

Churchill Insurance Company Limited

Annual PRA Insurance Returns for the year ended

31 December 2013

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 2013**

Solo solvency calculation

Company registration number	GL/UK/CM	day	month	year	Units	
R1	2258947	GL	31	12	2013	£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	37061	34886
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	37061	34886

Guarantee fund

Guarantee fund requirement	21	3340	4590
Excess (deficiency) of available capital resources to cover guarantee fund requirement	22	33721	30295

Minimum capital requirement (MCR)

General insurance capital requirement	31	10021	13771
Base capital resources requirement	33	3146	2984
Individual minimum capital requirement	34	10021	13771
Capital requirements of regulated related undertakings	35		
Minimum capital requirement (34+35)	36	10021	13771
Excess (deficiency) of available capital resources to cover 50% of MCR	37	32051	28000
Excess (deficiency) of available capital resources to cover 75% of MCR	38	29545	24557

Capital resources requirement (CRR)

Capital resources requirement	41	10021	13771
Excess (deficiency) of available capital resources to cover general insurance business CRR (13-41)	42	27040	21115

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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Components of capital resources

Name of insurer **Churchill Insurance Company Limited**

Global business

Financial year ended **31 December 2013**

	Company registration number	GL/UK/CM	day month year			Units	
	R3	2258947	GL	31	12	2013	£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	

Core tier one capital

Permanent share capital	11	0		0	0
Profit and loss account and other reserves	12	37063		37063	35249
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	37063		37063	35249

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	37063		37063	35249
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	37063		37063	35249

Components of capital resources

Name of insurer **Churchill Insurance Company Limited**

Global business

Financial year ended **31 December 2013**

	Company registration number	GL/UK/CM	day	month	year	Units	
	R3	2258947	GL	31	12	2013	£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 resources

Name of insurer **Churchill Insurance Company Limited**

Global business

Financial year ended **31 December 2013**

	Company registration number	GL/UK/CM	day	month	year	Units	
	R3	2258947	GL	31	12	2013	£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	

Total capital resources

Positive adjustments for regulated non-insurance related undertakings	71				
Total capital resources before deductions (39+69+71)	72	37063		37063	35249
Inadmissible assets other than intangibles and own shares	73	2		2	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	37061		37061	34886

Available capital resources for GENPRU/INSRU tests

Available capital resources for guarantee fund requirement	81	37061		37061	34886
Available capital resources for 50% MCR requirement	82	37061		37061	34886
Available capital resources for 75% MCR requirement	83	37061		37061	34886

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 2013**

General insurance business

	Company registration number	GL/ UK/ CM	day	month	year	Units	
	R11	2258947	GL	31	12	2013	£000
						This financial year 1	Previous year 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			12073	17739
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			152045	194040
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			65297	37412
Sub-total C (41+42+43-44-45)			46			98821	174368
Amounts recoverable from reinsurers in respect of claims included in Sub-total C			47			7893	7683
Sub-total D (46-47)			48			90928	166685
Reinsurance Ratio (Sub-total D /sub-total C or, if more, 0.50 or, if less, 1.00)			49			0.92	0.96
Premiums amount (Sub-total J x reinsurance ratio)			50				
Provision for claims outstanding (before discounting and net of reinsurance)			51			7499	10306
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			10021	7236
Greater of lines 50 and 53			54			10021	7236

Calculation of general insurance capital requirement - claims amount and result

 Name of insurer **Churchill Insurance Company Limited**

Global business

 Financial year ended **31 December 2013**

General insurance business

		Company registration number	GL/ UK/ CM	day month year			Units	
		R12	2258947	GL	31	12	2013	£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	12073			17739
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	152045			194040
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	65297			37412
Claims incurred in reference period (21+22+23-24-25)				26	98821			174368
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	98821			174368
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	32940			58123
Division of sub-total F (gross adjusted claims amount)	x 0.26			32	8564			15112
	Excess (if any) over 42.9M EURO x 0.03			33				706
Sub-total G (32-33)				39	8564			14406
Claims amount Sub-total G x reinsurance ratio (11.49)				41	7880			13771
Higher of premiums amount and brought forward amount (11.54)				42	10021			7236
General insurance capital requirement (higher of lines 41 and 42)				43	10021			13771

