

Important information about Syndicate Reports and Accounts

The syndicate reports and accounts set forth in this section of the Jubilee website, which have been filed with Lloyd's in accordance with the Syndicate Accounting Byelaw (No. 8 of 2005), are being provided for informational purposes only.

You acknowledge and agree to the foregoing as a condition of your accessing the syndicate reports and accounts. You also agree that you will not provide any person with a copy of any syndicate report and accounts without also providing them with a copy of this acknowledgement.

JUBILEE

Syndicate

779

Annual Report and Accounts

At 31 December 2010

Annual Report and Accounts
Year Ended 31 December 2010

Contents

	<i>Page</i>
Directors and Advisers	1
Report of the Directors of the Managing Agent	2-6
Statement of Managing Agent's Responsibilities	7
Report of the Auditors	8-9
Profit and Loss Account: Technical Account – Long Term Business	10
Profit and Loss Account: Non-Technical Account and Statement of Total Recognised Gains and Losses	11
Balance Sheet – Assets	12
Balance Sheet – Liabilities	13
Cash flow Statement	14
Statement of Accounting Policies	15-18
Notes to the Financial Statements	19-26
Syndicate Underwriting Year Accounts	27

Directors and Advisers

Managing Agent

Jubilee Managing Agency Limited

Registered Office

Sidcup House
12-18 Station Road
Sidcup
Kent DA15 7EX

Company Registration No. 4434499
FSA Firm Registration No. 226696
Lloyd's Registration No. 2073D

Directors

T T M Agnew
C Buesnel (appointed 25 May 2010, resigned 20 August 2010)
P A Cockburn
H P Ganteaume (appointed 5 October 2010)
A P D Lancaster (Chairman)
K J Lewis (resigned 20 July 2010)
A C Loucaides
R J G Lowe
I Mclsaac (resigned 25 August 2010)
J S Mack
Lord Marland of Odstock (resigned 18 June 2010)
N H Topche
M J Watson (see note on pages 5 & 28)

Company Secretary

P A Cockburn

Syndicate

779

Active Underwriter

J Clarke was appointed as the underwriter 1 June 2010, following the resignation of B J Jackson

Bankers

Barclays Bank plc
1 Churchill Place
London E14 5HP

Investment Managers

Goldman Sachs International Limited
Peterborough Court
133 Fleet Street
London EC4A 2BB

Auditors

Littlejohn LLP
Statutory Auditor
1 Westferry Circus
Canary Wharf
London E14 4HD

Report of the Directors of the Managing Agent Year ended 31 December 2010

The directors of the Managing Agent present their annual report for the year ended 31 December 2010. This report is in respect of life Syndicate 779. The principal activity of the Syndicate is that of underwriting term life assurance and this is conducted through the Lloyd's market. An overview of the Syndicate's activities is provided in the Underwriter's Report.

The annual report is prepared using the annual basis of accounting as required by Regulation 5 of the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 ("the 2008 Regulations").

Separate underwriting year accounts have been prepared and show the cumulative result for the 2008 closed underwriting account.

Results

The result for the calendar year 2010 is a profit of £2.4m (2009: profit of £3.9m) after currency translation. Profits will be distributed by reference to the results of individual underwriting years.

Principal Activities

The principal activity of the Syndicate during the year continued to be the transaction of term life assurance business. J Clarke was appointed as the active underwriter on 1 June 2010 following the resignation of B J Jackson.

Key Performance Indicators

The Syndicate's key financial performance indicators below relate to the results for the Syndicate on an annual accounting basis:

	2010 £m	2009 £m
Gross premium written	27.3	32.6
Net premium written	17.3	28.7
Net premium earned	26.9	35.1
Profit for the year	2.4	3.9
Cash and investments	50.3	57.6
	%	%
Claims ratio (net)	28.8	33.5
Combined ratio	96.0	95.1

Note: The combined ratio is the ratio of net claims incurred and net operating expenses to net premiums earned.

