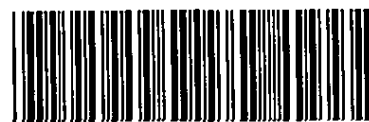


Tokio Marine Europe Insurance Limited

Report and Accounts

31 December 2012

THURSDAY



A290OZQB

A11

23/05/2013

#21

COMPANIES HOUSE

Registered No· 989421

Directors

Y Otsuka Chief Executive Officer
R Bucknall
C Kojima
G Lancner
K Nishino

Secretary

P Dick

Auditors

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

Bankers

The Bank of Tokyo-Mitsubishi UFJ Limited
Ropemaker Place
25 Ropemaker Street
London EC2Y 9AN

Solicitors

Reynolds Porter Chamberlain LLP
Tower Bridge House
St Katharine's Way
London E1W 1AA

Registered Office

60 Gracechurch Street
London
EC3V 0HR

Directors' Report and Business Review

Registered No: 989421

The directors present their report and accounts for the year ended 31 December 2012

RESULTS AND DIVIDENDS

The group profit after taxation for the year was £16.6 million, compared to last year's group profit after taxation of £4.3 million. The group recorded exchange losses of £0.6 million this year against exchange losses of £0.7 million last year, resulting in total recognised gains for the year of £16.0 million this year compared to £3.6 million in 2011.

During the year ended 31 December 2012, an interim dividend of £4.5 million was approved and paid. The directors propose the payment of a final dividend of £10.0 million in respect of the year ended 31 December 2012.

The directors are pleased to report on another profitable year for the group in 2012. We would like to thank all of the group's clients, brokers, agents and staff for their continued support and contribution to the success of the group.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The group's principal activity continues to be underwriting commercial marine cargo, property and liability insurance business in the United Kingdom, and in Europe, through branch offices in Belgium, France, Germany and Spain and agencies in other European countries.

The group underwrites both Japanese-related and local market commercial risks. It also accepts inwards reinsurance and aviation pool business, which is wholly reinsured with its parent company and fellow subsidiaries.

The group also provides risk engineering services and management services to other group companies.

The company is a wholly owned subsidiary of Tokio Marine & Nichido Fire Insurance Company Limited, which is recognised as the oldest and one of the largest general insurance companies in Japan. The group's ultimate holding company is Tokio Marine Holdings, Inc., which is also incorporated in Japan.

The group's key financial and other performance indicators during the year were as follows:

	2012	2011
Gross earned premium	£262.6 million	£260.3 million
Net earned premium	£126.9 million	£118.5 million
Net earned premium/Gross earned premium	48%	46%
Net incurred loss ratio	42%	62%
Expense ratio	41%	41%
Combined ratio	83%	103%
Net technical provisions	£143.7 million	£161.4 million
Funds invested at the year end (including cash at bank)	£255.7 million	£257.6 million
Investment income	£3.4 million	£4.9 million
Investment return on average funds invested	1.3%	1.9%
Group profit after taxation	£16.6 million	£4.3 million

Directors' Report and Business Review

The gross premium earned for the group was £262.6 million, an increase of £2.3 million compared to the gross premium earned for 2011 of £260.3 million. This was mainly due to an increase in local market commercial business being partly offset by a decrease in inwards reinsurance and aviation pool business, which is wholly reinsured.

The net premium earned for 2012 was £126.9 million, an increase of £8.4 million compared to the net premium earned for last year of £118.5 million. The proportion of premium retained increased to 48%, compared to 46% in 2011.

The net incurred loss ratio decreased to 42% from 62% last year. This was mainly due to a reduction in exposure to natural catastrophe losses in 2012 on a net retained basis.

The expense ratio, comprising of net acquisition costs and administration expenses has remained stable at 41%, the same as in 2011.

The combined ratio, which is calculated excluding the change in equalisation provision, has decreased to 83%, compared to 103% last year, reflecting the improvement in the incurred loss ratio.

Gross technical provisions, comprising unearned premiums, claims outstanding and statutory claims equalisation provision, have increased by £12.6 million to £340.4 million from £327.8 million at the end of 2011. This was mainly due to the increase in gross outstanding claims on Hurricane Sandy in the U.S.A. which occurred during the latter part of the year and which was wholly reinsured. Net technical provisions have decreased by £17.7 million to £143.7 million from £161.4 million at the end of last year due to a reduction in exposure to natural catastrophe losses in 2012 on a net retained basis.

Investment income for the group, including realised and unrealised gains and losses on investments, was £3.4 million compared to the previous year's £4.9 million. This was due to net realised and unrealised losses on bonds during the year of £2.4 million, compared to net losses of £1.5 million last year and a decrease in interest income of £0.6 million.

The level of funds invested during the year decreased to £255.7 million from £257.6 million, a decrease of £1.9 million. Funds invested comprise investments of £238.7 million (2011: £237.4 million) and cash at bank and in hand of £17.0 million (2011: £20.2 million).

The investment return on average funds invested during the year decreased to 1.3% compared to 1.9% for 2011 as Sterling, Euro and U.S. Dollar interest rates remained at historically low levels throughout the year.

The group continues to follow a conservative investment approach by investing funds in Money Markets and Bond Markets.

FUTURE DEVELOPMENTS

To facilitate the achievement of our objective of long-term sustainable growth and profitability, the group is continuing to invest resources to expand its local market business portfolio in the UK, through its branch offices in Europe and, during 2012, completed the establishment of a branch office in Amsterdam which took over responsibility for the direct management of TMEI business from its agent, Delta Lloyd, with effect from 1 January 2013.

Across Europe emphasis is being placed on prudent underwriting and risk control with efficient administration and high standards of service for clients and intermediaries.

The group is confident that this selective and controlled new business portfolio will both enhance its effectiveness and financial strength and increase its competitiveness in the longer term.

Directors' Report and Business Review

GOING CONCERN DISCLOSURE

The company's business activities, together with the factors likely to affect its future development and position are set out in the Business Review and Future Developments on pages 2 and 3. Greater emphasis is being placed on profitability rather than growth, based on the assumption that the soft market will continue in 2013. Profitability is to be enhanced by expanding in areas with proven profitability and investment in infrastructure in order to improve operational efficiency and to reduce the expense ratio.

The company's financial resources are invested in a combination of short-term bank deposits and invested funds. The short-term deposits are at a sufficient level to meet the company's short-term cash flow requirements. The company's invested funds are held in bank deposits, listed debt securities and other listed fixed interest securities which are readily realisable in the event that additional short-term funding is required. As a result of the combination of the company's financial resources and their liquidity, the directors believe that the company is able to meet its liabilities.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal residual risks and uncertainties identified by the group are underwriting, reserving, operational and market risk.

