



OMEGA

Report & Accounts

31 DECEMBER 2004

SYNDICATE 958

OMEGA UNDERWRITING AGENTS

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EXECUTIVE DIRECTORS AND ADVISERS

EXECUTIVE DIRECTORS

Mr. D. R. Burchett
Mr. M. I. Daly
Mr. J. B. Raishbrook
Mr. J. D. Robinson

REGISTERED OFFICE

4th Floor New London House
6 London Street
London EC3R 7LP
Telephone 020 7767 3000
Facsimile 020 7488 9639
www.omegaw.com

AUDITORS

Ernst & Young LLP
1 More London Place
London SE1 2AF

BANKERS

Barclays Bank plc
54 Lombard Street
London EC3P 3AH

INVESTMENT MANAGERS

Alliance Capital Whittingdale Limited
Devonshire House
1 Mayfair Place
London W1X 6JJ

LEGAL ADVISERS

LeBoeuf, Lamb, Greene & MacRae
No. 1 Minster Court
Mincing Lane
London EC3R 7AA

MANAGING AGENT

Since 1 July 1998 Omega Underwriting Agents Limited has acted as managing agent for syndicate 958, which commenced underwriting for the 1980 year of account.

OTHER MANAGED SYNDICATES

In October 2000 Lloyd's gave its consent for Omega Underwriting Agents Limited to manage the 2000 year of account for syndicate 529 albeit that the majority of the underwriting for the year had been completed by Commodore Underwriting Agency Limited (formerly Sterling Underwriting Agency Limited). The syndicate also wrote in 2001 whilst managed by Omega Underwriting Agents Limited. Lloyd's consent under the terms of the Multiple Syndicate Byelaw enabled John Robinson and David Burchett to act concurrently as underwriters for both syndicates. The Multiple Syndicates Statement as at 31 December 2004 is set out on page 29 of these accounts.

Shelter Dedicated Limited, the sole capital provider for the 2001 year of account, decided not to underwrite for 2002. In a press release Shelter stated that for a number of reasons continuing did not complement their long term strategy. The press release continued *"This decision is by no means a reflection upon Shelter Dedicated Limited's service providers, including Omega, who would have continued as managing agent of the syndicate but for this decision"*.

On 24 December 2002 the management of syndicate 529's 2000 year of account was transferred to PRO Syndicate Management Limited. Omega Underwriting Agents Limited are therefore only responsible for the management of the syndicate's 2001 year of account.

Last year's report advised members that in addition to obtaining external quotes for a RITC for syndicate 529's 2001 year of account, it was Omega's intention to give consideration for syndicate 958's 2004 year of account to provide a quote for the RITC.

Following full consideration of all matters, it was concluded that syndicate 529's 2001 year of account be closed into syndicate 958's 2004 year of account.

Based upon the year end exchange rates used in these accounts (US\$ 1.92, Can\$ 2.30, Euro 1.41) the RITC premium equates to £5.2m. In addition to the RITC premium syndicate 529 purchased a whole account aggregate excess of loss reinsurance contract prior to closure. This provides an additional £5m of protection to syndicate 958's 2004 year in the event of deterioration of the reinsured business.

The reserving process undertaken was subject to external review by the actuary of both syndicates and the accounts containing the RITC premium have been audited by the syndicate auditor. Omega has satisfied itself that the transaction is fair and reasonable and in the interests of both parties.

ACTIVE UNDERWRITER

Mr. John Robinson is the active underwriter of syndicate 958 and run-off manager of syndicate 529.

DIRECTORS

The directors of Omega Underwriting Agents Limited during the relevant period are:

Mr. J. S. Barber
(*non executive*)
Mr. D. R. Burchett
Mr. M. I. Daly
Ms B. J. Merry¹
Mr. R. B. Morgan
(*non executive chairman*)
Mr. C. F. Palmer
(*non executive*)
Mr. J. B. Raishbrook
Mr. J. D. Robinson

¹ resigned 10 January 2002

DIRECTORS' PARTICIPATIONS

Details of those directors who are members of syndicate 958, or who directly participate on the syndicate through their own Scottish Limited Partnership or limited liability company, together with their allocations and percentage of their overall allocated capacity are noted below.

	YEARS OF ACCOUNT							
	2002		2003		2004		2005	
	£000's	%	£000's	%	£000's	%	£000's	%
Mr. J. S. Barber	123	8	153	10	223	16	150	14
Mr. C. F. Palmer	352	45	493	56	–	–	–	–

Mr. J.D. Robinson, Mr. D.R. Burchett and Mr. M.I. Daly are shareholders of Omega Underwriting Holdings Limited and, as such, are underwriting through the wholly-owned dedicated vehicle, Omega Dedicated Limited.

STAMP CAPACITY SYNDICATE 958

	2002 £000's	2003 £000's	2004 £000's	2005 £000's
Total stamp capacity at 1 January	109,893	153,756	223,941	224,738

EXTERNAL MEMBERS	CAPACITY		CAPACITY		CAPACITY		CAPACITY	
	%	NUMBER	%	NUMBER	%	NUMBER	%	NUMBER
Individuals	38	733	39	874	40	969	38	966
MAPA	24	1,246	14	1,506	13	1,440	10	1,016
Corporate	34	655	43	1,017	44	1,041	50	954

WORKING MEMBERS

Individuals	3	67	3	65	3	71	2	70
MAPA	1	76	1	78	–	70	–	35

SYNDICATE PERFORMANCE

Syndicate 958's results for the closing year of account and the two preceding closed years are analysed as follows:

	2000 £000's	2001 £000's	2002 £000's
Return for working members employed by the agency	6	9	51
Stamp capacity attributable	219	259	475
Return for other working members	67	76	417
Stamp capacity attributable	2,323	2,135	3,921
Return for external members	1,391	2,032	11,221
Stamp capacity attributable	48,290	57,450	105,497
Total return	1,464	2,117	11,689
Total stamp capacity	50,832	59,844	109,893

2003 YEAR OF ACCOUNT ESTIMATED RESULT FOR SYNDICATE 958

The estimated result for the 2003 year of account is as follows:

	<u>£000's</u>
Open year of account balance 2003 as at 31 December 2004	78,722
Estimated future liabilities and underwriting accruals for the 2003 year of account as at 31 December 2004	<u>(42,834)</u>
Estimated closed 2003 year of account profit after non underwriting items as at 24 months, i.e. at 31 December 2004	35,888
Estimated movement on non-underwriting items during the third year	<u>(8,688)</u>
Estimate of profit for the 2003 year of account after 36 months before personal expenses	<u>27,200</u>

This forecast, which represents the mid-point of the likely range, has been based on the following assumptions:

- | | |
|---|---|
| <p>(a) The 2003 year of account will not be affected materially by an improvement or deterioration in the reinsurance to close received from the 2002 year of account.</p> | <p>(c) There will be no significant failure of the 2003 year of account reinsurance programme or the syndicate's ability to continue to collect recoveries thereon.</p> |
| <p>(b) There will be no material difference in interest rates or exchange rates as at 31 December 2005 from those taken into account in this year's report and accounts, which are US\$1.92, Can.\$2.30, Euro 1.41.</p> | <p>(d) There will be no significant additional syndicate expenses incurred which have not been taken into account.</p> |

CAPITAL PROVIDERS

The following members' agent contributed a significant proportion of the syndicate allocated capacity:

MEMBERS' AGENT

	PROPORTION OF SYNDICATE CAPACITY		
	<u>2003 ACCOUNT</u>	<u>2004 ACCOUNT</u>	<u>2005 ACCOUNT</u>
CBS Private Capital Limited	27%	27%	26%

OMEGA EUROPE GMBH

Last year's underwriter's report noted that we were fortunate to employ the services of Daria Vanous and four of her colleagues from Europa Re in Cologne. In order to assist with the servicing of the additional European business produced by Daria and her team, Omega Underwriting Holdings Limited established a branch office in Cologne. The expenses of this office have been charged at cost to the syndicate and in 2004 these costs amounted to £237,912.