Other Performance Indicators

Staff Matters

The Managing Agent considers its staff to be a key resource and seeks to provide a good working environment for its staff that is safe and complies with appropriate legislation. During the year, there has been no significant injury to staff in the workplace or any significant actions taken by any regulatory bodies with regard to staff matters. The employee retention was 57.1% of the employees in place at 1 January 2010 (2009: 88.9%).

Environmental Matters

The Managing Agent does not consider that a business such as a syndicate at Lloyd's has a large adverse impact upon the environment. As a result the agent does not manage its business by reference to any environmental key performance indicators. Directors and employees of the Managing Agent are not provided with company cars. Travel requisitions and expenses are subject to review as to whether the journey is necessary for the business. The Managing Agent seeks to maintain a high proportion of its records electronically.

Report of the Directors of the Managing Agent (continued)
Year ended 31 December 2010

Investments

Investment Return

	2010 £m	2009 £m
Average amount of syndicate funds available for investment during the year:		
Sterling	23.2	18.9
US Dollar	0.4	0.4
Euro	28.2	35.4
Norwegian Krone	2.4	–
Combined in sterling	<u>54.2</u>	<u>54.7</u>
Gross aggregate investment return for the calendar year in sterling	<u>1.4</u>	<u>2.2</u>
Gross calendar year investment yield:		
Sterling	2.21%	4.68%
US Dollar	0.79%	0.41%
Euro	3.26%	4.23%
Norwegian Krone	0.11%	–
Combined in sterling	<u>2.65%</u>	<u>4.46%</u>

The above investment returns are calculated using average funds based on the monthly balances of bank balances and investments as revalued to month-end market prices including accrued interest.

The investment strategy of the Syndicate is to invest in cash or cash equivalents. The main investments are in 6-12 month fixed income securities.

The investment manager during the year was Goldman Sachs International Limited.

2008 account

The result for the 2008 account and prior years is a profit of £5.6m after all expenses and Managing Agent's profit commission but before members agents fees. Within this is a profit of £5.4m relating to prior years. The 2008 pure year made a profit of £0.2m. The profit of £5.6m is 18.6% as a percentage of stamp capacity.

2009 account

The forecast ultimate result for the 2009 account is a loss of £0.7m after all expenses and Managing Agent's profit commission. The loss of £0.7m is 2.3% as a percentage of stamp capacity.

2010 account

The forecast ultimate result for the 2010 account is a loss of £2.8m after all expenses and Managing Agent's profit commission. The loss of £2.8m is 10.3% as a percentage of stamp capacity.

Detailed Review of the Business

A more detailed review of the business is prepared within the underwriters report on page 29.

Future Opportunities

The Syndicate will continue to transact term life assurance business. New business opportunities that arise will be investigated at the appropriate time.

Report of the Directors of the Managing Agent (continued) Year ended 31 December 2010

Principal Risks and Uncertainties

The Syndicate's activities expose the business to a number of key risks which have the potential to affect the Jubilee Group's ability to achieve its objectives. The risk appetite is set annually as part of the Syndicate business planning and individual capital assessment process. The Jubilee Group recognises that the Syndicate's business is to accept risk which is appropriate to enable it to meet its objectives and that it is not realistic or possible to eliminate risk entirely. Therefore, in 2010 there has been an increase in Jubilee Group staff resources to develop the risk management framework, including the monitoring of systems and controls to ensure they remain appropriate and effective.

The principal risks and uncertainties facing the Syndicate are as follows:

Insurance Risk – Insurance risk refers to the risk of loss or adverse change in the value of insurance liabilities, due to inadequate pricing and reserving practices. These risks may be caused by the fluctuations in timing, frequency and severity of insured events and claim settlements in comparison to the expectation at the time of underwriting. The syndicates manage insurance risk by agreeing the appetite for these risks annually through the business plan, which sets out targets for volumes, pricing and retention by class of business and aggregate levels of exposure to catastrophe events. The Managing Agent monitors performance against the business plan throughout the year. Reserve adequacy is monitored by the Syndicates' appointed actuary and by the Managing Agency Board.

