

PANFINANCIAL INSURANCE COMPANY LIMITED

**Annual Return to the FSA
on behalf of the Insurance Directorate of HM Treasury**

Global Business

Financial Year ended 31 December 2000

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UNDER THE INSURANCE
ACT 1982

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PANFINANCIAL INSURANCE COMPANY LIMITED

Returns under Insurance Companies Legislation

Global Business

Financial Year ended 31 December 2000

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Statement of solvencyName of company **PANFINANCIAL INSURANCE COMPANY LTD**Global business/~~UK branch business~~/~~EEA branch business~~Financial year ended **31 DECEMBER 2000**Company
registration
number

GL/UK/CM

Period ended
day month year

Units

R9	1825174	GL	31	12	2000	£000
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	As at the end of this financial year	As at the end of the previous year	Source		
	1	2	Form	Line	Column

GENERAL BUSINESS**Available assets**

Other than long term business assets allocated towards general business required minimum margin	11	1,355	741	See instructions 1 and 2	
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Required minimum margin

Required minimum margin for general business	12	813	895	12 . 49	
Excess (deficiency) of available assets over the required minimum margin (11-12)	13	542	(154)		

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				
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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	

Returns under Insurance Companies Legislation

PANFINANCIAL INSURANCE COMPANY LIMITED

Global business

Financial year ended 31 December 2000

COVERING SHEET TO FORM 9



P J Grant
Chairman



R J Feather
Director



C Lundqvist
Director

6 JULY 2001

Statement of net assets

Name of company **PANTFINANCIAL INSURANCE COMPANY LIMITED**Global business/~~UK branch business~~/~~EEA branch business~~Financial year ended **31 DECEMBER 2000**Company
registration
number

GL/UK/CM

Period ended
day month year

Units

		R10	1825174	GL	31	12	2000	£000
		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	5,307	6,586	13	89	1
Other than Long term business - liabilities	22	3,952	5,845	15	69	1
Net admissible assets (21-22)	23	1,355	741			
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	1,355	741			

Represented by:

Paid up share capital (other than cumulative preference share capital)	51	41,500	41,500			
Amounts included in lines 24 to 27 above	52					
Amounts representing the balance of net assets	56	(40,145)	(40,759)			
Total (51 to 56) and equal to line 29 above	59	1,355	741			

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

Balance brought forward at the beginning of the financial year	61	(40,759)	(40,519)	10	56	2
Retained profit/(loss) for the financial year	62	(1,724)	1,439	16	59	1
Movement in asset valuation differences	63	2,338	(1,679)	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	(40,145)	(40,759)			

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

Name of company PANFINANCIAL INSURANCE COMPANY LIMITED

Global business/~~UK branch business~~/~~EEA branch business~~

Financial year ended

31 DECEMBER 2000

			Company registration number	GL/UK/CM	Period ended			Units
					day	month	year	
			R11	1825174	GL	31	12	2000
								£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		180		(1,573)	
Claims outstanding carried forward at the end of the financial year	For business accounted for on an underwriting year basis		22		457		1,271	
	For business accounted for on an accident year basis		23		1,781		2,288	
Claims outstanding brought forward at the beginning of the financial year	For business accounted for on an underwriting year basis		24		1,411		1,458	
	For business accounted for on an accident year basis		25		2,303		2,497	
Sub-total C (21+22+23-(24+25))			29		(1,296)		(1,969)	
Amounts recoverable from reinsurers in respect of claims included in Sub-total C			30		(3,009)		(97)	
Sub-total D (29-30)			39		1,713		(1872)	
First result Sub-total B x $\frac{\text{Sub-total D}}{\text{Sub-total C}}$ (or, if $\frac{1}{2}$ is a greater fraction, x $\frac{1}{2}$)			41					

General business : Calculation of required margin of solvency - second method, and statement of required minimum marginName of company **PANFINANCIAL INSURANCE COMPANY LIMITED**

