
Transfer to non technical account (49+51)		59	30	5				

General business : Technical account (excluding equalisation provisions)

Name of insurer AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Global business

Financial year ended 31st December 2003

Accounting class Third Party Liability

		Company registration number	GL/UK/CM	Period ended			Units	Accounting class/ summary	
		R20	1432586	GL	31	12	2003	£000	7
Items to be shown net of reinsurance		This financial year		Previous year		Source			
		1		2		Form	Line	Column	
This year's underwriting (accident year accounting)	Earned premium	11				21	19	5	
	Claims incurred	12				22	17	4	
	Claims management costs	13				22	18	4	
	Adjustment for discounting	14				22	52	4	
	Increase in provision for unexpired risks	15				22	19	4	
	Other technical income or charges (particulars to be specified by way of supplementary note)	16							
	Net operating expenses	17				22	42	4	
	Balance of years underwriting (11-12-13+14-15+16-17)	19							
Adjustment for prior year's underwriting (accident year accounting)	Earned premium	21				21	11	5	
	Claims incurred	22	(1)	5		22	13	4	
	Claims management costs	23	(30)	(10)		22	14	4	
	Adjustment for discounting	24				22	51	4	
	Other technical income or charges (particulars to be specified by way of supplementary note)	25							
	Net operating expenses	26				22	41	4	
	Balance (21-22-23+24+25-26)	29	31	5					
Balance from underwriting year accounting	Per Form 24	31				24	69	99-99	
	Other technical income and charges (particulars to be specified by way of supplementary note)	32							
	Total	39	-	-					
Balance of all years underwriting (19+29+39)		49	31	5					
Allocated investment return		51	-	-					
Transfer to non technical account (49+51)		59	31	5					

General business : Technical account (excluding equalisation provisions)

Name of insurer AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Global business

Financial year ended 31st December 2003

Accounting class Non-proportional treaty

		Company registration number	GL/UK/CM	Period ended day month year			Units	Accounting class/ summary	
		R20	1432586	GL	31	12	2003	£000	9
Items to be shown net of reinsurance			This financial year		Previous year		Source		
			1		2		Form	Line	Column
This year's underwriting (accident year accounting)	Earned premium		11				21	19	5
	Claims incurred		12				22	17	4
	Claims management costs		13				22	18	4
	Adjustment for discounting		14				22	52	4
	Increase in provision for unexpired risks		15				22	19	4
	Other technical income or charges (particulars to be specified by way of supplementary note)		16						
	Net operating expenses		17				22	42	4
	Balance of years underwriting (11-12-13+14-15+16-17)		19						
Adjustment for prior year's underwriting (accident year accounting)	Earned premium		21				21	11	5
	Claims incurred		22				22	13	4
	Claims management costs		23				22	14	4
	Adjustment for discounting		24				22	51	4
	Other technical income or charges (particulars to be specified by way of supplementary note)		25						
	Net operating expenses		26				22	41	4
	Balance (21-22-23+24+25-26)		29						
Balance from underwriting year accounting	Per Form 24		31	(480)	5		24	69	99-99
	Other technical income and charges (particulars to be specified by way of supplementary note)		32						
	Total		39	(480)	5				
Balance of all years underwriting (19+29+39)			49	(480)	5				
Allocated investment return			51	-	-				
Transfer to non technical account (49+51)			59	(480)	5				

General business (accident year accounting): Analysis of premiums

Name of insurer AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Global business

Financial year ended 31st December 2003

Accounting class Accident and Health

		Company registration number	GL/UK/CM	Period ended			Units	Accounting class
				day	month	year		
		R21	1432586	GL	31	12	2003	£000 1
Premiums receivable during the financial year		Gross premiums written		Reinsurers' share		Net of reinsurance		
		Earned in previous financial years 1		Earned in previous financial years 3		Earned in previous financial years 5		
In respect of risks incepted in previous financial years		11						
		Earned in this financial year	1	Unearned at end of this financial year	2	Earned in this financial year	4	Unearned at end of this financial year
In respect of risks incepted in previous financial years		12						
In respect of risks incepted in this financial year	For periods of less than 12 months	13						
	For periods of 12 months	14						
	For periods of more than 12 months	15						
Premiums receivable (less rebates and refunds) in previous financial years not earned in those years and brought forward to the financial year		16						
Total (12 to 16)		19						

General business (accident year accounting): Analysis of premiums

Name of insurer AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Global business

Financial year ended 31st December 2003

Accounting class Motor

		Company registration number	GL/UK/CM	Period ended			Units	Accounting class
				day	month	year		
		R21	1432586	GL	31	12	2003	£000 2
Premiums receivable during the financial year		Reinsurers' share		Gross premiums written		Net of reinsurance		
		Earned in previous financial years		Earned in previous financial years		Earned in previous financial years		
		1		2		3		
In respect of risks incepted in previous financial years		11		1		5		
				Earned in this financial year		Unearned at end of this financial year		Unearned at end of this financial year
				1		2		6
In respect of risks incepted in previous financial years		12						
				For periods of less than 12 months				
In respect of risks incepted in this financial year		13						
				For periods of 12 months				
		14						
		15		For periods of more than 12 months				
Premiums receivable (less rebates and refunds) in previous financial years not earned in those years and brought forward to the financial year		16						
Total (12 to 16)		19						