The European business underwritten in 2004 by the new team has developed well and has enabled the syndicate to develop a more geographically diversified account. On the 5 November 2004 I wrote to capital providers advising that in order to further advance the development of the European account it had been decided to convert the

Cologne office into a wholly owned German subsidiary of Omega Underwriting Holdings Limited. The subsidiary has been named Omega Europe Gmbh and has been registered as a coverholder with Lloyd's.

There will be no change to the nature and mix of the business underwritten (which has been included in 958's Business Plan for 2005 as approved by Lloyd's Franchise Department), nor do we anticipate any material change to the management, controls or recovery of expenses borne by the Cologne operation.

INVESTMENTS

During 2004 the syndicate's surplus Sterling and Euro funds were invested in two money market funds managed by AIM Global. Now that the syndicate's Euro funds have grown significantly,

Alliance Capital will be asked to invest them during 2005 with an investment strategy to complement the approach taken for US and Canadian dollars.

The syndicate continues to hold significant reserves within the US dollar regulatory funds, particularly the CRTF. The improvement in the syndicate's liquidity in 2004 has enabled the letters of credit, which were used as part of the funding arrangements for the CRTF and SLTF, to be returned to the bank. The funding is now met in full by way of cash and investments.

The investment portfolio currently comprises the US Dollar LDTF, CRTF, SLTF and LATF, together with the Regulated Canadian Dollar Fund with the Euros soon to be added. Consideration is currently being given to investing the Non-Regulated Canadian Dollar Fund.

During 2004, the syndicate's cash position continued to steadily improve in line with expectations. The syndicate is projecting positive cash flows for 2005.

The report of Alliance Capital Whittingdale Limited (Alliance Capital), the investment manager throughout 2004 is set out below:

Alliance Capital has managed US Dollar and Canadian Dollar investments throughout the year.

The investment objective for both currencies is to achieve a better before tax return than the Merrill Lynch 1-3 year Government bond index. All investments were managed within the risk constraints and credit guidelines agreed by the Managing Agent.

US DOLLARS

2004 was a volatile year for US bonds. A strong performance in the first quarter proved short-lived as US data strengthened and the market started pricing in the US Federal Reserve's monetary tightening cycle. The Fed announced one 0.25% increase in June and made another four moves in the second half of the year, taking the Fed Funds rate from 1% to 2.25%. Despite the rate increases in August and September, the market managed to rally in the third quarter as persistently high oil prices reinforced some doubts about the pace of US economic recovery. But

these doubts receded amid strong economic data in the final quarter and short US Treasury yields ended at their highest levels for the year.

We positioned the portfolio conservatively throughout the year, with a lower interest rate exposure than the benchmark since we anticipated higher yields. Within this overall strategy, we benefited from the outperformance of longer-dated government bonds relative to shorter maturities, and investments in inflation-protected Treasury bonds. The portfolio's exposure to corporate bonds added to performance.

The return for the year was significantly ahead of the benchmark and marginally outperformed cash.

CANADIAN DOLLARS

Canada's official interest rates reached their low point and started to rise during 2004. Canadian bonds performed well in the first few months of the year as the Bank of Canada cut rates from 2.75% to 2% in three 0.25% moves ending in April. However, as the economy gained momentum and the neighbouring US market started to price in a Federal Reserve tightening cycle, expectations of further Canadian rate cuts gave way to expectations of monetary tightening. In line with developments in the US market, Canadian bonds weakened in the second quarter and rallied in the third. The two markets diverged markedly in the fourth quarter as Canadian bonds performed well, contrasting with a sell-off in the US. Despite interest rate rises in September and October, bringing official rates to 2.5%, the Canadian dollar's continued appreciation against the US dollar raised questions about the outlook for economic growth, causing the market to scale back its expectations of rising interest rates.

We positioned the portfolio conservatively throughout the year, with a lower interest rate exposure than the benchmark since we anticipated higher yields.

The return for the year was modestly behind the benchmark but outperformed cash significantly.

INVESTMENT RETURN

The following investment returns were achieved during 2004:

US Dollars	1.37%
Canadian Dollars	3.63%

Returns for 2005 are likely to be higher in US Dollars than those in 2004 as interest rates are starting the year at higher levels. Conversely, in Canadian Dollars, returns in 2005 are unlikely to match those in 2004 because bond yields are starting the year at lower levels.

The returns have been calculated at the beginning of each month, weighting cash movements and compounding the monthly returns to produce the annual figure. This may not correspond to the figures in the Syndicate accounts because it represents the investment returns only for those funds under Alliance Capital's management.

Please refer to note 7 on page 23 for details of the calendar year investment yield.

STOCK LENDING

Syndicate 958 has not entered into any stock lending arrangements.

STATEMENT OF POLICY ON EXPENSES

A statement of policy for the 2004 year has been prepared in accordance with the Code of Practice for underwriting agents on syndicate expenses and has been approved by the Board of Omega Underwriting Agents Limited. It is available for inspection in accordance with the standard managing agent's agreement.

REINSURANCE RÉSUMÉ

In accordance with the requirements of the Lloyd's Syndicate Accounting Byelaw (No. 18 of 1994) as amended, the reinsurance résumé for syndicate 958 has been approved by the Board of Omega Underwriting Agents Limited. It sets out a summary of the reinsurance programmes protecting each year of account, together with an explanation of the basis on which reinsurance security is assessed. It is available for inspection in accordance with the standard managing agent's agreement.

AGENT FEES AND EXPENSES

	To 31.12 2000 £000's	To 31.12 2001 £000's	To 31.12 2002 £000's	To 31.12 2003 £000's	To 31.12 2004 £000's
Managed capacity for the year in which the accounting period ends	81,756 ¹	89,844 ¹	109,893	153,756	223,941
Fee income	305	629	693	984	1,440
Expenses net of recharges	(428)	(706)	(1,160)	(1,130)	(1,540)
Retained profit commission	114	169	455	1,050	3,262
Other income net of related expenses	10	15	12	12	8
Profit before tax	1	107	-	916	3,170
Net assets	412	419	186	463	732

The information relating to the years ended 31 December 2002 and 31 December 2003 have been restated after the application of the FRS5 amendment.

¹ Includes capacity under management for syndicate 529

MANAGING AGENT'S REPORT CONTINUED

AS AT 31 DECEMBER 2004

ERRORS AND OMISSIONS INSURANCE

Omega Underwriting Agents Limited does not have E&O insurance.

SYNDICATE ACCOUNTING RECORDS

The accounting records for syndicate 958 are maintained by Axiom Consulting Limited, Lloyd's Chambers, 1 Portsoken Street, London, E1 8DF.

OTHER SUB-CONTRACTED FUNCTIONS

Syndicate systems are provided by Xchanging Global Insurance Solutions Limited, 34 Leadenhall Street, London, EC3A 1AX.

SYNDICATE AUDITORS

The auditors of syndicate 958 are Ernst & Young LLP, 1 More London Place, London, SE1 2AF. It is intended that Ernst & Young LLP be reappointed as auditors.

SYNDICATE ANNUAL GENERAL MEETING

In accordance with paragraph 2 (3) of the Syndicate Meetings Byelaw (No. 11 of 1994), the managing agent does not propose to hold a syndicate annual general meeting.