Global business/UK branch business/EEA branch business

Financial year ended

31 DECEMBER 2000

			Company registration number	GL/UK/CM	Period ended			Units
					day	month	year	
			R12	1825174	GL	31	12	2000
			1	2				£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"			11					See instruction 1
Claims paid in reference period			21	(2,270)	(6,046)			
Claims outstanding carried forward at the end of the reference period	For business accounted for on an underwriting year basis	22	457	1,271				
	For business accounted for on an accident year basis	23	1,781	2,288				
Claims outstanding brought forward at the beginning of the reference period	For business accounted for on an underwriting year basis	24	1,345	1867				
	For business accounted for on an accident year basis	25	5,268	5998				
Sub-total E (21+22+23-(24+25))			29	(6,645)	(10,352)			
Sub-total F - Conversion of Sub-total E to annual figure (Multiply by 12 and divide by number of months in reference period)			31	(2,215)	(3,450)			
Division of Sub-total F	Other than health insurance	Up to and including sterling equivalent of 7M ECU x 26/100	32	(577)	(897)			
		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	(577)	(897)			
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	41
Required margin of solvency (the higher of lines 41 and 42)	43				

Minimum guarantee fund	44	813	895		
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Required minimum margin (the higher of lines 43 and 44)	49	813	895		
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Analysis of admissible assets

Name of company **PANFINANCIAL INSURANCE COMPANY LIMITED**Global business/~~UK branch business~~/~~EEA branch business~~Financial year ended **31 DECEMBER 2000**Category of assets **TOTAL OTHER THAN LONG TERM BUSINESS**

			Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
					day	month	year			
			R13	1825174	GL	31	12	00	£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 **PANTINANCIAL INSURANCE CO LTD**Global business/~~UK branch business~~/~~EEA branch business~~Financial year ended **31 DECEMBER 2000**Category of assets **TOTAL OTHER THAN LONG TERM BUSINESS**

Company registration number		GL/UK/CM		Period ended			Units	Category of assets
				day	month	year		
R13	1825174	GL	31	12	2000	£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	—	1,088	
	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 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	4,360	2,464	
		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	736	1,269	
	Provision for unexpired risks			62			
	Other			63			
Total sheet 2 (41 to 63)				69	5,096	4,821	

Analysis of admissible assets

Name of company **PANFINANCIAL INSURANCE CO LTD**Global business/~~UK branch business~~/EEA branch businessFinancial year ended **31 DECEMBER 2000**

Financial year ended 31 DECEMBER 2000		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
Category of assets				day	month	year			
TOTAL OTHER THAN LONG TERM BUSINESS		R13	1825174	GL	31	12	2000	£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		
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	44	1,683
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		
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	167	82
	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		
	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	211	1,765
Grand total of admissible assets (39+69+88)			89	5,307	6,586

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

Total admissible assets (as per line 89 above)	91	5,307	6,586
Total assets in excess of the admissibility limits of Sch 12 of the Ins. Companies Regulations 1994, (as valued in accordance with those Regulations before applying admissibility limits)	92		2,338
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	5,307	8,924
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)Name of company **PANFINANCIAL INSURANCE CO LTD**Global business/~~UK branch business~~/~~EEA branch business~~

Financial year ended

31 DECEMBER 2000Company
registration
number

GL/UK/CM

Period ended
day month year

Units

R15	1825174	GL	31	12	2000	£000
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				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	2,238	3,559
	Provision for unexpired risks		13		
	Equalisation provisions	Credit business	14		
		Other than credit business	15		
	Other		16		
	Total (11 to 16)		19	2,238	3,559
Provisions for other risks and charges	Taxation		21		
	Other		22	160	138
Deposits received from reinsurers			31		
Creditors	Arising out of insurance operations	Direct business	41		
		Reinsurance accepted	42		
		Reinsurance ceded	43	1,544	2,135
	Debenture loans	Secured	44		
		Unsecured	45		
	Amounts owed to credit institutions		46		
	Other creditors	Taxation	47		
		Recommended dividend	48		
		Other	49	10	13
	Accruals and deferred income			51	
Total (19 to 51)			59	3,952	5,845
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	3,952	5,845
Amounts included in line 69 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance			71		