UNDERWRITING RISK

The main risks identified by the group is the deterioration of technical results as a consequence of poor pricing, inadequate control of accumulation and catastrophe (Cat) treaty capacity exhaustion, European windstorm and other catastrophe event losses and large loss severity and frequency deviation.

The group manages its risk concentration by individual selection of exposure and a risk transfer strategy which is mainly reinsurance contracts with our parent company and other reputable reinsurers.

Due to the large exposure to property catastrophe and in particular, windstorm, the group monitors its exposure by using a catastrophe model. In recent years the group has made significant progress in the collection of accurate, complete, and appropriate data.

RESERVING RISK

The main risk identified by the group is an excess of or shortage in the provisions for claims, including claims incurred but not reported (IBNR).

The group's Actuarial function, under the supervision of the Chief Financial Officer, is responsible for estimating reserves on a quarterly basis. The reserves are estimated by applying standard actuarial techniques to internal loss and premium development data. In addition to statistical techniques, the Actuarial function makes expert judgements following consultation with the Underwriting and Claims departments.

The group also engages external professional consultants to perform a detailed review of the internal reserve quantification. This review is performed twice a year with a detailed review of the third quarter reserves and a higher level review of the year end quarter reserves. In addition, the consultants provide a Statement of Actuarial Opinion in order to demonstrate their confidence in the sufficiency of booked reserves.

The group also mitigates reserving risk by having a lower appetite for lines of businesses which entail larger reserving risks.

Directors' Report and Business Review

OPERATIONAL RISK

For its size, the group is a complex organisation, with several lines of business and several regional operations working through its own systems and reliance on external underwriting agencies. As a result the group recognises the existence of possible operational risks.

The group manages operational risk by establishing clear operational guidance which allows the group to keep the exposure contained. On a quarterly basis our key risk exposures are monitored. The efficiency of treatments in place to mitigate them is checked and breaches and incidents are reported and analysed.

MARKET RISK

The main risks identified by the group are investment, exchange rate, asset liability matching risk.

The group has a conservative investment strategy with capital conservation being the main target. All investments are chosen primarily in view of security and liquidity.

The directors have considered various scenarios arising out of a potential Euro crisis in Southern Europe and are satisfied that the group's exposure to various possible outcomes is limited.

The group strives to maintain an investment portfolio that will provide stable medium term returns in light of the specific characteristics of its investment assets including stability, liquidity, profitability and other factors. The group establishes limits, as it deems necessary, as a means of controlling the magnitude of potential market-related losses through investment guidelines.

The group strives to diversify its portfolio to avoid risks associated with concentrating in investments in the debt obligations of a small number of issuers or within particular industries.

PENSIONS

The group operates a defined contribution group personal pension plan for its employees.

CHARITABLE DONATIONS

The group made charitable donations of £37,133 during the year (2011: £39,687).

The group is pleased to support the charity EveryChild as part of its Corporate Social Responsibility programme and encourages and supports its staff to play an active role in fundraising activities.

CREDITOR PAYMENT POLICY AND PRACTICE

It is the company's and the group's policy to pay creditors when they fall due for payment. Terms of payment are agreed with suppliers when negotiating each transaction and the policy is to abide by those terms, provided that the suppliers also comply with all relevant terms and conditions.

In respect of the group's activities in the United Kingdom, the amounts due to trade creditors at 31 December 2012 represented approximately 24 days of average daily purchases through the year (2011: 28 days).

Directors' Report and Business Review

DIRECTORS AND THEIR INTERESTS

The directors of the company are listed on page 1

On 13 June 2012 Mr G Lancner was appointed to the Board

On 1 July 2012 Mr T Uehara resigned as a director and Mr Y Otsuka was appointed to the Board

On 11 December 2012 Mr G Valckenaere resigned as a director

On 15 January 2013 Mr K Yamamoto resigned as a director and Mr C Kojima was appointed to the Board

The directors would like to thank Mr Uehara, Mr Valckenaere and Mr Yamamoto for their contribution to the group and to welcome Mr Lancner, Mr Otsuka and Mr Kojima to the Board

At no time during the year have there existed any arrangements, to which the company was a party, to enable directors to acquire benefits by means of the acquisition of shares in, or debentures of, the company or any other body corporate

DIRECTORS' LIABILITIES

For the duration of 2012 qualifying third party indemnity provision was in force for the benefit of the directors of the company, subject to the conditions set out in the Companies Act 2006. Such qualifying indemnity provision remains in force at the date of approving the directors' report

PROVISION OF INFORMATION TO AUDITORS

The directors who held office at the date of approval of the directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

AUDITORS

Ernst & Young LLP have expressed their willingness to continue in office as auditors and in accordance with Section 485 of the Companies Act 2006, the Directors will ask the Members to approve the reappointment of Ernst & Young LLP by way of written resolution

By order of the board



P Dick
Secretary
60 Gracechurch Street
London EC3V 0HR

13th May 2013

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditors' report

to the members of Tokio Marine Europe Insurance Limited

We have audited the financial statements of Tokio Marine Europe Insurance Limited for the year ended 31 December 2012 which comprise Group Profit and Loss Account, Group Statement of Total Recognised Gains and Losses, Group Balance Sheet, Company Balance Sheet and the related notes 1 to 24

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), having regard to the statutory requirement for insurance companies to maintain equalisation provisions

The nature of equalisation provisions, the amounts set aside at 31 December 2012 and effect of the movement in those provisions during the year on shareholders' funds, the balance on the general business technical account and profit before tax, are disclosed in note 17

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Accounts to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Independent auditors' report

to the members of Tokio Marine Europe Insurance Limited (continued)

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2012 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Kevin Senior (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

13th May 2013

Group profit and loss account

for the year ended 31 December 2012

	Notes	2012 £	2012 £	2011	2011 £
Technical account - general business					
Gross premiums written		267,082,224		265,781,216	
Outward reinsurance premiums		(138,713,044)		(146,342,028)	
Net premiums written			128,369,180		119,439,188
Change in the gross provision for unearned premiums		(4,501,262)		(5,477,297)	
Reinsurers' share		3,074,262		4,588,094	
Change in the net provision for unearned premiums			(1,427,000)		(889,203)
Earned premiums, net of reinsurance	2		126,942,180		118,549,985
Gross claims paid		(240,523,038)		(117,662,534)	
Reinsurers' share		168,319,959		59,814,989	
Net claims paid		(72,203,079)		(57,847,545)	
Gross change in the provision for claims		(14,000,811)		(42,714,766)	
Reinsurers' share		33,255,471		26,622,952	
Net change in the provision for claims		19,254,660		(16,091,814)	
Claims incurred, net of reinsurance	3		(52,948,419)		(73,939,359)
Net operating expenses	4		(52,051,566)		(47,910,563)
Total technical charges			(104,999,985)		(121,849,922)
Change in the equalisation provision	17		(1,736,000)		6,429,000
Balance on the technical account for general business			20,206,195		3,129,063