OMEGA DEDICATED LIMITED

Omega Dedicated Limited was established in 1999 and commenced underwriting on syndicate 958 with effect from 1 January 2000. Omega Dedicated Limited has capacity for 2005 of £28,999,868 (2004 - £4,213,735). Omega Underwriting Agents Limited and Omega Dedicated Limited are wholly owned subsidiaries of Omega Underwriting Holdings Limited. John Robinson and David Burchett are the major shareholders of Omega Underwriting Holdings Limited and therefore participate in the syndicate, albeit indirectly.

With effect from the 2005 underwriting year of account Omega Underwriting Agents Limited has agreed to waive the 20% profit commission due from Omega Dedicated Limited.

Omega Dedicated Limited will keep its underwriting on syndicate 958 under review.

Approved by resolution of the Board of Omega Underwriting Agents Limited on 22 March 2005 and signed on its behalf.

Mark Daly

Managing Director

22 March 2005

STATEMENT OF MANAGING AGENT'S RESPONSIBILITIES

AS AT 31 DECEMBER 2004

The Syndicate Accounting Byelaw (No. 18 of 1994) as amended requires the managing agent to prepare an annual report for each syndicate managed by it at 31 December each year.

The managing agent must prepare the annual report in accordance with the Lloyd's Syndicate Accounting Rules, so as to give a true and fair view of the closed year result.

In preparing the annual report, the managing agent is required to:

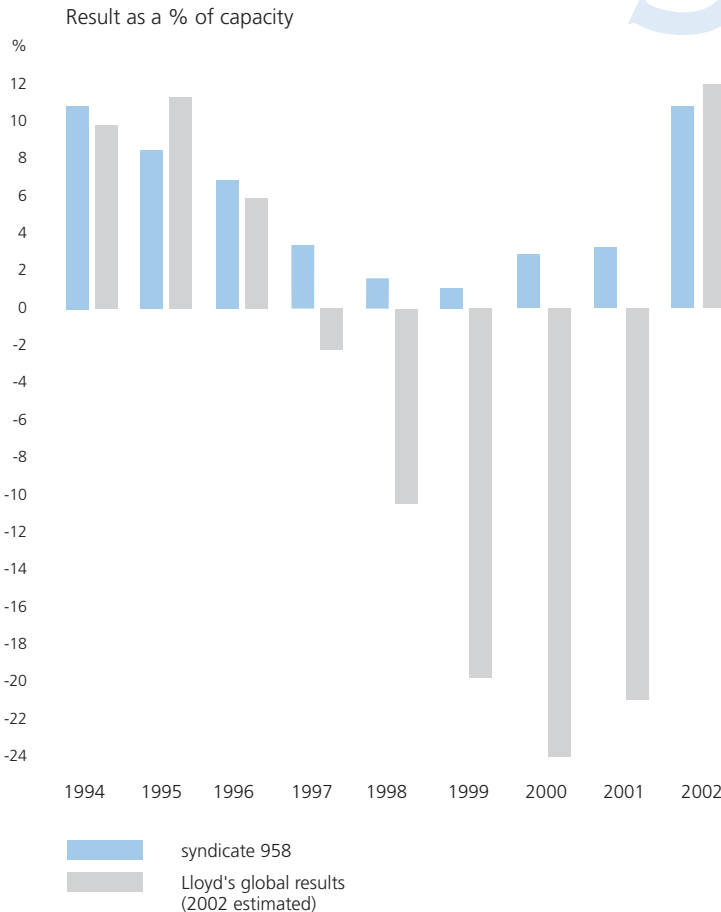
- (a) select suitable accounting policies which are applied consistently and, where there are items which affect more than one year of account, ensure a treatment which is equitable as between the members of the syndicate affected. In particular, the amount charged by way of premium in respect of the reinsurance to close shall, where the reinsuring members and reinsured members are members of the same syndicate for different years of account, be equitable as between them, having regard to the nature and amount of the liabilities reinsured;
- (b) make judgements and estimates that are reasonable and prudent;
- (c) take into account all income and charges relating to a closed year of account in the underwriting account prepared in respect of that year of account, without regard to date of receipt or payment; and
- (d) follow applicable accounting standards, subject to any material departures disclosed and explained in the annual report.

The managing agent is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of each syndicate and to enable it to ensure that the annual report complies with the Lloyd's Syndicate Accounting Rules. It is also responsible for safeguarding the assets of each syndicate and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

SUMMARY

- *Following on from five years of modest profits, the Syndicate is pleased to report a profit for 2002 of 10.64%*
- *A double digit profit is forecast for 2003*
- *The Syndicate's capacity for the 2005 year of account has been maintained at £225m*
- *The Syndicate has no material changes to its mix of business classes for 2005*
- *The Syndicate's income from European business continues to grow*
- *A.M. Best has reaffirmed the Syndicate's rating as "A" (Excellent). This is combined with an issuer credit rating of "a+", ranking it above the Lloyd's market as a whole*

syndicate 958



2001 AND PRIOR ACCOUNTS

The closed years 2001 and prior have performed satisfactorily and a small release of £0.7m has been made.

2002 ACCOUNT

Following five years of rather modest profits I am glad to report the result for the year is a return of 10.64% on stamp capacity. Due to the weak dollar the final premium income for the year was £83m, significantly lower than the figure of £96m first generated by the Lloyd's premium income monitoring rates.

2003 ACCOUNT

The incurred loss ratio for the year is currently four percentage points better than 2002 at the same stage and thus it is likely that the final result for the year will be marginally better than 2002. Using Lloyd's premium income monitoring rates the final estimated premium income for the year is £135m. A very small proportion of the 2004 hurricane losses will fall to policies incepting and accounted to this year of account.

2004 ACCOUNT

The underlying trend for this year of account is encouraging despite the obvious impact of four hurricanes in the United States of America and the Caribbean and the typhoons in Japan and the Far East. Also, we anticipate a small loss from the Tsunami at the end of 2004. However, a profit is anticipated for the year. Based on Lloyd's premium income monitoring rates I estimate final premium income of £206m.

2005 ACCOUNT

The year of account has started well with very little in the way of rate reductions in our main classes of business. Most probably due to the 2004 catastrophe losses significant competition has yet to materialise and I am pleased to admit that events have overtaken my previous pessimism with regard to competition for business by the middle of 2004.

The development of the European Reinsurance business under the leadership of Daria Vanous is progressing most satisfactorily and is assisting in the balance of the syndicate's overall account.

During 2004 the syndicate purchased an increased amount of catastrophe reinsurance and I anticipate there will be a similar trend in 2005.

The nature and structure of the reinsurance programmes have remained largely unchanged for several years as might be expected given the consistency in the syndicate's blend of original business.

THE FUTURE

Given the current circumstances in the insurance industry at large, I am confident that the present quality and terms of business will be maintained for at least a further twelve months and that in all probability the 2006 year of account will also offer the opportunity to underwrite business at quite acceptable terms.

If members wish to contact us directly on any matter, then I and my colleagues are available at any time to discuss either aspects contained in this year's report and accounts or the likely future underwriting prospects.

UNDERWRITER'S REPORT CONTINUED

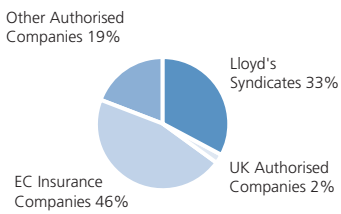
AS AT 31 DECEMBER 2004

REINSURANCE ARRANGEMENTS

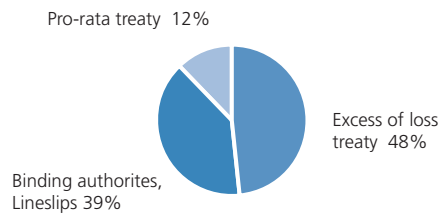
Aggregate exposures continue to be assessed carefully in known catastrophe areas and extensive reinsurance protection is purchased, the majority of which continues to be placed with a number of high quality reinsurers, thus helping to maintain stability for the syndicate.