Analysis of admissible assets

Name of insurer **Churchill Insurance Company Limited**

Global business

Financial year ended **31 December 2013**

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	2013	£000	1
					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	45131	44299
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	
	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 assets

Name of insurer **Churchill Insurance Company Limited**

Global business

Financial year ended **31 December 2013**

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	2013	£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	38382	42496
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	422	2470
Dependants	due in 12 months or less	76		
	due in more than 12 months	77		
Other	due in 12 months or less	78	14	130
	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		
Accrued interest and rent	84		
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86		

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	83949	89395
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Analysis of admissible assets

Name of insurer **Churchill Insurance Company Limited**

Global business

Financial year ended **31 December 2013**

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	2013	£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	83949	89395
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	2	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	83952	89757
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		

Liabilities (other than long term insurance business)Name of insurer **Churchill Insurance Company Limited**

Global business

Financial year ended **31 December 2013**

	Company registration number	GL/ UK/ CM	day	month	year	Units	
	R15	2258947	GL	31	12	2013	£000
						As at end of this financial year 1	As at end of the previous year 2

Technical provisions (gross amount)

Provisions for unearned premiums		11				
Claims outstanding		12			45882	52802
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			45882	52802

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			538	1707
	Foreseeable dividend	48				
	Other	49			469	
Accruals and deferred income		51				
Total (19 to 51)		59			46888	54509
Provision for "reasonably foreseeable adverse variations"		61				
Cumulative preference share capital		62				
Subordinated loan capital		63				
Total (59 to 63)		69			46888	54509

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			37064	35249
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			83952	89757

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

Global business

Financial year ended **31 December 2013**

		Company registration number	GL/ UK/ CM	day	month	year	Units	
		R16	2258947	GL	31	12	2013	£000
				This financial year		Previous year		
				1		2		
Transfer (to)/from the general insurance business technical account	From Form 20	11				2136	6560	
	Equalisation provisions	12						
Transfer from the long term insurance business revenue account		13						
Investment income	Income	14				177	407	
	Value re-adjustments on investments	15						
	Gains on the realisation of investments	16						
Investment charges	Investment management charges, including interest	17						
	Value re-adjustments on investments	18						
	Loss on the realisation of investments	19						
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						
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)		29				2313	6967	
Tax on profit or loss on ordinary activities		31				498	1707	
Profit or loss on ordinary activities after tax (29-31)		39				1814	5260	
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				1814	5260	
Dividends (paid or foreseeable)		51						
Profit or loss retained for the financial year (49-51)		59				1814	5260	

General insurance business : Summary of business carried on

Name of insurer **Churchill Insurance Company Limited**

Global business

Financial year ended **31 December 2013**

		Company registration number	GL/UK/CM	day month year			units	
		R20A	2258947	GL	31	12	2013	£000
Category number	PRA return general insurance business reporting category	1	Gross Premium written in this financial year	Provision for undiscounted gross claims outstanding at the end of this financial year		4		
				Reported	Incurred but not reported			
		2	3					
001	Total business	1		118724	33110			
002	Total primary (direct) and facultative business	2		118724	33110			
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		118724	33110			
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		118724	33110			

General insurance business : Summary of business carried on

Name of insurer **Churchill Insurance Company Limited**

Global business

Financial year ended **31 December 2013**

		Company registration number	GL/UK/CM	day month year			units	
		R20A	2258947	GL	31	12	2013	£000
Category number	PRA return general insurance business reporting category	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			

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	88229	24309	
122	Private motor - non-comprehensive	26	30495	8801	
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 2013**

		Company registration number	GL/UK/CM	day month year			units	
		R20A	2258947	GL	31	12	2013	£000
Category number	PRA return general insurance business reporting category	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			

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		118724	33110	
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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 2013****Total business**