Group profit and loss account

for the year ended 31 December 2012

	Notes	2012 £	2012 £	2011 £	2011 £
Non-technical account					
Balance on the general business technical Account			20,206,195		3,129,063
Investment income	8		6,641,669		6,783,023
Investment expenses and charges-					
Investment management expenses		(254,018)		(217,375)	
Realised loss on investments		(2,165,608)		(1,690,469)	
Realised loss on unconsolidated group undertaking		-		(120,639)	
Unrealised loss on investments		(1,111,209)		(239,604)	
Unrealised gain on unconsolidated group undertaking		-		92,808	
Non-technical foreign exchange loss		(1,168,176)		(841,368)	
			(4,699,011)		(3,016,647)
Other income		2,455,824		4,138,478	
Other charges including value adjustments		(2,287,809)		(4,517,028)	
			168,015		(378,550)
Profit on ordinary activities before taxation			22,316,868		6,516,889
Tax on profit on ordinary activities	9		(5,758,059)		(2,181,622)
Profit on ordinary activities after taxation			16,558,809		4,335,267

Group statement of total recognised gains and losses

for the year ended 31 December 2012

	2012 £	2011 £
Profit on ordinary activities after taxation	16,558,809	4,335,267
Foreign exchange loss	(584,911)	(689,194)
Total recognised gains for the year	15,973,898	3,646,073
Total recognised gains and losses since last year's report and accounts	15,973,898	3,646,073

The inclusion of unrealised gains and losses in the profit and loss account to reflect the marking to market of investments in the balance sheet is deemed not to be a departure from the unmodified historical cost basis of accounting. Accordingly a separate note of historical cost profits and losses is not presented.

Group balance sheet

at 31 December 2012

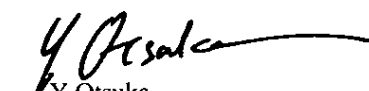
	Notes	2012 £	2012 £	2011 £	2011 £
Assets					
Investments					
Other financial investments	11	238,726,484	237,429,524		
			238,726,484		237,429,524
Reinsurers' share of technical provisions					
Provision for unearned premiums		26,324,362	23,250,100		
Claims outstanding	16	170,379,735	143,123,234		
			196,704,097		166,373,334
Debtors					
Policyholders		472,472	346,672		
Intermediaries		40,500,666	42,070,159		
Arising out of direct insurance operations		40,973,138	42,416,831		
Arising out of reinsurance operations - group		8,512,213	695,818		
- other		1,330,931	2,051,522		
Other debtors		2,797,588	2,574,941		
Corporation taxes		865,675	1,310,248		
Other amounts due from fellow group undertakings		618,523	391,954		
Other amounts due from group undertakings		1,315,546	3,335,258		
			56,413,614		52,776,572
Other assets					
Tangible assets	12	3,438,706	4,168,907		
Cash at bank and in hand	13	17,037,574	20,189,342		
Deferred tax	14	284,821	233,269		
			20,761,101		24,591,518
Prepayments and accrued income					
Accrued interest		2,289,118	2,086,097		
Deferred acquisition costs		10,760,799	10,143,424		
Other prepayments		1,973,567	1,526,321		
			15,023,484		13,775,842
Total assets		527,628,780	494,926,790		

Group balance sheet

at 31 December 2012

	Notes	2012 £	2012 £	2011 £	2011 £
Liabilities					
Capital and reserves					
Called up share capital	15	35,000,000		35,000,000	
Share premium account		30,000,000		30,000,000	
Profit and loss account		<u>74,307,509</u>		<u>62,833,611</u>	
Shareholders' funds attributable to equity interests	18		139,307,509		127,833,611
Technical provisions					
Provision for unearned premiums		57,167,907		52,666,645	
Claims outstanding - gross amount	16	280,423,987		274,044,691	
Equalisation provision	17	<u>2,783,000</u>		<u>1,047,000</u>	
			340,374,894		327,758,336
Deposits received from reinsurers					
- group		-		2,191	
- other		<u>14,104</u>		<u>17,163</u>	
			14,104		19,354
Creditors					
Arising out of direct insurance operations		8,890,855		9,707,965	
Arising out of reinsurance operations – group		14,304,366		6,235,617	
– other		4,885,214		3,729,845	
Other creditors including taxation and social security					
- corporation taxes		2,237,981		525,745	
- other creditors		7,319,433		9,354,338	
Other amounts owed to fellow group undertakings		<u>71,362</u>		<u>71,712</u>	
			37,709,211		29,625,222
Accruals and deferred income					
Deferred acquisition costs – reinsurers' share		6,247,619		6,532,590	
Other accruals		<u>3,975,443</u>		<u>3,157,677</u>	
			10,223,062		9,690,267
Total liabilities			<u>527,628,780</u>		<u>494,926,790</u>

The Financial statements were approved by the directors on the 13th May 2013 and signed on their behalf by


Y Otsuka
Chief Executive

Company balance sheet

at 31 December 2012

	Notes	2012 £	2012 £	2011 £	2011 £
Assets					
Investments					
Shares in group undertakings	11	2,339,386		2,351,886	
Other financial investments		<u>238,726,484</u>		<u>237,429,524</u>	
			241,065,870		239,781,410
Reinsurers' share of technical provisions					
Provision for unearned premiums		26,324,362		23,250,100	
Claims outstanding	16	<u>170,379,735</u>		<u>143,123,234</u>	
			196,704,097		166,373,334
Debtors					
Policyholders		472,472		346,672	
Intermediaries		<u>40,500,666</u>		<u>42,070,159</u>	
Arising out of direct insurance operations		40,973,138		42,416,831	
Arising out of reinsurance operations - group		8,512,213		695,818	
- other		1,330,931		2,051,522	
Other debtors		2,620,093		2,043,662	
Corporation taxes		865,675		1,310,248	
Other amounts due from group undertakings		<u>156,833</u>		<u>1,628,493</u>	
			54,458,883		50,146,574
Other assets					
Tangible assets	12	558,589		615,373	
Cash at bank and in hand	13	15,878,994		17,800,938	
Deferred tax	14	<u>27,348</u>		<u>18,985</u>	
			16,464,931		18,435,296
Prepayments and accrued income					
Accrued interest		2,289,118		2,086,097	
Deferred acquisition costs		10,760,799		10,143,424	
Other prepayments		<u>977,845</u>		<u>693,933</u>	
			14,027,762		12,923,454
Total assets		<u>522,721,543</u>		<u>487,660,068</u>	

