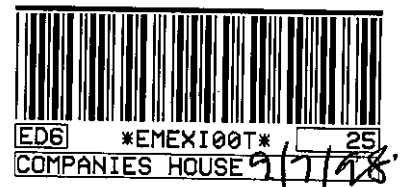


Ac 1489

# HIR (UK) LTD

**Annual Returns to Insurance Directorate HM Treasury  
for the year ended 31st December 1997**



Accounts and statements pursuant to the Insurance Companies Act  
1982 and the Insurance Companies (Accounts and Statements)  
Regulations 1996 (as amended)

(Schedules 1, 2, 5, 6)

THIS IS AN ACCURATE  
DOCUMENT DELIVERED  
UNDER THE INSURANCE  
ACT 1982

# Returns under Insurance Companies Legislation

## HIR (UK) LTD

Year ended 31st December 1997

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## Statement of solvency

Name of company **HIR (UK) LTD**

Global business

Financial year ended **31st December 1997**

	Company registration number	GL/UK/CM	Period ended			Units
			day	month	year	
<b>R9</b>	<b>1438392</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>1997</b>	<b>£000</b>
	As at the end of this financial year	As at the end of the previous year	Source			
	<b>1</b>	<b>2</b>	Form	Line	Column	

**GENERAL BUSINESS****Available assets**

Other than long term business assets allocated towards general business required minimum margin	11	1379	5561	See instructions 1 and 2
---	----	------	------	--------------------------

**Required minimum margin**

Required minimum margin for general business	12	273	313	12 . 49
Excess (deficiency) of available assets over the required minimum margin (11-12)	13	1106	5248	

**LONG TERM BUSINESS****Available assets**

Long term business admissible assets	21			10 . 11
Other than long term business assets allocated towards long term 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 business required minimum margin (21+22-23-24)	25			

**Implicit items admitted under 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			
--	----	--	--	--

**Required minimum margin**

Required minimum margin for long term 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 business as shown in a supplementary note to Form 15	51			See instruction 6
Quantifiable contingent liabilities in respect of long term business as shown in a supplementary note to Form 14	52			See instruction 6

Covering sheet to Form 9

Name of company      HIR (UK) LTD

Global business

Financial year ended      31st December 1997

.....  
Dr H.W.H. Eilers  
Director

.....  
I.E.Marshall  
Director

.....  
Chiltington International Ltd.  
Secretary

London 30 June 1998

## Statement of net assets

Name of company **HIR (UK) LTD**

Global business

Financial year ended **31st December 1997**

	R10	Company registration number 1438392	GL/UK/CM GL	Period ended			Units £000
				day	month	year	
				31	12	1997	
		As at the end of this financial year 1	As at the end of the previous year 2	Source			
				Form	Line	Column	
Long term business - admissible assets	11			13	89	1	
Long term business - liabilities and margins	12			14	59	1	

Other than Long term business - admissible assets	21	831	5051	13	89	1	
Other than Long term business - liabilities	22	452	490	15	69	1	
Net admissible assets (21-22)	23	379	4561				
Other assets allowed to be taken into account in covering the required minimum margin	24	1000	1000				
Unpaid amounts (including share premium) on partly paid shares	25						
Supplementary contributions for a mutual carrying on general business	26						
Liabilities allowed to be left out of account in covering the required minimum margin	27						
Subordinated loan capital	28						
Cumulative preference share capital	29						
Available assets (23 to 27)	29	1379	5561				

## Represented by:

Paid up share capital (other than cumulative preference share capital)	51	5000	5000				
Amounts included in lines 24 to 27 above	52	1000	1000				
Amounts representing the balance of net assets	56	(4621)	(439)				
Total (51 to 56) and equal to line 29 above	59	1379	5561				

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

Balance brought forward at the beginning of the financial year	61	(439)	575	10	56	2	
Retained profit/(loss) for the financial year	62	196	(6)	16	59	1	
Movement in asset valuation differences	63	(4379)	(1008)	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	(4622)	(439)				