Credit Risk – In addition to the insurance terms of trade offered as part of normal business operation, the syndicates are exposed to a certain amount of credit risk. Key aspects of credit risk are default by a reinsurer and certain financial instruments within the investment portfolio that include an element of credit exposure to the issuers of the security. The syndicate seeks to limit exposure by placing its reinsurance programme with reinsurers rated A or higher and through limiting exposure to reinsurers for single events. Investment credit risk is mitigated through detailed investment guidelines which include minimum credit quality and counterparty limits.

Market Risk – The exposure to financial market risk arises from the investment decisions made in relation to the syndicate funds and adverse movements in foreign exchange rates, interest rates and equities. The Managing Agent sets the investment strategy. Exposure to foreign exchange movements is mitigated through currency matching of assets and liabilities. Limits on the duration of invested assets are in place to limit the adverse affect of interest rate movements. Exposure to market risk is managed through the Group's Investment Committee.

Liquidity Risk – This is the risk that a syndicate will not be able to meet its liabilities as they fall due, owing to a shortfall in cash. To mitigate this risk minimum levels of cash are maintained, all investments are readily marketable and cash flow is monitored.

In the event of extreme adverse claims experience, it is possible that the syndicate may not be able to settle claim liabilities out of its own funds. In that event, the capital structure underpinning a syndicate is such that any deficits can be called from the syndicate capital providers in accordance with Lloyd's rules. In the event of any member being unable to fulfil its share of such a call, Lloyd's Central Guarantee Fund may, at Lloyd's discretion, be called upon to make good any deficits for the benefit of policyholders. The Managing Agent monitors solvency requirements, to ensure the syndicates maintain at least the minimum solvency requirement.

Operational Risk – This is the risk that errors caused by people, processes or systems lead to losses to the syndicates. The Managing Agent seeks to manage this risk through policies and procedures and systems and controls, which are regularly reviewed and updated, the regular review of changes to the syndicates' risk environment, limits of authority granted to employees, the recruitment and retention of experienced personnel, staff training assessments and plans, the internal audit function, which reports on the effectiveness of operational controls and the Audit Committee which reviews the major findings from both operational and external audit.

Regulatory Risks – The Managing Agent is required to comply with the requirements of the Financial Services Authority, Lloyd's and overseas authorities. Lloyd's requirements include those imposed on the Lloyd's market by overseas regulators. Regulatory risk is the risk of loss owing to a breach of regulatory requirements or failure to respond to regulatory change. The Managing Agent has a compliance officer who monitors developments and assesses the impact on the Managing Agent's objectives and policies.

Report of the Directors of the Managing Agent (continued) Year ended 31 December 2010

Principal Risks and Uncertainties (continued)

Strategic Risks – This is the risk of loss arising from Syndicate market position, strategic direction and commercial interests and includes capital availability for future underwriting. Market position and strategic direction are reviewed at least annually as part of the business planning process. The Executive Committee monitors performance and market position. The Board meets at least quarterly, each year to review results and opportunities.

Corporate Governance

The Managing Agency Board comprises an appropriate number of executive directors and non-executive directors and meets quarterly. The Board has established a practical and effective governance framework which includes delegation of authority to a number of committees. All of the committees comprise appropriately qualified and experienced members, and operate under formal terms of reference, with reporting requirements to the Board. The key Committees are:

Executive Committee – The executive committee is responsible for the overall management of the business, including implementation of strategy, monitoring the operating environment and risk mitigation.

Underwriting Committee – The underwriting committee is responsible for reviewing syndicate activities, management and performance. This includes reviewing results and forecasts against agreed business plans and budgets.

Risk and Capital Committee – The risk and capital committee is responsible for the effective management of risk, capital requirements, reinsurance strategy and governance of the internal model and monitoring of the risk environment against risk appetite in line with syndicate business forecasts.

