

## Statement of solvency

Name of company EULER International Limited

Global business/UK branch business/EEA branch business

Financial year ended 31-12-99

THIS IS AN AC COMPANY  
DOCUMENT DELIVERED  
UNDER THE INSURANCE  
ACT 1982

Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

R9	3436228	GL	31	12	1999	£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	9,080	4,651	See instructions 1 and 2	
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## Required minimum margin

Required minimum margin for general business	12	895	988	12	49
Excess (deficiency) of available assets over the required minimum margin (11-12)	13	8,185	3,663		

## 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	

AC 1789

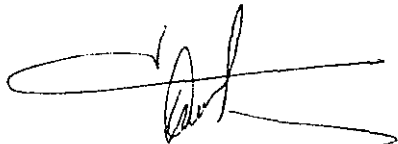


**Covering Sheet to Form 9**

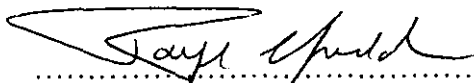
Name of Company                      EULER International Limited

Global Business

Financial period ended              31<sup>st</sup> December 1999



.....  
Francois Aurillac, Chairman



.....  
Ralph Snedden, Managing Director



.....  
Russell Benzie, Director

27 JUN 2000

## Statement of net assets

Name of company EULER International Limited

Global business/UK branch business/EEA branch business

Financial year ended 31-12-99

Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

	R10	3436228	GL	31	12	1999	£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	18,562	5,576	13	89	1	
Other than Long term business - liabilities	22	9,482	925	15	69	1	
Net admissible assets (21-22)	23	9,080	4,651				
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	9,080	4,651				

## Represented by:

Paid up share capital (other than cumulative preference share capital)	51	18,000	18,000			
Amounts included in lines 24 to 27 above	52					
Amounts representing the balance of net assets	56	(8,920)	(13,349)			
Total (51 to 56) and equal to line 29 above	59	9,080	4,651			

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

Balance brought forward at the beginning of the financial year	61	(13,349)		10	56	2
Retained profit/(loss) for the financial year	62	(1,098)	(1,137)	16	59	1
Movement in asset valuation differences	63	4,885	(12,212)	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	642				
Balance carried forward at the end of the financial year (61 to 65)	69	(8,920)	(13,349)			

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

Name of company EULER International Limited

Global business/UK branch business/EEA branch business

Financial year ended 31-12-99

R11	Company registration number	GL/UK/CM	Period ended			Units
			day	month	year	
	3436228	GL	31	12	1999	£000

			This financial year	Previous year	
			1	2	
Gross premiums receivable			11	4,767	
Premium taxes and levies (included in line 11)			12		
Sub-total A (11-12)			13	4,767	
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	858	
		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	858	
Claims paid			21	5	
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	1,753	
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		
Sub-total C (21+22+23-(24+25))			29	1,758	
Amounts recoverable from reinsurers in respect of claims included in Sub-total C			30	1,434	
Sub-total D (29-30)			39	324	
First result Sub-total B x <u>Sub-total D</u> (or, if ½ is a greater fraction, x ½) Sub-total C			41	429	

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

Name of company EULER International Limited

Global business/UK branch business/EEA branch business

Financial year ended 31-12-99

Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

R12			3436228	GL	31	12	1999	£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					
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					
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					
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) Sub-total C			41					

First result	42	429		11	41
Required margin of solvency (the higher of lines 41 and 42)	43	429			

Minimum guarantee fund	44	895	988	
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Required minimum margin (the higher of lines 43 and 44)	49	895	988	
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## Analysis of admissible assets

Name of company EULER International Limited

Global business/UK branch business/EEA branch business

Financial year ended 31-12-99

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			3436228	GL	31	12	1999	£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 EULER International Limited

Global business/UK branch business/EEA branch business

Financial year ended 31-12-99

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		3436228	GL	31	12	1999	£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						
	Holdings in collective investment schemes		43						
	Rights under derivative contracts		44						
	Debt securities and other fixed income securities	Fixed interest	Approved securities	45	9,813			4,807	
			Other	46	216			297	
		Variable interest	Approved securities	47	74				
			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	855			99	
		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	1,284					
	Claims outstanding		61	1,434					
	Provision for unexpired risks		62						
	Other		63						
Total sheet 2 (41 to 63)		69	13,676			5,203			