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

Name of company **HIR (UK) LTD**

Global business

Financial year ended **31st December 1997**

			Company registration number	GL/UK/CM	Period ended			Units	
			R11	1438392	GL	31	12	1997	£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 ECU x 18/100	15						
		Excess (if any) over 10M ECU x 16/100	16						
	Health insurance	Up to and including sterling equivalent of 10M ECU x 6/100	17						
		Excess (if any) over 10M ECU x 16/300	18						
Sub-total B (15+16+17+18)			19						
Claims paid			21		11				89
Claims outstanding carried forward at the end of the financial year	For business accounted for on an underwriting year basis		22						
	For business accounted for on an accident year basis		23		113				223
Claims outstanding brought forward at the beginning of the financial year	For business accounted for on an underwriting year basis		24						
	For business accounted for on an accident year basis		25		223				363
Sub-total C (21+22+23-(24+25))			29		(99)				(51)
Amounts recoverable from reinsurers in respect of claims included in Sub-total C			30		(45)				(18)
Sub-total D (29-30)			39		(54)				(33)
First result Sub-total B x Sub-total D (or, if ½ is a greater fraction, x ½) Sub-total C			41						

**General business : Calculation of required margin of solvency - second method, and statement of required minimum margin**Name of company **HIR (UK) LTD**

Global business

Financial year ended **31st December 1997**Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

R12	1438392	GL	31	12	1997	£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"			3	11			See Instruction 1
Claims paid in reference period			21	166	282		
Claims outstanding carried forward at the end of the reference period	For business accounted for on an underwriting year basis		22				
	For business accounted for on an accident year basis		23	113	223		
Claims outstanding brought forward at the beginning of the reference period	For business accounted for on an underwriting year basis		24				
	For business accounted for on an accident year basis		25	511	916		
Sub-total E (21+22+23-(24+25))			29				
Sub-total F - Conversion of Sub-total E to annual figure (Multiply by 12 and divide by number of months in reference period)			31				
Division of Sub-total F	Other than health insurance	Up to and including sterling equivalent of 7M ECU x 26/100	32				
		Excess (if any) over 7M ECU x 23/100	33				
	Health insurance	Up to and including sterling equivalent of 7M ECU x 26/300	34				
		Excess (if any) over 7M ECU x 23/300	35				
Sub-total G (32 to 35)			39				
Second result Sub-total G x Sub-total D (or, if ½ is a greater fraction, x ½)			41				

First result	42			11	41
Required margin of solvency (the higher of lines 41 and 42)	43				

Minimum guarantee fund	44	273	313		
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Required minimum margin (the higher of lines 43 and 44)	49	273	313		
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## Analysis of admissible assets

Name of company      **HIR (UK) LTD**

Global business

Financial year ended      **31st December 1997**Category of assets      **Total other than long term business assets**

			Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			R13	1438392	GL	31	12	1997	£000	1
Investments							As at the end of this financial year 1		As at the end of the previous year 2	
Land and buildings						11				
Investments in group undertakings and participating interests	UK insurance 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 company has a participating interest				30				
Total sheet 1 (11 to 30)						39				



**Analysis of admissible assets**Name of company **HIR (UK) LTD**

Global business

Financial year ended **31st December 1997**Category of assets **Total other than long term business assets**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R13	1438392	GL	31 day	12 month	1997 year	£000	1
Investments (continued)					As at the end of this financial year 1		As at the end of the previous year 2		
Deposits with ceding undertakings									
Assets held to cover linked liabilities									
Other financial investments	Equity shares			41					
	Other shares and other variable yield securities			42			6		
	Holdings in collective investment schemes			43					
	Rights under derivative contracts			44					
	Debt securities and other fixed income securities	Fixed interest	Approved securities	45	357		4498		
			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 company		52					
		Other		53					
	Deposits with approved credit institutions and approved financial institutions	Withdrawal subject to a time restriction of one month or less		54	81		38		
		Withdrawal subject to a time restriction of more than one month		55	180				
	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	33		78			
	Provision for unexpired risks		62						
	Other		63						
Total sheet 2 (41 to 63)			69	651		4620			