Audit Committee – The audit committee is responsible for the monitoring and review of the Group's financial reporting and internal control policies. The committee provides assurance that an appropriate control framework exists to mitigate business risk. The committee is chaired by a non-executive director.

Reinsurance Committee – The reinsurance committee is responsible for reinsurance purchase in line with individual syndicate's business forecasts strategy and for reviewing the suitability of reinsurer's (approved by the reinsurance security sub committee) on all types of outward reinsurance.

Investment Committee – The investment committee is responsible for the management of the group's investment strategy, investment risk and performance of fund managers. The committee is chaired by a non-executive director.

Directors and Directors' Interests

The directors who held office during the year are shown on page 1. M J Watson was a director during the year but died in July 2010. Directors' interests are shown on pages 25 and 26 as part of the related parties note to the accounts.

Annual General Meeting

The directors do not propose to hold an annual general meeting for the Syndicate unless any objection is received within 21 days of the dispatch of this annual report to the members of the Syndicate.

Disclosure of Information to Auditors

The Directors who held office at the date of the approval of this Directors' report confirm that, so far as they are individually aware, there is no relevant audit information of which the Syndicate's auditors are unaware and each Director has taken all the steps that he ought to have taken as Director to make himself aware of any relevant audit information and to establish that the Syndicate's auditors are aware of that information.

Report of the Directors of the Managing Agent (continued)
Year ended 31 December 2010

Auditors

The Managing Agent has proposed the appointment of Littlejohn LLP to audit the 31 December 2011 syndicate accounts in accordance with paragraph 5(2(c)) of the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008.

Littlejohn LLP has signified its willingness to continue in office as auditors.

Approved by Order of the Board



P A Cockburn

Director

Jubilee Managing Agency Limited

14 March 2011

Statement of Managing Agent's Responsibilities

The Managing Agent is responsible for preparing the Syndicate Annual Report and the Syndicate Annual Financial Statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Regulation 5 of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 ("the 2008 Regulations") require the Managing Agent to prepare Syndicate Annual Financial Statements at 31 December each year which give a true and fair view of the state of affairs of the Syndicate and its profit or loss for that year.

In preparing those Syndicate Annual Financial Statements, the Managing Agent is required to:

- select suitable accounting policies, and apply them consistently except where relevant accounting requirements change;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Syndicate Annual Financial Statements; and
- prepare the Syndicate Annual Financial Statements on a going concern basis unless it is inappropriate to do so.

The Managing Agent is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Syndicate and enable it to ensure that the Syndicate Annual Financial Statements comply with the 2008 Regulations. It is also responsible for safeguarding the assets of the Syndicate and hence for taking reasonable steps for prevention and detection of fraud and other irregularities.

Report of the Auditors

Independent Auditor's Report to the Members of Syndicate 779

We have audited the Syndicate Annual Financial Statements for the year ended 31 December 2010 which comprise the Profit & Loss Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses, the Statement of Accounting Policies and the related notes 1 to 20. 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).

This report is made solely to the members of the Syndicate as a body, in accordance with Regulations 10 to 14 of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the Syndicate's members those matters that we are required to state to them in an auditors' 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 Syndicate and the Syndicate's members as a body for our audit work, for this report, or for the opinion we have formed.

Respective Responsibilities of the Managing Agent and the Auditor

As explained more fully in the Statement of Managing Agent's Responsibilities set out on page 7, the Managing Agent is responsible for the preparation of the Annual Financial Statements which give a true and fair view. Our responsibility is to audit and express an opinion on the Syndicate Annual 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the Syndicate Annual Accounts

An audit involves obtaining evidence about the amounts and disclosures in the Annual Financial Statements sufficient to give reasonable assurance that the Annual 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 Syndicate's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Managing Agent; and the overall presentation of the Annual Financial Statements.

Opinion on Syndicate Annual Financial Statements

In our opinion the Annual Financial Statements:

- give a true and fair view of the state of the Syndicate's affairs as at 31 December 2010 and of its 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 Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008.

