

Churchill Insurance Company Limited

Annual FSA Insurance Returns for the year ended

31 December 2012

IPRU(INS) Appendices 9.1, 9.2, 9.5, 9.6

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Statement of solvency - general insurance businessName of insurer **Churchill Insurance Company Limited**

Global business

Financial year ended **31 December 2012**

Solo solvency calculation

	Company registration number	GL/UK/CM	day month year			Units
R1	2258947	GL	31	12	2012	£000
			As at end of this financial year			As at end of the previous year
			1			2

Capital resources

Capital resources arising outside the long-term insurance fund	11	34886	29989
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	12		
Capital resources available to cover general insurance business capital resources requirement (11-12)	13	34886	29989

Guarantee fund

Guarantee fund requirement	21	4590	4061
Excess (deficiency) of available capital resources to cover guarantee fund requirement	22	30295	25928

Minimum capital requirement (MCR)

General insurance capital requirement	31	13771	12182
Base capital resources requirement	33	2984	3056
Individual minimum capital requirement	34	13771	12182
Capital requirements of regulated related undertakings	35		
Minimum capital requirement (34+35)	36	13771	12182
Excess (deficiency) of available capital resources to cover 50% of MCR	37	28000	23898
Excess (deficiency) of available capital resources to cover 75% of MCR	38	24557	20852

Capital resources requirement (CRR)

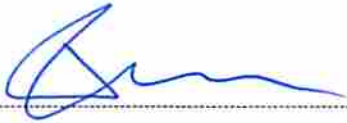
Capital resources requirement	41	13771	12182
Excess (deficiency) of available capital resources to cover general insurance business CRR (13-41)	42	21115	17807

Contingent liabilities

Quantifiable contingent liabilities in respect of other than long-term insurance business as shown in a supplementary note to Form 15	51		
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Covering Sheet to Form 1

Name of insurer **Churchill Insurance Company Limited**
Global business
Financial year ended **31 December 2012**



Director



Director



~~Director~~

Secretary

Date 28 March 2013

Components of capital resourcesName of insurer **Churchill Insurance Company Limited**

Global business

Financial year ended **31 December 2012**

R3	Company registration number	GL/UK/CM	day month year			Units
	2258947	GL	31	12	2012	£000
		General insurance business 1	Long-term insurance business 2	Total as at the end of this financial year 3	Total as at the end of the previous year 4	

Core tier one capital

Permanent share capital	11	0		0	0
Profit and loss account and other reserves	12	35249		35249	29989
Share premium account	13				
Positive valuation differences	14				
Fund for future appropriations	15				
Core tier one capital in related undertakings	16				
Core tier one capital (sum of 11 to 16)	19	35249		35249	29989

Tier one waivers

Unpaid share capital / unpaid initial funds and calls for supplementary contributions	21				
Implicit Items	22				
Tier one waivers in related undertakings	23				
Total tier one waivers as restricted (21+22+23)	24				

Other tier one capital

Perpetual non-cumulative preference shares as restricted	25				
Perpetual non-cumulative preference shares in related undertakings	26				
Innovative tier one capital as restricted	27				
Innovative tier one capital in related undertakings	28				

Total tier one capital before deductions (19+24+25+26+27+28)	31	35249		35249	29989
Investments in own shares	32				
Intangible assets	33				
Amounts deducted from technical provisions for discounting	34				
Other negative valuation differences	35				
Deductions in related undertakings	36				
Deductions from tier one (32 to 36)	37				
Total tier one capital after deductions (31-37)	39	35249		35249	29989

Components of capital resourcesName of insurer **Churchill Insurance Company Limited**

Global business

Financial year ended **31 December 2012**

R3	Company registration number	GL/UK/CM	day month year			Units
			31	12	2012	
	2258947	GL				£000
		General insurance business	Long-term insurance business	Total as at the end of this financial year	Total as at the end of the previous year	
		1	2	3	4	

Tier two capital

Implicit items, (tier two waivers and amounts excluded from line 22)	41				
Perpetual non-cumulative preference shares excluded from line 25	42				
Innovative tier one capital excluded from line 27	43				
Tier two waivers, innovative tier one capital and perpetual non-cumulative preference shares treated as tier two capital (41 to 43)	44				
Perpetual cumulative preference shares	45				
Perpetual subordinated debt and securities	46				
Upper tier two capital in related undertakings	47				
Upper tier two capital (44 to 47)	49				

Fixed term preference shares	51				
Other tier two instruments	52				
Lower tier two capital in related undertakings	53				
Lower tier two capital (51+52+53)	59				

Total tier two capital before restrictions (49+59)	61				
Excess tier two capital	62				
Further excess lower tier two capital	63				
Total tier two capital after restrictions, before deductions (61-62-63)	69				

Components of capital resourcesName of insurer **Churchill Insurance Company Limited**

Global business

Financial year ended **31 December 2012**

	Company registration number	GL/ UK/ CM	day month year			Units
R3	2258947	GL	31	12	2012	£000
		General insurance business 1	Long-term insurance business 2	Total as at the end of this financial year 3		Total as at the end of the previous year 4

Total capital resources

Positive adjustments for regulated non-insurance related undertakings	71					
Total capital resources before deductions (39+69+71)	72	35249			35249	29989
Inadmissible assets other than intangibles and own shares	73	363			363	
Assets in excess of market risk and counterparty limits	74					
Deductions for related ancillary services undertakings	75					
Deductions for regulated non-insurance related undertakings	76					
Deductions of ineligible surplus capital	77					
Total capital resources after deductions (72-73-74-75-76-77)	79	34886			34886	29989

Available capital resources for GENPRU/INSRU tests

Available capital resources for guarantee fund requirement	81	34886			34886	29989
Available capital resources for 50% MCR requirement	82	34886			34886	29989
Available capital resources for 75% MCR requirement	83	34886			34886	29989

Financial engineering adjustments

Implicit items	91					
Financial reinsurance - ceded	92					
Financial reinsurance - accepted	93					
Outstanding contingent loans	94					
Any other charges on future profits	95					
Sum of financial engineering adjustments (91+92-93+94+95)	96					

Calculation of general insurance capital requirement - premiums amount and brought forward amount

Name of insurer **Churchill Insurance Company Limited**

Global business

Financial year ended **31 December 2012**

General insurance business

		Company registration number	GL/UK/CM	day	month	year	Units
R11		2258947	GL	31	12	2012	£000
		This financial year			Previous year		
		1			2		
Gross premiums written		11					
Premiums taxes and levies (included in line 11)		12					
Premiums written net of taxes and levies (11-12)		13					
Premiums for classes 11, 12 or 13 (included in line 13)		14					
Premiums for "actuarial health insurance" (included in line 13)		15					
Sub-total A (13 + 1/2 14 - 2/3 15)		16					
Gross premiums earned		21					
Premium taxes and levies (included in line 21)		22					
Premiums earned net of taxes and levies (21-22)		23					
Premiums for classes 11, 12 or 13 (included in line 23)		24					
Premiums for "actuarial health insurance" (included in line 23)		25					
Sub-total H (23 + 1/2 24 - 2/3 25)		26					
Sub-total I (higher of sub-total A and sub-total H)		30					
Adjusted sub-total I if financial year is not a 12 month period to produce an annual figure		31					
Division of gross adjusted premiums amount sub-total I (or adjusted sub-total I if appropriate)	x 0.18	32					
	Excess (if any) over 61.3M EURO x 0.02	33					
Sub-total J (32-33)		34					
Claims paid in period of 3 financial years		41		17739		18761	
Claims outstanding carried forward at the end of the 3 year period	For insurance business accounted for on an underwriting year basis	42					
	For insurance business accounted for on an accident year basis	43		194040		168755	
Claims outstanding brought forward at the beginning of the 3 year period	For insurance business accounted for on an underwriting year basis	44					
	For insurance business accounted for on an accident year basis	45		37412		33257	
Sub-total C (41+42+43-44-45)		46		174368		154260	
Amounts recoverable from reinsurers in respect of claims included in Sub-total C		47		7683		8381	
Sub-total D (46-47)		48		166685		145878	
Reinsurance Ratio (Sub-total D /sub-total C or, if more, 0.50 or, if less, 1.00)		49		0.96		0.95	
Premiums amount (Sub-total J x reinsurance ratio)		50					
Provision for claims outstanding (before discounting and net of reinsurance)		51		10306		17351	
Provision for claims outstanding (before discounting and gross of reinsurance) if both 51.1 and 51.2 are zero, otherwise zero		52					
Brought forward amount (See Instruction 4)		53		7236		8613	
Greater of lines 50 and 53		54		7236		8613	