## Analysis of admissible assets

Name of company **HIR (UK) LTD**

Global business

Financial year ended **31st December 1997**Category of assets **Total other than long term business assets**

Category of assets		Total other than long-term business assets		Company registration number	GL/UK/CM	Period ended			Units	Category of assets
		day	month			year				
		R13	1438392	GL	31	12	1997	£000	1	
Debtors						As at the end of this financial year 1		As at the end of the previous year 2		
Other assets										
Debtors arising out of direct insurance operations	Policyholders				71					
	Intermediaries				72			7		
Salvage and subrogation recoveries					73					
Debtors arising out of reinsurance operations	Due from ceding insurers and intermediaries under reinsurance business accepted				74	2				
	Due from reinsurers and intermediaries under reinsurance contracts ceded				75	37		71		
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	37		75		
		Due more than 12 months after the end of the financial year			79	5		2		
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	42		131		
	Cash in hand				82					
Other assets (particulars to be specified by way of supplementary note)					83					
Prepayments and accrued income	Accrued interest and rent				84	57		145		
	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	180		431		
Grand total of admissible assets (39+69+88)					89	831		5051		
Reconciliation to asset values determined in accordance with the shareholder accounts rules										
Total admissible assets (as per line 89 above)					91	831		5051		
Total assets in excess of the admissibility limits of Schedule 12 of the Insurance Companies Regulations 1994, (as valued in accordance with those Regulations before applying admissibility limits)					92	5945		1566		
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	6776		6617		
Amounts included in line 89 attributable to debts due from related companies, other than those under contracts of insurance or reinsurance					100					

## Liabilities (other than long term business)

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Name of company **HIR (UK) LTD**

Global business

Financial year ended **31st December 1997**

		Company registration number	GL/UK/CM	Period ended			Units	
		R15	1438392	GL	31 day	12 month	1997 year	£000
				As at the end of this financial year 1		As at the end of the previous year 2		
Technical provisions (gross amount)	Provision for unearned premiums		11					
	Claims outstanding		12	238		323		
	Provision for unexpired risks		13					
	Equalisation provisions	Credit business	14					
		Other than credit business	15					
	Other		16					
	Total (11 to 16)		19	238		323		
Provisions for other risks and charges	Taxation		21					
	Other		22					
Deposits received from reinsurers			31					
Creditors	Arising out of insurance operations	Direct business	41			16		
		Reinsurance accepted	42	3				
		Reinsurance ceded	43	32		56		
	Debenture loans	Secured	44					
		Unsecured	45					
	Amounts owed to credit institutions		46					
	Other creditors	Taxation	47	41		63		
		Recommended dividend	48					
		Other	49	23				
Accruals and deferred income			51	115		32		
Total (19 to 51)			59	452		490		
Provision for adverse changes (calculated in accordance with regulation 61 of the Insurance Companies Regulations 1994)			61					
Cumulative preference share capital			62					
Subordinated loan capital			63					
Total (59 to 63)			69	452		490		
Amounts included in line 69 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance			71	23				

## Profit and loss account (non-technical account)

Name of company **HIR (UK) LTD**

Global business

Financial year ended **31st December 1997**

			Company registration number	GL/UK/CM	Period ended			Units	
			R16	1438392	GL	31	12	1997	£000
			This financial year	Previous year		Source			
			1	2		Form	Line	Column	
Transfer (to)/from the general business technical account	From Form 20	11	(220)	33		20 . 59			
	Equalisation provisions	12							
Transfer from the long term business revenue account		13				40 . 26			
Investment income	Income	14	450	567					
	Value re-adjustments on investments	15							
	Gains on the realisation of investments	16							
Investment charges	Investment management charges, including interest	17	17	14					
	Value re-adjustments on investments	18	6	58					
	Loss on the realisation of investments	19	17	133					
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		8					
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)		29	190	403					
Tax on profit or loss on ordinary activities		31	(6)	159					
Profit or loss on ordinary activities after tax (29-31)		39	196	244					
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 (39+41-(42+43))		49	196	244					
Dividends (paid and proposed)		51		250					
Profit or loss retained for the financial year (49-51)		59	196	(6)					

