

AC 001624

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*THE*  
*GRIFFIN*  
*INSURANCE*  
*ASSOCIATION*  
*LIMITED*

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

**Return to the Insurance and Friendly Societies  
of the Financial Services Authority**

(As directed by the Secretary of State in pursuant to The Regulations of  
the Insurance Companies (Accounts and Statement) Regulations 1996)

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**1999** *Returns under Insurance Companies Legislation Year Ending  
30 September*

**Statement of solvency - signature of the returns**Name of company **THE GRIFFIN INSURANCE ASSOCIATION LIMITED**

Global business/UK branch/EEA branch business

Financial year ended **30 September 1999**

	Company registration number	GL/UK/CM	Period ended			Units
			day	month	year	
<b>R9</b>	<b>2134231</b>	<b>GL</b>	<b>30</b>	<b>9</b>	<b>99</b>	<b>£000</b>

\_\_\_\_\_  
Director\_\_\_\_\_  
Director\_\_\_\_\_  
Secretary - I.D. Park\_\_\_\_\_  
Managers - Griffin Managers Ltd.**23RD FEBRUARY 2000**

## Financial year ended 30 SEPTEMBER 1999

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

**Statement of net assets**Name of company **THE GRIFFIN INSURANCE ASSOCIATION LIMITED**Global business/~~UK branch~~/~~EEA branch business~~Financial year ended **30 September 1999**

	R10	Company registration number	GL/UK/CM	Period ended			Units
				day	month	year	
				30	9	99	
							£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 - admissible assets	12			14	59	1	
Other than long term business - admissible assets	21	34,945	40,745	13	89	1	
Other than long term business - liabilities	22	25,780	28,386	15	69	1	
Net admissible assets (21-22)	23	9,165	12,359				
Other assets allowed to be taken into account in covering the required minimum margin	24	Unpaid amounts (including share premium) on partly paid shares					
	25	Supplementary contributions for a mutual carrying on general business					
Liabilities allowed to be left out of account in covering the required minimum margin	26	Subordinated loan capital					
	27	Cumulative preference share capital					
Available assets (23 to 27)	29	9,165	12,359				

**Represented by:**

Paid up share capital (other than cumulative preference share capital)	51					
Amounts included in lines 24 to 27 above	52	0	0			
Amounts representing the balance of net assets	56	9,165	12,359			
Total (51 to 56) and equal to line 29 above	59	9,165	12,359			

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

0

0

Balance brought forward at the beginning of the financial year	61	12,359	10,091	10	56	2
Retained profit/(loss) for the financial year	62	(2,367)	2,268	16	59	1
Movement in asset valuation differences	63	(827)		See instruction 2		
Decrease/(increase) in the provision for adverse changes	64	0		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	9,165	12,359			

**General business: Calculation of required margin of solvency - first method**Name of company **THE GRIFFIN INSURANCE ASSOCIATION LIMITED**Global business/~~UK branch~~/~~EEA branch business~~Financial year ended **30 September 1999**

			Company registration number	GL/UK/CM	Period ended			Units	
			R11	2134231	GL	30	9	99	£000
			This financial year 1			Previous year 2			
Gross premiums receivable			11	6,346			7,439		
Premium taxes and levies (included in line 11)			12						
Sub-total A (11 - 12)			13	6,346			7,439		
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	1,142			1,228		
		Excess (if any) over 10M ECU x 16/100	16	0			98		
	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	1,142			1,327		
Claims paid			21	8,583			4,164		
Claims outstanding carried forward at the end of the financial year	For business accounted for on an underwriting year basis		22	21,404			23,206		
	For business accounted for on an accident year basis		23						
Claims outstanding brought forward at the beginning of the financial year	For business accounted for on an underwriting year basis		24	23,206			23,251		
	For business accounted for on an accident year basis		25						
Sub-total C (21+22+23-(24+25))			29	6,781			4,119		
Amount recoverable from reinsurers in respect of claims included in Sub-total C			30	2,644			3,494		
Sub-total D (29-30)			39	4,137			625		
First result			41	697			663		
Sub-total B x <u>Sub-total D</u> (or, if 1/2 is a greater fraction, x 1/2) Sub-total C									

**General business: Calculation of required margin of solvency - second method, and statement of required minimum margin**Name of company **THE GRIFFIN INSURANCE ASSOCIATION LIMITED**Global business/~~UK branch~~/~~EEA branch business~~Financial year ended **30 September 1999**

			Company registration number	GL/UK/CM	Period ended			Units	
			R12	2134231	GL	30	9	99	£000
							Source		
							Form	Line	Column