Company balance sheet

at 31 December 2012

	Notes	2012 £	2012 £	2011 £	2011 £
Liabilities					
Capital and reserves					
Called up share capital	15	35,000,000		35,000,000	
Share premium account		30,000,000		30,000,000	
Profit and loss account		<u>72,656,691</u>		<u>60,291,519</u>	
Shareholders' funds attributable to equity interests	18		137,656,691		125,291,519
Technical provisions					
Provision for unearned premiums		57,167,907		52,666,645	
Claims outstanding - gross amount	16	280,423,987		274,044,691	
Equalisation provision	17	<u>2,783,000</u>		<u>1,047,000</u>	
			340,374,894		327,758,336
Deposits received from reinsurers					
- group		-		2,191	
- other		<u>14,104</u>		<u>17,163</u>	
			14,104		19,354
Creditors					
Arising out of direct insurance operations		8,890,855		9,707,965	
Arising out of reinsurance operations - group		14,304,366		6,235,617	
- other		<u>4,885,214</u>		<u>3,729,845</u>	
Other creditors including taxation and social security					
- corporation taxes		2,157,290		370,175	
- other creditors		3,659,459		4,977,695	
Other amounts owed to group undertakings		<u>728,548</u>		<u>3,675</u>	
			34,625,732		25,024,972
Accruals and deferred income					
Deferred acquisition costs - reinsurers' share		6,247,619		6,532,590	
Other accruals		<u>3,802,503</u>		<u>3,033,297</u>	
			10,050,122		9,565,887
Total liabilities			<u>522,721,543</u>		<u>487,660,068</u>

The Financial statements were approved by the directors on the 13th May 2013 and signed on their behalf by


Y Otsuka
Chief Executive

Notes to the accounts

at 31 December 2012

1. Accounting policies

Disclosure requirements

The consolidated financial statements have been prepared in accordance with the accounting policies set out below and comply with the special provisions relating to insurance companies in accordance with Paragraph 9 and Part 1 of schedule 6 (as modified by Part 3) of the Large and Medium - sized Companies and Groups (Accounts and Reports) Regulations 2008, made under Companies Act 2006, relating to insurance groups

Standard accounting practice

The accounts comply with applicable accounting standards. In addition, the company has adopted all material recommendations of the Statement of Recommended Practice on Accounting for Insurance Business issued by the Association of British Insurers in December 2005 and amended in December 2006

The group has not prepared a consolidated cash flow statement, in accordance with the exemption allowed under Financial Reporting Standard 1 (Revised 1996) 'Cash Flow Statements'. The group is exempted on the basis that it is a wholly owned subsidiary of Tokio Marine Holdings, Inc., a company incorporated in Japan, which produces consolidated statements, including a cash flow statement, that are publicly available

Basis of consolidation

The group accounts consolidate the accounts of Tokio Marine Europe Insurance Limited and its subsidiary undertakings drawn up to 31 December each year

No profit and loss account is presented for Tokio Marine Europe Insurance Limited as permitted by Section 408 of the Companies Act 2006. The result for Tokio Marine Europe Insurance Limited for the financial year is a profit of £17,383,704 (2011 profit £4,275,395)

Basis of accounting

The annual basis of accounting has been applied to all classes of business

Premiums

Written premiums comprise the total premiums receivable for the whole period of cover under contracts incepting during the financial year, together with adjustments arising in the financial year to premiums receivable in respect of business written in previous financial years

All premiums included in the profit and loss account relate to continuing operations

All premiums are shown gross of commission payable to intermediaries and are exclusive of taxes and duties levied thereon

Outwards reinsurance premiums are accounted for in the same accounting period as the premiums for the related direct or inwards reinsurance business being reinsured

Outstanding claims

Full provision is made on an individual case basis for the estimated cost of claims notified but not settled by the balance sheet date after taking into account handling costs, anticipated inflation and settlement trends. A provision for claims incurred but not reported is established on a statistical basis

Future claims handling expenses are calculated separately for direct business and non-proportional treaty business based on expenses incurred during the year and the number of years for which claims are expected to continue being reported. The company does not incur significant claims handling expenses for stamp business and proportional treaty business

Dividend recognition

Under FRS 21, interim dividends on ordinary shares are recognised in the period in which they are paid. Final dividends are recognised when they have been approved by shareholders

Notes to the accounts

at 31 December 2012

1. Accounting policies (continued)

Provisioning for doubtful debts

Debtors arising out of insurance and reinsurance operations are stated net of specific provisions against doubtful debts which are made on the basis of reviews conducted by management

Investment income

Investment income comprises interest receivable and dividends receivable, together with realised investment gains. Realised gains are calculated as the difference between sales proceeds and cost or, if previously revalued, the valuation at the last balance sheet date

Investments

All investments are stated at current value (market value) in the balance sheet, with the exception of shares in group undertakings which are stated at the lower of cost and net asset value. Unrealised gains and losses are taken to the profit and loss account

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of the acquisition, of each asset over its expected useful life on a straight line basis. The periods used are as follows

Computer equipment	4 years
Motor vehicles	4 years
Furniture and other equipment	6 years
Office refurbishments	10 years

Leasing and hire purchase commitments

Rentals paid under operating leases are charged to income on a straight line over the lease term. Rentals paid under finance leases are charged to income and capital on a straight line basis over the lease term

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Foreign currencies

Transactions in foreign currencies are translated into Sterling at monthly rates of exchange prevailing during the year

Monetary assets and liabilities held in foreign currencies are translated into Sterling at rates of exchange ruling at the end of the year, or at the forward rate where a forward contract applies

Non-monetary assets and liabilities are stated at their original Sterling equivalent and are not subsequently re-translated

Foreign currency gains and losses for the year relating to the conversion of technical profit and loss items at average rate are recorded in the statement of total recognised gains and losses. All other foreign currency gains and losses for the year are charged to the profit and loss account

Notes to the accounts

at 31 December 2012

1. Accounting policies (continued)

Unearned premiums provision

Written premiums are recognised as earned income over the period of the policy on a time apportionment basis which approximates the pattern of risk of the underlying contract. The provision for unearned premiums is calculated on a daily pro-rata basis.