**Analysis of admissible assets**

 Name of company **EULER International Limited**

Global business/UK branch business/EEA branch business

 Financial year ended **31-12-99**

Category of assets

 Company  
registration  
number

GL/UK/CM

 Period ended  
day month year

Units

 Category  
of  
assets

<b>R13</b>	<b>3436228</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>1999</b>	<b>£000</b>	<b>1</b>
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Debtors Other assets			As at the end of this financial year 1	As at the end of the previous year 2	
Debtors arising out of direct insurance operations	Policyholders		71	2,814	
	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		
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	159	
		Due more than 12 months after the end of the financial year	79		
Tangible assets			80	60	98
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	1,570	
	Cash in hand		82	1	60
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	(194)	215
	Other prepayments and accrued income		86	476	
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	4,886	373
Grand total of admissible assets (39+69+88)			89	18,562	5,576

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

Total admissible assets (as per line 89 above)	91	18,562	5,576
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	5,470	11,457
Solvency margin deduction for insurance dependants	93		
Other differences in the valuation of assets (other than for assets not valued above)	94	1,857	755
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	25,889	17,788
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 EULER International Limited

Global business/UK branch business/EEA branch business

Financial year ended 31-12-99

		Company registration number	GL/UK/CM	Period ended			Units
		R15		day	month	year	£000
				31	12	1999	
				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	1,572			
	Claims outstanding		12	1,753			
	Provision for unexpired risks		13				
	Equalisation provisions	Credit business	14				
		Other than credit business	15				
	Other		16				
	Total (11 to 16)		19	3,325			
Provisions for other risks and charges	Taxation		21				
	Other		22				
Deposits received from reinsurers			31				
Creditors	Arising out of insurance operations	Direct business	41	793			
		Reinsurance accepted	42				
		Reinsurance ceded	43	1,452	30		
	Debenture loans	Secured	44				
		Unsecured	45				
	Amounts owed to credit institutions		46				
	Other creditors	Taxation	47				
		Recommended dividend	48				
		Other	49	3,912	88		
Accruals and deferred income			51		807		
Total (19 to 51)			59	9,482	925		
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	9,482	925		
Amounts included in line 69 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance			71	3,912	844		

Profit and loss account (non-technical account)

Name of company EULER International Limited

Global business/UK branch business/EEA branch business

Financial year ended 31-12-99

		Company registration number		GL/UK/CM		Period ended			Units		
		R16		3436228		GL		31	12	1999	£000
								day	month	year	

## General business : Technical account (excluding equalisation provisions)

Name of company EULER International Limited

Global business/UK branch business/EEA branch business

Financial year ended 31-12-99

		Company registration number	GL/UK/CM	Period ended			Units	Accounting class/ summary
				day	month	year		
R20		3436228	GL	31	12	1999	£000	8
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	437	(40)		21. 19. 5		
	Claims incurred	12	324			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	347					
	Net operating expenses	17	2,724	1,930		22. 42. 4		
	Balance of year's underwriting (11-12-13+14-15+16-17)	19	(2,264)	(1,970)				
Adjustment for prior years' 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	(2,264)	(1,970)				
Allocated investment return		51						
Transfer to non-technical account (49+51)		59	(2,264)	(1,970)				

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

Name of company EULER International Limited

Global business/UK branch business/EEA branch business

Financial year ended 31-12-99

Accounting class Miscellaneous and pecuniary loss

R21	3436228	GL	Period ended			Units	Account class
			day	month	year		
			31	12	1999	£000	8

Premiums receivable during the financial year		Gross premiums written		Reinsurers' share		Net of reinsurance		
		Earned in previous financial years 1	Unearned at end of this financial year	Earned in previous financial years 3	Unearned at end of this financial year	Earned in previous financial years 5	Unearned at end of this financial year	Unearned at end of this financial year
In respect of risks incepted in previous financial years		11						
In respect of risks incepted in previous financial years								
In respect of risks incepted in this financial year	For periods of less than 12 months	12						
	For periods of 12 months	13						
	For periods of more than 12 months	14						
Premiums receivable (less rebates and refunds) in previous financial years not earned in those years and brought forward to the financial year		15						
Total (12 to 16)		16						
		19	3,195	1,572	2,758	1,284	437	288

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

Name of company EULER International Limited

Global business/UK branch business/EEA branch business

Financial year ended 31-12-99

Accounting class Miscellaneous and pecuniary loss

		Company registration number	GL/UK/CM	Period ended			Units	Accounting class
				day	month	year		
R22		3436228	GL	31	12	1999	£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						
	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		5		1,753		1,758
	Reinsurers' share	16				1,434		1,434
	Net (15-16)	17		5		319		324
	Claims management costs	18						
Provision for unexpired risks		19						
Net operating expenses	Commissions	21		715		236		479
	Other acquisition expenses	22	215	638		212		641
	Administrative expenses	23		2,908				2,908
	Reinsurance commissions and profit participations	24		1,946		642		1,304
	Total (21+22+23-24)	29	215	2,315		(194)		2,724
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	215	2,315		(194)		2,724
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