Calculation of general insurance capital requirement - claims amount and result

Name of insurer **Churchill Insurance Company Limited**

Global business

Financial year ended **31 December 2012**

General insurance business

		Company registration number	GU/ UK/ CM	day month year			Units	
		R12	2258947	GL	31	12	2012	£000
				This financial year 1			Previous year 2	
Reference period (No. of months) See INSPRU 1.1.63R				11	36			36
Claims paid in reference period				21	17739			18761
Claims outstanding carried forward at the end of the reference period	For insurance business accounted for on an underwriting year basis			22				
	For insurance business accounted for on an accident year basis			23	194040			168755
Claims outstanding brought forward at the beginning of the reference period	For insurance business accounted for on an underwriting year basis			24				
	For insurance business accounted for on an accident year basis			25	37412			33257
Claims incurred in reference period (21+22+23-24-25)				26	174368			154260
Claims incurred for classes 11, 12 or 13 (included in 26)				27				
Claims incurred for "actuarial health insurance" (included in 26)				28				
Sub-total E (26 +1/2 27 - 2/3 28)				29	174368			154260
Sub-total F - Conversion of sub-total E to annual figure (multiply by 12 and divide by number of months in the reference period)				31	58123			51420
Division of sub-total F (gross adjusted claims amount)	x 0.26			32	15112			13369
	Excess (if any) over 42.9M EURO x 0.03			33	706			487
Sub-total G (32-33)				39	14406			12882
Claims amount Sub-total G x reinsurance ratio (11.49)				41	13771			12182
Higher of premiums amount and brought forward amount (11.54)				42	7236			8613
General insurance capital requirement (higher of lines 41 and 42)				43	13771			12182

Analysis of admissible assetsName of insurer **Churchill Insurance Company Limited**

Global business

Financial year ended **31 December 2012**Category of assets **Total other than long term insurance business assets**

	Company registration number	GL/UK/CM	day month year			Units	Category of assets
	R13	2258947	GL	31	12	2012	£000
						As at end of this financial year	As at end of the previous year
						1	2
Land and buildings				11			
Investments in group undertakings and participating interests							
UK insurance dependants	Shares			21			
	Debts and loans			22			
Other insurance dependants	Shares			23			
	Debts and loans			24			
Non-insurance dependants	Shares			25			
	Debts and loans			26			
Other group undertakings	Shares			27			
	Debts and loans			28			
Participating interests	Shares			29			
	Debts and loans			30			
Other financial investments							
Equity shares				41			
Other shares and other variable yield participations				42			
Holdings in collective investment schemes				43		44299	40103
Rights under derivative contracts				44			
Fixed interest securities	Approved			45			
	Other			46			
Variable interest securities	Approved			47			
	Other			48			
Participation in investment pools				49			
Loans secured by mortgages				50			
Loans to public or local authorities and nationalised industries or undertakings				51			
Loans secured by policies of insurance issued by the company				52			
Other loans				53			
Bank and approved credit & financial institution deposits	One month or less withdrawal			54		0	
	More than one month withdrawal			55			
Other financial investments				56			
Deposits with ceding undertakings				57			
Assets held to match linked liabilities	Index linked			58			
	Property linked			59			

Analysis of admissible assetsName of insurer **Churchill Insurance Company Limited**

Global business

Financial year ended **31 December 2012**Category of assets **Total other than long term insurance business assets**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	2258947	GL	31	12	2012	£000	1
					As at end of this financial year	As at end of the previous year	
					1	2	

Reinsurers' share of technical provisions

Provision for unearned premiums	60		
Claims outstanding	61	42496	39358
Provision for unexpired risks	62		
Other	63		

Debtors and salvage

Direct insurance business	Policyholders	71	
	Intermediaries	72	
Salvage and subrogation recoveries		73	
Reinsurance	Accepted	74	
	Ceded	75	2470 5774
Dependants	due in 12 months or less	76	
	due in more than 12 months	77	
Other	due in 12 months or less	78	130 21
	due in more than 12 months	79	

Other assets

Tangible assets	80	
Deposits not subject to time restriction on withdrawal with approved institutions	81	
Cash in hand	82	
Other assets (particulars to be specified by way of supplementary note)	83	206
Accrued interest and rent	84	
Deferred acquisition costs (general business only)	85	
Other prepayments and accrued income	86	4733

Deductions from the aggregate value of assets	87	
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Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)	89	89395	90197
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Analysis of admissible assetsName of insurer **Churchill Insurance Company Limited**

Global business

Financial year ended **31 December 2012**Category of assets **Total other than long term insurance business assets**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	2258947	GL	31	12	2012	£000	1
					As at end of this financial year	As at end of the previous year	
					1	2	

Reconciliation to asset values determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	91	89395	90197
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	363	
Capital resources requirement deduction of regulated related undertakings	94		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	95		
Inadmissible assets of regulated related undertakings	96		
Book value of related ancillary services undertakings	97		
Other differences in the valuation of assets (other than for assets not valued above)	98		
Deferred acquisition costs excluded from line 89	99		
Reinsurers' share of technical provisions excluded from line 89	100		
Other asset adjustments (may be negative)	101		
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 101)	102	89757	90197

Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		
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Liabilities (other than long term insurance business)Name of insurer **Churchill Insurance Company Limited**

Global business

Financial year ended **31 December 2012**

R15	Company registration number	GL/UK/CM	day month year			Units
	2258947	GL	31	12	2012	£000
			As at end of this financial year			As at end of the previous year
			1			2

Technical provisions (gross amount)

Provisions for unearned premiums	11		
Claims outstanding	12	52802	56710
Provision for unexpired risks	13		
Equalisation provisions	Credit business	14	
	Other than credit business	15	
Other technical provisions	16		
Total gross technical provisions (11 to 16)	19	52802	56710

Provisions and creditors

Provisions	Taxation	21	
	Other risks and charges	22	
Deposits received from reinsurers	31		
Creditors	Direct insurance business	41	
	Reinsurance accepted	42	
	Reinsurance ceded	43	
Debenture loans	Secured	44	
	Unsecured	45	
Amounts owed to credit institutions	46		
Creditors	Taxation	47	1707
	Foreseeable dividend	48	
	Other	49	3498
Accruals and deferred income	51		
Total (19 to 51)	59	54509	60208
Provision for "reasonably foreseeable adverse variations"	61		
Cumulative preference share capital	62		
Subordinated loan capital	63		
Total (59 to 63)	69	54509	60208

Amounts included in line 69 attributable to liabilities to related insurers, other than those under contracts of insurance or reinsurance	71		
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Amounts deducted from technical provisions for discounting	82		
Other adjustments (may be negative)	83		
Capital and reserves	84	35249	29989
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (69-82+83+84)	85	89757	90197

Profit and loss account (non-technical account)Name of insurer **Churchill Insurance Company Limited**

Global business

Financial year ended **31 December 2012**

		Company registration number	GL/ UK/ CM	day	month	year	Units	
		R16	2258947	GL	31	12	2012	£000
				This financial year			Previous year	
				1			2	
Transfer (to)/from the general insurance business technical account	From Form 20		11	6560			(32529)	
	Equalisation provisions		12				86323	
Transfer from the long term insurance business revenue account			13					
Investment income	Income		14	407			81547	
	Value re-adjustments on investments		15				18484	
	Gains on the realisation of investments		16				52554	
Investment charges	Investment management charges, including interest		17				2	
	Value re-adjustments on investments		18					
	Loss on the realisation of investments		19					
Allocated investment return transferred to the general insurance business technical account			20					
Other income and charges (particulars to be specified by way of supplementary note)			21				6995	
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)			29	6967			213372	
Tax on profit or loss on ordinary activities			31	1707			30931	
Profit or loss on ordinary activities after tax (29-31)			39	5260			182441	
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	5260			182441	
Dividends (paid or foreseeable)			51					
Profit or loss retained for the financial year (49-51)			59	5260			182441	