Profit and loss account (non-technical account)Name of company **PANFINANCIAL INSURANCE CO LTD**

Global business/UK branch business/EEA branch business

Financial year ended

31 December 2000Company
registration
number

GL/UK/CM

Period ended
day month year

Units

		R16	1825174	GL	31	12	2000	£000
		This financial year		Previous year		Source		
		1		2		Form	Line	Column
Transfer (to)/from the general business technical account	From Form 20	11	(1,936)	1,216	20	59		
	Equalisation provisions	12						
Transfer from the long term business revenue account		13			40	26		
Investment income	Income	14	212	233				
	Value re-adjustments on investments	15						
	Gains on the realisation of investments	16						
Investment charges	Investment management charges, including interest	17						
	Value re-adjustments on investments	18						
	Loss on the realisation of investments	19		10				
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						
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)		29	(1,724)	1,439				
Tax on profit or loss on ordinary activities		31						
Profit or loss on ordinary activities after tax (29-31)		39	(1,724)	1,439				
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	(1,724)	1,439				
Dividends (paid and proposed)		51						
Profit or loss retained for the financial year (49-51)		59	(1,724)	1,439				

General business : Technical account (excluding equalisation provisions)

Name of company **PANFINANCIAL INS CO LTD**Global business/~~UK branch business~~/~~EEA branch business~~Financial year ended **31 DECEMBER 2000**

SUMMARY

		Company registration number	GL/UK/CM	Period ended			Units	Accounting class/ summary
				day	month	year		
		R20	1825174	GL	31	12	2000	£000 99
Items to be shown net of reinsurance			This financial year 1	Previous year 2	Source			
					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					21 . 11 . 5	
	Claims incurred	22	1,913	(1,799)			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	27	(305)				
	Net operating expenses	26	247	346			22 . 41 . 4	
	Balance (21-22-23+24+25-26)	29	(2,133)	1148				
Balance from underwriting year accounting	Per Form 24	31	197	68			24 . 69 . 99-99	
	Other technical income and charges (particulars to be specified by way of supplementary note)	32						
	Total	39	197	68				
Balance of all years' underwriting (19+29+39)		49	(1,936)	1216				
Allocated investment return		51						
Transfer to non-technical account (49+51)		59	(1,936)	1216				

General business : Technical account (excluding equalisation provisions)

Name of company **PANTINANCIAL INSURANCE CO LTD**Global business/~~UK branch business~~/EEA branch businessFinancial year ended **31 DECEMBER 2000****PECUNIARY LOSS**

		Company registration number	GL/UK/CM	Period ended			Units	Accounting class/ summary
				day	month	year		
		R20	1825174	GL	31	12	2000	£000
								8
Items to be shown net of reinsurance			This financial year 1	Previous year 2	Source			
					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			21	11	5	
	Claims incurred	22	1,913	(1,799)	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	27	(305)				
	Net operating expenses	26	247	346	22	41	4	
	Balance (21-22-23+24+25-26)	29	(2,133)	1148				
Balance from underwriting year accounting	Per Form 24	31	197	68	24	69	99-99	
	Other technical income and charges (particulars to be specified by way of supplementary note)	32						
	Total	39	197	68				
Balance of all years' underwriting (19+29+39)		49	(1,936)	1216				
Allocated investment return		51						
Transfer to non-technical account (49+51)		59	(1,936)	1216				