**General business : Technical account (excluding equalisation provisions)**Name of company **HIR (UK) LTD**

Global business

Financial year ended **31st December 1997**Accounting class **Summary**

		Company registration number	GL/UK/CM	Period ended			Units	Accounting class/ summary	
		R20	1438392	GL	31 day	12 month	1997 year	£000	99
Items to be shown net of reinsurance				This financial year		Previous year		Source	
				1		2		Form	Line
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 year's underwriting (11-12-13+14-15+16-17)	19							
Adjustment for prior years' underwriting (accident year accounting)	Earned premium	21				2		21 . 11 . 5	
	Claims incurred	22		(54)		(33)		22 . 13 . 4	
	Claims management costs	23		25		(100)		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		249		102		22 . 41 . 4	
	Balance (21-22-23+24+25-26)	29		(220)		33			
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		(220)		33			
Allocated investment return		51							
Transfer to non-technical account (49+51)		59		(220)		33			

**General business : Technical account (excluding equalisation provisions)**Name of company **HIR (UK) LTD**

Global business

Financial year ended **31st December 1997**Accounting class **Property**

		Company registration number	GL/UK/CM	Period ended			Units	Accounting class/ summary		
		R20	1438392	GL	31 day	12 month	1997 year	£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 year's underwriting (11-12-13+14-15+16-17)	19								
Adjustment for prior years' underwriting (accident year accounting)	Earned premium	21				2		21	11	5
	Claims incurred	22			(54)		(33)	22	13	4
	Claims management costs	23			25		(100)	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			249		102	22	41	4
	Balance (21-22-23+24+25-26)	29			(220)		33			
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			(220)		33			
Allocated investment return		51								
Transfer to non-technical account (49+51)		59			(220)		33			

**General business (accident year accounting) : Analysis of claims, expenses and technical provisions**Name of company **HIR (UK) LTD**

Global business

Financial year ended **31st December 1997**Accounting class **Property**

		Company registration number	GL/UK/CM	Period ended			Units	Accounting class	
		R22	1438392	GL	31 day	12 month	1997 year	£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	223	11	113		(99)		
	Reinsurers' share	12	78		33		(45)		
	Net (11-12)	13	145	11	80		(54)		
	Claims management costs	14	100		125		25		
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		249			249		
	Reinsurance commissions and profit participations	24							
	Total (21+22+23-24)	29		249			249		
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		249			249		
	This financial year	42							
Split of line 39	Incidents occurring prior to this financial year	51							
	Incidents occurring in this financial year	52							

## Returns under Insurance Companies Legislation

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

Name of company

HIR (UK) LTD

Global business

Financial year ended

31st December 1997

Accounting class

Property

Accounting class		Property										Company registration number				Period ended			Units		Accounting class								
		GL/UK/CM										day		month		year		Units											
		1		2		3		4		Claims outstanding 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 %					
Accident year ended		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 forward		Reported (net)		Incurred but not reported (net)		Reported (net)		Incurred but not reported (net)		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 %	
Month	Year	1	2	3	4	5	6	7	8	9	10	11	12	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
12	1997	11																											
12	1996	12																											
12	1995	13																											
12	1994	14																											
12	1993	15																											
12	1992	16																											
12	1991	17																											
12	1990	18																											
12	1989	19																											
12	1988	20																											
Prior accident years		21																											
Reconciliation		22																											
Total (11 to 22)		29																											



**Additional information on general business : Major treaty reinsurers required by regulation 19 of the Insurance Companies (Accounts and Statements) Regulations 1996**Name of company **HIR (UK) LTD**