Unexpired risk reserve

Provision is made where the cost of claims and expenses arising after the end of the financial year from contracts concluded before that date, is expected to exceed the provision for unearned premiums, net of deferred acquisition costs, and premiums receivable.

Equalisation provision

An equalisation provision is maintained as detailed in note 17.

Deferred acquisition costs

Acquisition costs, comprising commission and other costs related to the acquisition of new insurance contracts, are deferred to the extent that they are attributable to premiums unearned at the balance sheet date.

Pensions

The group operates a defined contribution group personal pension plan. Employer's contributions are charged to the profit and loss account as they become payable.

Derivative financial instruments

The only derivative financial instruments that the Company may hold are forward foreign exchange contracts to reduce the exposure to foreign exchange rate risk. The Company's approved investment guidelines do not permit it to trade in derivative financial instruments for speculative purposes.

Forward foreign exchange contracts are stated at current value (market value) in the balance sheet and movements are recorded in the profit and loss account.

There were no forward foreign exchange contracts at the any time during the financial year.

2. Earned premiums, net of reinsurance

	<i>Gross</i> £	<i>Reinsurance</i> £	<i>Net</i> £
2012			
Premiums written	267,082,224	138,713,044	128,369,180
Change in the provision for unearned premiums	(4,501,263)	(3,074,263)	(1,427,000)
Premiums earned	<u>262,580,961</u>	<u>135,638,781</u>	<u>126,942,180</u>
2011			
Premiums written	265,781,216	146,342,028	119,439,188
Change in the provision for unearned premiums	(5,477,297)	(4,588,094)	(889,203)
Premiums earned	<u>260,303,919</u>	<u>141,753,934</u>	<u>118,549,985</u>

Notes to the accounts

at 31 December 2012

3. Claims incurred, net of reinsurance

	<i>Gross</i> £	<i>Reinsurance</i> £	<i>Net</i> £
2012			
Claims paid	240,523,038	168,319,959	72,203,079
Increase/(decrease) in the provision for claims	14,000,811	33,255,471	(19,254,660)
Claims incurred	<u>254,523,849</u>	<u>201,575,430</u>	<u>52,948,419</u>
	<i>Gross</i> £	<i>Reinsurance</i> £	<i>Net</i> £
2011			
Claims paid	117,662,534	59,814,989	57,847,545
Increase/(decrease) in the provision for claims	42,714,766	26,622,952	16,091,814
Claims incurred	<u>160,377,300</u>	<u>86,437,941</u>	<u>73,939,359</u>

Of the net claims incurred in the Group Profit and Loss account, £7.5 million relates to the surplus of the loss provisions that occurred prior to the current financial year (2011: £5.3 million surplus)

4. Net operating expenses

	<i>Gross</i> £	<i>Reinsurance</i> £	<i>Net</i> £
2012			
Acquisition costs - Commissions	42,932,567	22,639,543	20,293,024
- Other	9,345,977	-	9,345,977
Change in deferred acquisition costs	(617,375)	284,971	(902,346)
Administrative expenses	<u>23,314,911</u>	<u>-</u>	<u>23,314,911</u>
	<u>74,976,080</u>	<u>22,924,514</u>	<u>52,051,566</u>
	<i>Gross</i> £	<i>Reinsurance</i> £	<i>Net</i> £
2011			
Acquisition costs - Commissions	39,409,838	22,626,219	16,783,619
- Other	8,761,825	-	8,761,825
Change in deferred acquisition costs	(768,514)	(715,384)	(53,130)
Administrative expenses	<u>22,418,249</u>	<u>-</u>	<u>22,418,249</u>
	<u>69,821,398</u>	<u>21,910,835</u>	<u>47,910,563</u>

Commissions payable in respect of direct insurance business amounting to £30.8 million (2011: £28.3 million) are included in gross operating expenses

Notes to the accounts

at 31 December 2012

5. Administrative and other expenses

Administrative and other expenses include

	2012 £	2011 £
Depreciation	1,204,252	1,353,979
Operating lease rentals - land and buildings	2,305,377	3,300,275
Operating lease rentals - Others	22,146	245,574
Auditors' remuneration		
Audit of financial statements – Company	188,102	182,155
- Subsidiaries	22,349	43,233
Other fees to auditors		
- Local statutory audits	77,257	105,853
- Taxation services	26,304	29,950
- Audit of regulatory returns	34,960	34,112
- Other services	17,580	11,091
- Prior year under / (over) accrual	(50,835)	2,241
	315,717	408,635

6. Staff costs Group

	2012 £	2011 £
Wages and salaries	19,126,259	17,879,235
Social security costs	3,402,551	4,702,158
Other pension costs	1,075,697	1,035,940
	23,604,507	23,617,333

In addition the group had certain staff seconded to it from the parent undertaking. The aggregate expense for seconded staff for the year was £1,117,620 (2011: £1,306,693) and the average number of seconded staff during the year was 27 (2011: 25).

The average monthly number of employees during the year, including executive directors but excluding seconded staff, was comprised as follows:

	2012 No	2011 No
Underwriting	139	132
Claims	60	54
Administration	124	119
	323	305

Notes to the accounts

at 31 December 2012

6 Staff costs (continued)

Company

	2012 £	2011 £
Wages and salaries	10,985,157	9,818,541
Social security costs	2,759,582	3,213,560
Other pension costs	371,384	361,939
	<u>14,116,123</u>	<u>13,394,040</u>

The average monthly number of employees during the year, including executive directors but excluding seconded staff, was comprised as follows

	2012 No	2011 No
Underwriting	138	131
Claims	14	14
Administration	25	22
	<u>177</u>	<u>167</u>

7. Directors' remuneration

Aggregate directors' remuneration

	2012 £	2011 £
Services as directors of the group	<u>325,866</u>	<u>307,790</u>

The remuneration of the highest paid director was £73,606 (2011 £101,010). Executive directors seconded to the group by the parent undertaking performed their duties to the group in accordance with contracts with the parent undertaking by whom they are employed.