		Company registration number	GL/ UK/ CM	day	month	year	Units	Category number	
		R20	2258947	GL	31	12	2013	£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						
	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					0	
	Balance of year's underwriting (11-12-13+14-15+16-17)		19					(0)	
Adjustment for prior years' underwriting (accident year accounting)	Earned premium (21.11.5)		21						
	Claims incurred (22.13.4)		22				(3820)	(13358)	
	Claims management costs (22.14.4)		23				(982)	6	
	Adjustment for discounting (22.51.4)		24				(2666)	(6792)	
	Other technical income or charges (particulars to be specified by way of supplementary note)		25						
	Net operating expenses (22.41.4)		26						
	Balance (21-22-23+24+25-26)		29				2136	6560	
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				2136	6560	
Allocated investment income			51						
Transfer to non-technical account (49+51)			59				2136	6560	

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

Global business

Financial year ended **31 December 2013****Total primary (direct) and facultative business**

		Company registration number	GL/ UK/ CM	day	month	year	Units	Category number	
		R20	2258947	GL	31	12	2013	£000	002
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					0	
	Balance of year's underwriting (11-12-13+14-15+16-17)		19					(0)	
Adjustment for prior years' underwriting (accident year accounting)	Earned premium (21.11.5)		21						
	Claims incurred (22.13.4)		22			(3820)		(13358)	
	Claims management costs (22.14.4)		23			(982)		6	
	Adjustment for discounting (22.51.4)		24			(2666)		(6792)	
	Other technical income or charges (particulars to be specified by way of supplementary note)		25						
	Net operating expenses (22.41.4)		26						
	Balance (21-22-23+24+25-26)		29				2136	6560	
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			2136	6560		
Allocated investment income			51						
Transfer to non-technical account (49+51)			59			2136	6560		

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

Global business

Financial year ended **31 December 2013****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	2013	£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						
	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					0	
	Balance of year's underwriting (11-12-13+14-15+16-17)		19					(0)	
Adjustment for prior years' underwriting (accident year accounting)	Earned premium (21.11.5)		21						
	Claims incurred (22.13.4)		22				(3820)	(13358)	
	Claims management costs (22.14.4)		23				(982)	6	
	Adjustment for discounting (22.51.4)		24				(2666)	(6792)	
	Other technical income or charges (particulars to be specified by way of supplementary note)		25						
	Net operating expenses (22.41.4)		26						
	Balance (21-22-23+24+25-26)		29				2136	6560	
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				2136	6560	
Allocated investment income			51						
Transfer to non-technical account (49+51)			59				2136	6560	

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 2013****Total business**

		Company registration number	GL/ UK/ CM	day month year			Units	Category number	
		R22	2258947	GL	31	12	2013	£000	001
				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	192848	1256	151834	(39757)			
	Reinsurers' share	12	169185	586	132662	(35937)			
	Net (11-12)	13	23663	670	19172	(3820)			
	Claims management costs	14	1192		211	(982)			
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							
	Reinsurance commissions and profit participations	24							
	Total (21+22+23-24)	29							
Adjustments for discounting in respect of the items shown at lines 11 to 18 above	Gross amount	31	141238		106163	(35075)			
	Reinsurers' share	32	126689		94280	(32409)			
	Claims management costs	33							
	Total (31-32+33)	39	14549		11883	(2666)			
Split of line 29	Prior financial years	41							
	This financial year	42							
Split of line 39	Incidents occurring prior to this financial year	51	14549		11883	(2666)			
	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 2013****Total primary (direct) and facultative business**