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

Name of company **PANFINANCIAL INS. CO. LTD**

Global business/UK branch business/EEA branch business

Financial year ended **31 DECEMBER 2000**

Accounting class

PECUNIARY LOSS

		Company registration number	GL/UK/CM	Period ended			Units	Accounting class
				day	month	year		
		R22	1825174	GL	31	12	2000	£000
								8
				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	2,304	(413)	1,781	(936)		
	Reinsurers' share	12	546	(2,770)	467	(2,849)		
	Net (11-12)	13	1,758	2,357	1,314	1,913		
	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		247		247		
	Reinsurance commissions and profit participations	24						
	Total (21+22+23-24)	29		247		247		
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		247		247		
	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 company

PANTINATNCIAL INSURANCE COMPANY LTD

Global business/UK branch business/EEA branch business—

Financial year ended

31 DECEMBER 2000

Accounting class

PECUNIARY LOSS

Accounting class		Company registration number		GL/UKCM	Period ended		Units	Accounting class						
					day	month	year							
		R23		1825174	GR	31	12	2000	£000	8				
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 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 %
Month	Year	1	2	3	4	5	6	7	8	9	10	11	12	13
		Reported (net)	Incurred but not reported (net)	Reported (net)	Incurred but not reported (net)	Reported (net)	Incurred but not reported (net)	Reported (net)	Incurred but not reported (net)	Reported (net)	Incurred but not reported (net)	Reported (net)	Incurred but not reported (net)	Reported (net)
11	92		3832	3169										
12	91		3143	11073	(90)			646		(736)				
12	90		2950	17242	(49)			77		(126)				
12	89		1564	14758	2,495	1314		1,034		2,775				
12	88		1150	1660										
12	87		616	1005										
12	86		136	174										
12	85		136	174										
Prior accident years		21												
Reconciliation		22												
Total (11 to 22)		29			2,356	1,314		1,757		1913				

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

Name of company **PANTINANCIAL INSURANCE COMPANY LIMITED**

Global business/UK branch-business/EEA branch-business

Financial year ended **31 DECEMBER 2000**Accounting class **PECUNIARY LOSS**

		Company registration number				GLUK/CM				Period ended				Units		Accounting class	
		R24		1825174		GL		31		12 2000		£000					
Underwriting year ended		Prior underwriting years		YY	MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	Total all previous columns
		29	29	YY	MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	99
Premiums written	Gross amount	11															
	Reinsurers' share	12															
	Net (11-12)	19															
Claims paid	Gross amount	21															593
	Reinsurers' share	22															388
	Net (21-22)	29															205
Claims management costs		39															
Net operating expenses	Commissions	41															
	Other acquisition expenses	42															
	Administrative expenses	43															2
	Reinsurers' commissions and profit participations	44															
	Payable net (41+42+43-44)	49															2
Technical provisions	Brought forward	51															593
	Adjustment for discounting	52															
	Carried forward	53															189
	Adjustment for discounting	54															
	Increase (decrease) in the financial year (53-54-51+52)	59															(314)
Balance on each underwriting year (19-29-39-49-59)		69															197

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

Name of company
QUINTINIANCIAR INS CO LTD

Global business/UK-branch-business/EEA-branch-business

Financial year ended	31 December 2000
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Risk group

CREDIT RISKS UK

Accounting class

Currency

Company registration number	GL/JUK/CM	Period ended day month year	Monetary units	Country	Accounting class
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Accounting class

Country

Monetary
units

ended
year

Period day

GLUK/CN

pany
stration

8

27

Ellen

3

year end

Financ

Risk group

CREDIT RISKS UK

Risk group		CREDIT RISKS UK										R31	1825174	G2L	31	12	2000	£'000	AA	Claims ratio %
Accident year ended		Number of claims		Gross claims paid		Gross claims outstanding carried forward		Gross claims outstanding 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	Incurred but not reported	Reported	Incurred but not reported											
		1	2	3	4	5	6	7	8	9	10	11								
12	92	50		2669																
12	91	210		35,021	(334)			713		(1,047)										
12	90	471		37,489	(79)			77		(156)										
12	89	95		7856																
12	88	33		2066																
12	87	36		2048																
12	86	56		1869																
12	85	79		1749																