General insurance business : Summary of business carried on

Name of insurer Churchill Insurance Company Limited

Global business

Financial year ended 31 December 2012

Category number	FSA return general insurance business reporting category	Company registration number	GL/UK/CM	day month year			units
		R20A	2258947	GL	31	12	2012
		Gross Premium written in this financial year	Provision for undiscounted gross claims outstanding at the end of this financial year		Provision for gross unearned premium at the end of this financial year		
			Reported	Incurred but not reported			
		1	2	3	4		
001	Total business	1	121045	71803			
002	Total primary (direct) and facultative business	2	121045	71803			
003	Total treaty reinsurance accepted business	3					
110	Total primary (direct) and facultative accident and health (category numbers 111 to 114)	4					
120	Total primary (direct) and facultative personal lines motor business (category numbers 121 to 123)	5	121045	71803			
160	Primary (direct) and facultative household and domestic all risks	6					
180	Total primary (direct) and facultative personal lines financial loss (category numbers 181 to 187)	7					
220	Total primary (direct) and facultative commercial motor business (category numbers 221 to 223)	8					
260	Total primary (direct) and facultative commercial lines property (category numbers 261 to 263)	9					
270	Total primary (direct) and facultative commercial lines liability business (category numbers 271 to 274)	10					
280	Total primary (direct) and facultative commercial lines financial loss (category numbers 281 to 284)	11					
330	Total primary (direct) and facultative aviation (category numbers 331 to 333)	12					
340	Total primary (direct) and facultative marine (category numbers 341 to 347)	13					
350	Total primary (direct) and facultative goods in transit	14					
400	Miscellaneous primary (direct) and facultative business	15					
500	Total non-proportional treaty reinsurance business accepted (category numbers 510 to 590)	16					
600	Total proportional treaty reinsurance business accepted (category numbers 610 to 690)	17					
700	Miscellaneous treaty reinsurance accepted business	18					
	Total (lines 4 to 18)	20	121045	71803			

General insurance business : Summary of business carried on

Name of insurer Churchill Insurance Company Limited

Global business

Financial year ended 31 December 2012

Category number	FSA return general insurance business reporting category	Company registration number	GL/UK/CM	day month year			units
		R20A	2258947	GL	31	12	2012
		Gross Premium written in this financial year	Provision for undiscounted gross claims outstanding at the end of this financial year		Provision for gross unearned premium at the end of this financial year		
		1	Reported	Incurred but not reported	3		4
			2				

Primary (direct) and facultative personal lines business

111	Medical insurance	21				
112	HealthCare cash plans	22				
113	Travel	23				
114	Personal accident or sickness	24				
121	Private motor - comprehensive	25	90579	58418		
122	Private motor - non-comprehensive	26	30465	13386		
123	Motor cycle	27				
160	Household and domestic all risks (equals line 6)	28				
181	Assistance	29				
182	Creditor	30				
183	Extended warranty	31				
184	Legal expenses	32				
185	Mortgage indemnity	33				
186	Pet insurance	34				
187	Other personal financial loss	35				

Primary (direct) and facultative commercial lines business

221	Fleets	41				
222	Commercial vehicles (non-fleet)	42				
223	Motor other	43				
261	Commercial property	44				
262	Consequential loss	45				
263	Contractors or engineering all risks	46				
271	Employers liability	47				
272	Professional indemnity	48				
273	Public and products liability	49				
274	Mixed commercial package	50				
281	Fidelity and contract guarantee	51				
282	Credit	52				
283	Suretyship	53				
284	Commercial contingency	54				

Primary (direct) and facultative aviation

331	Aviation liability	61				
332	Aviation hull	62				
333	Space and satellite	63				

General insurance business : Summary of business carried on

Name of insurer Churchill Insurance Company Limited

Global business

Financial year ended 31 December 2012

Category number	FSA return general insurance business reporting category	Gross Premium written in this financial year 1	Provision for undiscounted gross claims outstanding at the end of this financial year		Provision for gross unearned premium at the end of this financial year 4	
			Reported 2	Incurred but not reported 3		
		R20A	2258947	GL	31 12 2012	£000

Primary (direct) and facultative marine and transport

341	Marine liability	64				
342	Marine hull	65				
343	Energy (on and off-shore)	66				
344	Protection and indemnity	67				
345	Freight demurrage and defence	68				
346	War risks	69				
347	Yacht	70				
350	Total primary (direct) and facultative goods in transit (equals line 14)	71				

Primary (direct) and facultative miscellaneous

400	Miscellaneous primary (direct) and facultative business (equals line 15)	72				
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Non-proportional treaty

510	Non-proportional accident and health	81				
520	Non-proportional motor	82				
530	Non-proportional aviation	83				
540	Non-proportional marine	84				
550	Non-proportional transport	85				
560	Non-proportional property	86				
570	Non-proportional liability (non-motor)	87				
580	Non-proportional financial lines	88				
590	Non-proportional aggregate cover	89				

Proportional treaty

610	Proportional accident and health	91				
620	Proportional motor	92				
630	Proportional aviation	93				
640	Proportional marine	94				
650	Proportional transport	95				
660	Proportional property	96				
670	Proportional liability (non-motor)	97				
680	Proportional financial lines	98				
690	Proportional aggregate cover	99				

Treaty Reinsurance Miscellaneous

700	Miscellaneous treaty reinsurance accepted business (equals line 18)	101				
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Total (lines 21 to 101)		111	121045	71803		
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General insurance business : Technical account (excluding equalisation provisions)Name of insurer **Churchill Insurance Company Limited**

Global business

Financial year ended **31 December 2012****Total business**

		Company registration number	GL/ UK/ CM	day	month	year	Units	Category number	
		R20	2258947	GL	31	12	2012	£000	001
Items to be shown net of reinsurance				This financial year			Previous year		
				1			2		
This year's underwriting (accident year accounting)	Earned premium (21.19.5)		11					(9600)	
	Claims incurred (22.17.4)		12						
	Claims management costs (22.18.4)		13						
	Adjustment for discounting (22.52.4)		14						
	Increase in provision for unexpired risks (22.19.4)		15						
	Other technical income or charges (particulars to be specified by way of supplementary note)		16					(23290)	
	Net operating expenses (22.42.4)		17				0	(4733)	
	Balance of year's underwriting (11-12-13+14-15+16-17)		19				(0)	(28156)	
Adjustment for prior years' underwriting (accident year accounting)	Earned premium (21.11.5)		21						
	Claims incurred (22.13.4)		22				(13358)	5933	
	Claims management costs (22.14.4)		23				6	(301)	
	Adjustment for discounting (22.51.4)		24				(6792)	9687	
	Other technical income or charges (particulars to be specified by way of supplementary note)		25					(8428)	
	Net operating expenses (22.41.4)		26						
	Balance (21-22-23+24+25-26)		29				6560	(4373)	
Balance from underwriting year accounting	Per Form 24 (24.69.99-99)		31						
	Other technical income or charges (particulars to be specified by way of supplementary note)		32						
	Total		39						
Balance of all years' underwriting (19+29+39)			49				6560	(32529)	
Allocated investment income			51						
Transfer to non-technical account (49+51)			59				6560	(32529)	

General insurance business : Technical account (excluding equalisation provisions)Name of insurer **Churchill Insurance Company Limited**

Global business

Financial year ended **31 December 2012****Total primary (direct) and facultative business**