Opinion on other matters prescribed by the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008

In our opinion the information given in the Report of the Directors of the Managing Agent for the financial year for which the Annual Financial Statements are prepared is consistent with the Annual Financial Statements.

Report of the Auditors (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 requires us to report to you if, in our opinion:

- the Managing Agent in respect of the Syndicate has not kept adequate accounting records; or
- the Syndicate Annual Financial Statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.



David Roberts (Senior statutory auditor)

For and on behalf of Littlejohn LLP

Statutory auditor

14 March 2011

1 Westferry Circus
Canary Wharf
London E14 4HD

Profit and Loss Account: Technical Account – Long Term Business
Year Ended 31 December 2010

	Note	2010 £'000	2010 £'000	2009 £'000	2009 £'000
Earned Premiums, Net of Reinsurance					
Gross premiums written	1	27,292		32,550	
Outward reinsurance premiums		<u>(10,029)</u>		<u>(3,816)</u>	
Net premium written			17,263		28,734
Change in the provision for unearned premiums:					
Gross amount		7,887		6,543	
Reinsurers' share		<u>1,706</u>		<u>(223)</u>	
Change in the net provision for unearned premiums			<u>9,593</u>		<u>6,320</u>
Earned premiums, net of reinsurance			26,856		35,054
Allocated investment return transferred from the Non-Technical Account					
			1,347		2,242
Claims Incurred, Net of Reinsurance					
Claims paid:					
Gross amount		(13,341)		(12,112)	
Reinsurers' share		<u>3,248</u>		<u>3,097</u>	
Net claims paid		<u>(10,093)</u>		<u>(9,015)</u>	
Change in the provision for claims:					
Gross amount		(5,311)		1,374	
Reinsurers' share		<u>7,659</u>		<u>(4,100)</u>	
		<u>2,348</u>		<u>(2,726)</u>	
Claims incurred, net of reinsurance	2		(7,745)		(11,741)
Net Operating Expenses	3		<u>(18,048)</u>		<u>(21,596)</u>
Balance on the Technical Account – for Long Term Business					
			<u>2,410</u>		<u>3,959</u>

All of the Syndicate's operations are classed as continuing.

Profit and Loss Account: Non-Technical Account
Year ended 31 December 2010

	Note	2010 £'000	2009 £'000
Balance on the Long Term Business Technical Account		2,410	3,959
Investment income	6	1,973	2,166
Unrealised gains on investments		17	516
Investment expenses and charges	7	(560)	(42)
Unrealised losses on investments		(83)	(398)
Allocated investment return transferred to long term business technical account		<u>(1,347)</u>	<u>(2,242)</u>
Profit for the Financial Year	11	<u>2,410</u>	<u>3,959</u>
Statement of Total Recognised Gains and Losses			
Profit for the financial year		2,410	3,959
Currency translation differences		<u>(54)</u>	<u>(50)</u>
Total recognised gains and losses since last annual report		<u>2,356</u>	<u>3,909</u>

The aggregate £2.356m result of the 2010 calendar year (2009: £3.909m) stated above was after a total exchange movement profit of £0.050m (2009: £0.135m loss).

Balance Sheet – Assets

At 31 December 2010

	Note	2010 £'000	2010 £'000	2009 £'000	2009 £'000
Investments					
Other financial investments	8		43,215		47,446
Reinsurers' Share of Technical Provisions					
Provision for unearned premiums		4,131		2,419	
Claims outstanding		<u>13,664</u>		<u>5,996</u>	
			17,795		8,415
Debtors					
Debtors arising out of direct insurance operations	9	6,097		1,803	
Debtors arising out of reinsurance operations	10	533		–	
Other debtors		<u>–</u>		<u>1,953</u>	
			6,630		3,756
Other Assets					
Cash at bank and in hand		6,453		9,658	
Other (overseas deposits)		<u>650</u>		<u>451</u>	
			7,103		10,109
Prepayments and Accrued Income					
Deferred acquisition costs		23,147		29,363	
Accrued interest and rent		<u>–</u>		<u>351</u>	
			<u>23,147</u>		<u>29,714</u>
Total Assets			<u><u>97,890</u></u>		<u><u>99,440</u></u>