8. Investment income

	2012 £	2011 £
Income from other investments	5,743,661	6,376,119
Realised gains	898,008	406,904
	<u>6,641,669</u>	<u>6,783,023</u>

Notes to the accounts

at 31 December 2012

9. Taxation

The charge for taxation comprises

	2012	2011
	£	£
United Kingdom		
UK corporation tax payable	5,839,488	1,810,782
Double tax relief for foreign taxation	(3,193,243)	(1,736,805)
Adjustments relating to prior years	673,484	758,477
	<u>3,319,729</u>	<u>832,454</u>
Foreign tax		
Corporation taxes	3,342,579	2,056,115
Adjustments relating to prior years	(824,110)	(667,199)
Total current tax	<u>5,838,198</u>	<u>2,221,370</u>
Deferred tax (note 14)		
Origination and reversal of timing differences – UK	(80,139)	(39,748)
Tax on profit on ordinary activities	<u>5,758,059</u>	<u>2,181,622</u>

Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher (2011 higher) than the standard rate of corporation tax in the UK of 24.5% (2011 26.5%). The differences are reconciled below

	2012	2011
	£	£
Profit on ordinary activities before tax	<u>22,316,868</u>	<u>6,516,889</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.5% (2011 – 26.5%)	5,467,022	1,726,529
Expenses disallowed	145,697	50,823
Depreciation in excess of capital allowances	77,329	146,123
Other timing difference	(51,800)	(106,013)
Adjustment in respect of foreign tax rates	149,336	319,310
Other adjustment	202,709	-
Non-taxable income	(1,469)	(6,680)
Adjustments relating to prior years	<u>(150,626)</u>	<u>91,278</u>
	<u>5,838,198</u>	<u>2,221,370</u>

10. Dividends

During the year ended 31 December 2012 an interim dividend of £4,500,000 was proposed and paid

The directors propose a payment final dividend of £10,000,000 in respect of the year ended 31 December 2012

In accordance with FRS21, dividends proposed by the directors but not approved at the balance sheet date are not recognised as a liability

Notes to the accounts

at 31 December 2012

11a. Investments

Group	Current value		Historical cost	
	2012	2011	2012	2011
	£	£	£	£
Other financial investments				
Listed debt securities and other listed				
Fixed interest securities	156,676,015	163,896,411	157,836,527	163,954,248
Deposits with credit institutions	82,050,469	73,533,113	82,050,469	73,533,113
Total group investments	<u>238,726,484</u>	<u>237,429,524</u>	<u>239,886,996</u>	<u>237,487,361</u>

Company	Current value		Historical cost	
	2012	2011	2012	2011
	£	£	£	£
Other financial investments				
Listed debt securities and other listed				
Fixed interest securities	156,676,015	163,896,411	157,836,527	163,954,248
Deposits with credit institutions	82,050,469	73,533,113	82,050,469	73,533,113
	<u>238,726,484</u>	<u>237,429,524</u>	<u>239,886,996</u>	<u>237,487,361</u>
Shares in group undertakings (11b)	2,339,386	2,351,886	2,339,386	2,351,886
Total company investments	<u>241,065,870</u>	<u>239,781,410</u>	<u>242,226,382</u>	<u>239,839,247</u>

11b. Shares in group undertakings

Company	Current value		Historical cost	
	2012	2011	2012	2011
	£	£	£	£
Tokio Marine Europe Limited	2,339,386	2,339,386	2,339,386	2,339,386
TM Claims Service Europe Limited	-	12,500	-	12,500
	<u>2,339,386</u>	<u>2,351,886</u>	<u>2,339,386</u>	<u>2,351,886</u>

Tokio Marine Europe Limited is wholly owned and incorporated in Great Britain

The principal activity of Tokio Marine Europe Limited comprises the provision of management services to the group

On the 1 January 2012 the investment in TM Claims Service Europe Limited was sold to the group's immediate parent company, the Tokio Marine & Nichido Fire Insurance Company Limited, for a cash consideration of £839,974 which was equal to the net asset value of TM Claims Service Europe Limited as at 31 December 2011. The sale realised a profit of £827,474, which was accounted for by the company in the financial year ended 31 December 2012.

Notes to the accounts

at 31 December 2012

12. Tangible assets

Group

	<i>Office refurbishment</i>	<i>Computer equipment</i>	<i>Motor vehicles</i>	<i>Furniture and equipment</i>	<i>Total</i>
	£	£	£	£	£
Cost					
At 31 December 2011	2,102,869	6,391,769	84,750	1,416,621	9,996,009
Exchange adjustment	(17,442)	(17,488)	(1,783)	(14,848)	(51,561)
Additions	14,979	813,707	-	149,776	978,462
Disposals	(887)	(387,397)	(22,896)	(13,908)	(425,088)
Disposal of Subsidiary	(101,288)	(1,049,620)	-	(133,268)	(1,284,176)
At 31 December 2012	1,998,231	5,750,971	60,071	1,404,373	9,213,646
Depreciation					
At 31 December 2011	444,016	4,455,431	84,750	842,905	5,827,102
Exchange adjustment	(8,180)	(14,073)	(1,783)	(11,358)	(35,394)
Provided during the year	192,398	868,989	-	142,865	1,204,252
Disposals	-	(386,378)	(22,896)	(13,864)	(423,138)
Disposal of Subsidiary	(26,807)	(695,934)	-	(75,141)	(797,882)
At 31 December 2012	601,427	4,228,035	60,071	885,407	5,774,940
Net book value					
At 31 December 2012	1,396,804	1,522,936	-	518,966	3,438,706
At 31 December 2011	1,658,853	1,936,338	-	573,716	4,168,907

Company

	<i>Office refurbishment</i>	<i>Computer equipment</i>	<i>Motor vehicles</i>	<i>Furniture and equipment</i>	<i>Total</i>
	£	£	£	£	£
Cost					
At 31 December 2011	699,685	788,495	64,935	594,084	2,147,199
Exchange adjustment	(17,443)	(15,622)	(1,783)	(14,263)	(49,111)
Additions	50,205	55,101	-	54,920	160,226
Disposals	(887)	(32,674)	(22,896)	(10,365)	(66,822)
At 31 December 2012	731,560	795,300	40,256	624,376	2,191,492
Depreciation					
At 31 December 2011	336,990	661,842	64,935	468,059	1,531,826
Exchange adjustment	(8,180)	(12,342)	(1,783)	(11,222)	(33,527)
Provided during the year	71,269	87,935	-	40,272	199,476
Disposals	-	(31,655)	(22,896)	(10,321)	(64,872)
At 31 December 2012	400,079	705,780	40,256	486,788	1,632,903
Net book value					
At 31 December 2012	331,481	89,520	-	137,588	558,589
At 31 December 2011	362,695	126,653	-	126,025	615,373

Notes to the accounts

at 31 December 2012

13. Cash at bank and in hand

Cash at bank and in hand includes £380,557 (2011 £382,932) held as collateral for letters of credit, of which £334,545 (2011 £334,545) is held in accounts over which the issuing bank has a legal charge