		Company registration number	GL/ UK/ CM	day	month	year	Units	Category number	
		R20	2258947	GL	31	12	2012	£000	002
Items to be shown net of reinsurance			This financial year 1				Previous year 2		
This year's underwriting (accident year accounting)	Earned premium (21.19.5)	11						(9600)	
	Claims incurred (22.17.4)	12							
	Claims management costs (22.18.4)	13							
	Adjustment for discounting (22.52.4)	14							
	Increase in provision for unexpired risks (22.19.4)	15							
	Other technical income or charges (particulars to be specified by way of supplementary note)	16						(23290)	
	Net operating expenses (22.42.4)	17					0	(4733)	
	Balance of year's underwriting (11-12-13+14-15+16-17)	19					(0)	(28156)	
Adjustment for prior years' underwriting (accident year accounting)	Earned premium (21.11.5)	21							
	Claims incurred (22.13.4)	22				(13358)		5933	
	Claims management costs (22.14.4)	23				6		(301)	
	Adjustment for discounting (22.51.4)	24				(5792)		9687	
	Other technical income or charges (particulars to be specified by way of supplementary note)	25						(9613)	
	Net operating expenses (22.41.4)	26							
	Balance (21-22-23+24+25-26)	29					6560	(5558)	
Balance from underwriting year accounting	Per Form 24 (24.69.99-99)	31							
	Other technical income or charges (particulars to be specified by way of supplementary note)	32							
	Total	39							
Balance of all years' underwriting (19+29+39)		49					6560	(33714)	
Allocated investment income		51							
Transfer to non-technical account (49+51)		59					6560	(33714)	

General insurance business : Technical account (excluding equalisation provisions)Name of insurer **Churchill Insurance Company Limited**

Global business

Financial year ended **31 December 2012****Total treaty reinsurance accepted business**

		Company registration number	GL/ UK/ CM	day	month	year	Units	Category number	
		R20	2258947	GL	31	12	2012	£000	003
Items to be shown net of reinsurance				This financial year				Previous year	
				1				2	
This year's underwriting (accident year accounting)	Earned premium (21.19.5)		11						
	Claims incurred (22.17.4)		12						
	Claims management costs (22.18.4)		13						
	Adjustment for discounting (22.52.4)		14						
	Increase in provision for unexpired risks (22.19.4)		15						
	Other technical income or charges (particulars to be specified by way of supplementary note)		16						
	Net operating expenses (22.42.4)		17						
	Balance of year's underwriting (11-12-13+14-15+16-17)		19						
Adjustment for prior years' underwriting (accident year accounting)	Earned premium (21.11.5)		21						
	Claims incurred (22.13.4)		22						
	Claims management costs (22.14.4)		23						
	Adjustment for discounting (22.51.4)		24						
	Other technical income or charges (particulars to be specified by way of supplementary note)		25					1185	
	Net operating expenses (22.41.4)		26						
	Balance (21-22-23+24+25-26)		29					1185	
Balance from underwriting year accounting	Per Form 24 (24.69.99-99)		31						
	Other technical income or charges (particulars to be specified by way of supplementary note)		32						
	Total		39						
Balance of all years' underwriting (19+29+39)			49					1185	
Allocated investment income			51						
Transfer to non-technical account (49+51)			59					1185	

General insurance business : Technical account (excluding equalisation provisions)Name of insurer **Churchill Insurance Company Limited**

Global business

Financial year ended **31 December 2012****Total primary (direct) and facultative personal lines motor business**

		Company registration number	GL/ UK/ CM	day	month	year	Units	Category number	
		R20	2258947	GL	31	12	2012	£000	120
Items to be shown net of reinsurance				This financial year				Previous year	
				1				2	
This year's underwriting (accident year accounting)	Earned premium (21.19.5)		11					(9600)	
	Claims incurred (22.17.4)		12						
	Claims management costs (22.18.4)		13						
	Adjustment for discounting (22.52.4)		14						
	Increase in provision for unexpired risks (22.19.4)		15						
	Other technical income or charges (particulars to be specified by way of supplementary note)		16					(97883)	
	Net operating expenses (22.42.4)		17					0	(4733)
	Balance of year's underwriting (11-12-13+14-15+16-17)		19					(0)	(102750)
Adjustment for prior years' underwriting (accident year accounting)	Earned premium (21.11.5)		21						
	Claims incurred (22.13.4)		22					(13358)	5933
	Claims management costs (22.14.4)		23					6	(301)
	Adjustment for discounting (22.51.4)		24					(6792)	9687
	Other technical income or charges (particulars to be specified by way of supplementary note)		25						38175
	Net operating expenses (22.41.4)		26						
	Balance (21-22-23+24+25-26)		29					6560	42231
Balance from underwriting year accounting	Per Form 24 (24.69.99-99)		31						
	Other technical income or charges (particulars to be specified by way of supplementary note)		32						
	Total		39						
Balance of all years' underwriting (19+29+39)			49					6560	(60519)
Allocated investment income			51						
Transfer to non-technical account (49+51)			59					6560	(60519)

General insurance business : Technical account (excluding equalisation provisions)

Name of insurer Churchill Insurance Company Limited

Global business

Financial year ended 31 December 2012

Primary (direct) and facultative household and domestic all risks

		Company registration number	GL/ UK/ CM	day	month	year	Units	Category number	
		R20	2258947	GL	31	12	2012	£000	160
Items to be shown net of reinsurance				This financial year			Previous year		
				1			2		
This year's underwriting (accident year accounting)	Earned premium (21.19.5)		11						
	Claims incurred (22.17.4)		12						
	Claims management costs (22.18.4)		13						
	Adjustment for discounting (22.52.4)		14						
	Increase in provision for unexpired risks (22.19.4)		15						
	Other technical income or charges (particulars to be specified by way of supplementary note)		16					48338	
	Net operating expenses (22.42.4)		17						
Balance of year's underwriting (11-12-13+14-15+16-17)		19					48338		
Adjustment for prior years' underwriting (accident year accounting)	Earned premium (21.11.5)		21						
	Claims incurred (22.13.4)		22						
	Claims management costs (22.14.4)		23						
	Adjustment for discounting (22.51.4)		24						
	Other technical income or charges (particulars to be specified by way of supplementary note)		25					(52278)	
	Net operating expenses (22.41.4)		26						
Balance (21-22-23+24+25-26)		29					(52278)		
Balance from underwriting year accounting	Per Form 24 (24.69.99-99)		31						
	Other technical income or charges (particulars to be specified by way of supplementary note)		32						
	Total		39						
Balance of all years' underwriting (19+29+39)			49					(3940)	
Allocated investment income			51						
Transfer to non-technical account (49+51)			59					(3940)	

General insurance business : Technical account (excluding equalisation provisions)Name of insurer **Churchill Insurance Company Limited**

Global business

Financial year ended **31 December 2012****Total primary (direct) and facultative personal lines financial loss business**

		Company registration number	GL/ UK/ CM	day	month	year	Units	Category number	
		R20	2258947	GL	31	12	2012	£000	180
Items to be shown net of reinsurance				This financial year 1				Previous year 2	
This year's underwriting (accident year accounting)	Earned premium	(21.19.5)	11						
	Claims incurred	(22.17.4)	12						
	Claims management costs	(22.18.4)	13						
	Adjustment for discounting	(22.52.4)	14						
	Increase in provision for unexpired risks (22.19.4)		15						
	Other technical income or charges (particulars to be specified by way of supplementary note)		16						26132
	Net operating expenses	(22.42.4)	17						
	Balance of year's underwriting (11-12-13+14-15+16-17)		19						26132
Adjustment for prior years' underwriting (accident year accounting)	Earned premium	(21.11.5)	21						
	Claims incurred	(22.13.4)	22						
	Claims management costs	(22.14.4)	23						
	Adjustment for discounting	(22.51.4)	24						
	Other technical income or charges (particulars to be specified by way of supplementary note)		25						4529
	Net operating expenses	(22.41.4)	26						
Balance (21-22-23+24+25-26)		29						4529	
Balance from underwriting year accounting	Per Form 24	(24.69.99-99)	31						
	Other technical income or charges (particulars to be specified by way of supplementary note)		32						
	Total		39						
Balance of all years' underwriting (19+29+39)			49						30661
Allocated investment income			51						
Transfer to non-technical account (49+51)			59						30661

General insurance business : Technical account (excluding equalisation provisions)Name of insurer **Churchill Insurance Company Limited**

Global business

Financial year ended **31 December 2012****Balance of all primary (direct) and facultative business**