Balance Sheet – Liabilities

At 31 December 2010

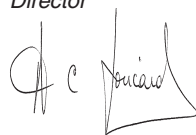
	Note	2010 £'000	2010 £'000	2009 £'000	2009 £'000
Capital and Reserves					
Members' balances	11		(1,293)		669
Technical Provisions					
Provision for unearned premiums		46,342		55,647	
Claims outstanding		<u>42,626</u>		<u>37,744</u>	
			88,968		93,391
Creditors					
Creditors arising out of direct insurance operations	12	5,593		573	
Creditors arising out of reinsurance operations	13	2,452		677	
Other creditors including taxation and social security		1,310		3,637	
Accruals and deferred income		<u>860</u>		<u>493</u>	
			10,215		5,380
Total Liabilities			<u>97,890</u>		<u>99,440</u>

Approved by the Board of Jubilee Managing Agency Limited on 14 March 2011 and signed on its behalf by:



P A Cockburn

Director



A C Loucaides

Director

Cash Flow Statement

Year ended 31 December 2010

	Note	2010 £'000	2009 £'000
Reconciliation of Operating Profit to Net Cash (Outflow)/Inflow from Operating Activities			
Operating profit on ordinary activities		2,410	3,959
Realised/unrealised investment losses		1,208	3,639
Decrease in net technical provisions		(13,803)	(9,328)
Decrease in debtors		3,693	14,466
Increase/(decrease) in creditors		4,835	(6,476)
Currency translation differences		(54)	(50)
Net cash (outflow)/inflow from operating activities		<u>(1,711)</u>	<u>6,210</u>
Cash Flow Statement			
Net cash (outflow)/inflow from operating activities		(1,711)	6,210
Transfer to members in respect of underwriting participations		(4,160)	(3,793)
Other		(158)	(178)
		<u>(6,029)</u>	<u>2,239</u>
Cash flows were invested as follows:			
Decrease in cash holdings	14	(3,145)	(8,351)
Increase in overseas deposits	14	199	407
Net portfolio investment	16	(3,083)	10,183
Net Investment of Cash Flows		<u>(6,029)</u>	<u>2,239</u>

Statement of Accounting Policies

Basis of Preparation

These Financial Statements have been prepared in accordance with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008, and applicable accounting standards in the United Kingdom, and comply with the statement of recommended practice on accounting for insurance business issued by the Association of British Insurers in December 2006 ("the ABI SORP") except for the treatment of unearned premium noted below and that exchange differences are dealt with in the technical account as all such differences arise from technical account transactions.

Syndicates by their nature only underwrite for single underwriting years on behalf of their supporting members, however this is within a context of not finalising results until after 36 months so that typically there are three underwriting years in progress at any given time. In addition Syndicates will normally expect to continue to trade for more underwriting years in the future.

The Syndicate's business activities, together with the factors likely to affect its future development are set out in the Business Review contained within the Report of the Directors and the Underwriter's report. In addition the Risk Management section of the Report of the Directors provides details of the financial risks the Syndicate is exposed to and how those risks are managed.

The Syndicate has adequate financial resources together with long term relationships with a number of brokers and policyholders across different types of business and geographical areas. As a consequence, the Directors believe that the Syndicate is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The Directors have a reasonable expectation that the Syndicate has adequate resources including the Funds at Lloyd's of the members supporting the Syndicate (as detailed in Note 17) 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.

Basis of Accounting

These accounts have been prepared under the annual basis of accounting, and accordingly, the incurred cost of claims, commission and related expenses are charged against the earned proportion of premiums, net of reinsurance as follows:

Premiums Written

Premiums written comprise premiums on contracts of insurance incepted during the financial year and any adjustments made in the year to estimates of premiums written in prior years. Premiums are shown gross of commission payable and exclude taxes and duties levied on them. Estimates are made for pipeline premiums, including amounts due to the Syndicate not yet notified.