**Analysis of admissible assets**Name of company **THE GRIFFIN INSURANCE ASSOCIATION LIMITED**Global business/~~UK branch~~/~~EEA branch business~~Financial year ended **30 September 1999**Category of assets **Total other than long term business assets**

Company registration number				GL/UK/CM	Period ended			Units of assets		
					day	month	year			
R13				2134231	GL	30	9	99	£000	1
Investments					As at the end of this financial year			As at the end of the previous year		
					1			2		
Land and buildings				11						
Investments in group undertakings and participating interests	UK insurance dependents	Shares	21							
		Debt securities issued by, and loans to, dependents	22							
	Other insurance dependents	Shares	23							
		Debt securities issued by, and loans to, dependents	24							
	Non-insurance dependents	Shares	25							
		Debt securities issued by, and loans to, dependents	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	0					

**Analysis of admissible assets**Name of company **THE GRIFFIN INSURANCE ASSOCIATION LIMITED**Global business/~~UK branch~~/EEA branch businessFinancial year ended **30 September 1999**Category of assets **Total other than long term business assets**

Company registration number				GL/UK/CM			Period ended			Units of assets		
							day	month	year			
R13				2134231			GL	30	9	99	£000	1
Investments (continued)				As at the end of this financial year					As at the end of the previous year			
Deposits with ceding undertakings				1					2			
Assets held to cover linked liabilities												
Other financial investments	Equity shares			41	6,551					5,756		
	Other shares and other variable yield securities			42								
	Holdings in collective investment schemes			43	197					101		
	Rights under derivative contracts			44								
	Debt securities and other fixed income securities	Fixed interest	Approved securities	45	19,258					24,600		
			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	452					1,886		
		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	5,936					7,029			
	Provision for unexpired risks		62									
	Other		63									
Total sheet 2 (41 to 63)			69	32,394					39,372			



**Analysis of admissible assets**Name of company **THE GRIFFIN INSURANCE ASSOCIATION LIMITED**Global business/~~UK branch/EEA branch business~~Financial year ended **30 September 1999**Category of assets **Total other than long term business assets**

Company registration number			Period ended			Units of assets				
			GL/UK/CM	day	month	year				
			R13	2134231	GL	30	9	99	£000	1
Debtors				As at the end of this financial year			As at the end of the previous year			
Other assets				1			2			
Debtors arising out of direct insurance operations	Policyholders		71							
	Intermediaries		72							
Salvage and subrogation recoveries			73							
Debtors arising out of reinsurance operations	Due from ceding insurers and intermediaries under reinsurance business accepted		74							
	Due from reinsurers and intermediaries under reinsurance contracts ceded		75							
Other debtors	Due from dependents	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	83			0			
		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, approved financial institutions and local authorities		81	2,154			878			
	Cash in hand		82							
Other assets (particulars to be specified by way of a supplementary note)			83							
Prepayments and accrued income	Accrued interest and rent		84	283			450			
	Deferred acquisition costs		85							
	Other prepayments and accrued income		86	31			45			
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	2,551			1,373			
Grand total admissible assets (39+69+88)			89	34,945			40,745			

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

Total admissible assets (as per line 89 above)	91	34,945	40,745
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	827	
Solvency margin deduction for insurance dependents	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	35,772	40,745
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 **THE GRIFFIN INSURANCE ASSOCIATION LIMITED**Global business/~~UK branch~~/~~EEA branch business~~Financial year ended **30 September 1999**

Company registration number				GL/UK/CM	Period ended			Units	
					day	month	year		
R15				2134231	GL	30	9	99	£000
				As at the end of this financial year		As at the end of the previous year			
				1		2			
Technical provisions (gross amount)	Provisions for unearned premiums			11					
	Claims outstanding			12	23,095		24,897		
	Provisions for unexpired risks			13					
	Equalisation provisions	Credit business		14					
		Other than credit business		15					
	Other			16					
	Total (11 to 16)			19	23,095		24,897		
Provisions for other risks and charges	Taxation			21	355		137		
	Other			22					
Deposits received from reinsurers				31					
Creditors	Arising out of insurance operations	Direct business		41	2,139		2,419		
		Reinsurance accepted		42					
		Reinsurance ceded		43	99		0		
	Debenture loans	Secured		44					
		Unsecured		45					
	Amount owed to credit institutions			46					
	Other creditors	Taxation		47	0		889		
		Recommended dividend		48					
		Other		49	92		44		
Accruals and deferred income				51					
Total (19 to 51)				59	25,780		28,386		
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	25,780		28,386		
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 **THE GRIFFIN INSURANCE ASSOCIATION LIMITED**Global business/~~UK branch~~/EEA branch businessFinancial year ended **30 SEPTEMBER 1999**