Global business

Financial year ended **31st December 1997**

Reinsurer details  As required by Regulation 19: (Para 1(a))	Connection  (Para 1(b))	Proportional Reinsurance Treaties  (Para 1(c)(i)) £000	Non Proportional Reinsurance Treaties  (Para 1(c)(ii)) £000	Debts outstanding included at F13L75  (Para 1(d)) £000	Deposits received included at F15L31  (Para 1(e)) £000	Anticipated recoveries  (Para 1(f)) £000	Comments
NONE							

**Additional information on general business : Major facultative reinsurers required by regulation 20 of the Insurance Companies (Accounts and Statements) Regulations 1996**Name of company **HIR (UK) LTD**

Global business

Financial year ended **31st December 1997**

Reinsurer details	Connection	Reinsurance premiums payable	Debts outstanding included at F13L75	Deposits received included at F15L31	Anticipated recoveries	Comments
As required by Regulation 20: (Para 1(a))	(Para 1(b))	(Para 1(c)) £000	(Para 1(d)) £000	(Para 1(e)) £000	(Para 1(f)) £000	
NONE						

Returns under Insurance Companies Legislation

Additional information on General Business Ceded required by regulation 26 of the Insurance Companies (Accounts and Statements) Regulations 1996

Name of company           **HIR (UK) LTD**

Global business

Financial year ended       **31st December 1997**

The company has not entered into or modified any outward reinsurance cover during the year.

# Returns under Insurance Companies Legislation

## Notes to the Return

HIR (UK) LTD

Financial year ended 31st December 1997

### \*0901\* Section 68 Order/modifying 1996 regulation provisions

This return has been prepared in accordance with the Insurance Companies (Accounts and Statements) Regulations 1996 as modified by an Order dated 18th June 1997 issued by the Secretary of State on the application of the Company. The modifications provided for by that Order are as follows:

813: The return submitted pursuant to Section 17 of the Insurance Companies Act 1982 need not include forms 31 to 36 and their accompanying supplementary notes nor the statement of major cedents required by regulation 21 of the Insurance Companies (Accounts and Statements) Regulations 1996

829: The statement required by regulations 19 of the Insurance Companies (Accounts and Statements) Regulations 1996 need only include the top 3 reinsurers by premium in the financial year, or any of the five immediately preceding financial years of the Company.

### \*1001\* Reconciliation of net assets to the accounts

	1997 £'000	1996 £'000
Net assets as per DTI return		
Line 99 on Form 13	6776	6617
Line 59 on Form 15	452	490
Capital and reserves as per shareholders accounts	6324	6127

### \*1203\* Corresponding amounts

The corresponding amounts in column 2 on lines 29 to 41 on Form 12 are omitted as a consequence of applying version 3 of the validation rules.

### \*1304\* OLTB: Amounts set off

We confirm that we have set off to the extent permitted by generally accepted accounting principles.

### \*1305\* OLTB: Maximum Counterparty limit

The maximum counterparty limit permitted during the year is £2,400K this limit was not breached at any time during the year.

Returns under Insurance Companies Legislation

Notes to the Return

HIR (UK) LTD

Financial year ended 31st December 1997

\*1306\* OLTB: Exposure at Year End to large Counterparties

	£'000
Chiltington International Ltd.	£ 497
Abbey National	£ 1,100
Halifax	£ 1,000
Barclays Bank	£ 1,425
Midland Bank	£ 1,131
Lloyds Bank	£ 1,100

\*1501\* Provision for adverse changes (F15L51)

The company operates a policy of not using derivatives or other financial instruments having equivalent effect and accordingly there is nothing to disclose.

\*1502\* Other than Long Term Business Assets/Liabilities

There are no charges over assets, potential capital gains tax liability, contingent liability, guarantees or any other fundamental uncertainty to report.