EULER International Limited

Global business/UK branch business/EEA branch business

Financial year ended

31-12-99

Accounting class

Miscellaneous and pecuniary loss

[illegible]

## Accounting class 8

Currency Sterling

Risk group	Credit
High	High
Medium	Medium
Low	Low

15

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

EULER International Limited

Accounting class 8

Currency Sterling

31-12-99

Credit

Financial year ended		31-12-99																	
Risk group		Credit																	
		Company registration number		GLUK/CM		Period ended			Monetary units		Country		Accounting class						
		R31		3436228		GL		31		12		1999		£000		AB		8	
Accident year ended				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 %							
						Gross claims paid													
Month		Year		In this financial year		In previous financial years		Reported		Incurred but not reported		Reported		Incurred but not reported					







## Returns under Insurance Companies Legislation

## Equalisation provisions

Name of company EULER International Limited

Global business/UK branch business/EEA branch business

Financial year ended 31-12-99

	Company registration number	GLUK/CM	Period ended			£	
			day	month	year		
	F37	3436228	GL	31	12	1999	
	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						725
Maximum provision	13						1088

## 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 EULER International Limited

Global business/UK branch business/EEA branch business

Financial year ended 31-12-99

		Company registration number		GLUK/CM		Period ended		Units	
						day	month	year	
F38		3436228		GL		31	12	1999	£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)			
		1	2	3	4	5			
Other than credit business									
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	437
Claims incurred net of reinsurance	22	324
Claims management costs	23	
Net operating expenditure	24	2,377
Technical surplus/(deficit) (21-22-23-24)	29	(2,264)

# Returns under Insurance Companies Legislation

## Additional information on general business: Major treaty reinsurers required by regulation 19 of the Insurance Companies (Accounts and Statements) Regulations 1996

Name of Company EULER International Limited

Global business

Financial year ended 31 December 1999

Reinsurer Details As required by Regulation 19:  (Para 1 (a))	Connection  (Para 1(b))	Proportional Reinsurance Treaties  (Para 1(c)(ii))  £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
Swiss Re New Markets Mythenquai 50/60 CH-8022 Zurich SWITZERLAND			17				
Kolnische Ruckversicherungs- Gesellschaft AG 11 Theodor-Heuss- Ring D-50668 Cologne GERMANY			13				
Erc Frankona Ruckversicherungs- AG Maria-Theresa- Strasse 35 D-81675 Munich GERMANY			9				
Munich Reinsurance Company 107 Koeniginstrasse Munich GERMANY			26				
SCOR 1 Avenue President Wilson 92075 Paris La Defense Cedex FRANCE			14				
Allianz Aktiengesellschaft 28 Koeniginstrasse 80802 Munich GERMANY	Allianz was the ultimate holding company of EIL as at 31.12.99		4				
Office National Du Ducroire Square de Meeus 40 B-1000 Brussels BELGIUM			2				
Total			85				

# Returns under Insurance Companies Legislation

## Additional information on general business: Major facultative reinsurers required by regulation 20 of the Insurance Companies (Accounts and Statements) Regulations 1996

Name of Company EULER International Limited

Global business

Financial year ended 31 December 1999

Reinsurer Details <i>As required by Regulation 20:</i>  (Para 1(a))	Connection  (Para 1(b))	Reinsurance premiums payable  (Para 1(c)) £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
SAFR Partner Re 153 rue de Courcelles 75817 Paris Cedex 17 FRANCE		65				

Returns under Insurance Companies Legislation

**Additional information on general business: Reinsurance cedants required by  
regulation 21 of the Insurance Companies (Accounts and Statements)  
Regulations 1996**

**Name of Company** EULER International Limited

**Global business**

**Financial year ended** 31 December 1999

Cedant details As required by Regulation 21;  (Para 1 (a))	Connection  (Para 1(b))	Premiums receivable  (Para 1(c))  £000	Deposits made included at F13L57  (Para 1(d))  £000	Debts outstanding included at F13L74  (Para 1 (e))  £000	Comments
EULER Trade Indemnity 1 Canada Square, London, E14 5DX	Fellow subsidiaries within the EULER Group	1,673			
EULER SFAC 1 Rue Euler, 75008 Paris	Fellow subsidiaries within the EULER Group	1,050			
EULER COBAC Rue Montoyer 15 B-1000 Brussels	Fellow subsidiaries within the EULER Group	401			
EULER SIAC Via Raffaello Matarazzo 19, 00139 Roma	Fellow subsidiaries within the EULER Group	398			
EULER ACI 100 East Pratt Street, Baltimore, MD 21202-1008	Fellow subsidiaries within the EULER Group	370			

Returns under Insurance Companies Legislation

Statement of Additional Information on Derivative Contracts required by regulation  
23 of the Insurance Companies (Accounts and Statements) Regulations 1996.