		Company registration number	GL/ UK/ CM	day	month	year	Units	Category number	
		R22	2258947	GL	31	12	2013	£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	192848	1256	151834	(39757)			
	Reinsurers' share	12	169185	586	132662	(35937)			
	Net (11-12)	13	23663	670	19172	(3820)			
	Claims management costs	14	1192		211	(982)			
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							
	Reinsurance commissions and profit participations	24							
	Total (21+22+23-24)	29							
Adjustments for discounting in respect of the items shown at lines 11 to 18 above	Gross amount	31	141238		106163	(35075)			
	Reinsurers' share	32	126689		94280	(32409)			
	Claims management costs	33							
	Total (31-32+33)	39	14549		11883	(2666)			
Split of line 29	Prior financial years	41							
	This financial year	42							
Split of line 39	Incidents occurring prior to this financial year	51	14549		11883	(2666)			
	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 2013****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	2013	£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	192848	1256	151834	(39757)			
	Reinsurers' share	12	169185	586	132662	(35937)			
	Net (11-12)	13	23663	670	19172	(3820)			
	Claims management costs	14	1192		211	(982)			
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							
	Reinsurance commissions and profit participations	24							
	Total (21+22+23-24)	29							
Adjustments for discounting in respect of the items shown at lines 11 to 18 above	Gross amount	31	141238		106163	(35075)			
	Reinsurers' share	32	126689		94280	(32409)			
	Claims management costs	33							
	Total (31-32+33)	39	14549		11883	(2666)			
Split of line 29	Prior financial years	41							
	This financial year	42							
Split of line 39	Incidents occurring prior to this financial year	51	14549		11883	(2666)			
	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 2013**

Total business

										Company registration number	GL/UK/CM	day month year			Units	Category number	
										R23	2258947	GL	31	12	2013	£000	001
Accident year ended	Month	Year	Claims paid (net) during the accident year	Claims outstanding (net) as at end of the accident year	Total claims paid (net) since the end of the accident year, but prior to this financial year	Claims paid (net) during this financial year	Claims outstanding carried forward		Claims outstanding brought forward		Claims incurred (latest year) or developed (other years) during this financial year (4+5+6-7-8)	Deduction for discounting from claims outstanding carried forward (net)	Earned premiums (net)	Deterioration/ (surplus) of original claims reserve %	Claims ratio %		
							Reported (net)	Incurred but not reported (net)	Reported (net)	Incurred but not reported (net)							
			1	2	3	4	5	6	7	8	9	10	11	12	13		
12	2013	11															
12	2012	12															
12	2011	13											(9600)				
12	2010	14															
12	2009	15															
12	2008	16															
12	2007	17															
12	2006	18															
12	2005	19															
12	2004	20															
Prior accident years		21				670	17660	1512	18506	5156	(3820)	11883					
Reconciliation		22															
Total (11 to 22)		29				670	17660	1512	18506	5156	(3820)	11883					

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 2013**

Total primary (direct) and facultative business

Accident year ended			Claims paid (net) during the accident year	Claims outstanding (net) as at end of the accident year	Total claims paid (net) since the end of the accident year, but prior to this financial year	Claims paid (net) during this financial year	Claims outstanding carried forward		Claims outstanding brought forward		Claims incurred (latest year) or developed (other years) during this financial year (4+5+6-7-8)	Deduction for discounting from claims outstanding carried forward (net)	day month year			Units	Category number
Month	Year						Reported (net)	Incurred but not reported (net)	Reported (net)	Incurred but not reported (net)			31	12	2013		
			1	2	3	4	5	6	7	8	9	10	11	12	13		
12	2013	11															
12	2012	12															
12	2011	13											(9600)				
12	2010	14															
12	2009	15															
12	2008	16															
12	2007	17															
12	2006	18															
12	2005	19															
12	2004	20															
Prior accident years		21				670	17660	1512	18506	5156	(3820)	11883					
Reconciliation		22															
Total (11 to 22)		29				670	17660	1512	18506	5156	(3820)	11883					

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 2013**

Total primary (direct) and facultative personal lines motor business

Accident year ended		11	1	2	3	4	Claims outstanding carried forward		Claims outstanding brought forward		9	10	day month year			12	13
Month	Year						5	6	7	8			31	12	2013		
							Reported (net)	Incurred but not reported (net)	Reported (net)	Incurred but not reported (net)	Claims incurred (latest year) or developed (other years) during this financial year (4+5+6-7-8)	Deduction for discounting from claims outstanding carried forward (net)	Earned premiums (net)	Deterioration/ (surplus) of original claims reserve %	Claims ratio %		
12	2013	11															
12	2012	12															
12	2011	13											(9600)				
12	2010	14															
12	2009	15															
12	2008	16															
12	2007	17															
12	2006	18															
12	2005	19															
12	2004	20															
Prior accident years		21				670	17660	1512	18506	5156	(3820)	11883					
Reconciliation		22															
Total (11 to 22)		29				670	17660	1512	18506	5156	(3820)	11883					