\*1601\* Basis of foreign currency conversion

Rates of exchange prevailing at the time of the transactions have been used to translate premiums and claims in overseas currencies. Other amounts were translated at the rates of exchange ruling at the year end. The net exchange gains and losses relating to the translation of assets and liabilities at the year end rates are shown in the non-technical account as a movement in the accumulated gains and losses.

\*1603\* Other income and charges (F16L21)

Other income and charges for the previous financial year was in respect of a refund of surplus Australian fire brigade charges by Lloyds Underwriters Non-Marine Association Ltd. There is no other income and charges to report for this financial year.

\*1700\* Form 17 missing for Form 13 Asset categories 1, >=10

The Company's investment policy does not allow for dealings in derivatives and, as the Company did not deal in derivatives during the year, Form 17 is not required, and has therefore been omitted.

\*2002\* Business accounted for within Accounting Class

We confirm there were no premiums to be included in Form 20.

# Returns under Insurance Companies Legislation

## Notes to the Return

HIR (UK) LTD

Financial year ended 31st December 1997

**\*2003\* Date of last new contract**

From the 10th July 1990 the Company ceased to write any new or renewal business in any class.

**\*2100\* Form 21 missing.**

The Company has no premiums to declare during the year, Form 21 is not required, and has therefore been omitted.

**\*2202\* Claims Management Expenses**

Claims management expenses carried forward represent provision for the estimated cost of claims handling expenses. This has been based on the normal claims handling cost during the run off of approx. £36k

plus additional claims handling in respect of the Solvent Scheme of Arrangement approx. £89k.

**\*2203\* Investment Income**

No additional run off expense provision is required because these are covered by investment income.

**\*2204\* Acquisition Expenses**

The company has no acquisition expenses and accordingly there is nothing to disclose.

**\*2205\* Provision for Unexpired Risks**

There are no unexpired risks, therefore no provision for unexpired risk is required.

**\*2400,2500\* Forms missing**

No business is accounted for on an underwriting year basis, Forms 24, and 25 are not required and have therefore been omitted.

**\*2600,2700,2800,2900\* Forms missing**

No reinsurance treaty business is written, Forms 26,27,28 and 29 are not required and have therefore been omitted.

**\*3000\* Form missing**

The Company has no expected income and yield from admissible assets covering discounted provisions to declare, Form 30 is not required and has therefore been omitted.

Returns under Insurance Companies Legislation

Notes to the Return

HIR (UK) LTD

Financial year ended 31st December 1997

\*3700,3800 Equalisation Provision

No form has been prepared as the company is not required to have an equalisation provision because no premiums have been written since 31st December 1996.

Returns under Insurance Companies Legislation

Directors' Certificate required by regulation 28(a) of the  
Insurance Companies (Accounts and Statements)  
Regulations 1996

HIR (UK) LTD

Financial year ended 31st December 1997

We certify:-

- 1.(a) In relation to the part of the return comprising Forms 9 to 17, 20 to 23 and the statements required by the regulations 19,20, 23,24 and 26 of the Insurance Companies (Accounts and Statements) Regulations 1996 that:
    - (i) The return has been prepared in accordance with the Regulations; and
    - (ii) proper accounting records have been maintained and adequate information has been obtained by the company; and
    - (iii) an appropriate system of control has been established and maintained by the company over its transactions and records.
  - (b) that reasonable enquiries have been made by the company for the purpose of determining whether any person and any body corporate are connected for the purposes of regulations 19,20 and 21;
  - (c) that in respect of company's business which is not excluded by regulation 32 of the Insurance Companies Regulations 1994, the assets held throughout the financial year enabled the company to comply with regulations 27 to 31 (matching and localisation) of those regulations
2. that the margin of solvency required by section 32 of the Insurance Companies Act 1982 has been maintained throughout the financial year.
  - 3.(a) that the systems of control established and maintained by the company in respect of its business complied at the end of the financial year with the following published guidance:-
    - \* Prudential Guidance Note 1994/6 - 'Systems of control over the investments (and counterparty exposure) of insurance companies with particular reference to the use of derivatives';
    - \* Prudential Guidance Note 1996/1 - 'Controls over general business claims provisions'; and
    - \* 'Money Laundering - Guidance Notes for Insurance and Retail Products' (revised February 1995) issued by the Joint Money Laundering Group,and it is reasonable to believe that those systems continued