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

Name of company PANFINANCIAL INS CO LTD

Accounting class

Global business/UK-branch-business/EEA-branch-business

Currency

Financial year ended 31 DECEMBER 2000

Company registration number 1825174 GLUK/CM 62 Period ended day 31 month 12 year 2000 Monetary units £'000 Country AB Accounting class 8

Risk group

CREDIT RISKS HOME FOREIGN

Accident year ended		Number of claims		Gross claims paid		Gross claims outstanding carried forward		Gross claims outstanding 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	Incurred but not reported	Reported	Incurred but not reported						
		1	2	3	4	5	6	7	8	9	10	11			
12	92	82		8726											
12	91	143		26741											
12	90	86		8916											
12	89	511	1	22123		1781		1513		268					
12	88	30		1671											
12	87	8		374											
12	86														
12	85														
12	84														
Prior accident years															
Total (11 to 21)			1			1781		1513		268					
Line 29 expressed in sterling						1781		1513		268					

Returns under Insurance Companies Legislation

Equalisation provisions

Name of company **PANFINANCIAL INSURANCE CO LTD**

Global business/UK branch-business/EEA branch-business

Financial year ended

31 DECEMBER 2000

Company registration number	GL/UK/CM	Period ended	Units
R37	1825174	62 31 12 2000	£000

	Business group A (property)	Business group B (business interruption)	Business group C (marine and aviation)	Business group D (nuclear)	Business group E (non-proportional treaty)	All business groups	Credit insurance business
	1	2	3	4	5	6	7
Calculation of the maximum provision							
Total net premiums written in the previous 4 years	11						
Net premiums written in the current year	12						
Maximum provision	13						

Calculation of the transfer to/from the provision

Equalisation provision brought forward	21						
Transfers in	22						
Total abnormal loss	23						
Provisional transfers out	24						
Excess of provisional transfer out over fund available	25						
Provisional amount carried forward (21+22-24+25)	26						
Excess, if any, of 26 over 13	27						
Equalisation provision carried forward (26-27)	28						
Transfer in/(out) for financial year (28-21)	29						

Equalisation provisions technical account : Accident year accounting

Name of company **PANFINANCIAL INSURANCE CO LTD**Global business/~~UK-branch business~~/EEA-branch business-

Financial year ended

31 DECEMBER 2000

31 December 2000

		Company registration number	GL/UK/CM		Period ended		Units	
			day	month	year			
		R38	1825174	62	31	12	2000	£000
		Business group A (property)	Business group B (business interruption)	Business group C (marine and aviation)	Business group D (nuclear)	Business group E (non-proportional treaty)		
Other than credit business		1	2	3	4	5		
Net premiums earned		11						
Claims incurred net of reinsurance		12						
Trigger claims value		13						
Abnormal loss		19						
Trigger claims ratio		72.5%	72.5%	95%	25%	100%		

Credit business

Net premiums earned	21
Claims incurred net of reinsurance	22 1,913
Claims management costs	23
Net operating expenditure	24 220
Technical surplus/(deficit) (21-22-23-24)	29 (2,133)

Returns under Insurance Companies Legislation

PANFINANCIAL INSURANCE COMPANY LIMITED

Global business

Financial year ended 31 December 2000

NOTES TO THE FSA RETURN

0904 – Solvency margin

Despite division of the company's bank balances over a number of banks the effect of the admissibility rules as set out in note 1306 is that the company had a deficiency of available assets over the required solvency margin at 31 December 1999 and this continued until receipt of the section 68 order described in note 1318 in December 2000. Although at 31 December 2000 the company had assets in excess of the required solvency margin it has not maintained the required solvency margin throughout the year.