General business (accident year accounting): Analysis of premiums

Name of insurer AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Global business

Financial year ended 31st December 2003

Accounting class Property

		Company registration number	GL/UK/CM	Period ended			Units	Accounting class
				day	month	year		
		R21	1432586	GL	31	12	2003	£000 6
Premiums receivable during the financial year		Gross premiums written		Reinsurers' share		Net of reinsurance		
		Earned in previous financial years 1		Earned in previous financial years 3		Earned in previous financial years 5		
In respect of risks incepted in previous financial years		11						
			Earned in this financial year 1		Earned in this financial year 3		Earned in this financial year 5	Unearned at end of this financial year 6
In respect of risks incepted in previous financial years		12						
In respect of risks incepted in this financial year		13						
For periods of less than 12 months		14						
For periods of 12 months		15						
For periods of more than 12 months		16						
Premiums receivable (less rebates and refunds) in previous financial years not earned in those years and brought forward to the financial year		19						
Total (12 to 16)								

General business (accident year accounting): Analysis of premiums

Name of insurer AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Global business

Financial year ended 31st December 2003

Accounting class Third Party Liability

		Company registration number	GL/UK/CM	Period ended			Units	Accounting class	
				day	month	year			
		R21	1432586	GL	31	12	2003	£000	7
Premiums receivable during the financial year		Gross premiums written		Reinsurers' share		Net of reinsurance			
		Earned in previous financial years 1		Earned in previous financial years 3		Earned in previous financial years 5			
In respect of risks incepted in previous financial years		11							
		Earned in this financial year 1		Unearned at end of this financial year 2		Earned in this financial year 3		Unearned at end of this financial year 4	
In respect of risks incepted in previous financial years		12							6
In respect of risks incepted in this financial year		13							
For periods of less than 12 months									
For periods of 12 months		14							
For periods of more than 12 months		15							
Premiums receivable (less rebates and refunds) in previous financial years not earned in those years and brought forward to the financial year		16							
Total (12 to 16)		19							

General business (accident year accounting): Analysis of claims, expenses and technical provisionsName of Company **AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED**

Global business

Financial year ended **31st December 2003**Accounting class **Accident and Health**

Company Registration Number			GL/UK/CM		Period ended			Units	Accounting class
					day	month	year		
R22	1432586	GL	31	12	2003	£000	1		
			Amount brought forward from previous financial year	Amount payable/receivable in this financial year	Amount carried forward to next financial year	Amount attributable to this financial year			
			1	2	3	4			
Claims incurred in respect of incidents occurring prior to this financial year	Gross amount	11	7	-	15	8			
	Reinsurers share	12	15	10	5	-			
	Net (11 -12)	13	(8)	(10)	10	8			
	Claims management costs	14	30	-	10	(20)			
Claims incurred in respect of incidents occurring in this financial year	Gross amount	15							
	Reinsurers share	16							
	Net (15 -16)	17							
	Claims management costs	18							
Provision for unexpired risks		19							
Net operating expenses	Commissions	21							
	Other acquisition expenses	22							
	Administrative expenses	23							
	Reinsurance commissions and profit participations	24							
	Total (21+22+23-24)	29							
Adjustments for discounting in respect of the items shown at lines 11 to 18 above	Gross amount	31							
	Reinsurers share	32							
	Claims management costs	33							
	Total (31-32+33)	39							
Split of line 29	Prior financial years	41							
	This financial year	42							
Split of line 39	Incidents occurring prior to this financial year	51							
	Incidents occurring in this financial year	52							

General business (accident year accounting): Analysis of claims, expenses and technical provisionsName of Company **AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED**

Global business

Financial year ended **31st December 2003**Accounting class **Motor**

Company Registration Number			GL/UK/CM	Period ended			Units	Accounting class	
				day	month	year			
R22			1432586	GL	31	12	2003	£000	2
			Amount brought forward from previous financial year	Amount payable/receivable in this financial year	Amount carried forward to next financial year	Amount attributable to this financial year			
			1	2	3	4			
Claims incurred in respect of incidents occurring prior to this financial year	Gross amount	11	-	-	-	-			
	Reinsurers share	12	-	-	-	-			
	Net (11 -12)	13	-	-	-	-			
	Claims management costs	14	-	-	-	-			
Claims incurred in respect of incidents occurring in this financial year	Gross amount	15							
	Reinsurers share	16							
	Net (15 -16)	17							
	Claims management costs	18							
Provision for unexpired risks		19							
Net operating expenses	Commissions	21							
	Other acquisition expenses	22							
	Administrative expenses	23							
	Reinsurance commissions and profit participations	24							
	Total (21+22+23-24)	29							
Adjustments for discounting in respect of the items shown at lines 11 to 18 above	Gross amount	31							
	Reinsurers share	32							
	Claims management costs	33							
	Total (31-32+33)	39							
Split of line 29	Prior financial years	41							
	This financial year	42							
Split of line 39	Incidents occurring prior to this financial year	51							
	Incidents occurring in this financial year	52							