REINSURANCE CEDED

2002 at 36 months

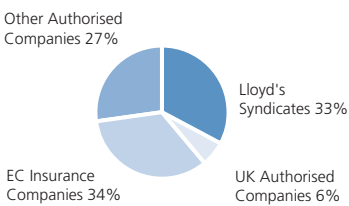


METHOD OF BUSINESS ACCEPTANCE (2004 WRITTEN BASIS)

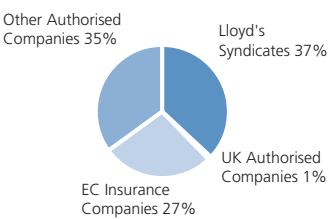


Approximately 1% of the syndicate's business in 2004 was accepted on a direct or facultative basis.

2003 at 24 months

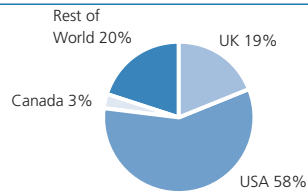


2004 at 12 months



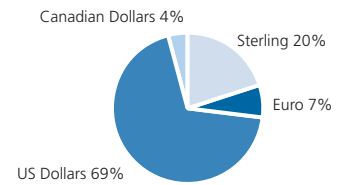
BUSINESS ALLOCATION

BY TERRITORY

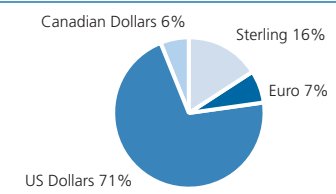
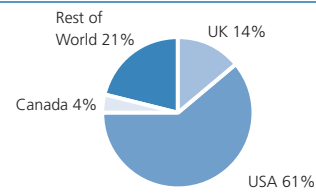


BY CURRENCY

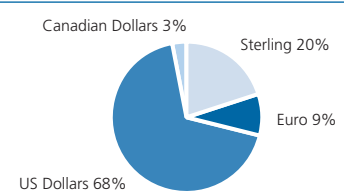
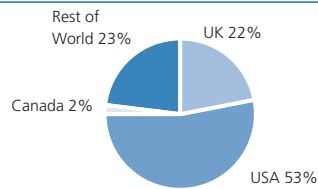
2002 at 36 Months



2003 at 24 Months



2004 at 12 Months



BY LLOYD'S RISK CATEGORY

	2002 AT 36 MONTHS %	2003 AT 24 MONTHS %	2004 AT 12 MONTHS %
Accident and health	3	3	1
Non-marine property loss or damage	24	25	17
Non-marine general liability	12	17	10
Pecuniary loss	2	1	1
Motor	8	2	2
Whole account excess of loss reinsurance	32	34	46
Aviation physical loss or damage	3	2	3
Miscellaneous	3	5	3
Specific inwards excess of loss	13	11	17

The majority of the business included in the whole account excess of loss reinsurance category above is property catastrophe excess of loss business, more than two thirds of which is US situs.

John Robinson
Underwriter

22 March 2005

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SYNDICATE 958

AS AT 31 DECEMBER 2004

We have audited the annual report comprising the balance sheet, underwriting accounts, seven year summary, statement of disclosure of interests, statement of Managing Agent's responsibilities and notes to the accounts, which has been prepared in accordance with the Lloyd's Syndicate Accounting Rules and the accounting policies set out in Note 2.

This report is made solely to the addressees in accordance with paragraph 14 of the Syndicate Accounting Byelaw (No. 18 of 1994). Our audit work has been undertaken so that we might state to the addressees of this report those matters which we are required to state in an auditor's report by paragraph 14 of the Syndicate Accounting Byelaw (No. 18 of 1994) and for no other purpose. To the fullest extent permitted by law, we do not accept or assume any responsibility to anyone other than the addressees of this report, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE MANAGING AGENT AND THE SYNDICATE'S AUDITORS

As described in the statement of Managing Agent's responsibilities, the Managing Agent is responsible for the preparation of the annual report in accordance with the Lloyd's Syndicate Accounting Rules.

It is our responsibility, in accordance with the requirements of the Lloyd's Syndicate Accounting Rules, to form an opinion as to whether the annual report has been properly prepared in accordance with the Lloyd's Syndicate Accounting Rules and gives a true and fair view of the closed year of account result. We also report to you if, in our opinion, the Managing Agent's and the Underwriter's reports are not consistent with the annual report, if the Managing Agent has not kept proper accounting records in respect of the syndicate or has not maintained systems and procedures, including maintenance of adequate accounting and other records to enable it to comply with the Disclosure of Interest requirements, if the annual report is not in agreement with the accounting records, or if we have not received all the information and explanations we require for our audit.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the annual report. It also includes an assessment of the significant estimates and judgements made by the Underwriter and Managing Agent in the preparation of the annual report, and of whether the accounting policies are appropriate to the syndicate's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit 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 annual report is free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the annual report.

OPINION

In our opinion:

- (a) the annual report has been properly prepared in accordance with the Lloyd's Syndicate Accounting Rules; and
- (b) the annual report gives a true and fair view of the 2002 closed year of account profit.

Ernst & Young LLP

Registered Auditor

London

22 March 2005

**UNDERWRITING ACCOUNT FOR THE 2002 YEAR OF ACCOUNT
AS CLOSED AFTER THREE YEARS**

AT 31 DECEMBER 2004

		2002		2001
	NOTES	AFTER 2 YEARS £000'S	CALENDAR YEAR MOVEMENT £000'S	AFTER 3 YEARS £000'S
Syndicate allocated capacity				<u>59,844</u>
Gross premiums written (net of brokerage)		84,749	(1,968)	<u>50,375</u>
Outward reinsurance premiums		<u>24,609</u>	<u>(1,368)</u>	<u>16,775</u>
Net premiums		60,140	(600)	<u>33,600</u>
Reinsurance to close premium received from earlier years of account		19,559	(1,036)	<u>11,186</u>
Gross claims paid		18,844	18,481	<u>45,302</u>
Reinsurers' share		<u>1,124</u>	<u>2,039</u>	<u>24,464</u>
Net claims		17,720	16,442	<u>20,838</u>
Reinsurance premium to close the year of account	3	–	<u>24,650</u>	<u>19,559</u>
		<u>61,979</u>	<u>(42,728)</u>	<u>4,389</u>
Profit on exchange		97	223	<u>188</u>
Syndicate operating expenses	4	<u>(3,761)</u>	<u>(605)</u>	<u>(2,477)</u>
Balance on technical account	5	58,315	(43,110)	<u>2,100</u>
Investment income	6	1,418	1,172	<u>1,584</u>
Investment gains less losses	6	(198)	(651)	<u>72</u>
Investment expenses and charges	6	<u>(46)</u>	<u>(38)</u>	<u>(48)</u>
Balance on open year		<u>59,489</u>		
Profit for the closed year of account	11			<u>16,862</u>
				<u>3,708</u>

The accompanying notes form an integral part of these accounts.