		Company registration number	GL/ UK/ CM	day	month	year	Units	Category number	
		R20	2258947	GL	31	12	2012	£000	409
Items to be shown net of reinsurance			This financial year 1				Previous year 2		
This year's underwriting (accident year accounting)	Earned premium (21.19.5)	11							
	Claims incurred (22.17.4)	12							
	Claims management costs (22.18.4)	13							
	Adjustment for discounting (22.52.4)	14							
	Increase in provision for unexpired risks (22.19.4)	15							
	Other technical income or charges (particulars to be specified by way of supplementary note)	16						123	
	Net operating expenses (22.42.4)	17							
	Balance of year's underwriting (11-12-13+14-15+16-17)	19						123	
Adjustment for prior years' underwriting (accident year accounting)	Earned premium (21.11.5)	21							
	Claims incurred (22.13.4)	22							
	Claims management costs (22.14.4)	23							
	Adjustment for discounting (22.51.4)	24							
	Other technical income or charges (particulars to be specified by way of supplementary note)	25						(39)	
	Net operating expenses (22.41.4)	26							
	Balance (21-22-23+24+25-26)	29						(39)	
Balance from underwriting year accounting	Per Form 24 (24.69.99-99)	31							
	Other technical income or charges (particulars to be specified by way of supplementary note)	32							
	Total	39							
Balance of all years' underwriting (19+29+39)		49						84	
Allocated investment income		51							
Transfer to non-technical account (49+51)		59						84	

General insurance business : Technical account (excluding equalisation provisions)Name of insurer **Churchill Insurance Company Limited**

Global business

Financial year ended **31 December 2012****Balance of all treaty reinsurance accepted business**

		Company registration number	GL/ UK/ CM	day	month	year	Units	Category number	
		R20	2258947	GL	31	12	2012	£000	709
Items to be shown net of reinsurance				This financial year 1				Previous year 2	
This year's underwriting (accident year accounting)	Earned premium (21.19.5)		11						
	Claims incurred (22.17.4)		12						
	Claims management costs (22.18.4)		13						
	Adjustment for discounting (22.52.4)		14						
	Increase in provision for unexpired risks (22.19.4)		15						
	Other technical income or charges (particulars to be specified by way of supplementary note)		16						
	Net operating expenses (22.42.4)		17						
	Balance of year's underwriting (11-12-13+14-15+16-17)		19						
Adjustment for prior years' underwriting (accident year accounting)	Earned premium (21.11.5)		21						
	Claims incurred (22.13.4)		22						
	Claims management costs (22.14.4)		23						
	Adjustment for discounting (22.51.4)		24						
	Other technical income or charges (particulars to be specified by way of supplementary note)		25					1185	
	Net operating expenses (22.41.4)		26						
	Balance (21-22-23+24+25-26)		29					1185	
Balance from underwriting year accounting	Per Form 24 (24.69.99-99)		31						
	Other technical income or charges (particulars to be specified by way of supplementary note)		32						
	Total		39						
Balance of all years' underwriting (19+29+39)			49					1185	
Allocated investment income			51						
Transfer to non-technical account (49+51)			59					1185	

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

Name of company Churchill Insurance Company Limited

Global business

Financial year ended 31 December 2012

Total business

		Company registration number	GL/UK/CM	day month year			Units	Category number
		R22	GL	31	12	2012	£000	001
			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	167569	2551		192848	27829	
	Reinsurers' share	12	130063	2065		169185	41187	
	Net (11-12)	13	37506	486		23663	(13358)	
	Claims management costs	14	1186			1192	6	
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		0			0	
	Reinsurance commissions and profit participations	24						
	Total (21+22+23-24)	29		0			0	
Adjustments for discounting in respect of the items shown at lines 11 to 18 above	Gross amount	31	112046			141238	29193	
	Reinsurers' share	32	90705			126689	35984	
	Claims management costs	33						
	Total (31-32+33)	39	21341			14549	(6792)	
Split of line 29	Prior financial years	41						
	This financial year	42		0			0	
Split of line 39	Incidents occurring prior to this financial year	51	21341			14549	(6792)	
	Incidents occurring in this financial year	52						

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

Name of company Churchill Insurance Company Limited

Global business

Financial year ended 31 December 2012

Total primary (direct) and facultative business

		Company registration number	GL/UK/CM	day month year			Units	Category number		
		R22	2258947	GL	31	12	2012	£000	002	
			Amount brought forward from previous financial year	1	Amount payable/receivable in this financial year	2	Amount carried forward to next financial year	3	Amount attributable to this financial year	4
Claims incurred in respect of incidents occurring prior to this financial year	Gross amount	11	167569		2551		192848		27829	
	Reinsurers' share	12	130063		2065		169185		41187	
	Net (11-12)	13	37506		486		23663		(13358)	
	Claims management costs	14	1186				1192		6	
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				0			0	
	Reinsurance commissions and profit participations	24								
	Total (21+22+23-24)	29				0			0	
Adjustments for discounting in respect of the items shown at lines 11 to 18 above	Gross amount	31	112046				141238		29193	
	Reinsurers' share	32	90705				126689		35984	
	Claims management costs	33								
	Total (31-32+33)	39	21341				14549		(6792)	
Split of line 29	Prior financial years	41								
	This financial year	42				0			0	
Split of line 39	Incidents occurring prior to this financial year	51	21341				14549		(6792)	
	Incidents occurring in this financial year	52								

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

Name of company Churchill Insurance Company Limited

Global business

Financial year ended 31 December 2012

Total primary (direct) and facultative personal lines motor business

		Company registration number	GL/UK/CM	day	month	year	Units	Category number		
		R22	2258947	GL	31	12	2012	£000	120	
			Amount brought forward from previous financial year	1	Amount payable/receivable in this financial year	2	Amount carried forward to next financial year	3	Amount attributable to this financial year	4
Claims incurred in respect of incidents occurring prior to this financial year	Gross amount	11	167569		2551		192848		27829	
	Reinsurers' share	12	130063		2065		169185		41187	
	Net (11-12)	13	37506		486		23663		(13358)	
	Claims management costs	14	1186				1192		6	
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			0				0	
	Reinsurance commissions and profit participations	24								
	Total (21+22+23-24)	29			0				0	
Adjustments for discounting in respect of the items shown at lines 11 to 18 above	Gross amount	31	112046				141238		29193	
	Reinsurers' share	32	90705				126689		35984	
	Claims management costs	33								
	Total (31-32+33)	39	21341				14549		(6792)	
Split of line 29	Prior financial years	41								
	This financial year	42			0				0	
Split of line 39	Incidents occurring prior to this financial year	51	21341				14549		(6792)	
	Incidents occurring in this financial year	52								

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

Name of insurer Churchill Insurance Company Limited

Global business

Financial year ended 31 December 2012

Total business

R23	2258947	GL	31	12	2012	E000	001
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Company registration number
 GL/UK/CM
 day month year
 Units
 Category number

Accident year ended	Month	Year	1	2	3	4	5		6	7	8	9	10	11	12	13
			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	Reported (net) incurred but not reported	Reported (net) incurred but not reported	Claims incurred (latest year) or developed (other years) during this financial year (4+5+6+7-8)	Deduction for outstanding claims carried forward (net)	Earned premiums (net)	Deterioration/ original claims reserve %	Claims ratio %		
12	12	2012														
11	12	2011														
12	12	2010														
12	12	2009														
12	12	2008														
12	12	2007														
12	12	2006														
12	12	2005														
12	12	2004														
12	12	2003														
20	12	2003														
21	Prior accident years															
22	Reconciliation															
29	Total (11 to 22)															

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

Name of insurer Churchill Insurance Company Limited

Global business

Financial year ended 31 December 2012

Total primary (direct) and facultative business

Company registration number	2258947	GL	31	12	2012	E000	002
GL/UK/CM			day	month	year	Units	Category number