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

Name of Company AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Global business

Financial year ended 31st December 2003

Accounting class Property

Company Registration Number			GL/UK/CM	Period ended			Units	Accounting class	
				day	month	year			
R22			1432586	GL	31	12	2003	£000	6
			Amount brought forward from previous financial year	Amount payable/receivable in this financial year	Amount carried forward to next financial year	Amount attributable to this financial year			
			1	2	3	4			
Claims incurred in respect of incidents occurring prior to this financial year	Gross amount	11	28	1	5	(22)			
	Reinsurers share	12	-	-	-	-			
	Net (11 -12)	13	28	1	5	(22)			
	Claims management costs	14	20	-	5	(15)			
Claims incurred in respect of incidents occurring in this financial year	Gross amount	15							
	Reinsurers share	16							
	Net (15 -16)	17							
	Claims management costs	18							
Provision for unexpired risks		19							
Net operating expenses	Commissions	21							
	Other acquisition expenses	22							
	Administrative expenses	23							
	Reinsurance commissions and profit participations	24							
	Total (21+22+23-24)	29							
Adjustments for discounting in respect of the items shown at lines 11 to 18 above	Gross amount	31							
	Reinsurers share	32							
	Claims management costs	33							
	Total (31-32+33)	39							
Split of line 29	Prior financial years	41							
	This financial year	42							
Split of line 39	Incidents occurring prior to this financial year	51							
	Incidents occurring in this financial year	52							

General business (accident year accounting): Analysis of claims, expenses and technical provisionsName of Company **AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED**

Global business

Financial year ended **31st December 2003**Accounting class **Third Party Liability**

Company Registration Number			GL/UK/CM	Period ended			Units	Accounting class
				day	month	year		
R22	1432586	GL	31	12	2003	£000	7	
			Amount brought forward from previous financial year	Amount payable/ receivable in this financial year	Amount carried forward to next financial year	Amount attributable to this financial year		
			1	2	3	4		
Claims incurred in respect of incidents occurring prior to this financial year	Gross amount	11	53	-	52	(1)		
	Reinsurers share	12	3	-	3	-		
	Net (11 -12)	13	50	-	49	(1)		
	Claims management costs	14	50	-	20	(30)		
Claims incurred in respect of incidents occurring in this financial year	Gross amount	15						
	Reinsurers share	16						
	Net (15 -16)	17						
	Claims management costs	18						
Provision for unexpired risks		19						
Net operating expenses	Commissions	21						
	Other acquisition expenses	22						
	Administrative expenses	23						
	Reinsurance commissions and profit participations	24						
	Total (21+22+23-24)	29						
Adjustments for discounting in respect of the items shown at lines 11 to 18 above	Gross amount	31						
	Reinsurers share	32						
	Claims management costs	33						
	Total (31-32+33)	39						
Split of line 29	Prior financial years	41						
	This financial year	42						
Split of line 39	Incidents occurring prior to this financial year	51						
	Incidents occurring in this financial year	52						

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

Name of insurer AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Global business

Financial year ended 31st December 2003

Accounting class Accident and Health

Accident year ended		Company registration number		GL/UK/CM		Period ended			Units		Accounting class	
		1432586		GL		day	month	year	£000		1	
Month	Year	R23		Claims outstanding carried forward		Claims outstanding brought forward		Balance on each accident year (4+5+6-7-8)	Deduction for discounting from claims outstanding carried forward (net)	Earned premiums (net)	Deterioration/ (surplus) of original reserve %	Claims ratio %
		1		Reported (net)	Incurred but not reported (net)	Reported (net)	Incurred but not reported (net)					
12	2003	11										
12	2002	12										
12	2001	13										
12	2000	14										
12	1999	15										
12	1998	16										
12	1997	17										
12	1996	18										
12	1995	19										
12	1994	20										
Prior accident years		21						8				
Reconciliation		22										
Total (11 to 22)		29						8				

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

Name of insurer AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Global business

Financial year ended 31st December 2003

Accounting class Property

Accident year ended		Month	Year	Claims paid (net) during the accident year	Claims outstanding (net) as at end of the accident year	Total claims paid (net) since the end of the accident year, but prior to this financial year	Claims paid (net) during this financial year	Claims outstanding carried forward		Claims outstanding brought forward		Balance on each accident year (4+5+6-7-8)	Deduction for discounting from claims outstanding carried forward (net)	Earned premiums (net)	Deterioration/ (surplus) of original reserve %	Claims ratio %
								1	2	3	4					
R23		1432586	GL	31	12	2003	£000	6								
12	2003	11														
12	2002	12														
12	2001	13														
12	2000	14														
12	1999	15														
12	1998	16														
12	1997	17														
12	1996	18														
12	1995	19														
12	1994	20														
Prior accident years		21					1	-	5	23	5	(22)				
Reconciliation		22														
Total (11 to 22)		29					1	-	5	23	5	(22)				