1001 - Reconciliation to shareholder accounts

Net assets as per DTI Return	2000	1999
Line 99 on Form 13	5,307	8,924
Line 59 on Form 15	3,952	5,845
Net assets per Financial Statements	1,355	3,079

1304 Netting of balances

Balances due to and from reinsurance companies have been netted off in the return.

Amounts due to and from any one person or intermediary have been netted off against each other in arriving at certain of the figures shown on Forms 13 and 15.

1305 Maximum counterparty limits

The company has balances with several banks.

The banks are all approved counterparties. The company does not have any other material counterparty exposure and any potential counterparty exposure in excess of £250,000 is subject to board approval.

Returns under Insurance Companies Legislation

PANFINANCIAL INSURANCE COMPANY LIMITED

Global business

Financial year ended 31 December 2000

NOTES TO THE FSA RETURN continued

1306 Exposure to large counterparties

The year end exposure to large counterparties in excess of 5% of the GBA at 31st December 2000 was as follows:

	£'000
Deposits	
Nat West	1,253
Bayerische Landesbank	1,207
Swedbank	635
Barclays	630
Svenska	635
	4,360
Bank balances	
Nat West	167
	167

1318 s68 Order

The Treasury, on application of the Company, issued to the Company in December 2000 an order under section 68 of the Insurance Companies Act 1982. The effect of the order was to modify the provisions of section 12 to the Insurance Regulations 1994, for the period from the date of the order to 30 December 2001, by increasing the permitted asset exposure limit and permitted counterparty exposure limit in respect of deposits with the institutions named, and to the amount specified below:

National Westminster Bank Plc	£2,000,000
Barclays Bank Plc	£2,000,000
Bayerische Landesbank Girozentrale	£2,000,000
Svenska Handelsbanken	£2,000,000
Swedbank	£2,000,000

Returns under Insurance Companies Legislation

PANFINANCIAL INSURANCE COMPANY LIMITED

Global business

Financial year ended 31 December 2000

NOTES TO THE FSA RETURN continued

1501 Provision for adverse changes

No provision has been made for adverse changes since the company has no applicable contracts which need provisions.

1502 Commitments & Liabilities

There are no charges over assets, potential capital gains tax liabilities, contingent liabilities, guarantees, indemnities or other contractual obligations other than through the course of trade.

The company ceased underwriting new business in November 1992 and there is material uncertainty with respect to the reserves required to cover the insurance liabilities. However, the directors are satisfied that the current level of funds is prudent given the information currently available to them.

1601 Currency exchange rates

Where applicable, balance sheet items have been converted to sterling at the year end rate while profit and loss account transactions have been calculated using the rate applicable at the time.

1602 Brought forward balances restated due to currency conversion

The balances brought forward on forms 11, 22, 23, 24, 31 and 34 have been revalued using the year end 31 December 2000 exchange rates.

1700 Derivatives

This form is omitted because all entries (including comparatives) would be blank

2003 Last contracts written

No new contracts for any authorisation class have been written since November 1992.

2005 Other technical income or charges

The amounts shown at line 25 on Form 20 are the net effect of foreign exchange differences.

2100 Premiums

This form is omitted because all entries (including comparatives) would be blank

2202 Claims management expenses

All expenses have been classified as administration expenses thus being consistent with previous years. Expenses to be incurred over the next three years are accrued for in the accounts as a run-off provision; therefore no additional provision for claims management expenses is needed.

Returns under Insurance Companies Legislation

PANFINANCIAL INSURANCE COMPANY LIMITED

Global business

Financial year ended 31 December 2000

NOTES TO THE FSA RETURN continued

2206 Reinsurance recoveries

The accounting treatment for reinsurance recoveries expected to be received more than 12 months after the date of the underlying claim is to provide against such amounts to the extent that the directors believe that they will not be received by the company.

2402 Underwriting year basis

The majority of political risk policies provide cover for periods in excess of one year and it is not practical to ascertain a result at the end of each year. The political risk business is therefore accounted for on an underwriting year basis with underwriting results determined three years after commencement of each underwriting year.