14. Deferred tax

Group

	2012 £	2011 £
The deferred tax asset comprises		
Timing differences in respect of decelerated capital allowance and unpaid pension contributions	284,821	233,269
	<u>284,821</u>	<u>233,269</u>
Deferred tax asset at the beginning of the year	233,269	193,521
Disposal of subsidiary	(28,587)	-
Amount credited to profit and loss	80,139	39,748
Deferred tax asset at the end of the year	<u>284,821</u>	<u>233,269</u>

Company

	2012 £	2011 £
The deferred tax asset comprises		
Timing differences in respect of decelerated capital allowance	27,348	18,985
	<u>27,348</u>	<u>18,985</u>
Deferred tax asset/(liability) at the beginning of the year	18,985	(5,856)
Amount credited to profit and loss	8,363	24,841
Deferred tax asset at the end of the year	<u>27,348</u>	<u>18,985</u>

The Finance Act 2012, enacted on 19 July 2012, included legislation to reduce the corporation tax rate to 24% from 1 April 2012, and then to 23% from 1 April 2013. This change was therefore substantively enacted at 31 December 2012 and has been reflected in the amounts recognised as at that date.

Further reductions are proposed to reduce the rate by an additional 2% down to 21% from April 2014, followed by a further reduction of 1% to 20% in April 2015. These reductions were not substantively enacted at 31 December 2012 and therefore have not been reflected in the amounts recognised as at that date. We consider that the effect on the net deferred tax assets to be immaterial.

15. Share capital

	2012 £	2011 £
Authorised		
35,000,000 Ordinary shares of £1 each	<u>35,000,000</u>	<u>35,000,000</u>
Allotted, called up and fully paid		
35,000,000 Ordinary shares of £1 each	<u>35,000,000</u>	<u>35,000,000</u>

Notes to the accounts

at 31 December 2012

16. Claims outstanding

Group and Company

	<i>Gross £</i>	<i>Reinsurance £</i>	<i>Net £</i>
2012			
Notified outstanding	192,069,961	121,343,559	70,726,402
Provision for claims incurred but not reported	82,187,867	49,036,176	33,151,691
Claims handling expenses	6,166,159	-	6,166,159
	<u>280,423,987</u>	<u>170,379,735</u>	<u>110,044,252</u>
2011			
Notified outstanding	183,433,142	98,682,295	84,750,847
Provision for claims incurred but not reported	83,910,333	44,440,939	39,469,394
Claims handling expenses	6,701,216	-	6,701,216
	<u>274,044,691</u>	<u>143,123,234</u>	<u>130,921,457</u>

The level of the above provision has been set on the basis of information which is currently available, including a provision for losses incurred but not reported and outstanding loss advices. The methods used, and the estimates made, are reviewed regularly. Claims outstanding for liability business include those arising from asbestos and pollution hazards related risks. Whilst the directors consider that the gross provision for claims and the related reinsurance recoveries are fairly stated on the basis of the information currently available to them, the ultimate liability may vary as a result of subsequent information and events and may result in adjustments to the amounts provided. Adjustments to the amounts of provisions are reflected in the accounts for the period in which the adjustments are made.

17. Equalisation provision

Equalisation provisions comprise amounts set aside to mitigate exceptional high loss ratios in future years for classes of business displaying a high degree of claims volatility. They are required by law to be included within technical provisions in the balance sheet. However, there was no liability for such amounts at the balance sheet date and, as such, these reserves are over and above the provisions required to meet the anticipated ultimate cost of settlement of outstanding claims at the balance sheet date.

The group and company's financial statements include an equalisation provision of £2,783,000 (2011 £1,047,000) which has the cumulative effect of reducing shareholders' funds by £2,783,000 (2011 £1,047,000).

The movement in equalisation provisions during the year has had the effect of decreasing the general business technical result before tax by £1,736,000 (2011 £6,429,000 increase).

Notes to the accounts

at 31 December 2012

18. Reconciliation of movements in shareholders' funds

Group

	<i>Share capital £</i>	<i>Share premium account £</i>	<i>Profit and loss account £</i>	<i>Total £</i>
At 1 January 2012	35,000,000	30,000,000	62,833,611	127,833,611
Foreign exchange loss	-	-	(584,911)	(584,911)
Profit for the financial year	-	-	16,558,809	16,558,809
Dividends	-	-	(4,500,000)	(4,500,000)
At 31 December 2012	<u>35,000,000</u>	<u>30,000,000</u>	<u>74,307,509</u>	<u>139,307,509</u>
At 1 January 2011	35,000,000	30,000,000	67,887,538	132,887,538
Foreign exchange loss	-	-	(689,194)	(689,194)
Profit for the financial year	-	-	4,335,267	4,335,267
Dividends	-	-	(8,700,000)	(8,700,000)
At 31 December 2011	<u>35,000,000</u>	<u>30,000,000</u>	<u>62,833,611</u>	<u>127,833,611</u>

Company

	<i>Share capital £</i>	<i>Share premium account £</i>	<i>Profit and loss account £</i>	<i>Total £</i>
At 1 January 2012	35,000,000	30,000,000	60,291,519	125,291,519
Foreign exchange loss	-	-	(518,532)	(518,532)
Profit for the financial year	-	-	17,383,704	17,383,704
Dividends	-	-	(4,500,000)	(4,500,000)
At 31 December 2012	<u>35,000,000</u>	<u>30,000,000</u>	<u>72,656,691</u>	<u>137,656,691</u>
At 1 January 2011	35,000,000	30,000,000	65,423,148	130,423,148
Foreign exchange loss	-	-	(707,024)	(707,024)
Profit for the financial year	-	-	4,275,395	4,275,395
Dividends	-	-	(8,700,000)	(8,700,000)
At 31 December 2011	<u>35,000,000</u>	<u>30,000,000</u>	<u>60,291,519</u>	<u>125,291,519</u>