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

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Global business

Financial year ended

31st December 2003

Accounting class

Third Party Liability

Accident year ended		Company registration number	GL/UK/CM	Period ended			Units	Accounting class						
				day	month	year								
		R23	1432586	GL	31	12	2003	£000	7					
Month	Year	Claims outstanding carried forward		Claims outstanding brought forward	Balance on each accident year (4+5+6-7-8)	Deduction for discounting from claims outstanding carried forward (net)	Earned premiums (net)	Deterioration/ (surplus) of original reserve %	Claims ratio %					
		Reported (net)	Incurred but not reported (net)	Reported (net)						Incurred but not reported (net)				
		1	2	3	4	5	6	7	8	9	10	11	12	13
12	2003	11												
12	2002	12												
12	2001	13												
12	2000	14												
12	1999	15												
12	1998	16												
12	1997	17												
12	1996	18												
12	1995	19												
12	1994	20												
Prior accident years		21			-	34	15	35	15	(1)				
Reconciliation		22												
Total (11 to 22)		29			-	34	15	35	15	(1)				

Name of insurer

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Global business

Financial year ended 31st December 2003

Accounting class	Accident and Health
1	1
2	2
3	3
4	4
5	5
6	6
7	7
8	8
9	9
10	10
11	11
12	12
13	13
14	14
15	15
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90	90
91	91
92	92
93	93
94	94
95	95
96	96
97	97
98	98
99	99
100	100

[illegible]

Name of insurer

AAA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Global business

Financial year ended 31st December 2003

Accounting class Aviation

[illegible]

General insurance business (underwriting year accounting) : Analysis of premiums, claims and expenses

Name of insurer

AAA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Global business

Financial year ended 31st December 2003

Accounting class	Non-proportional treaty
1	1
2	2
3	3
4	4
5	5
6	6
7	7
8	8
9	9
10	10
11	11
12	12
13	13
14	14
15	15
16	16
17	17
18	18
19	19
20	20
21	21
22	22
23	23
24	24
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86	86
87	87
88	88
89	89
90	90
91	91
92	92
93	93
94	94
95	95
96	96
97	97
98	98
99	99
100	100

[illegible]

General business (underwriting year accounting) : Analysis of technical provisions

Name of Company

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Global business

Financial year ended

31st December 2003

Accounting class

Aviation

[illegible]

General business (underwriting year accounting) : Analysis of technical provisions

Name of Company

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Global business

Financial year ended

31st December 2003

Accounting class

Property

[illegible]

General business (underwriting year accounting) : Analysis of technical provisions

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Global business

Financial year ended 31st December 2003

Units Accounting

Period ended

GL/UK/CM

registration

Accounting class	Non-proportional treaty
1	1
2	2
3	3
4	4
5	5
6	6
7	7
8	8
9	9
10	10
11	11
12	12
13	13
14	14
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16	16
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97	97
98	98
99	99
100	100

[illegible]

Name of insurer

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Accounting class:

Non-proportional treaty

Global business

Currency

Sterling

Financial year ended 31st December 2003

Category

[illegible]

General insurance business (underwriting year accounting) : Analysis of premiums, claims and expenses by category for treaty reinsurance

Name of insurer

AAA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Global business

Accounting class:

Currency

Non-proportional treaty

Sterling

Financial year ended 31st December 2003

Category

[illegible]

General insurance business (underwriting year accounting) : Analysis of technical provisions by category for treaty reinsurance

Name of insurer: AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED
 Global business: AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED
 Financial year ended: 31st December 2003
 Accounting class: Non-proportional treaty
 Currency: Sterling

Financial year ended		31st December 2003		Miscellaneous and pecuniary loss																					
Category		Company registration number		GL/UK/CM		Period ended				Monetary units		Business Category		Accounting class		Currency									
		R29	1432586	GL	31	12	2003	£000	H	9	AA														
Underwriting year ended	Prior underwriting years	MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	Total all previous columns							
		29	29	12	94	12	95	12	96	12	97	12	98	12	99	12	00	12	01	12	02	12	03	99	99
Reported claims outstanding	Gross amount	11	376																						376
	Reinsurers' share	12	47																						47
Claims incurred but not reported	Gross amount	13	91																						91
	Reinsurers' share	14	-																						-
Claims management costs		15	130																						130
Adjustment for discounting	Gross amount	16																							
	Reinsurers' share	17																							
	Claims management costs	18																							
Allocation to/(from) another category of accounting class of anticipated surplus		19																							
Balance of the fund		20																							
Claims outstanding (11-12+13-14+15-16+17-18+19+20)		21	550																						550
Provision for unearned premiums		22																							
Provision for unexpired risks		23																							
Deferred acquisition costs		24																							
Other technical provisions (particulars to be specified by way of supplementary note)		25																							
Total (21+22+23-24+25)		29	550																						550

General insurance business (underwriting year accounting) : Analysis of technical provisions by category for treaty reinsurance

Name of insurer

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Accounting class:

Non-proportional treaty

Global business

Currency

Sterling

Financial year ended

31st December 2003

Company

Category

Miscellaneous and pecuniary loss

[illegible]