2404 Claims management expenses

All expenses have been classified as administration expenses thus being consistent with previous years. Expenses to be incurred over the next three years are accrued for in the accounts as a run-off provision; therefore no additional provision for claims management expenses is needed.

2503 Reinsurance recoveries

The accounting treatment for reinsurance recoveries expected to be received more than 12 months after the date of the underlying claim is to provide against such amounts to the extent that the directors believe that they will not be received by the company.

3103 Direct and facultative run-off analysis

Forms 31 have been prepared for UK and UK Foreign risk groups but have not been prepared for risk groups within the analysis by country.

Returns under Insurance Companies Legislation

PANFINANCIAL INSURANCE COMPANY LIMITED

Global business

Financial year ended 31 December 2000

Statement of Major Reinsurers as required by regulation 19 of the Insurance Companies (Accounts and Statements) Regulations 1996

Name and address	Connected	Reinsurance premiums (refunds) £'000	Debtor (Creditor) Balance £'000	Deposit received £'000	Reinsurer's share of outstanding claims £'000
Folksam International Insurance Corporation Folksam Building Bohusgaten 14x 14061 S-106 60 Stockholm Sweden	No	nil	(115)	nil	22
Hannover Reinsurance Karl-Wiechert Allee 50 Box 610369 D - 3000 Hannover 61 Germany	No	nil	(230)	nil	54
Lloyd's Underwriters One Lime Street London EC3M 7HA	No	nil	2	nil	Nil
Trygg Hansa Insurance Company Ltd/ Industrial Hansa Reins.Mgmt. Co. Fleminggaten 18 S 106 26 Stockholm Sweden	No	nil	(91)	nil	Nil
Sirius International Insurance Corporation International Division Nybrokajen 15 S - 11148 Stockholm Sweden	No	nil	3	nil	11
Vital Reassurance SA 11 Rue Beaumont B.P. 593 L-2015 Luxembourg	No	Nil	Nil	Nil	nil

Returns under Insurance Companies Legislation

PANFINANCIAL INSURANCE COMPANY LIMITED

Global business

Financial year ended 31 December 2000

Statement of Major Facultative Reinsurers as required by regulation 20 of the Insurance Companies (Accounts and Statements) Regulations 1996

Name and address	Connected	Reinsurance	Debtor	Deposit	Reinsurer's
		premiums (refunds)	(Creditor) Balance	received	share of outstanding claims
		£'000	£'000	£'000	£'000

There were no major facultative reinsurers during the financial year.

Returns under Insurance Companies Legislation

PANFINANCIAL INSURANCE COMPANY LIMITED

Global business

Financial year ended 31 December 2000

**Statement of Major Cedants as required by regulation 21 of the Insurance Companies
(Accounts and Statements) Regulations 1996**

Name and address	Connected	Premiums (refunds) £'000	Debtor (Creditor) Balance £'000	Deposits with cedants £'000
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There were no major cedants during the financial year.

Returns under Insurance Companies Legislation

PANFINANCIAL INSURANCE COMPANY LIMITED

Global business

Financial year ended 31 December 2000

Statement required by regulation 23 of the Insurance Companies (Accounts and Statements) Regulations 1996

It is not company policy to invest in financial derivatives or quasi-derivatives and no such investments have been made during the year ended 31 December 2000. There are no matters to disclose in relation to section 23(b) to 23(i) of the Insurance Companies (Accounts and Statements) Regulations 1996.

Returns under Insurance Companies Legislation

PANFINANCIAL INSURANCE COMPANY LIMITED

Global business

Financial year ended 31 December 2000

Statement required by regulation 24 of the Insurance Companies (Accounts and Statements) Regulations 1996.

Shareholders' voting rights are in accordance with the equity shareholdings. The preference shares do not carry voting rights.