Company registration number **R23**
 2258947
 GL/UK/CM **GL**
 day month year **31 12 2013**
 Units **£000**
 Category number **120**

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 2013**

Company registration number **2258947** GL/UK/CM **GL** day month year **31 12 2013** Units **£000**

Major currencies	Reporting territory code		Total 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	Technical provisions 5	Provision for outstanding claims being discounted		Unwind in the discount in the next financial year 8	Rates of interest at which the provision is being discounted		
								Before deduction for discounting 6	Deduction for discounting 7		Highest 9	Lowest 10	Average rate 11
		11	45567	45567	185	0.4	7499	17177	11883	198	4.0	4.0	4.0
		12											
		13											
		14											
		15											
		16											
		17											
		18											
		19											
		20											
Other currencies		21											
Total		29	45567	45567			7499	17177	11883	198			

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 2013**

Company
registration
number

GL/
UK/
CM

day month year

Units

		R30	2258947	GL	31	12	2013	£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	45131	45131			185	0.4
Loans secured by mortgages		37						
All other assets	Producing income	38						
	Not producing income	39	436	436				
Total		49	45567	45567			185	0.4

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 foreign**

Financial year ended **31 December 2013**

Company registration number **R32** GL/UK/CM **GL** day month year **31 12 2013** Monetary units **000** Category number **121** Currency code **GBP** Reporting territory code **AA**

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) 9	Gross earned premiums 10	Claims ratio % 11	Vehicle years (000's) 12	Claims frequency % 13
Month	Year		Closed at some cost during this or previous years 1	Reported claims outstanding 2	In previous financial years 3	In this financial year 4	Reported 5	Incurring but not reported 6					
12	2013	11											
12	2012	12											
12	2011	13											
12	2010	14											
12	2009	15											
12	2008	16											
12	2007	17											
12	2006	18											
12	2005	19											
12	2004	20											
Prior accident years		21		10		512	88229	24309	90579	58418	(35946)		
Total (11 to 21)		29		10		512	88229	24309	90579	58418	(35946)		
Line 29 expressed in sterling		30				512	88229	24309	90579	58418	(35946)		

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 foreign**

Financial year ended **31 December 2013**

Company registration number **R32** GL/UK/CM **GL** day month year **31 12 2013** Monetary units **000** Category number **122** Currency code **GBP** Reporting territory code **AA**

Private motor - non-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) 9	Gross earned premiums 10	Claims ratio % 11	Vehicle years (000's) 12	Claims frequency % 13
Month	Year		Closed at some cost during this or previous years 1	Reported claims outstanding 2	In previous financial years 3	In this financial year 4	Reported 5	Incurring but not reported 6					
12	2013	11											
12	2012	12											
12	2011	13											
12	2010	14											
12	2009	15											
12	2008	16											
12	2007	17											
12	2006	18											
12	2005	19											
12	2004	20											
Prior accident years		21		9		744	30495	8801	30465	13386	(3811)		
Total (11 to 21)		29		9		744	30495	8801	30465	13386	(3811)		
Line 29 expressed in sterling		30				744	30495	8801	30465	13386	(3811)		

Statement in accordance with the ReturnName of Company **Churchill Insurance Company Limited**

Global Business

Financial year ended **31 December 2013***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

	2013 £'000	2012 £'000
Form 13 line 89	83,949	89,395
Form 15 line 69	(46,888)	(54,509)
	<hr/> 37,061	<hr/> 34,886
Total capital resources after deductions (Form 3 line 79)	37,061	34,886

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

	2013 £'000
Form 3 col 3 line 12 (Reserves c/f)	37,063
Form 3 col 4 line 12 (Reserves b/f)	(35,249)
Movement in Reserves rounding	<hr/> 1,814
Form 16 Line 59 – Profit Retained For The Financial Year	<hr/> <hr/> <u>1,814</u>

0314 - Request for agreement on treatment of Periodical Payment Order liabilities (PPOs) in PRA 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 PRA 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.