EULER International Limited

Financial period ended 31<sup>st</sup> December 1999

NONE TO REPORT



Returns under Insurance Companies Legislation

Statement of Additional Information on Shareholder

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

EULER International Limited.

Financial period ended 31<sup>st</sup> December 1999

Then ultimate holding company at 31<sup>st</sup> December 1999 was Allianz AG which is incorporated and registered in Germany.

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 EULER International Limited

Global business

Financial year ended 31 December 1999

Business category, risk group or part thereof	Type of reinsurance cover	Limits on cover	Period of cover	Percentage of cover	Percentage increase since previous statement	Maximum net probable loss to the company		Reinsurers share of gross premiums	Remarks
						For any one contract of insurance effected by the company (Para 4)	For all such contract of insurance taken together (Para 4)		
(Para 1(a))	(Para 1 (b))	(Para 1 (c))	(Para 1 (d))	(Para (b))	(Para 3(c))	£000	£000	(Para 5)	
CREDIT General Credit	QUOTA SHARE	£60m	01.01.99 always open	80%		800	800	£000	
CREDIT General Credit	1st RETENTION EXCESS OF LOSS	£2.2m excess of £0.8m	01.01.99 to 31.12.99	100%				50	2 Reinstatements available
CREDIT General Credit	2nd RETENTION EXCESS OF LOSS	£9.0m excess of £3.0m	01.01.99 to 31.12.99	100%				35	2 Reinstatements available

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 EULER International Limited

Global Business

Financial Period ended 31 December 1999

GENERAL BUSINESS REINSURANCE

Accounting Class	Facultative Reinsurance Ceded £000	Non-Facultative Reinsurance Ceded £000	Total £000
Class 8	0	(3,892)	(3,892)
<u>Total</u>	<u>0</u>	<u>(3,892)</u>	<u>(3,892)</u>

## Returns under Insurance Companies Legislation

### Notes to the Return

EULER International Limited

Financial period ended 31<sup>st</sup> December 1999

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

The Unearned Reinsurance Commission of £642,000 which is included in the liabilities in the Shareholder Accounts, has been netted against the Deferred Acquisition costs of £212,000 and Brokerage UPR of £236,000 in this return. This results in Deferred Acquisition costs shown on Line 85 of Form 13 of (£194,000). Although there is no net impact, it has resulted in gross valuation differences for the total admissible assets and total liabilities between this return and the Shareholder Accounts.

#### 1002 Net Assets/other movements (F10L65)

The balance consists of £642,000 which arises from the difference in the value of the Unearned Reinsurance Commission transferred from Liabilities to Assets in the Calendar year 1999. The Unearned Reinsurance Commission is transferred to Assets so that it can be netted off against the Deferred Acquisition Costs. The difference of £642,000 is included in line 63 (which agrees to the movement in form 13 line 92 and line 94) and is also taken account of in line 62. To avoid double counting £642,000 is reversed out in line 65.

#### 1305 Maximum Counterparty limit

The maximum counterparty limit permitted by the company's investment guidelines is £3,000,000. No breaches occurred during the year.

#### 1306 Exposure at Year End to large Counterparties.

The following counterparty exposures in excess of £43,000 (5% of GBA) existed at the year end:

	£m
Nationwide Building Society	2.00
Woolwich Building Society	3.00
KFW International Finance	0.59

These exposures represent funds held on short term deposit with A1/P1 rated banking institutions. The deposits will mature during 2000.

Returns under Insurance Companies Legislation

Notes to the return

EULER International Limited

Financial period ended 31<sup>st</sup> December 1999

1501 Provision for adverse changes (F15L51)

No provision has been made for adverse changes as there were no derivatives held as at 31<sup>st</sup> December 1999

1601 Basis of foreign currency conversion

Assets and liabilities held in foreign currencies are translated to sterling at the rates of exchange ruling at the balance sheet date. All differences on exchange are dealt with through the non-technical account. Revenue and costs are translated at the rate of exchange at the date of the transaction.

1701 Variation Margins

No derivative contracts existed at the year end.