Unearned Premiums

Written premium is earned according to the risk profile of the policy. Unearned premiums represent the proportion of premiums written that relate to unexpired terms of policies in force at the balance sheet date, calculated on the basis of established earnings patterns or time apportionment as appropriate.

In order to enable members of the Syndicate to consolidate the results of the Syndicate with their other Lloyd's participations on a consistent basis, movements in the unearned premium reserve are shown as part of earned premiums rather than as movements in other technical provisions. This treatment is in accordance with that recommended in the ABI SORP for general business, but not that recommended for life business. It is permitted by The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and has no effect on the result of the Syndicate.

The most critical assumptions as regards written premium and unearned premium provisions are that the past is a reasonable prediction of the likely level of premium renewals and that the rating and other models used are reasonable indications of the likely performance of the business concerned.

Statement of Accounting Policies (continued)

Reinsurance Premium Ceded

Outwards reinsurance premiums are accounted for on an earned basis in the same accounting period as the premiums for the related direct or inwards business being reinsured. Where the Syndicate purchases losses occurring during reinsurance, the premium is earned over the period of the policy.

Claims Incurred and Reinsurers' Share

Gross claims incurred comprise claims and settlement expenses (both internal and external) incurred during the year and the movement in the year in the provision for outstanding claims and future settlement expenses. Allowance is made for the cost of claims incurred by the balance sheet date but not reported until after the year-end.

The provision for claims outstanding comprises amounts set aside for claims notified and claims incurred but not yet reported (IBNR). The amount included in respect of IBNR is based on statistical techniques of estimation applied by the Syndicate's external consulting actuaries. These techniques generally involve projecting from past experience of the development of claims over time to form a view of the likely ultimate claims to be experienced for more recent underwriting, having regard to variations in the business accepted and the underlying terms and conditions. The provision for claims also includes amounts in respect of claims handling costs and an expense provision. For the most recent years, where a high degree of volatility arises from projections, estimates may be based in part on output from rating and other models of the business accepted and assessments of underwriting conditions.

The reinsurers' share of provisions for claims is based on calculated amounts in relation to outstanding claims and projections for IBNR and is stated net of estimated irrecoverable amounts, having regard to the reinsurance programme in place for the class of business, the claims experience for the year and the current security rating of the reinsurance companies involved. The Syndicate uses a number of statistical techniques to assist in making these estimates.

The provisions for gross claims include estimates of future payments of profit commission.

Accordingly the two most critical assumptions as regards claims provisions are that the past is a reasonable predictor of the likely level of claims development and that the rating and other models used including pricing models for recent business are reasonable indicators of the likely level of ultimate claims to be incurred.

The level of uncertainty with regard to the estimations within these provisions generally decreases with the length of time elapsed since the underlying contracts were exposed to new risks.

The assessment of these provisions is usually the most subjective aspect of an insurer's accounts and may result in greater uncertainty within an insurer's accounts than within those of many other businesses. The directors consider that the provisions for gross claims and related reinsurance recoveries are fairly stated on the basis of the information currently available to them. However, ultimate liability will vary as a result of subsequent information and events and this may result in significant adjustments to the amounts provided. Adjustments to the amounts of claims provisions established in prior years are reflected in the financial statements for the period in which the adjustments are made. The provisions are not discounted for the investment earnings that may be expected to arise in the future on the funds retained to meet the future liabilities. The methods used and the estimates made are reviewed regularly.

Unexpired Risks Provision

A provision for unexpired risks is made where claims and related expenses, likely to arise after the end of the financial period in respect of contracts concluded before that date, are expected to exceed the unearned premiums and premiums receivable under these contracts, after the deduction of any acquisition costs deferred. The unexpired risk provision is included within technical provisions in the balance sheet.