**UNDERWRITING ACCOUNT FOR THE 2003 YEAR OF ACCOUNT
AFTER TWO YEARS**

AT 31 DECEMBER 2004

		2003		2002
	NOTES	AFTER 1 YEAR £000's	CALENDAR YEAR MOVEMENT £000's	AFTER 2 YEARS £000's
Syndicate allocated capacity				<u>153,756</u>
				<u>109,893</u>
Gross premiums written (net of brokerage)		82,202	26,686	108,888
Outward reinsurance premiums		<u>29,971</u>	<u>1,601</u>	<u>31,572</u>
Net premiums		52,231	25,085	77,316
Reinsurance to close premium received from earlier years of account	3	–	24,650	24,650
Gross claims paid		7,126	16,886	24,012
Reinsurers' share		<u>1,717</u>	<u>549</u>	<u>2,266</u>
Net claims		5,409	16,337	21,746
Profit on exchange		1,280	646	1,926
Syndicate operating expenses	4	<u>(3,385)</u>	<u>(1,069)</u>	<u>(4,454)</u>
Balance on technical account		44,717	32,975	77,692
Investment income	6	531	1,304	1,835
Investment gains less losses	6	(141)	(622)	(763)
Investment expenses and charges	6	<u>(17)</u>	<u>(25)</u>	<u>(42)</u>
Balance on open year	12	<u>45,090</u>		<u>78,722</u>
				<u>59,489</u>

The accompanying notes form an integral part of these accounts.

**UNDERWRITING ACCOUNT FOR THE 2004 YEAR OF ACCOUNT
AFTER ONE YEAR**

AT 31 DECEMBER 2004

	NOTES	2004 AFTER 1 YEAR £000'S	2003 AFTER 1 YEAR £000'S
Syndicate allocated capacity		<u>223,941</u>	<u>153,756</u>
Gross premiums written (net of brokerage)		120,416	82,202
Outward reinsurance premiums		<u>31,170</u>	<u>29,971</u>
Net premiums		89,246	52,231
Gross claims paid		33,850	7,126
Reinsurers' share		<u>23,782</u>	<u>1,717</u>
Net claims		10,068	5,409
Profit on exchange		88	1,280
Syndicate operating expenses	4	<u>(2,723)</u>	<u>(3,385)</u>
Balance on technical account		76,543	44,717
Investment income	6	851	531
Investment gains less losses	6	(391)	(141)
Investment expenses and charges	6	<u>(23)</u>	<u>(17)</u>
Balance on open year	12	<u>76,980</u>	<u>45,090</u>

The accompanying notes form an integral part of these accounts.

BALANCE SHEET

AT 31 DECEMBER 2004

	NOTES	2004 £000's	2003 £000's
ASSETS			
Financial investments	8	84,480	57,051
Deposits with ceding undertakings		565	163
Debtors	9	31,856	17,005
OTHER ASSETS			
Cash at bank and in hand		34,068	20,255
Overseas deposits	10	10,885	9,229
Prepayments and accrued income		264	153
TOTAL ASSETS		162,118	103,856
LIABILITIES			
Balance on 2002/(2001) closed year of account	11	6,379	1,708
Balances on open years of account			
Balance on 2003/(2002)	12	71,015	51,647
Balance on 2004/(2003)	12	69,973	41,071
Creditors	13	14,445	9,246
Accruals and deferred income		306	184
TOTAL LIABILITIES		162,118	103,856

Approved by the Board of Directors on 22 March 2005 and signed on its behalf.

John Robinson
Active Underwriter

Mark Daly
Director

The accompanying notes form an integral part of these accounts.

1. BASIS OF PREPARATION OF THE ANNUAL REPORT

The annual report, comprising the balance sheet, underwriting accounts, seven year summary, statement of disclosure of interests, statement of managing agent's responsibilities and these notes, is prepared in accordance with the Lloyd's Syndicate Accounting Rules.

2. ACCOUNTING POLICIES

(A) UNDERWRITING TRANSACTIONS

Premiums are allocated to years of account on the basis of the inception date of the policy. Commission and brokerage are allocated to the same year of account as the relevant policy. Reinsurance premiums are charged to the year of account in which the protection commences. Claims, including claims handling expenses, are attributed to the same year of account as the original premium for the underlying policy. Reinstatement premiums payable are charged to the same year of account as that to which the claims recoveries are credited. On both the closed and open years of account accruals have been made to match recoveries due from reinsurers, with the underlying gross premiums and claims.

(B) REINSURANCE TO CLOSE

Each year of account is normally kept open for three years, at the end of which it is closed by reinsurance into the next year of account of the syndicate. The premium for this reinsurance to close is determined by reference to estimated outstanding liabilities and related costs, including claims incurred but not reported, net of estimated collectible reinsurance recoveries, relating to the closed year of account and all previous years of account reinsured therein. Ultimate net claims settlements are estimated from statistical projections based on previous claims history, and from case by case reviews of notified losses. Although the estimate of net outstanding liabilities is considered to be fair and reasonable, it is implicit in the estimation procedure that the ultimate liabilities will be at variance from the actual reinsurance to close premium determined.

(C) INVESTMENT RETURN AND VALUATION

Investments are stated at the market value ruling at the balance sheet date. The cost of syndicate investments is deemed to be the aggregate of (i) the value at which those elements of the investment portfolio still held at the current balance sheet date were acquired at the beginning of the year of account, that is at the previous balance sheet value and (ii) the cost of any new assets acquired during the year and held at the current balance sheet date.

Income, including interest accrued at the time of purchase, sale or revaluation of fixed interest securities, and realised and unrealised capital appreciation arising in each calendar year are allocated to underwriting accounts in proportion to average balances on each underwriting account for the calendar year.

The calendar year investment yield is computed from the average amount of syndicate funds available for investment and aggregate investment return during the calendar year. The funds available for investment are calculated on a monthly basis and consist of all investments at opening value adjusted for cost of sales and purchases during the month, overseas deposits and cash, at a consistent and representative point in the month. The aggregate investment return is the total amount of income and appreciation reported in these accounts, before apportionment to years of account, net of interest paid, investment expenses and charges.

NOTES TO THE ACCOUNTS FOR SYNDICATE 958

AT 31 DECEMBER 2004

2. ACCOUNTING POLICIES CONTINUED

(D) OVERSEAS DEPOSITS

Overseas deposits are stated at the market value ruling at the balance sheet date. The cost of investments held within these deposits is determined either on the same basis as for syndicate investments or on the basis of notification received from Lloyd's.

(E) FOREIGN CURRENCY TRANSLATION

The syndicate operates separate currency funds for sterling, Euros, United States dollars and Canadian dollars. Items expressed in Euros, United States and Canadian dollars are translated to sterling at the rates of exchange ruling at the balance sheet date. Transactions during the year in other overseas currencies are expressed in sterling at the rates advised by Lloyd's. Calendar year movements shown in the underwriting accounts include exchange differences on retranslating brought forward cumulative information.

In accordance with Lloyd's requirements, United States dollar results for a closed year of account are reported to underwriting members in that currency. Consequently, any profit or loss arising after 31 December in respect of those reported amounts is the personal responsibility of underwriting members of that closed year. Where Canadian dollars or Euros are bought or released to liquidate a closed year of account after 31 December, any profit or loss arising is allocated to the year of account into which the liabilities of the closed year have been reinsured. Where United States dollars, Canadian dollars or Euros are bought or sold in respect of an open year of account after 31 December, any profit or loss arising is reflected in the underwriting account prepared for that year of account at the following 31 December.

The rates of exchange used in respect of items in these accounts were:-

	US\$	CAN\$	EUROS€
31 December 2002	1.61	2.54	1.53
31 December 2003	1.79	2.31	1.42
31 December 2004	1.92	2.30	1.41

(F) TAXATION

No provision has been made for United Kingdom taxation on the net underwriting result and investment income. The result for the closed year, net of personal expenses, is accounted to the Members Services Unit of the Corporation of Lloyd's ("MSU") on behalf of underwriting members.

Managing agents are not required to deduct basic rate income tax from trading income, including capital appreciation, of the syndicate. Furthermore, under the provisions of Schedule 19 Part III of the Finance Act 1993, all UK basic rate income tax deducted from syndicate investment income is recoverable by managing agents. Therefore the distribution made to members is gross of tax.