		Company registration number		GL/UK/CM		Period ended			Units	
		R16	2134231	GL	30	day	month	year	£000	
			As at the end of this financial year 1	As at the end of the previous year 2	Source					
					Form	Line	Column			
Transfer (to)/from the general business technical account	From form 20	11	(1,636)	3,568	20	59				
	Equalisation provisions	12								
Transfer from the long term business revenue account		13								
Investment income	Income	14	1,785	1,989						
	Value re-adjustments on investments	15								
	Gains on the realisation of investments	16	985	1,081						
Investment charges	Investment management charges, including interest	17	117	121						
	Value re-adjustments on investments	18	1,211	550						
	Loss on the realisation of investments	19								
Allocated investment return transferred to the general business technical account		20	1,827	2,948						
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	(2,021)	3,019						
Tax on profit or loss on ordinary activities		31	346	751						
Profit or loss on ordinary activities after tax (29-31)		39	(2,367)	2,268						
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	(2,367)	2,268						
Dividends (paid and proposed)		51								
Profit or loss retained for the financial year (49-51)		59	(2,367)	2,268						

**Analysis of derivative contracts**Name of company **THE GRIFFIN INSURANCE ASSOCIATION LIMITED**Business: ~~Long term~~ / Other than long termGlobal business / ~~UK branch~~ / ~~EEA branch business~~Financial year ended **30 September 1999**Category of assets **Total other than long term business assets**

			Company registration number	GL/UK/CM	Period ended			Units of assets	Category of assets	
			R17	2134231	GL	30	9	99	£000	1
Derivative contracts			At the end of this financial year			At the end of the previous year				
			Assets 1		Liabilities 2		Assets 1		Liabilities 2	
Futures Contracts	Fixed-interest securities	11								
	Equity shares	12								
	Land	13								
	Currencies	14								
	Other	15								
Options	Fixed-interest securities	21								
	Equity shares	22								
	Land	23								
	Currencies	24								
	Other	25								
Contracts for differences	Fixed-interest securities	31								
	Equity shares	32								
	Land	33								
	Currencies	34								
	Other	35								
Adjustment for variation margin		41								
Total (11 to 41)		49	0		0		0			0

**General business: Technical account (excluding equalisation provisions)**Name of company **THE GRIFFIN INSURANCE ASSOCIATION LIMITED**Global business/~~UK branch~~/EEA branch businessFinancial year ended **30 SEPTEMBER 1999**

			Company registration number	GL/UK/CM	Period ended			Units	Accounting class/summary	
			R20	2134231	GL	30	9	99	£000	Summary
					As at the end of this financial year 1	As at the end of the previous year 2		Source		
Items to be shown net of reinsurance								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	17	4
	Adjustment for discounting	14						22	18	4
	Increase in provision for unexpired risks	15						22	52	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			0		0			
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			0		0			
Balance from underwriting year accounting	Per Form 24	31			(3,463)		620	24	69	99-99
	Other technical income and charges (particulars to be specified by way of supplementary note)	32								
	Total	39			(3,463)		620			
Balance of all years' underwriting (19+29+39)		49			(3,463)		620			
Allocated investment return		51			1,827		2,948			
Transfer to non-technical account (49+51)		59			(1,636)		3,568			

**General business: Technical account (excluding equalisation provisions)**Name of company **THE GRIFFIN INSURANCE ASSOCIATION LIMITED**Global business/~~UK branch~~/EEA branch businessFinancial year ended **30 SEPTEMBER 1999**

			Company registration number	GL/UK/CM	Period ended			Units	Accounting class/ summary	
			R20	2134231	GL	day	month	year	£000	7
						30	9	99		
Items to be shown net of reinsurance			As at the end of this financial year 1	As at the end of the 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	17	4			
	Adjustment for discounting	14			22	18	4			
	Increase in provision for unexpired risks	15			22	52	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	0	0						
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	0	0						
Balance from underwriting year accounting	Per Form 24	31	(3,463)	620	24	69	99-99			
	Other technical income and charges (particulars to be specified by way of supplementary note)	32								
	Total	39	(3,463)	620						
Balance of all years' underwriting (19+29+39)		49	(3,463)	620						
Allocated investment return		51	1,827	2,948						
Transfer to non-technical account (49+51)		59	(1,636)	3,568						

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

**Name of company**  
**THE GRIFFIN INSURANCE ASSOCIATION LIMITED**

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

Company	Period ended
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Financial year ended 30 SEPTEMBER 1999

Units	Accounting
1	1
2	2
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## Accounting

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## Returns under Insurance Companies Legislation