Notes to the accounts

at 31 December 2012

19. Segmental information

	<i>Direct Marine and Aviation</i>	<i>Direct Property Damage</i>	<i>Direct Liability</i>	<i>Direct Others</i>	<i>Reinsurance</i>	<i>Total</i>
	£	£	£	£	£	£
2012						
Gross premiums written						
- UK	22,976,356	32,800,178	12,623,465	6,130,564	(18,447)	74,512,116
- Europe	48,266,023	46,281,128	9,678,352	12,054,190	299	116,279,992
- USA	12,565,520	-	-	-	47,825,366	60,390,886
- Other	7,758,100	1,457,733	187,256	-	6,496,141	15,899,230
	<u>91,565,999</u>	<u>80,539,039</u>	<u>22,489,073</u>	<u>18,184,754</u>	<u>54,303,359</u>	<u>267,082,224</u>
Gross premium earned	91,044,258	79,133,030	22,546,665	18,075,180	51,781,828	262,580,961
Gross claims incurred	(41,869,941)	(24,559,549)	(13,112,698)	(6,464,116)	(168,517,545)	(254,523,849)
Gross operating expenses	<u>(24,563,527)</u>	<u>(24,333,974)</u>	<u>(5,783,765)</u>	<u>(7,207,791)</u>	<u>(13,087,023)</u>	<u>(74,976,080)</u>
Gross technical result	24,610,790	30,239,507	3,650,202	4,403,273	(129,822,740)	(66,918,968)
Reinsurance	<u>21,446,455</u>	<u>17,721,496</u>	<u>3,242,102</u>	<u>634,800</u>	<u>(131,906,016)</u>	<u>(88,861,163)</u>
Net technical result	<u>3,164,335</u>	<u>12,518,011</u>	<u>408,100</u>	<u>3,768,473</u>	<u>2,083,276</u>	<u>21,942,195</u>
Net technical provisions	<u>30,218,834</u>	<u>56,349,186</u>	<u>48,895,056</u>	<u>4,041,600</u>	<u>1,383,121</u>	<u>140,887,797</u>
	<i>Direct Marine and Aviation</i>	<i>Direct Property Damage</i>	<i>Direct Liability</i>	<i>Direct Others</i>	<i>Reinsurance</i>	<i>Total</i>
	£	£	£	£	£	£
2011						
Gross premiums written						
- UK	32,821,461	26,772,373	11,523,341	5,692,517	1,865	76,811,557
- Europe	53,677,203	45,743,958	10,451,492	11,409,663	(3,636)	121,278,680
- USA	989,529	312,600	-	-	54,191,532	55,493,661
- Other	6,970,412	548,844	186,475	-	4,491,587	12,197,318
	<u>94,458,605</u>	<u>73,377,775</u>	<u>22,161,308</u>	<u>17,102,180</u>	<u>58,681,348</u>	<u>265,781,216</u>
Gross premium earned	91,030,424	70,640,255	21,187,548	17,711,478	59,734,214	260,303,919
Gross claims incurred	(59,748,703)	(63,597,618)	(10,906,234)	(6,243,816)	(19,880,929)	(160,377,300)
Gross operating expenses	<u>(24,270,387)</u>	<u>(21,083,021)</u>	<u>(5,500,720)</u>	<u>(6,683,432)</u>	<u>(12,283,838)</u>	<u>(69,821,398)</u>
Gross technical result	7,011,334	(14,040,384)	4,780,594	4,784,230	27,569,447	30,105,221
Reinsurance	<u>7,091,953</u>	<u>(2,338,042)</u>	<u>3,576,422</u>	<u>1,212,252</u>	<u>23,862,573</u>	<u>33,405,158</u>
Net technical result	<u>(80,619)</u>	<u>(11,702,342)</u>	<u>1,204,172</u>	<u>3,571,978</u>	<u>3,706,874</u>	<u>(3,299,937)</u>
Net technical provisions	<u>30,073,027</u>	<u>75,467,137</u>	<u>46,542,433</u>	<u>4,212,391</u>	<u>4,043,012</u>	<u>160,338,000</u>

Geographical analysis of gross premiums is based on the location of insureds, which is not materially different from revenue by source

The net technical result represents the balance on the technical account for general business before any transfer to claims equalisation provision and net technical provisions exclude equalisation provisions

Notes to the accounts

at 31 December 2012

20. Annual commitments under operating leases

Annual group commitments under operating leases are as follows

	<i>Land and buildings</i>			<i>Other leases</i>
	<i>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>
	£	£	£	£
Operating leases which expire				
Within one year	182,978	398,022	89,734	66,037
Between two to five years	1,374,862	1,285,728	134,064	183,979
In over five years	1,285,666	1,252,189	154	-

21. Pension commitments

The group operates a defined contribution group personal pension plan for its employees

The cost of contributions paid by the group for the financial year was £1,075,697 (2011 £1,035,940)

At the end of the year there were accrued contributions due from the Group to employees' personal pension plans were £84,999 (2011 £76,290)

22. Trust fund

At 31 December 2012 the company had a trust fund of US\$ 6,103,251 (£3,744,326) established at the Union Bank as security in respect of insurance business emanating from the United States of America (2011 US\$ 6,086,328 (£3,926,663))

23. Related party transactions

Advantage has been taken of the exemption available under FRS 8 Related Party Disclosures, which does not require disclosure in the accounts of related party transactions with other group companies where 100% of the company's voting rights are controlled within the group

24. Parent company

The immediate parent company is the Tokio Marine & Nichido Fire Insurance Company Limited, 2-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo, which is incorporated in Japan

The ultimate holding company of Tokio Marine Europe Insurance Limited is Tokio Marine Holdings, Inc, Tokio Marine Nichido Building Shinkan, 1-2-1 Marunouchi, Chiyoda-ku, Tokyo, 100-0005, which is also incorporated in Japan. Tokio Marine Holdings, Inc is the parent of the largest group of undertakings for which group accounts are prepared and of which Tokio Marine Europe Insurance Limited is a member. The group accounts are available from the above address

Offices of the company

Registered Office 60 Gracechurch Street, London EC3V 0HR

Company website www.tokiomarine.eu

Agencies and Branches:

Belgium

Marine and non-marine Tokio Marine Europe Insurance Limited
Avenue du Port / Havenlaan 86c
B-1000 Brussels
Belgium

Denmark

Marine and non-marine Riskpoint A/S
Hammerensgade 6, 2nd Floor
DK-1267 Copenhagen K, Denmark

France

Marine and non-marine Tokio Marine Europe Insurance Limited
66 Rue de la Chaussee D'Antin
75441 Paris, Cedex 09, France

Germany

Marine and non-marine Tokio Marine Europe Insurance Limited
Benrather Strasse 18-20
40213 Dusseldorf, Germany

Italy

Marine and non-marine Tokio Marine Europe Insurance Limited
c/o Allianz S.p.A.
3 Piazzale Lodi, 20137, Milan, Italy

Netherlands

Marine and non-marine Tokio Marine Europe Insurance Limited
Nieuw Kronenburg, 8th Floor
Professor W. H. Keesomlaan 1
1183 DJ Amstelveen, The Netherlands

Spain

Marine and non-marine Tokio Marine Europe Insurance Limited
Plaza de Francesc Macia, 7-12
08029 Barcelona, Spain