Accident year ended	Month	Year	1	2	3	4	5	6	7	8	9	10	11	12	13
			Claims paid (net) during the accident year	Claims outstanding (net) 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	Reported (net) but not reported (net)	Reported (net) but not reported (net)	Claims incurred (net) during this financial year (other years) developed (latest year) or carried forward	Deduction for outstanding claims from claims carried forward (net)	Earned premiums (net)	Deterioration/ (surplus) of original claims reserve %	Claims ratio %	
12	12	2012													
12	12	2011												(9600)	
12	12	2010													
12	12	2009													
12	12	2008													
12	12	2007													
12	12	2006													
12	12	2005													
12	12	2004													
12	12	2003			1839	(1052)	10100	1636	12399	772	(2+86)	8455			
Prior accident years	21				1537	8406	3521	9542	14794	(10871)	6095				
Reconciliation	22														
Total (11 to 22)	29						486	18506	5156	21940	15566	(13358)	14549		

General insurance business : Expected income and yield from admissible assets covering discounted provisions

Name of insurer Churchill Insurance Company Limited

Global business

Financial year ended 31 December 2012

Company registration number: 2258947
 GL: GL
 UK: UK
 CM: CM
 day: 31 month: 12 year: 2012 Units: £000

Reporting territory code	Total admissible assets as shown on Form 13	Admissible assets hypothecated to cover the provision for outstanding claims being discounted	Expected income from assets included in column 2	Yield %	Technical provisions	Provision for outstanding claims being discounted		Unwind in the discount in the next financial year	Rates of interest at which the provision is being discounted		
						Before deduction for discounting	Deduction for discounting		Highest	Lowest	Average rate
	1	2	3	4	5	6	7	8	9	10	11
11	46899	46899	245	0.5	10306	21096	14540	249	4.0	4.0	4.0
12											
13											
14											
15											
16											
17											
18											
19											
20											
21											
Other currencies											
Total	46899	46899			10306	21096	14540	249			

General insurance business : Expected income and yield from admissible assets covering discounted provisions

Name of insurer Churchill Insurance Company Limited

Global business

Financial year ended 31 December 2012

		Company registration number	GL/UK/CM	day	month	year	Units	
		R30	2258947	GL	31	12	2012	£000
Type of asset		Value of admissible assets as shown on Form 13 1	Admissible assets hypothecated to cover the provision for outstanding claims being discounted 2	Expected income from assets included in column 2 3			Yield % 4	
Land and buildings		31						
Fixed interest securities	Approved securities	32						
	Other	33						
Variable interest and variable yield securities (excluding items shown at line 36)	Approved securities	34						
	Other	35						
Equity shares and holdings in collective investment schemes		36	44299	44299		245	0.6	
Loans secured by mortgages		37						
All other assets	Producing income	38						
	Not producing income	39	2600	2600				
Total		49	46898	46898		245	0.5	

General insurance business (accident year accounting) : Analysis of gross claims and premiums for motor vehicle direct insurance and facultative reinsurance

Name of insurer **Churchill Insurance Company Limited**

Currency

British Pound

Global business

Reporting Territory

United Kingdom other than home foreignFinancial year ended **31 December 2012**Company
registration
numberGL/
UK/
CM

day month year

Monetary
unitsCategory
numberCurrency
codeReporting
territory
code**Private motor - comprehensive**

Accident year ended		Number of claims	Gross claims paid		Gross claims outstanding carried forward		Gross claims outstanding brought forward		Claims incurred (latest year) or developed (other years) during this financial year (4+5+6-7-8)	Gross earned premiums	Claims ratio %	Vehicle years (000's)	Claims frequency %	
Month	Year		Closed at some cost during this or previous years	Reported claims outstanding	In previous financial years	In this financial year	Reported	Incurred but not reported						Reported
		1	2	3	4	5	6	7	8	9	10	11	12	13
12	2012	11												
12	2011	12												
12	2010	13												
12	2009	14												
12	2008	15												
12	2007	16												
12	2006	17												
12	2005	18												
12	2004	19												
12	2003	20		2	1839	(1052)	10100	2194	12399	1804	(2980)			
Prior accident years		21		8		(148)	80479	56223	35392	71902	29261			
Total (11 to 21)		29		10		(1200)	90579	58418	47790	73706	26301			
Line 29 expressed in sterling		30				(1200)	90579	58418	47790	73706	26301			

General insurance business (accident year accounting) : Analysis of gross claims and premiums for motor vehicle direct insurance and facultative reinsurance

Name of insurer **Churchill Insurance Company Limited** Currency **British Pound**

Global business **United Kingdom other than home foreign**

Financial year ended **31 December 2012**

Private motor - non-comprehensive

Accident year ended	Company registration number		Reporting Territory		Monetary units	Category number	Currency code	Reporting territory code				
	R32	2258947	GL	31 12 2012								
Month	Year	Gross claims outstanding carried forward		Gross claims outstanding brought forward	Gross earned premiums	Claims ratio %	Vehicle years (000%)	Claims frequency %				
		Reported	Incurred but not reported						Reported	Incurred but not reported		
1	2	3	4	5	6	7	8	9	10	11	12	13
Closed at some cost during this or previous years	Reported claims outstanding	In previous financial years	In this financial year	Reported	Incurred but not reported	Reported	Incurred but not reported	Claims incurred (latest year) or developed (other years) during this financial year (4+5+6-7-8)				
12	2012	11										
12	2011	12										
12	2010	13										
12	2009	14										
12	2008	15										
12	2007	16										
12	2006	17										
12	2005	18										
12	2004	19										
12	2003	20										
Prior accident years		21		3751	13386	25596	20478	1528				
Total (11 to 21)		29		3751	13386	25596	20478	1528				
Line 29 expressed in sterling		30		3751	13386	25596	20478	1528				

Supplementary Notes to the ReturnName of Company **Churchill Insurance Company Limited**

Global Business

Financial year ended **31 December 2012*****0101 Modification to the Return**

This return has been prepared in accordance with the Accounts and Statements Rules.

***0301* – Reconciliation of Net Admissible Assets to Available Capital Resources**

	2012	2012
	£'000	£'000
Form 13 line 89	89,395	90,197
Form 15 line 69	<u>(54,509)</u>	<u>(60,208)</u>
	34,886	29,989
Total capital resources after deductions (Form 3 line 79)	34,886	29,989

***0313* – Reconciliation of Movement in Net Profit to Retained Profit For The Year**

	2012
	£'000
Form 3 col 3 line 12 (Reserves c/f)	35,249
Form 3 col 4 line 12 (Reserves b/f)	<u>(29,989)</u>
Movement in Reserves rounding	5,260
Form 16 Line 59 – Profit Retained For The Financial Year	<u><u>5,260</u></u>

***0314* - Request for agreement on treatment of Periodical Payment Order liabilities (PPOs) in FSA returns**

Churchill Insurance Limited have Periodical Payment Order (PPO) liabilities which are awards made under the terms of the Court Act 2003. These awards involve a series of payments at fixed intervals, guaranteed for a fixed number of years or the lifetime of one or more individuals. The PPO liabilities included in the technical provisions are either in respect of annuities which have been awarded or reserves which are being held in anticipation of an obligation to pay out future annuities once an order is made by the Courts. The PPO liabilities have been treated as annuities in the FSA return, and therefore no deductions from tier one capital for 'Amounts deducted from technical provisions for discounting' have been entered on row 34 of Form 3.

***1104* Discounting**

Provisions for claims outstanding at Form 11 line 51 are shown net of discounting for Periodical Payment Order (PPO) liabilities which are awards made under the Courts Act 2003. These awards involve a series of payments at fixed intervals, guaranteed for a fixed number of years or the lifetime of one or more individuals. The PPO liabilities included in the technical provisions are either in respect of annuities which have been awarded or reserves which are being held in anticipation of an obligation to pay out future annuities once an order is made by the Courts. These liabilities have thus been treated as annuities for the purpose of this return.

Supplementary Notes to the Return

Name of Company **Churchill Insurance Company Limited**

Global Business

Financial year ended **31 December 2012**

***1305* Maximum Counterparty Limits**

The Company's investment guideline regarding counterparty exposures is that the maximum exposure to any one approved counterparty is continually reviewed and set as appropriate.

***1306* – Exposure to Large Counterparties**

The Company had no exposure to large counterparties at the year end:

***1501* – Provision for Reasonably Foreseeable Adverse Variations**

No provision is required in respect of foreseeable adverse variations. The Company has no derivative contracts and all obligations to deliver an asset or make a payment were felt to be prudently provided in the accounts.