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

Name of company THE GRIFFIN INSURANCE ASSOCIATION LIMITED

Global business/UK branch/EEA branch/business

Financial year ended		30 SEPTEMBER 1999		Company registration number		GL/UK/CM		Period ended			Units		Country		Accounting class			
Risk group		PROFESSIONAL INDEMNITY - CLAIMS MADE																
Underwriting year ended		Gross claims paid			Gross claims outstanding carried forward			Gross claims outstanding brought forward			Balance on each underwriting year (2+3+4-5-6)			Gross premiums written			Claims ratio %	
Month	Year	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								
06	99		157	4,490									4,647	6,346		73.2		
06	98	161	88	4,597		4,685							0	7,444		65.1		
06	97	272	3,473	8,193		4,718							6,948	8,518		140.2		
06	96	1,851	234	191		1,685							(1,260)	9,045		25.2		
06	95	2,144	4,274	2,783		11,219							(4,162)	8,872		103.7		
06	94	1,187	23	552		486							89	8,522		20.7		
06	93	935	325	289		144							470	9,293		16.7		
06	92	2,022	8	304		259							53	7,946		29.4		
06	91	2,440	1	0		5							(4)	7,735		31.6		
06	90	2,719	0	0		0							0	7,102		38.3		
Prior underwriting years			0	5	0	5	0	0	0				0					
Total (11 to 21)			8,583	21,404	0	23,206	0	6,781										
Line 29 expressed in sterling			8,583	21,404	0	23,206	0	6,781										



## Returns under Insurance Companies Legislation

Annex to returns

Name of company **The Griffin Insurance Association Limited**

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

Financial year ended **30 September 1999**

### 1. Regulations 21 and 26: Major General Business Reinsurance Cedants

The non-proportional reinsurance arrangements applicable to the year ending 30 September 1999 were as follows:

The Excess of Loss reinsurance programme operates on an each and every claim basis. The reinsurance programme pays claims in excess of £2m each claim which is retained by the Association (this is additional to individual members self insured retention). The reinsurance programme pays claims up to the £20m limit of cover provided by the Association. The Association also acts as a co-reinsurer to the extent of 10% on the first layer of cover which is for £3m excess of £2m.

The basic premium covers one full claim and there are provisions for reinstatements.

The major reinsurers and their participators are:

	Premiums payable for year to 30.9.99 £	Amounts due from reinsurers £	Reinsurance recovery on outstanding claims £
CNA Reinsurance of London Ltd 124 - 135 Fenchurch Street, London	125,224	NIL	345,144
General Reinsurance Ltd 32 Aldgate High Street, London	282,825	NIL	394,678
QBE Insurance and Reinsurance (Europe) Ltd 13 Fenchurch Street, London	105,012	NIL	181,593
Unionamerica Insurance Company Ltd 2 Minster Court, Mincing Lane, London	98,054	NIL	446,618
Lloyds Underwriters (Various syndicates) The 1986 Building, 1 Lime Street, London	688,073	NIL	1,939,694

### 2. Regulations 19 and 20: Major treaty and facultative reinsurers

The Association is not connected with any of its reinsurers and has no cedant or facultative reinsurers.

### 2. Regulation 23: Derivative contracts

The Association has no derivative contracts and accordingly there is no additional information required by Regulation 23 to be disclosed

### 3. Regulation 24: Additional information on shareholder controllers

The Association is a mutual company limited by guarantee and therefore there are no shareholder controllers.

## Returns under Insurance Companies Legislation

### Supplementary notes

Name of company **The Griffin Insurance Association Limited**

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

Financial year ended **30 September 1999**

This return has been prepared in Sterling which is the accounting currency of the Association. The rate of exchange used in the calculation of the solvency margin is £0.705591 = 1 ECU (European Currency Unit).

1001 - Reconciliation of net assets per this return to net assets per the Financial Statements prepared in accordance with the Companies Act 1985.

	1999 £(000)	1998 £(000)
Assets (Form 13 line 99)	35,772	40,745
Liabilities (Form 15, line 59)	(25,780)	(28,386)
Net assets as per Members Financial Statements	<u>9,992</u>	<u>12,359</u>

1301/1308 - The Aggregate bid value of units in regulated collective investments schemes was £196,800.

1305/1311 - The Association's investment guidelines permit the following maximum counterparty limits:-

- (a) *Not more than 7<sup>1</sup>/<sub>2</sub>% of the portfolio shall be held as cash or deposits with any single banking group. The relevant rating by Standard and Poor's of such banking group shall be A or better.*
- (b) *Not more than 5% of the portfolio shall be invested in any single bond except in the case of issues by the Governments of the UK and USA, where not more than 20% of the portfolio shall be invested in a single issue.*
- (c) *Not more than 2<sup>1</sup>/<sub>2</sub>% of the portfolio shall be invested in any single equity.*
- (d) *The portfolio shall not hold more than 5% of the share capital of any single company.*

These limits were not exceeded during the year.