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.

Statement in accordance with the Return

Name of Company **Churchill Insurance Company Limited**

Global Business

Financial year ended **31 December 2013**

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.

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

20Ae – Facultative Business

There is no facultative reinsurance business included.

Statement in accordance with the Return

Name of Company **Churchill Insurance Company Limited**

Global Business

Financial year ended **31 December 2013**

20Aj - Authorisation Classes

During the year the company wrote no new policies of Insurance in the following classes for which it is authorised to transact business:

121	Private motor – Comprehensive
122	Private motor – Non-comprehensive
160	Household and domestic all risks
181	Assistance
184	Legal expenses
114	Personal Accident or Sickness
187	Other personal financial loss
350	Goods in Transit

Classes **highlighted in bold** migrated to U K Insurance Limited as part of a Part VII Transfer on 10th December 2011.

The remaining classes which are not in bold, Churchill Insurance have the authority to write business but have never done so.

2007 – Particulars of Material Connected Party Transactions

- i. The Company has banking arrangements with The Royal Bank of Scotland Group plc. However, there are no material transactions to disclose.
- ii. The Company has a group reinsurance arrangement with U K Insurance Ltd, which is a subsidiary of Direct Line Group. However, there were no transactions that occurred during the financial year.
- iii. A fellow subsidiary, Direct Line Insurance Services Limited (DLIS), provides staff/administration services to the Company. During the course of 2013, an amount of £nil was recharged to the Company by DLIS. At 31 December 2013, the Company owed £nil to DLIS in respect of these services.

2100 – Premiums or Unearned Premiums

No Form 21 has been presented as the Company did not have any premium or unearned premium during the year.

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 2013.

Statement in accordance with the Return

Name of Company **Churchill Insurance Company Limited**

Global Business

Financial year ended **31 December 2013**

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 2013**

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					9,985
AXA Rudolfstrasse 1 PO Box 357 CH-8401 Winterthur Switzerland	None			422		28,398

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

The company has no major facultative reinsurers

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

The Company has no major cedants

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.

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

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

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 2013**

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 2013.

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 **UK Insurance Limited**

Global Business

Financial year ended **31 December 2013**

The following persons have been shareholder controllers of the Company during the year ended 31 December 2013;

- 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: 28.50%
Percentage of votes in DLIG held: 28.50%
- 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: 80.19%
Percentage of voting share capital in RBS: 63.90%

On 13 March 2013, the ultimate holding company ceased to be The Royal Bank of Scotland Group plc and became Direct Line Insurance Group plc.

Name of Company **Churchill Insurance Company Limited**

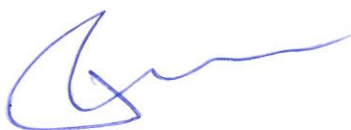
Global Business

Financial year ended **31 December 2013**


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, 12, 13, 15, 16, 20A, 20, 22, 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 PRA 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.



PAUL GENES, Chief Executive Officer
Director



JOHN REIZENSTEIN
Director



ROGER CLIFTON
Director SECRETARY

28 March 2014

REGULATORY REPORT: GENERAL INSURER

Churchill Insurance Company Limited

Global Business

Financial year ended 31 December 2013

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 Prudential Regulation Authority under section 137G of the Financial Services and Markets Act 2000:

- Forms *1, 3, 11, 12, 13, 15, 16, 20A, 20, 22, 23, 30, and 32* (including the supplementary notes) on pages 1 to 31 ("the Forms"); and
- the statements required by IPRU(INS) rules 9.25, 9.26, 9.27 and 9.29 on pages 32 and 33 ("the Statements").

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

- the statements required by IPRU(INS) rules 9.30, 9.32 and 9.32A on page 32 and 34; and
- the certificate required by IPRU(INS) rule 9.34(1) on page 35.

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 PRA for the use of the PRA solely for the purposes set down by statute and the PRA'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 auditor's report on an annual PRA 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 PRA, 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 opinion 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 judgments 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.

Opinion

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

**Deloitte LLP**

Chartered Accountants and Statutory Auditor
London, United Kingdom
28 March 2014