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

Name of insurer

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Accounting class: Accident and Health

Global business

Currency: Sterling

Financial year ended

31st December 2003

Risk group

Accident

Company registration															Period ended			Monetary		Country		Accounting class								
number															GL/UK/CM		day		month		year		Units							
R31															1432586		GL		31		12		2003		£000		AA		1	
Accident year ended		Number of claims			Gross claims paid		Gross claims outstanding forward		Gross claims brought forward		Balance for each accident year (4+5+6+7+8)		Gross earned premiums		Claims ratio %															
Month	Year	Closed at some cost during this or previous financial years	Reported claims outstanding	In previous financial years	In this financial year	Reported	Incur but not reported	Reported	Incur but not reported																					
12	2003	11																												
12	2002	12																												
12	2001	13																												
12	2000	14																												
12	1999	15																												
12	1998	16																												
12	1997	17																												
12	1996	18																												
12	1995	19																												
12	1994	20																												
Prior accident years		21	3		-	10	5	2	5	8																				
Total (11 to 21)		29	3		-	10	5	2	5	8																				
Line 29 expressed in sterling		30			-	10	5	2	5	8																				

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

Name of insurer

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Accounting class: Property

Global business

Currency: Sterling

Financial year ended

31st December 2003

Risk group

Property other

Accident year ended		Number of claims		Gross claims paid		Gross claims outstanding forward		Company registration number			Period ended			Monetary		Country	Accounting class	
								R31	1432586	GL	31	12	2003	£000	AA			6
Month	Year	1	2	3	4	5	6	7	8	9	10	11						
		Closed at some cost during this or previous financial years	Reported claims outstanding	In previous financial years	In this financial year	Reported	Incur but not reported	Reported	Incur but not reported	Balance for each accident year (4+5+6-7-8)	Gross earned premiums	Claims ratio %						
12	2003	11																
12	2002	12																
12	2001	13																
12	2000	14																
12	1999	15																
12	1998	16																
12	1997	17																
12	1996	18																
12	1995	19																
12	1994	20																
Prior accident years		21	-		1	-	5	23	5	(22)								
Total (11 to 21)		29	-		1	-	5	23	5	(22)								
Line 29 expressed in sterling		30			1	-	5	23	5	(22)								

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

Name of insurer AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED Accounting class: Third Party Liability

Global business Currency: Sterling

Financial year ended 31st December 2003

Risk group General third party

Company registration number										Period ended		Monetary Units		Country	Accounting class		
GL/UK/CM										day month		year					
R31 1432586 GL										31	12	2003		£000	AA	7	
Accident year ended		Number of claims		Gross claims paid		Gross claims outstanding forward		Gross claims brought forward		Balance for each accident year (4+5+6-7-8)		Gross earned premiums		Claims ratio %			
Month	Year	Closed at some cost during this or previous financial years	Reported claims outstanding	In previous financial years	In this financial year	Reported	In this financial year	Reported	In this financial year	Reported	In this financial year	Reported	In this financial year	Reported	In this financial year		
		1	2	3	4	5	6	7	8	9	10	11					
12	2003	11															
12	2002	12															
12	2001	13															
12	2000	14															
12	1999	15															
12	1998	16															
12	1997	17															
12	1996	18															
12	1995	19															
12	1994	20															
Prior accident years		21	13		-	37	15	38	15	(1)							
Total (11 to 21)		29	13		-	37	15	38	15	(1)							
Line 29 expressed in sterling		30			-	37	15	38	15	(1)							

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

Name of insurer

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Accounting class: Third Party Liability

Global business

Currency: Sterling

Financial year ended

31st December 2003

Risk group

General third party

Accident year ended		Number of claims		Gross claims paid		Gross claims outstanding carried forward		Gross claims brought forward		Balance for each accident year (4+5+6-7-8)		Gross earned premiums	Country	Accounting class
Month	Year	Closed at some cost during this or previous financial years	Reported claims outstanding	In previous financial years	In this financial year	Reported	Incur but not reported	Reported	Incur but not reported					
		1	2	3	4	5	6	7	8	9	10	11		
12	1993													
12	1992													
12	1991													
12	1990													
12	1989													
12	1988													
12	1987													
12	1986		9			26	15	27	15	(1)				
12	1985		1			-	-	-	-	-				
12	1984		2			11	-	11	-	-				
12	1983		1			-	-	-	-	-				
12	1982		-			-	-	-	-	-				
12	1981		-			-	-	-	-	-				

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

Name of insurer

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Accounting class:

Accident and Health

Global business

Currency:

Sterling

Financial year ended 31st December 2003

Risk group

Accident

Accident year ended		Company registration number	GL/UK/CM	Period ended			Monetary Units		Country	Accounting class
				day	month	year	Units			
		R34	1432586	GL	31	12	2003	£000	AA	1
Month	Year	Gross claims paid		Gross claims outstanding carried forward		Gross claims outstanding brought forward		Gross earned premiums	Claims ratio %	
		In previous financial years	In this financial year	Reported	Incurred but not reported	Reported	Incurred but not reported			
		1	2	3	4	5	6	7	8	9
12	2003	11								
12	2002	12								
12	2001	13								
12	2000	14								
12	1999	15								
12	1998	16								
12	1997	17								
12	1996	18								
12	1995	19								
12	1994	20								
Prior accident years	21		-	-	-	-	-	-	-	
Total (11 to 21)	29		-	-	-	-	-	-	-	
Line 29 expressed in sterling	30		-	-	-	-	-	-	-	