On 7 December 1995 Mr Philip Grant became the sole shareholder controller of the company and his shareholdings at 31 December 2000 and throughout 2000 were:

	Equity shares		Non-equity shares	
	%	Number	A-preference	B-preference
Philip Grant	100	14,000,000	20,000,000	7,500,000

Statement required by regulation 26 of the Insurance Companies (Accounts and Statements) Regulations 1996.

The company has not entered into any new reinsurance contracts in 2000.

The company has been in run-off since November 1992 and has had no material exposure to unexpired business in 2000.

The company did not have any reinsurers' share of gross premium in 2000.

Returns under Insurance Companies Legislation

PANFINANCIAL INSURANCE COMPANY LIMITED

Global business

Financial year ended 31 December 2000

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

We certify:

1. (a) that in relation to the part of this return comprising Forms 9 to 13, 15, 16, 20 22 to 25, 31, 34 and 37 to 39 and the statements required by regulations 19 to 21, 23, 24 and 26 of the Insurance Companies (Accounts and Statements) Regulations 1996:
 - (i) the return has been prepared in accordance with the Regulations;
 - (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) 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 of the Insurance Companies (Accounts and Statements) Regulations 1996;
 - (c) that in respect of the 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. (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:
 - (i) Prudential Guidance Note 1994/6 "Systems of control over the investments (and counterparty exposure) of insurance companies with particular reference to use of derivatives"; and
 - (ii) Prudential Guidance Note 1996/1 "Controls over general business claims provisions";

and it is reasonable to believe that those systems continued to so comply subsequently and will continue to so comply in future;

Returns under Insurance Companies Legislation

PANFINANCIAL INSURANCE COMPANY LIMITED

Global business

Financial year ended 31 December 2000

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

2. (b) that the return has been prepared in accordance with the following published guidance:
- (i) Prudential Guidance Note 1995/1 "Guidance for insurance companies and auditors on the Valuation of Assets Regulations";
 - (ii) Prudential Guidance Note 1995/3 "The use of derivatives in insurance funds"; and
 - (iii) Prudential Guidance Note 1998/1 "The preparation of annual returns to the Insurance Directorate of HM Treasury".



P J Grant
Chairman



R J Feather
Director



C Lundqvist
Director

6 JULY 2001

Returns under Insurance Companies Legislation

PANFINANCIAL INSURANCE COMPANY LIMITED

Global business

Financial year ended 31 December 2000

Report of the auditors to the directors pursuant to regulation 29 of the Insurance Companies (Accounts and Statements) Regulations 1996

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, 16, 20, 22 to 25, 31, 34 and 37 to 39, (including the supplementary notes thereto) on pages 1 to 26 ("the Forms")
- the statements required by regulations 19, 20, 21 and 23, on pages 27 to 30, ("the statements"); and
- the certificate signed in accordance with regulation 28(a) on pages 32 and 33 ("the certificate").

In the case of the certificate our examination did not extend to the references in paragraph 1 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. 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 opinions to you.

Bases of opinions

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 previously obtained by us relating to the audit of the financial statements of the company for the financial year on which we reported on 13 July 2001. 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

PANFINANCIAL INSURANCE COMPANY LIMITED

Global business

Financial year ended 31 December 2000

Report of the auditors to the directors pursuant to regulation 29 of the Insurance Companies (Accounts and Statements) Regulations 1996 continued

Bases of opinions continued

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.

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.

Fundamental uncertainty relating to insurance liabilities

In forming our opinion, we have considered the adequacy of the disclosure made in supplementary note 1502 concerning the uncertainty with respect to the technical provisions required to cover the insurance liabilities, which is material to determining whether the company has available assets in excess of the required minimum margin. In view of the significance of this uncertainty we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

Opinions

In our opinion:

- (a) the Forms and statements fairly state the information provided on the basis required by the Regulations and have been properly prepared in accordance with the provisions of those Regulations; and
- (b) according to the information and 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.

Deloitte & Touche

Chartered Accountants and Registered Auditors

13 July 2001