1306/1312 - The amount and nature of the exposure at the year end to large parties

As at 30 September 1999 the Association had the following exposure to large counterparties (more than 5% of the Association's General Business Amount):

HM Government	Approved Securities	£12,203,765
US Government	Approved Securities	£7,054,589
Bank One	Cash Deposits	£2,582,656

1502 - There were no charges over the Association's assets as at 30 September 1999. The Association has no contingent liabilities or guarantees.

2002 - Location of risks

The Association's business, which is accounted for on an underwriting year basis, is entirely attributable to the UK.

## **Returns under Insurance Companies Legislation**

Supplementary notes

Name of company **The Griffin Insurance Association Limited**

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

Financial year ended **30 September 1999**

### **2402 - Underwriting Year Accounting**

- (a) The Association accounts for all business on an underwriting year basis so that claims notified may be matched against the premiums called on contracts for insurance incepting during an underwriting year.
- (b) Outstanding claims are provided for on the annual method.

### **2404 - Claims Management Costs**

The management fee has been allocated between claims management and other operating costs on the basis of staff time and costs. Future claims management costs carried forward at 30 September 1999 are calculated using decreasing percentages of the current annual cost over the number of years estimated to run off outstanding claims, having regard to the long tail nature of the business written.

### **2406 - Acquisition costs**

These costs represent that element of the management costs which directly relates to underwriting, the renewal of the entry of existing members, negotiations with potential members and the processing of entry documentation.

### **2407 - Premiums written**

The negative amount in underwriting year 1993 represents returns of call in respect of that year accounted for in the current financial year.

2408 - Amounts under the heading "Prior underwriting years" all relate to the year ended 30 September 1989 only.

**Returns under Insurance Companies Legislation**

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

Name of company                      The Griffin Insurance Association Limited

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

Financial year ended                30 September 1999

**We certify that:**

1. (a) In relation to the part of the returns comprising Forms 9 to 13 and 15 to 17, 20, 24, 25 and 34 and the statements required by regulations 19 to 21, 23, 24, 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 Association for the purpose of determining whether any person and any body corporate are connected for the purposes of regulations 19, 20 and 21;
  - (c) In respect of the Association's business which is not excluded by regulation 32 of the Insurance Companies Regulations, the assets held throughout the financial year in question enabled the company to comply with regulations 27 to 31 (matching and localisation) of those regulations.
2. The required margin of solvency has been maintained throughout the financial year.
3. (a) The systems of control established and maintained by the Association in respect of its business complied, at the end of the financial year, with the following published guidance and it is reasonable to believe that those systems continued to so comply subsequently and will continue to so comply in future:
- (i) Prudential Guidance Notes 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 Notes 1996/1 - Controls over general business claims provisions;
- (b) This return has been prepared in accordance with the following published guidance:
- (i) Prudential Guidance Notes 1995/1 - Guidance for insurance companies and auditors on the Valuation of Assets Regulation 1994;
  - (ii) Prudential Guidance Notes 1995/3 - The use of derivatives in insurance funds;
  - (iii) Prudential Guidance Notes 1998/1 - The Preparation of Annual Returns.

Director -

Director -

Managers -Griffin Managers Ltd

Secretary - I.D. Park



23RD FEBRUARY 2000

## **Returns under Insurance Companies Legislation**

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

Name of company **The Griffin Insurance Association Limited**

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

Financial year ended **30 September 1999**

We have examined the following documents prepared by the Association 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 and 15 to 17, 20, 24, 25 and 34 (including the supplementary notes thereto) ("the Forms");
- the statements required by regulation 23; ("the statement") and
- the certificate signed in accordance with Regulation 28(a) on pages 2 and 3 ("the certificate").

In the case of the annex, 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 Association and its auditors**

The Association 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 opinion to you.

### **Basis of opinion**

We conducted our audit 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 includes that obtained by us relating to the audit of the financial statements of the Association for the financial year on which we have also reported today. It also included an assessment of the significant estimates and judgements made by the Association in the preparation of the Forms and statements.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Forms and statements are free from material misstatements, 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 Association's internal control systems.

## Opinion

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.

*Moore Stephens*  
Moore Stephens  
Chartered Accountants  
Registered Auditors

St. Paul's House  
Warwick Lane  
London, EC4P 4BN

23 FEBRUARY 2000