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

Name of insurer AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Accounting class: Aviation

Global business

Currency: Sterling

Financial year ended 31st December 2003

Risk group Aviation

Accident year ended		Gross claims paid		Gross claims outstanding carried forward		Gross claims outstanding brought forward		Balance on each underwriting year (2+3+4-5-6)		Gross earned premiums		Claims ratio %	
Month	Year	In previous financial years	In this financial year	Reported	Incurred but not reported	Reported	Incurred but not reported	(2+3+4-5-6)					
12	2003	11	2	3	4	5	6	7	8	9			
12	2002	12											
12	2001	13											
12	2000	14											
12	1999	15											
12	1998	16											
12	1997	17											
12	1996	18											
12	1995	19											
12	1994	20											
Prior accident years	21		(174)	17	17	42	19	(201)					
Total (11 to 21)	29		(174)	17	17	42	19	(201)					
Line 29 expressed in sterling	30		(174)	17	17	42	19	(201)					

Company registration number: R34 1432586
 GL/UK/CM: GL
 Period ended: 31 12 2003
 Monetary Units: £000
 Country: AA
 Accounting class: 3

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Accounting class:

Property

Currency:

Sterling

Financial year ended 31st December 2003

Risk group	Property other
High	High
Medium	Medium
Low	Low

Accident year ended		Company registration number	GL/UK/CM	Period ended			Monetary			Country	Accounting class
				day	month	year	Units				
Month	Year	R34	1432586	GL	31	12	2003	£000	AA	6	
		Gross claims paid			Gross claims outstanding carried forward						
		In previous financial years		In this financial year	Reported	Incur but not reported					
		1		2	3	4	5	6	7	8	9
12	2003	11									
12	2002	12									
12	2001	13									
12	2000	14									
12	1999	15									
12	1998	16									
12	1997	17									
12	1996	18									
12	1995	19									
12	1994	20									
Prior accident years	21			13	24	3	24	-	16		
Total (11 to 21)	29			13	24	3	24	-	16		
Line 29 expressed in sterling	30			13	24	3	24	-	16		

STATEMENT REQUIRED BY RULE 9.25

AA MUTUAL INTERNATIONAL INSURANCE CO LIMITED

GLOBAL BUSINESS

FINANCIAL YEAR ENDED 31.12.2003

MAJOR TREATY REINSURERS REPORT

The company has no major reinsurers.

STATEMENT REQUIRED BY RULE 9.26

AA MUTUAL INTERNATIONAL INSURANCE CO LIMITED

GLOBAL BUSINESS

FINANCIAL YEAR ENDED 31.12.2003

MAJOR FACULTATIVE REINSURER REPORT

	CONNECTED COMPANY	PREMIUM CEDED IN FINANCIAL YEAR £	AMOUNT OF DEBT AT YEAR END £	DEPOSIT £	ANTICIPATED RECOVERY £
Home & Overseas The Grange Bishops Cleeve Cheltenham Gloucestershire GL52 4XX	NO	0.00	NIL	NIL	43406.32

STATEMENT REQUIRED BY RULE 9.27

AA MUTUAL INTERNATIONAL INSURANCE CO LIMITED

GLOBAL BUSINESS

FINANCIAL YEAR ENDED 31.12.2003

MAJOR CEDANT REPORT

NAME & ADDRESS OF CEDANT	CONNECTED COMPANY	GROSS PREMIUMS RECEIVABLE £	AMOUNT OF DEPOSIT £	AMOUNT OF DEBT £
Lloyds Lime Street London EC3M 7HA	NO	NIL	NIL	NIL

Statement required by Rule 9.29

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

GLOBAL BUSINESS

Financial year ended 31 December 2003

Additional information on derivative contracts

The investment guidelines operated by the company prohibit the use of derivative contracts, and accordingly the company has not entered into any such contracts during the year ended 31 December 2003.

Statement required by Rule 9.30

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

GLOBAL BUSINESS

Financial year ended 31 December 2003

Statement of Shareholder Controllers

The following persons were shareholder controllers during the year and at 31st December 2003:

Hampden Holdings Limited	
Hampden Insurance Holdings Limited	(Ceased 1st August 2003)
Hampden Insurance Group Limited	(From 1st August 2003)
Hampden Group Management Limited	(Ceased 1st August 2003)
Hampden Plc	(Ceased 1 st August 2003)
T.P.C. Oliver	
C.B. Manson	

At 31st December 2003 Hampden Insurance Group Limited owned 100% of the issued share capital of the company, and following an internal reorganisation was able to exercise 100% of the voting power at any annual general meeting. Hampden Holdings Limited owns 100% of the issued share capital of Hampden Insurance Group Limited. The shareholder controllers interests in Hampden Holdings Limited at 31st December 2003 were as follows:-