All payments on account of United States and Canadian federal income tax, pending reimbursement by Lloyd's, are included in the balance sheet under the heading of other debtors. The final assessments are charged directly to underwriting members by the MSU.

It remains the responsibility of underwriting members to agree and settle their personal tax liabilities or, in the case of corporate members, their corporation tax liabilities with the appropriate tax authority.

2. ACCOUNTING POLICIES CONTINUED

(G) SYNDICATE OPERATING EXPENSES

Expenses incurred in the administration of the syndicate, where they do not relate solely to the syndicate, are apportioned between the managing agent and syndicates 529 and 958 on a basis related to the resources used or effort involved and allocated to the syndicate accordingly. For example, staff costs are allocated according to time spent on designated syndicate functions and accommodation according to space occupied. All claims handling expenses are included in gross claims. Expenses for the open underwriting accounts are included on a provisional basis and are not finalised until the accounts are closed.

3. REINSURANCE PREMIUM TO CLOSE THE YEAR OF ACCOUNT

	2002 YEAR OF ACCOUNT £000's	2001 YEAR OF ACCOUNT £000's
Gross notified outstanding claims	19,533	18,526
Reinsurance recoveries anticipated	2,715	4,360
Net notified outstanding claims	16,818	14,166
Provision for gross claims incurred but not reported	9,630	7,662
Reinsurance recoveries anticipated	1,798	2,269
Provision for net claims incurred but not reported	7,832	5,393
Reinsurance premium to close the 2002/(2001) year of account	24,650	19,559

Gross notified outstanding claims include a provision for future claims handling costs. Allowance for bad and doubtful debts is made in reinsurance recoveries anticipated. The 2002 year of account is reinsured to close into the 2003 year of account.

4. SYNDICATE OPERATING EXPENSES

The cumulative syndicate expenses charged in the underwriting account for each year of account are as follows:

	2002		2001	
	AFTER 2 YEARS	CALENDAR YEAR MOVEMENT	AFTER 3 YEARS	AFTER 3 YEARS
	£000's	£000's	£000's	£000's
CLOSED YEAR OF ACCOUNT AFTER THREE YEARS				
Salaries and related costs	843	125	968	479
Costs of accommodation	95	18	113	69
Interest payable	10	10	20	90
Computer and data processing costs	283	230	513	344
Overseas operating expenses	201	(31)	170	116
Foreign levies and taxes	98	46	144	114
Premium charge	1,637	(70)	1,567	750
Auditors' remuneration	29	36	65	58
Fees of other professional advisers	303	98	401	175
Charges relating to usage of fixed assets	7	1	8	5
Regulatory levy	105	52	157	99
Sundry expenses	150	90	240	178
Total expenses	3,761	605	4,366	2,477

NOTES TO THE ACCOUNTS CONTINUED

AT 31 DECEMBER 2004

4. SYNDICATE OPERATING EXPENSES CONTINUED

	2003		2002	
	AFTER 1 YEAR £000'S	CALENDAR YEAR MOVEMENT £000'S	AFTER 2 YEARS £000'S	AFTER 2 YEARS £000'S
OPEN YEAR OF ACCOUNT AFTER TWO YEARS				
Salaries and related costs	1,218	98	1,316	843
Costs of accommodation	101	41	142	95
Interest payable	5	–	5	10
Computer and data processing costs	154	267	421	283
Overseas operating expenses	93	211	304	201
Foreign levies and taxes	12	72	84	98
Premium charge	1,304	47	1,351	1,637
Auditors' remuneration	16	15	31	29
Fees of other professional advisors	230	128	358	303
Charges relating to usage of fixed assets	3	1	4	7
Regulatory levy	75	79	154	105
Sundry expenses	174	110	284	150
Total expenses	3,385	1,069	4,454	3,761
			2004	2003
			AFTER 1 YEAR £000'S	AFTER 1 YEAR £000'S
OPEN YEAR OF ACCOUNT AFTER ONE YEAR				
Salaries and related costs			1,425	1,218
Costs of accommodation			182	101
Interest payable			2	5
Computer and data processing costs			365	154
Overseas operating expenses			106	93
Foreign levies and taxes			28	12
Premium charge			–	1,304
Auditors' remuneration			18	16
Fees of other professional advisors			207	230
Charges relating to usage of fixed assets			6	3
Regulatory levy			131	75
Sundry expenses			253	174
Total expenses			2,723	3,385

The aggregate amount paid to, or for the benefit of, the active underwriter during the year ended 31 December 2004 and charged to the syndicate by way of syndicate expenses was £203,500 (2003 - £206,938). No profit related remuneration has been charged to the syndicate.

5. BALANCE ON TECHNICAL ACCOUNT

	<u>2002 YEAR OF ACCOUNT £000'S</u>	<u>2001 YEAR OF ACCOUNT £000'S</u>
Profit attributable to business allocated to the 2002/(2001) year of account	18,582	2,859
Profit attributable to business reinsured into the 2002/(2001) year of account	669	1,530
	19,251	4,389
Profit on exchange	320	188
Syndicate operating expenses	(4,366)	(2,477)
Balance on technical account	<u>15,205</u>	<u>2,100</u>

6. INVESTMENT RETURN

	<u>2002</u>		<u>2001</u>	
	<u>AFTER 2 YEARS £000'S</u>	<u>CALENDAR YEAR MOVEMENT £000'S</u>	<u>AFTER 3 YEARS £000'S</u>	<u>AFTER 3 YEARS £000'S</u>
CLOSED YEAR OF ACCOUNT AFTER THREE YEARS				
Investment income receivable	1,437	1,147	2,584	1,579
Accrued investment income	(19)	25	6	5
Investment income	1,418	1,172	2,590	1,584
Investment gains less losses	(198)	(651)	(849)	72
	1,220	521	1,741	1,656
Investment expenses and charges	(46)	(38)	(84)	(48)
Investment return	<u>1,174</u>	<u>483</u>	<u>1,657</u>	<u>1,608</u>

	<u>2003</u>		<u>2002</u>	
	<u>AFTER 1 YEAR £000'S</u>	<u>CALENDAR YEAR MOVEMENT £000'S</u>	<u>AFTER 2 YEARS £000'S</u>	<u>AFTER 2 YEARS £000'S</u>
OPEN YEAR OF ACCOUNT AFTER TWO YEARS				
Investment income receivable	547	1,272	1,819	1,437
Accrued investment income	(16)	32	16	(19)
Investment income	531	1,304	1,835	1,418
Investment gains less losses	(141)	(622)	(763)	(198)
	390	682	1,072	1,220
Investment expenses and charges	(17)	(25)	(42)	(46)
Investment return	<u>373</u>	<u>657</u>	<u>1,030</u>	<u>1,174</u>

	<u>2004</u>	<u>2003</u>
	<u>AFTER 1 YEAR £000'S</u>	<u>AFTER 1 YEAR £000'S</u>
OPEN YEAR OF ACCOUNT AFTER ONE YEAR		
Investment income receivable	838	547
Accrued investment income	13	(16)
Investment income	851	531
Investment gains less losses	(391)	(141)
	460	390
Investment expenses and charges	(23)	(17)
Investment return	<u>437</u>	<u>373</u>

NOTES TO THE ACCOUNTS CONTINUED

AT 31 DECEMBER 2004

7. CALENDAR YEAR INVESTMENT YIELD

The average monthly syndicate funds available and the yield on those funds for the calendar year are as follows:-