***1502* – Other Than Long Term Business Assets/Liabilities**

- a) No charge has been made on the assets of the Company to secure the liabilities of any other person.
- b) There is no potential capital gains tax liability
- c) There are no guarantees, indemnities or other contractual commitments, effected other than in the ordinary course of insurance business, in respect of related companies
- d) There are no other contingent liabilities
- e) There are no fundamental uncertainties

***1601* – Basis of Conversion**

All transactions of the Company are conducted in Sterling. Therefore, a basis of conversion of foreign currency is not applicable.

***1603* – Other Income and Charges**

	2012	2011
	£'000	£'000
Referral income	0	6,920
Rental and sundry income	0	75
	<hr/> 0	<hr/> 6,995

***1700* – Derivative Contracts**

No Form 17 has been presented as the Company did not enter into any derivative contracts during the year, and no such contract was outstanding at year end.

***20Ab* – Risk categories**

The following risk categories include contracts of insurance against risk of death or injury to passengers:

- 121 – Private motor comprehensive
- 122 – Private motor non comprehensive

Supplementary Notes to the Return

Name of Company **Churchill Insurance Company Limited**

Global Business

Financial year ended **31 December 2012**

***20Ae* – Facultative Business**

There is no facultative reinsurance business included.

***2007* – Particulars of Material Connected Party Transactions**

- i. The Company has entered into banking arrangements with The Royal Bank of Scotland Group plc and BNP Paribas S.A.
- ii. A fellow subsidiary, Direct Line Insurance Services Limited (DLIS), provides staff/administration services to the Company. During the course of 2012, an amount of £nil was recharged to the Company by DLIS. At 31 December 2012, the Company owed £nil to DLIS in respect of these services.
- iii. Churchill Insurance Company Limited has a Surplus Asset Transfer Agreement with U K Insurance Limited. As at 31 December 2012, the Company is owed £9.9m from UK Insurance Limited in respect of this agreement.

***2202* – Claims Management Expenses**

The costs of administering claims are specifically identified within the Company's costing system and these, together with the appropriate share of support costs, make up the claims handling costs stated in the Return. Claims handling expenses are carried forward based on an estimate of the likely costs to be incurred in settling all outstanding claims. No provision is made for the cost of settling claims on proportional and non proportional treaty reinsurance business, as these costs are incurred by the reinsured.

***2205* – Unexpired Risk Reserve**

In setting an unexpired risk reserve the Company offsets surpluses in one class of business against deficits in other classes within the same business segment on the grounds that all business classes within each business segment are managed together. In setting the reserve investment income is taken into consideration. No provision is required at 31 December 2012.

***3001* *3003* Expected Income and Yield from Admissible Assets Covering Discounted Provisions**

An adjustment for discounting has been made in the following categories:

Private Motor - Comprehensive (121)

The expected yield used in Form 30 is the annualised interest received on a non-compounding basis, divided by the current fair value of the assets.

The method used in calculating the deduction for discounting is based on the projection of expected claims cash payments including outstanding claims and IBNR. Using cash flows derived from the expected terms of the settlements, the assumed life expectancies and adjusted for the inflation agreed in the settlements, the effect of discounting is calculated as the difference between the present value of these cash flows arising using a discount rate of interest and the undiscounted value of these cash flows.

The rate of interest used in the discount calculations is 4.0%.

The expected average interval between the date of settlement for claims being discounted and the end of the financial year is 50 years on open and settled cases.

The criteria adopted for estimating the period that will elapse before claims are settled are: for each claim this is calculated as the mean of the insurer's and the claimant's expert advice on the claimant's life expectancy.

Supplementary Notes to the Return

Name of Company Churchill Insurance Company Limited

Global Business

Financial year ended 31 December 2012

Statement in accordance with Rule 9.25 – Additional information on general business: Major Treaty Reinsurers

Reinsurer details	Connection	Proportional Reinsurance Treaties	Non Proportional Reinsurance Treaties	Debts outstanding included at F13L75	Deposits received included at F15L31	Anticipated recoveries
As required by Rule 9.25:		£000	£000	£000	£000	£000
UK Insurance Ltd The Wharf Neville Street Leeds LS14AZ	Churchill Insurance Company Ltd is a wholly owned subsidiary of U K Insurance Ltd					9,910
AXA Rudolfstrasse 1 PO Box 357 CH-8401 Winterthur Switzerland	None			2,470		32,586

Statement in accordance with Rule 9.26 – Additional information on general business: Major Facultative Reinsurers

Reinsurer details	Connection	Reinsurance premiums payable	Debts outstanding included at F13L75	Deposits received included at F15L31	Anticipated recoveries	Comments
As required by Rule 9.26:		£000	£000	£000	£000	£000
The company has no major facultative reinsurers						

Statement in accordance with Rule 9.27 – Information on Major General Business Reinsurance Cedants

Reinsurer details	Connection	Premiums receivable	Deposits made Include at F13L57	Deposits outstanding included at F13L74	Comments
As required by Rule 9.27:		£000	£000	£000	£000
The Company has no major cedants		-	-	-	

Supplementary Notes to the Return

Name of Company **Churchill Insurance Company Limited**

Global Business

Financial year ended **31 December 2012**

Statement in accordance with Rule 9.32A – Additional information on Financial Reinsurance and Financing arrangements: general insurers.

The Company has no financial reinsurance agreements or similar financing arrangements in place.

All major UK reinsurance arrangements are controlled centrally within RBS Insurance and the procurement process is subject to strict governance and sign off procedures that are dependent on the amount of the individual reinsurance purchase. The reinsurance purchase process is also subject to regular internal and external audits.

Statement in accordance with Rule 9.32 – Additional information on Non-Facultative Reinsurance Arrangements

Description of Cover	Period Covered	Limits	Reinstatements	Remarks	Risk Group
<u>Motor Programme Excess of Loss</u>					
1 st Layer					
2 nd Layer					
3 rd Layer					
4 th Layer					

Statement in accordance with Rule 9.32 – Additional information on Non-Facultative Reinsurance Arrangements

Description of Cover	Period Covered	Limits	Reinstatements	Remarks	Risk Group
<u>Liability Programme Excess of Loss</u>	RBS Group Cover				
1 st Layer					
2 nd Layer					

Supplementary Notes to the Return

Name of Company **Churchill Insurance Company Limited**

Global Business

Financial year ended **31 December 2012**

Statement in accordance with Rule 9.32 – Additional information on Non-Facultative Reinsurance Arrangements

Description of Cover	Period Covered	Limits	Reinstatements	Remarks	Risk Group
<u>Travel Programme Excess of Loss</u>	RBS Group Cover				
1 st Layer					
2 nd Layer					
3 rd Layer					

Statement in accordance with Rule 9.32 – Additional information on Non-Facultative Reinsurance Arrangements

Description of Cover	Period Covered	Limits	Reinstatements	Remarks	Risk Group
<u>Property Catastrophe Programme Excess of Loss</u>					
1 st Layer					
2 nd Layer					
3 rd Layer					
4 th Layer					
5 th Layer					
6 th Layer					
7 th Layer					

Supplementary Notes to the Return

Name of Company **Churchill Insurance Company Limited**

Global Business

Financial year ended **31 December 2012**

Statement in accordance with Rule 9.32 – Additional information on Non-Facultative Reinsurance Arrangements

Description of Cover	Period Covered	Limits	Reinstatements	Remarks	Risk Group
<u>Property Catastrophe Programme Excess of Loss</u>					
1 st Layer					
2 nd Layer					
3 rd Layer					
4 th Layer					
5 th Layer					

Statement in accordance with Rule 9.32 – Additional information on Non-Facultative Reinsurance Arrangements

6 th Layer					
7 th Layer					
8 th Layer					
9 th Layer					
10 th Layer					

Supplementary Notes to the ReturnName of Company **Churchill Insurance Company Limited**

Global Business

Financial year ended **31 December 2012****Statement in accordance with Rule 9.32 – Additional information on Non-Facultative Reinsurance Arrangements**