	Percentage	
	Shares held	Voting power
T.P.C. Oliver	60.00	60.00
C.B. Manson	18.18	18.18

Statement required by Rule 9.32

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

GLOBAL BUSINESS

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Additional information on general insurance business ceded

There is no information to be stated by the company under rule 9.32

Minimum guarantee funds modification under IPRU (INS) Appendix 2.3, paragraphs 2, 3 & 4

The FSA, on application of the firm, made a direction in December 2003 under section 148 of the Act. The effect of the direction is to modify paragraph 2 of Appendix 2.3 to IPRU (INS) to reduce the minimum guarantee fund for its general insurance business from Euro 3 million to Euro 400,000 until 30 December 2006.

Notes to the Return

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

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Financial year ended 31 December 2003

Supplementary note to Form 10

1001 Reconciliation of net assets	2003	2002
	£000	£000
Total assets per form 13 line 99	1,885	2,576
Total liabilities per form 15 line 59	<u>1,599</u>	<u>(2,034)</u>
Capital and reserves per the shareholders account	<u>286</u>	<u>542</u>

Notes to the Return

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Financial year ended 31 December 2003

Supplementary notes to form 13

1304 Debtors arising out of reinsurance operations

The company has made its best endeavours to present debtors arising out of reinsurance operations shown in Form 13.74.1 in compliance with FRS5

1305 Maximum permitted counterparty limit

The company's assets are held in trust and the trustees' investment policy is to place funds on deposit with credit institutions that have a high quality credit rating. In carrying out this policy no limit is set as to how much can be deposited with each institution.

1307 Technical provisions – Reinsurers' share of claims outstanding

Form 15.12.1 includes gross technical provisions for claims outstanding amounting to £600,000 and Form 13.61.1 includes the related reinsurers' share of such provisions amounting to £102,000. As the company has completed its sixteenth year of run off the directors believe incurred claims to be effectively fully developed. Nevertheless they acknowledge that unexpected future experience may show adjustments are required to these amounts, particularly in respect of:

- i) assumptions made in estimating claims provisions and in the potential for new sources or types of claims to emerge; and
- ii) assumptions made in estimating the reinsurers' share of claims outstanding and the appropriate provision in respect of them.

Accordingly technical provisions could be overstated or understated with a corresponding impact on available assets. In the event of adjustments being required to these amounts, they will be reflected in the returns for the period in which they arise.

Notes to the Return

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

GLOBAL BUSINESS

Financial year ended 31 December 2003

Supplementary notes to Form 15

1501 Provision for Adverse changes

As mentioned in note 1701, the company has not entered into any derivative contracts. Accordingly no provision for adverse changes is required.

1505 Technical provisions – Gross claims outstanding

Form 15.12.1 includes gross technical provisions for claims outstanding amounting to £600,000 and Form 13.61.1 includes the related reinsurers' share of such provisions amounting to £102,000. As the company has completed its sixteenth year of run off, the directors believe incurred claims to be effectively fully developed. Nevertheless, they acknowledge that unexpected future experience may show adjustments are required to these amounts particularly in respect of:

- i) assumptions made in estimating claims provisions and in the potential for new sources or types of claims to emerge; and
- ii) assumptions made in estimating the reinsurers' share of claims outstanding and the appropriate provision in respect of them

Accordingly, technical provisions could be overstated or understated with a corresponding impact on available assets. In the event of adjustments being required to these amounts, they will be reflected in the returns for the period in which they arise.

Notes to the Return

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

GLOBAL BUSINESS

Financial year ended 31 December 2003

Supplementary notes to Form 16

1601 Basis of foreign currency conversion

The general business technical accounts are maintained in three currencies, Sterling, US Dollars and Canadian Dollars.

The opening balances on the United States Dollar and Canadian Dollar general business technical accounts are translated into Sterling at the rates ruling at 31st December 2003. The resulting revaluation adjustment is shown in the general business technical account, as part of the change in the provision for claims figure for the year. Revenue transactions are translated at the rates ruling at the date of settlement. Unsettled revenue transactions and the related asset and liability balances at 31st December 2003 in currencies other than Sterling, are translated at the appropriate year end rates.

1603 Other income and charges

Amounts shown in Form 16.21.1 relate to foreign exchange movements.

Notes to the Return

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

GLOBAL BUSINESS

Financial year ended 31 December 2003

Supplementary note to Form 17

1701 Derivative contracts

The company has not entered into any derivative transactions during the year under review. As permitted by Interim Prudential Guidance Note 9.1 "Preparation of Returns" no Form 17 has been included in this return, because the company had no transactions which qualify to be reported for the year ended 31st December 2003 or for the previous year.

Notes to the Return

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

GLOBAL BUSINESS

Financial year ended 31 December 2003

Supplementary notes to Form 20

2001 Concessions

On 9 October 1980, the company was given a concession by the Department of Trade and Industry to account for certain classes of business on a three-year basis.

Under current regulations, this business is now accounted for on an underwriting year basis. Accordingly, the Company considers the classes of business as being managed together.