	<u>2004</u> <u>£000's</u>	<u>2003</u> <u>£000's</u>
Average monthly syndicate funds		
£	15,040	5,731
US\$	151,616	94,475
Can\$	22,637	13,246
Sterling equivalent	103,849	64,245
Aggregate investment return for the year		
£	383	97
US\$	1,904	1,979
Can\$	662	441
Sterling equivalent	1,662	1,393
Calendar year investment yield		
£	2.54%	1.69%
US\$	1.26%	2.09%
Can\$	2.92%	3.33%
Sterling equivalent	1.60%	2.17%

8. FINANCIAL INVESTMENTS

	<u>2004</u>		<u>2003</u>	
	<u>COST</u> <u>£000's</u>	<u>MARKET</u> <u>VALUE</u> <u>£000's</u>	<u>COST</u> <u>£000's</u>	<u>MARKET</u> <u>VALUE</u> <u>£000's</u>
Debt securities and other fixed-income securities	85,189	84,480	57,470	57,051

9. DEBTORS

	<u>2004</u> <u>£000's</u>	<u>2003</u> <u>£000's</u>
<i>Amounts due within 12 months</i>		
Arising out of direct insurance operations	6,341	880
Arising out of reinsurance operations	24,169	15,551
Other	1,346	574
	<u>31,856</u>	<u>17,005</u>

No amounts are due after 12 months. The amount shown above in respect of reinsurance operations is stated after a provision for bad and doubtful debts of £1,151,000 (2003 £1,292,000). No amounts have been written off for actual bad debts in the year.

There is no offset that is not legally enforceable made between insurance debtors and insurance creditors.

10. OVERSEAS DEPOSITS

	<u>2004</u> <u>£000's</u>	<u>2003</u> <u>£000's</u>
Illinois Deposit (US)	5,923	4,714
Kentucky Deposit (US)	673	376
Joint Asset Trust Funds (US)	1,584	1,324
Australian Deposits	1,506	823
South African Deposits	85	47
Additional Securities Limited (UK)	187	112
Canada Margin Fund	927	1,833
	<u>10,885</u>	<u>9,229</u>

The above deposits are required by the appropriate regulator.

11. BALANCE ON CLOSED YEAR OF ACCOUNT

	<u>2004</u> <u>£000's</u>	<u>2003</u> <u>£000's</u>
2002/(2001) year of account profit before personal expenses		
Sterling Trust Fund	(1,832)	3,827
US Dollar Trust Fund \$31,487,000 (2001 (\$2,509,000))	16,399	(1,402)
Canadian Dollar Trust Fund \$5,278,000 (2001 \$2,964,000)	2,295	1,283
	<u>16,862</u>	<u>3,708</u>
Personal expenses	5,173	1,591
Members' agents' fees	698	409
	<u>5,871</u>	<u>2,000</u>
2002/(2001) year of account profit after personal expenses	10,991	1,708
Continuous solvency transfer	4,612	-
2002/(2001) year of account balance after personal expenses and continuous solvency transfer	<u>6,379</u>	<u>1,708</u>
The profit is expected to be distributed in the following currencies:		
Sterling £nil (2001 £1,708,000)	-	1,708
US dollars \$12,248,000 (2001 \$nil)	<u>6,379</u>	<u>-</u>

Members' agents' fees shown above represent the amount due by underwriting members to their members' agents in accordance with the separate agency agreements. Accordingly, these amounts do not appear in the seven year summary on page 28.

Personal expenses include £2,975,000 (2001 £573,000) in respect of profit commission due to the managing agent on the result of the 2002 (2001) year of account. This profit commission has been calculated in accordance with the terms of applicable agency agreements at 20% (2001 20%) of each member's share of the 2002 year of account result less standard personal expenses except members' agents' fees, and at 20% of each member's share of the special Central Fund contribution refund as notified by Lloyd's.

NOTES TO THE ACCOUNTS CONTINUED

AT 31 DECEMBER 2004

12. BALANCES ON OPEN YEARS OF ACCOUNT

	<u>2004</u> <u>£000'S</u>	<u>2003</u> <u>£000'S</u>
2003/(2002) year of account balance before personal expenses	78,722	59,489
Personal expenses	3,075	2,198
Members' agents' fees	944	697
	<u>4,019</u>	<u>2,895</u>
2003/(2002) year of account balance after personal expenses	74,703	56,594
Continuous solvency transfer	3,688	4,947
2003/(2002) year of account balance after personal expenses and continuous solvency transfer	<u>71,015</u>	<u>51,647</u>
2004/(2003) year of account balance before personal expenses	76,980	45,090
Personal expenses	5,602	3,075
Members' agents' fees	1,405	944
	<u>7,007</u>	<u>4,019</u>
2004/(2003) year of account balance after personal expenses	<u>69,973</u>	<u>41,071</u>

13. CREDITORS

	<u>2004</u> <u>£000'S</u>	<u>2003</u> <u>£000'S</u>
<i>Amounts payable within 12 months</i>		
Arising out of direct insurance operations	333	23
Arising out of reinsurance operations	10,325	8,643
Amounts owed to credit institutions	82	-
Profit commission payable	2,975	573
Other creditors (including taxation and social security)	730	7
	<u>14,445</u>	<u>9,246</u>

No amounts are due after 12 months. The syndicate has continued to make use of temporary unsecured overdraft facilities with Barclays Bank plc. The maximum amount overdrawn during the year was £82,000 (2003 £6,732,000) and the balance outstanding at the balance sheet date was £82,000 (2003 £nil).

14. CONSORTIUM ARRANGEMENTS

CONSORTIUM	LEAD SYNDICATES	BUSINESS	WRITTEN PREMIUM INCOME AS A % OF TOTAL SYNDICATE PREMIUM INCOME		
			2002	2003	2004
Hiscox Space Consortium	Syndicate 33	Satellite	0.32%	-	-
Faraday	Syndicate 435	Workers' Compensation	0.22%	0.12%	0.09%

All risks are allocated to the syndicate and other members of the consortium pro rata to their share. No commission or fees of any kind are received by the managing agent, nor any underwriter employed by it, from other consortium members.

15. SEGMENTAL INFORMATION

	NOTES	FIRE & OTHER DAMAGE TO PROPERTY £000'S	THIRD PARTY LIABILITY £000'S	MOTOR £000'S	OTHER DIRECT £000'S	RE- INSURANCE ACCEPTANCES £000'S	TOTAL £000'S
2002 YEAR OF ACCOUNT CLOSED AFTER THREE YEARS							
- risks located in UK		3,695	824	4,011	684	1,534	10,748
- risks located in other EC countries		1,743	10	431	29	1,606	3,819
- risks located in other countries		<u>10,253</u>	<u>9,684</u>	<u>2,506</u>	<u>5,130</u>	<u>40,641</u>	<u>68,214</u>
Gross premiums written	1	15,691	10,518	6,948	5,843	43,781	82,781
Gross claims paid		10,656	3,772	4,531	4,330	14,036	37,325
Gross operating expenses	2	828	555	366	308	2,309	4,366
Reinsurance balance	3	(472)	(1,912)	(2,165)	(518)	(15,011)	(20,078)
<i>Average rate of commission</i>		25%	25%	23%	23%	16%	
2003 YEAR OF ACCOUNT OPEN AFTER TWO YEARS							
- risks located in UK		5,959	758	–	831	3,131	10,679
- risks located in other EC countries		1,491	15	358	40	3,165	5,069
- risks located in other countries		<u>13,430</u>	<u>18,780</u>	<u>2,263</u>	<u>7,151</u>	<u>51,516</u>	<u>93,140</u>
Gross premiums written	1	20,880	19,553	2,621	8,022	57,812	108,888
Gross claims paid		7,426	2,726	1,360	2,362	10,138	24,012
Gross operating expenses	2	854	800	107	329	2,364	4,454
Reinsurance balance	3	(589)	(3,352)	–	(1,072)	(24,293)	(29,306)
<i>Average rate of commission</i>		25%	25%	23%	23%	16%	
2004 YEAR OF ACCOUNT OPEN AFTER ONE YEAR							
- risks located in UK		4,761	326	–	551	9,577	15,215
- risks located in other EC countries		391	18	–	30	7,926	8,365
- risks located in other countries		<u>7,791</u>	<u>10,096</u>	<u>795</u>	<u>4,197</u>	<u>73,957</u>	<u>96,836</u>
Gross premiums written	1	12,943	10,440	795	4,778	91,460	120,416
Gross claims paid		2,312	246	201	1,280	29,811	33,850
Gross operating expenses	2	293	236	18	108	2,068	2,723
Reinsurance balance	3	(660)	–	–	(332)	(6,396)	(7,388)
<i>Average rate of commission</i>		25%	25%	23%	23%	16%	