Accounting Class	Facultative reinsurance ceded	Non facultative reinsurance ceded	Total Ceded
	£000	£000	£000
120	-	-	-
160	-	-	-
180	-	-	-
409	-	-	-
Total	-	-	-

Summary of maximum probable losses per risk group, net of reinsurance, for any one incident or series of incidents arising from the same originating cause from:

	Any one contract of insurance	All such contracts taken together
	£000	£000
Motor	-	-
Home / Householders (RMS 1 in 273 year return period for Windstorm and Coastal Inundation combined. RBSI excluding TPF combined policy – includes Reinstatement premium)	-	-
Pet Liability	-	-
Travel incl Liability	-	-
Home Liability	-	-

Statement in accordance with Rule 9.29 – Additional information on Derivative and Quasi-Derivative Contracts

Name of Company **Churchill Insurance Company Limited**

Global Business

Financial year ended **31 December 2012**

a) The following guidelines govern the use by the Company of derivative contracts:

Agreement is required from the Investment Committee for any direct exposure to derivatives,

The use of derivatives is permitted as and when required (e.g. to help protect the Company's solvency position) and the need for this is determined from time to time by the Investment Manager in liaison with the Funds Management Committee and other appropriate individuals,

The responsibility for the administration of the investments lies with the Finance Department so as, amongst other things, to ensure that the use of derivatives is monitored independently and any unauthorised use is immediately recognised,

All margin payments are required to be authorised by the Finance Department,

At all times the distribution of assets must be within the ranges specified in the investment policy when derivatives are taken into account. For forward contracts the test is on the basis that the contracts are settled. For option contracts the test must be satisfied both assuming that the option is exercised and that the option is not exercised,

The liabilities associated with certain derivatives based products are backed by deposits, the values of which are based on the movements in the FTSE 100 Share index. The value of these deposits is guaranteed not to fall below a given level either at maturity or at certain dates during their terms. The Company has counterparty risk only. Counterparties are required to be rated at least AA for long-term deposits in accordance with the requirements of our ultimate holding company.

b) The Company's investment guidelines, as noted above, allow, amongst other things, for the use of derivatives in order to protect the Company's solvency position. Such contracts may involve rights or obligations to acquire or dispose of assets which were not, at the time the contract was entered into, reasonably likely to be exercised. All derivative contracts were entered into for hedging purposes. The expectation was, at the point of being taken out, that they were not likely to be exercised, namely that the markets would not fall below levels specified in the contracts.

c) There are no derivative contracts outstanding at 31 December 2012.

Returns under the Accounts and Statement Rules of the Interim Prudential Sourcebook for Insurers

Statement in accordance with Rule 9.30 – Additional information on Controllers

Name of Company **Churchill Insurance Company Limited**

Global Business

Financial year ended **31 December 2012**

The following persons have been shareholder controllers of the Company during the year ended 31 December 2012;

1) UK Insurance Limited	
Percentage of shares in the Company held:	100%
Percentage of votes in the Company held:	100%
2) Direct Line Insurance Group Plc (DLIG)	
Percentage of shares in DLIG held:	100%
Percentage of votes in DLIG held:	100%
3) The Royal Bank of Scotland Group Plc (RBS)	
Percentage of shares in DLIG held:	65.27%
Percentage of votes in DLIG held:	65.27%
4) The Solicitor for the Affairs of Her Majesty's Treasury as Nominee for Her Majesty's Treasury (UK Financial Investments Limited manages the shareholding)	
Percentage of total share capital in RBS:	80.84%
Percentage of voting share capital in RBS:	64.85%

Name of Company Churchill Insurance Company Limited

Global Business

Financial year ended 31 December 2012

Certificate required by Rule 9.34 (Chapter 9 'Financial Reporting – Accounts and Statements') of the Interim Prudential Sourcebook for Insurers

We certify that:

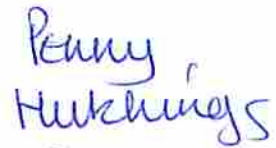
1. the return, comprising Forms 1, 3, 11 to 13, 15 to 16, 20A, 20 to 23, 30 and 32, (including the supplementary notes) and the statements required by rules 9.25, 9.26, 9.27, 9.29, 9.30, 9.32 and 9.32A, has been properly prepared in accordance with the Accounts and Statements Rules set out in part I and part IV of chapter 9 of IPRU(INS), the Interim Prudential Sourcebook for Insurers, GENPRU, the General Prudential Sourcebook and INSPRU, the Prudential Sourcebook for Insurers; and
2. the directors are satisfied that:
 - (i) throughout the financial year, the Company has complied in all material respects with the requirements in SYSC, Senior Management Arrangements, Systems and Controls, and PRIN, Principles for Business, sections of the FSA Handbook as well as the provisions of IPRU(INS), GENPRU and INSPRU; and
 - (ii) it is reasonable to believe that the Company has continued so to comply subsequently, and will continue so to comply in future.



Director



Director



Director



28 March 2013

Name of Company **Churchill Insurance Company Limited**

Global business

Financial year ended **31 December 2012**

Independent auditor's report to the directors pursuant to Rule 9.35 of the Interim Prudential Sourcebook for Insurers ("IPRU(INS)")

We have audited the following documents prepared by the insurer pursuant to the Accounts and Statements Rules set out in part I and part IV of chapter 9 to IPRU(INS) the Interim Prudential Sourcebook for Insurers, GENPRU, the General Prudential Sourcebook and INSPRU the Prudential Sourcebook for Insurers, ("the Rules") made by the Financial Services Authority under section 138 of the Financial Services and Markets Act 2000:

- Forms 1, 3, 11 to 13, 15, 16, 20A, 20,22, 23, 30 and 32 (including the supplementary notes) on pages 1 to 36 ("the Forms"); and
- the statements required by IPRU(INS) rules 9.25, 9.26, 9.27 on page 37 and rule 9.29 on page 42 ("the Statements").

We are not required to audit and do not express an opinion on:

- the statements required by IPRU(INS) rules 9.32 and 9.32A on pages 38 to 41 and rule 9.30 on page 43; and
- the certificate required by IPRU(INS) rule 9.34(1) on page 44.

Our report is provided to the directors of Churchill Insurance Company Limited in accordance with rule 9.35 of the Interim Prudential Sourcebook for Insurers. We acknowledge that our report will be provided to the FSA for the use of the FSA solely for the purposes set down by statute and the FSA's rules. Our work has been undertaken so that we might state to the insurer's directors those matters we are required to state to them in an auditors' report on an annual FSA return for an insurer and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the FSA, and the insurer, for our work, for this report, or for the opinions we have formed.

Respective responsibilities of the insurer and its auditor

The insurer is responsible for the preparation of an annual return (including the Forms and the Statements) under the provisions of the Rules. Under IPRU (INS) rule 9.11 the Forms and the Statements are required to be prepared in the manner specified by the Rules and to state fairly the information provided on the basis required by the Rules.

It is our responsibility to form an independent opinion as to whether the Forms and the Statements meet these requirements, and to report our opinions to you. We also report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the Forms and the Statements are not in agreement with the accounting records and returns; or
- we have not received all the information we require for our audit.

Basis of opinion

We conducted our work in accordance with Practice Note 20 'The audit of insurers in the United Kingdom (Revised)' 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 the Statements. The evidence included that previously obtained by us relating to the audit of the financial statements of the insurer for the financial year. It also included an assessment of the significant estimates and judgements made by the insurer 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 the Statements are free from material misstatement, whether caused by fraud or other irregularity or error and comply with IPRU(INS) rule 9.11.

Name of Company Churchill Insurance Company Limited

Global business

Financial year ended 31 December 2012

Independent auditor's report to the directors pursuant to Rule 9.35 of the Interim Prudential Sourcebook for Insurers ("IPRU(INS)") (Continued)

Opinion

In our opinion the Forms and the Statements fairly state the information provided on the basis required by the Rules as modified and have been properly prepared in accordance with the provisions of those Rules.

A handwritten signature in blue ink that reads "Deloitte LLP". The signature is written in a cursive style with a large initial 'D'.

Deloitte LLP

Chartered Accountants and Statutory Auditor
London, United Kingdom

28 March 2013