2002 Analysis between UK and Overseas business

For all accounting classes there are no gross premium written.

2003 Date of last new contract

On 4 December 1987, at the request of the company, the Department of Trade and Industry withdrew the authorisation of the company to effect contracts of insurance. Accordingly no new contracts of insurance have been effected since that date.

2007 Material connected-party transactions.

Material connected-party transactions in the financial year to be reported under Rule 9.39 were as follows:

Hampden Insurance Management Services Plc, a fellow group company acts as agent for the run-off and charged £330,000 for run-off services for the year ended 31 December 2003.

Notes to the Return

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

GLOBAL BUSINESS

Financial year ended 31 December 2003

Supplementary notes to Form 22

2202 Provision for claims management costs

A provision of £225,000 (2002: £450,000) has been made for claims management costs, net of anticipated investment income. This provision has been allocated between accident years and underwriting years by reference to the value of outstanding claims. The provision has been included in this return as follows:

	Form 22			Form 25			Total per	
	1	6	7	1	3	6	9	Return
	£'000	£'000	£'000	£'000	£'000	£,000	£'000	£'000
Provision for claims								
Management costs	<u>10</u>	<u>5</u>	<u>20</u>	<u>4</u>	<u>51</u>	<u>5</u>	<u>130</u>	<u>225</u>

2207 Reconciliation of administration and other costs in the return to those in the financial statements

The following expenses and other costs included in the financial statements as

Administrative expenses	427
Items arising from the run off of the WF Portfolio of business	(35)
Increase in amount anticipated from AAMA	(58)
Decrease in provision for doubtful debts	(22)

312

have been included in the return as administrative expense on Form 24.43.03 (accounting class 9).

Notes to the Return

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

GLOBAL BUSINESS

Financial year ended 31 December 2003

Supplementary notes to Form 24

2401 Amounts brought forward

Amounts brought forward differ from the amounts carried forward due to exchange movements.

2402 Reporting Basis / Basis of Profit Recognition

Certain classes of business are accounted for on an underwriting year basis because of the nature of the business accepted was such that underwriting results could not be established with sufficient accuracy under the annual basis. These classes of business are: accident, aviation, property and excess loss / general treaty.

Under the non annual underwriting basis of accounting, premiums, claims and expenses were carried forward as a provision and profit recognition was deferred until the end of the third year from the start of any underwriting year. Any anticipated underwriting losses were recognised as soon as they were foreseen.

2404 Claims management costs

Refer to note 2202 for further details

2407 Reconciliation of administration and other costs in the return to those in the financial statements

The following expenses and other costs included in the financial statements as

Administrative expenses	427
Items arising from the run off of the WF portfolio of business	(35)
Increase in amount anticipated from AAMA	(58)
Decrease in provision for doubtful debts	(22)
	<u>312</u>

have been included in the return as administrative expense on Form 24.43.03 (Accounting class 9)

2408 Reinsurance creditors

Reinsurance creditors identified as time-barred amounting to £252,000 have been charged to the technical account as follows:

Class	Form 24				Total per return £'000
	1 £'000	2 £'000	6 £'000	9 £'000	
Form:					
Form 24.43.29	-	-	-	252	252
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Time bar analysis on the remaining liabilities will continue on an ongoing basis.

Notes to the Return

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

GLOBAL BUSINESS

Financial year ended 31 December 2003

Supplementary note to Form 25

2504 Surplus for offset

On 9 October 1980, the company was given a concession by the Department of Trade and Industry to account for certain classes of business on a three year basis.

Under the new regulations, this business is now accounted for on an underwriting year basis. Accordingly, the company considers the classes of business as being managed together.

2506 Provision of claims management costs

As explained in note 2202, a provision of £225,000 has been made for claims management costs, net of anticipated investment income. This provision has been allocated between underwriting years and accident years by reference to the value of the outstanding claims. The provision has been included in this return as follows:

Class	Form 25				Form 22			Total per return £'000
	1	3	6	9	1	6	7	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Provision for claims management costs	<u>4</u>	<u>51</u>	<u>5</u>	<u>130</u>	<u>10</u>	<u>5</u>	<u>20</u>	<u>225</u>

Notes to the Return

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

GLOBAL BUSINESS

Financial year ended 31 December 2003

Supplementary note to Form 28

2801 Amount brought forward

Amounts brought forward differ from amounts carried forward due to exchange movements

Notes to the Return

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

GLOBAL BUSINESS

Financial year ended 31 December 2003

Supplementary note to Form 29

2901 Surplus for offset

On 9 October 1980, the company was given a concession by the Department of Trade and Industry to account for certain classes of business on a three year basis.

Under the new regulations this business is now accounted for on an underwriting year basis. Accordingly, the company considers the classes of business as being managed together.

Notes to the Return

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

GLOBAL BUSINESS

Financial year ended 31 December 2003

Supplementary note to the Directors' Certificate

In respect of the company's business which is not excluded by rule 7.6, the assets held throughout the financial year enabled the company to comply, except in relation to the Sterling currency, with rules 7.1 to 7.5 (matching and localisation).