Returns under Insurance Companies Legislation

Directors' Certificate required by regulation 28(a) of the  
Insurance Companies (Accounts and Statements)  
Regulations 1996

HIR (UK) LTD

Financial year ended 31st December 1997

to so comply subsequently and will continue to so comply in  
the future; and

(b) the return has been prepared in accordance with the following  
published guidance:

- \* Prudential Guidance Note 1995/1 - 'Guidance for insurance  
companies and auditors on the Valuation of Assets  
Regulations';
- \* Prudential Guidance Note 1995/3 - 'The use of derivatives in  
insurance funds'; and
- \* Prudential Guidance Note 1998/1 - 'The preparation of annual  
returns to Insurance Directorate of HM Treasury'.

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Dr W.H.Eilers  
Director

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I.E.Marshall  
Director

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Chiltington International Limited  
Secretary

30th June 1998

## Returns under Insurance Companies Legislation

Report of the Auditors to the Secretary of State for Trade & Industry pursuant to regulation 29 of the Insurance Companies (Accounts and Statements) Regulations 1996

HIR (UK) LTD  
Global business

Financial year ended 31st December 1997

We have examined the following documents prepared by the company pursuant to section 17 of the Insurance Companies Act 1982 ("the Act") and the Insurance Companies (Accounts and Statements) Regulations 1996 ("the Regulations"):

- \* Forms [9 to 13, 15 to 16 and 20, 22 & 23] (including the supplementary notes thereto on pages [18 to 21] ("the Forms"); and
- \* the statements required by regulations 19 & 20 on pages 15 to 16, regulation 23 on page 26 ("the statements"); and
- \* the certificate signed in accordance with regulation 28(a) on pages [22 to 23] ("the certificate").

In the case of the certificate, our examination did not extend to paragraph 1.(a) in relation to the statements required by regulations 24 and 26, concerning shareholder controllers and general business ceded.

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 Act and the Regulations. The requirements of the Regulations have been modified by Orders issued under section 68 of the Act on 18th June 1997. Under regulation 5 the Forms and statements are required to be prepared in the manner specified by the Regulations and to state fairly the information provided on the basis required by the Regulations.

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.

### Basis of opinions

We conducted our work in accordance with Bulletin 1998/3 "Auditors' reports on regulatory returns made under the Insurance Companies Act 1982" 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 previously obtained by us relating to the audit of the financial statements of the company for the financial year on which we reported on 30th June 1998. It also included an assessment of the significant estimates and judgements made by the company in the preparation of the

Forms and statements.

Returns under Insurance Companies Legislation

Report of the Auditors to the Secretary of State for Trade &  
Industry pursuant to regulation 29 of the Insurance Companies  
(Accounts and Statements) Regulations 1996

HIR (UK) LTD  
Global business

Financial year ended 31st December 1997

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 regulation 5.

Opinions

In our opinion:

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

Neville Russell  
30th June 1998

24 Bevis Marks  
London EC3A 7NR

Returns under Insurance Companies Legislation

Additional information on derivatives required by regulation 23 of the Insurance Companies (Accounts and Statements) Regulations 1996

Name of company                      HIR (UK) LTD

Global business

Financial year ended                31st December 1997

The company operates a policy of not using derivatives or other financial instruments having equivalent effect and accordingly there is nothing to disclose.

Returns under Insurance Companies Legislation

Additional information on Shareholder Controllers required by regulation 24 of the Insurance Companies (Accounts and Statements) Regulations 1996

Name of company           **HIR (UK) LTD**

Global business

Financial year ended       **31st December 1997**