2001 Nature of the business within Accounting Class

The company's accounting method for Class 8 business is on an accident year basis.

Returns under Insurance Companies Legislation

Notes to the return

EULER International Limited

Financial period ended 31<sup>st</sup> December 1999

2002 Business accounted for within accounting class is as follows:

Class 8

ACCIDENT YEAR

UK:

GPW	4,407
RI Share	(3,754)

653

Overseas:

GPW	360
RI Share	( 288)

72

SUMMARY:

GPW	4,767
RI Share	(4,042)

725

2005 Other technical income or charges

Income from information charges of £347,000 has been included in form 20 line 16.

## Returns under Insurance Companies Legislation

### Notes to the return

EULER International Limited

Financial period ended 31<sup>st</sup> December 1999

#### 2102 Provision for unearned Premium Calculation Class 8 business

The calculation of unearned premium for Class 8 business is based on a time apportionment basis. All policies are issued for a period of twelve months and usually go on risk on the first day of the month of renewal. Premium written is a function of policyholders turnover which, given the diversity of the insured base across industries and trades, accrues evenly over the year.

The company pro-rates the premium on a 12ths basis as it is considered that this mirrors the premium earning profile.

#### 2202 Claims Management Expenses

A separate claims management unit has not yet been established due to the small amount of premium written in 1999.

All management expenses are identified at source and allocated to separately identified business units.

Claims management costs are carried forward to match the cost of handling claims arising in later years. The proportion carried forward is calculated with reference to the provision for claims outstanding at the end of the year.

#### 2204 Acquisition Expenses.

Acquisition expenses are those costs arising from the conclusion of insurance contracts. Costs include costs directly attributable to the business unit together with indirect costs. The costs of advertising, commissions and administrative expenses associated with the processing of proposals are included.

Acquisition expenses are carried forward to future years in the proportion of premium written to earned and therefore match the revenue stream resulting from the activity.

EULER International Limited

Period ended 31<sup>st</sup> December 1999

## DIRECTORS CERTIFICATE

We certify:

- 1 (a) that in relation to the part of this return comprising Forms 9 to 13,15,16, 20 to 23, 31, 36 to 38 (including the supplementary notes thereto) 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 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) that reasonable enquiries have been made by the company for the purpose of determining whether any person or body corporate are connected for the purposes of regulations 19,20 and 21 of the Insurance Companies (Accounts & Statements) Regulations 1996; and
- (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 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 system 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 the use of derivatives";
  - (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 the future;

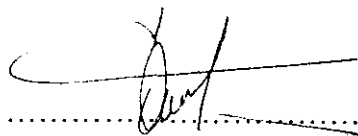


EULER International Limited

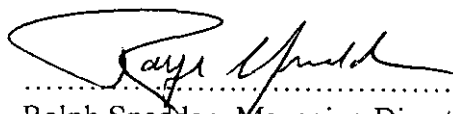
Period ended 31<sup>st</sup> December 1999

Directors' Certificate (Cont'd)

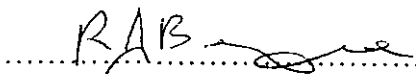
- (b) that the return has been prepared in accordance with the following published guidance:
- (i) Prudential Guidance Note 1995/1 "Guidance for insurance companies and auditors on the Valuation of Assets Regulations";
  - (ii) Prudential Guidance Note 1995/3 "The use of derivatives in insurance funds"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



.....  
Francois Aurillac, Chairman



.....  
Ralph Snedden, Managing Director



.....  
Russell Benzies, Director

**27 JUN 2000**

**Report of the auditors to the directors pursuant to regulation 29 of the  
Insurance Companies (Accounts & Statements) Regulations 1996  
Global Business/UK Branch Business**

**FINANCIAL YEAR ENDED 31 DECEMBER 1999**

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 to 23, 31, 36 to 38 (including the supplementary notes thereto) ('the Forms');
- the statements required by regulations 19, 20, 21 and 23 on pages 21 to 24 (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 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 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.

**Basis of Opinions**

We conducted our work in accordance with Practice Note 20 'The auditor 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 22 February 2000. It also included an assessment of the significant estimates and judgements made by the company in the preparation of the Forms and statements.

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

**Basis of Opinions (Cont'd)**

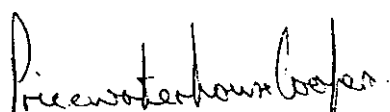
We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Forms and statements are free from material misstatement, whether caused by fraud or other irregularity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

**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 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.



**PricewaterhouseCoopers**  
Chartered Accountants and  
Registered Auditors

London

Date: .....29 June 2000.....