NOTES

1. Gross premiums written have been analysed by reference to the situs of the risk.
2. Gross operating expenses have been allocated to class groups in proportion to their respective gross premium incomes.
3. The reinsurance balance comprises reinsurance recoveries received less outward reinsurance premiums paid and has been analysed by reference to the situs of the risk being covered by the reinsurance.

DISCLOSURE OF INTERESTS STATEMENT

AT 31 DECEMBER 2004

The managing agent, Omega Underwriting Agents Limited, is a wholly owned subsidiary of Omega Underwriting Holdings Limited.

Omega Underwriting Holdings Limited bears the cost of all expenditure which is not directly attributable to the managed syndicates or to other group companies, including Omega Underwriting Agents Limited. The syndicates' recharges are made on a cost recovery basis.

Mr R.B. Morgan is a director of Harman Wicks & Swayne, a Lloyd's broker, which places business with syndicate 958.

On 1 February 2005 Mr. Morgan was appointed a director of Aegis Managing Agency Limited, the managing agent of syndicate 1225, which may underwrite similar business to syndicate 958.

Mr C.F. Palmer was a director and shareholder of S.A. Meacock & Co. Limited, the managing agent of syndicate 727, which may underwrite similar business to syndicate 958.

Mr. Palmer resigned as a director of S.A. Meacock & Co. Limited with effect from 31st March, 2004.

On 1 April 2003 Mr Palmer resigned as a director of Heritage Managing Agency Limited but remained a shareholder of Heritage Underwriting Agency plc. Heritage is the managing agent of syndicate 1245 which may underwrite similar business to syndicate 958.

Mr Palmer is a director of Bell & Clements (London) Limited which is the holding company of Bell & Clements Limited, a Lloyd's broker which places business with syndicate 958.

On 31 March 2004 Mr J.S. Barber resigned as a director of SOC Group plc, which is the holding company of SOC Private Capital Limited, a Lloyd's members' agent, which places members on syndicate 958.

On 30 January 2004, Mr. Barber resigned as a director of Sackville Syndicate Management Limited, the managing agent of syndicate 2121 which may underwrite similar business to syndicate 958. Mr. Barber had been a director of Sackville Syndicate Management Limited since 25 June 1999.

There are no other material interests to disclose.

SEVEN YEAR SUMMARY OF RESULTS OF CLOSED YEARS

AT 31 DECEMBER 2004

	1996 £000's	1997 £000's	1998 £000's	1999 £000's	2000 £000's	2001 £000's	2002 £000's
Syndicate allocated capacity	58,603	58,333	50,970	50,833	50,832	59,844	109,893
Number of underwriting members	965	989	1,022	959	956	994	1,092
Aggregate net premiums	18,409	17,537	16,749	20,234	28,733	33,600	59,540
RESULTS FOR AN ILLUSTRATIVE SHARE (£10,000)							
	£	£	£	£	£	£	£
Gross premiums	4,532	4,381	5,368	6,330	7,777	8,418	7,533
Net premiums	3,141	3,006	3,286	3,981	5,652	5,615	5,418
Premium for the reinsurance to close an earlier year of account	1,269	1,328	1,666	1,577	1,615	1,869	1,686
Net claims	(2,197)	(2,346)	(2,960)	(3,244)	(4,290)	(3,482)	(3,109)
Premium for the reinsurance to close the year of account	(1,286)	(1,373)	(1,547)	(1,789)	(2,385)	(3,268)	(2,243)
Profit/(loss) on exchange	(10)	5	(36)	(59)	80	31	29
Syndicate operating expenses	(136)	(171)	(213)	(335)	(403)	(414)	(397)
Balance on technical account	781	449	196	131	269	351	1,384
Investment return	192	154	232	222	289	269	151
Profit before personal expenses	973	603	428	353	558	620	1,535
Illustrative profit commission	(165)	(86)	(46)	(32)	(73)	(90)	(267)
Illustrative managing agent's fee	(40)	(50)	(50)	(60)	(60)	(70)	(75)
Other illustrative personal expenses	(110)	(135)	(150)	(135)	(135)	(100)	(125)
Illustrative personal expenses	(150)	(175)	(200)	(195)	(195)	(170)	(200)
Profit after illustrative profit commission and personal expenses	658	342	182	126	290	360	1,068
Aggregate annual fee, profit commission and syndicate expenses	(341)	(307)	(309)	(427)	(536)	(574)	(739)
UNDERWRITING RATIOS							
	%	%	%	%	%	%	%
Gross premium as a percentage of allocated capacity	45.3	43.8	53.7	63.3	77.8	84.2	75.3
Net premium as a percentage of allocated capacity	31.4	30.1	32.9	39.8	56.5	56.1	54.2
Balance on technical account as a percentage of gross premiums	17.2	10.2	3.7	2.1	3.5	4.2	18.4

NOTES TO THE SEVEN YEAR SUMMARY

1. The illustrative profit commissions and personal expenses are estimates of amounts which might be charged on an illustrative share of £10,000.
2. Under the standard agency agreement in force, an underwriting member who dies during the calendar year does not participate in that underwriting year of account.
3. All prior year figures derive from previously audited reports.

MULTIPLE SYNDICATES STATEMENT

AT 31 DECEMBER 2004

This multiple syndicates statement relates to syndicates 958 and 529, which underwrote similar business for the 2001 year of account. Syndicate 529 ceased to trade on 31 December 2001.

	958 2001 £000's	529 2001 £000's
Syndicate allocated capacity	59,844	30,000
No. of underwriting members	994	1
	£	£
¹ Closed year of account profit/(loss) for an illustrative share of £10,000	360	(2,633)
No. of directors participating in the syndicate	2	–
Aggregate percentage participation of directors	0.4%	–
	£000's	£000's
Total profit attributable to directors	9	–

SEGMENTAL ANALYSIS OF GROSS PREMIUMS

	£000's	£000's
Fire and other damage to property	7,876	4,769
Third party liability	7,207	4,364
Motor	4,447	2,693
Other direct	2,603	1,576
Reinsurance acceptances	28,242	17,098
Total	50,375	30,500

¹ The 2001 year of account of syndicate 958 closed after 36 months. The 2001 year of account of syndicate 529 closed after 48 months.

For 2001, business was allocated as follows:

- new risks were shared pro-rata, as far as possible, between the syndicates;
- if both syndicates participated on a risk, an increased line was sought for both;
- if syndicate 529 underwrote a risk which 958 did not, a line for both was sought, but 958 would only take up a line if an increase was available;
- if syndicate 958 underwrote a risk which 529 did not, a line for both was sought, but 529 would only take up a line if an increase was available.

Omega Underwriting Agents Limited has adopted a common approach and utilised consistent security standards in respect of the reinsurance protections.