The provision for unexpired risks is calculated separately by reference to classes of business which are managed together.

Statement of Accounting Policies (continued)

Net Operating Expenses (including Acquisition Costs)

Net operating costs include acquisition costs, profit and loss on exchange and amounts charged to members through the Syndicate.

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.

Distribution of Profits and Collection of Losses

Lloyd's operates a detailed set of regulations regarding solvency and the distribution of profits and payment of losses between syndicates and their members. Lloyd's continues to require membership of syndicates to be on an underwriting year of account basis and profits and losses belong to members according to their membership of a year of account. Normally profits and losses are transferred between the Syndicate and members after results for a year of account are finalised after 36 months. This period may be extended if a year of account goes into run-off. The Syndicate may make earlier on account distributions or cash calls according to the cash flow of a particular year of account and subject to Lloyd's requirements.

Foreign Currencies

Income and expenditure in US Dollars, Euros, Norwegian Krone and Canadian Dollars are translated at the average rates of exchange for the year. Underwriting transactions denominated in other foreign currencies are included at the rate of exchange ruling at the date the transaction is processed.

Balance sheet assets and liabilities are translated into Sterling at the rates of exchange at the balance sheet date. The profit or loss arising on the retranslation of the members' balances to the closing rate of exchange is dealt with through the statement of total recognised gains and losses.

Any other differences arising on translation of foreign currency amounts in the Syndicate are included in the technical account.

Investments

Investments are stated at current value at the balance sheet date. For this purpose listed investments are stated at market value and deposits with credit institutions and overseas deposits are stated at cost.

Investment Return

Investment return comprises all investment income, realised investment gains and losses and movements in unrealised gains and losses, net of investment expenses and charges.

Realised gains and losses on investments carried at market value are calculated as the difference between sale proceeds and purchase price. Movements in unrealised gains and losses on investments represent the difference between the valuation at the balance sheet date, together with the reversal of unrealised gains and losses recognised in earlier accounting periods in respect of investment disposals in the current period.

Investment return is initially recorded in the non-technical account. A transfer is made from the non-technical account to the long term business technical account to reflect the investment return on funds supporting underwriting business.

Taxation

Under Schedule 19 of the Finance Act 1993 Managing Agents are not required to deduct basic rate income tax from trading income. In addition, all UK basic rate income tax deducted from Syndicate investment income is recoverable by Managing Agents and consequently the distribution made to Members or their Members' Agents is gross of tax. Capital appreciation falls within trading income and is also distributed gross of tax.

No provision has been made for any United States federal income tax payable on underwriting results or investment earnings. Any payments on account made by the Syndicate during the year have been included in the balance sheet under the heading 'other debtors'.

No provision has been made for any other overseas tax payable by members on underwriting results.

Statement of Accounting Policies (continued)

Pension Costs

Jubilee Managing Agency Limited operates a defined contribution scheme. Pension contributions relating to Syndicate staff are charged to the Syndicate and included within net operating expenses.

Debtors

Included within the intermediary debtors are the Syndicate's interest in "Managed Funds" which are subject to the specific terms of the contracts with the insureds.

Notes to the Financial Statements

1. Segmental Analysis

	<i>2010</i>	<i>2009</i>
	<i>£'000</i>	<i>£'000</i>
Scheme	22,212	30,597
Individual and group	<u>5,080</u>	<u>1,953</u>
Gross premiums written	<u>27,292</u>	<u>32,550</u>
Periodic premiums	20,839	20,552
Single premiums	<u>6,453</u>	<u>11,998</u>
Gross premiums written	<u>27,292</u>	<u>32,550</u>
 Geographical origin of business		
Risks located in UK	20,839	24,738
Risks located in other EU countries	6,153	7,486
Risks located in other countries	<u>300</u>	<u>326</u>
Gross premiums written	a <u>27,292</u>	<u>32,550</u>
Reinsurance balance	b <u>(2,584)</u>	<u>(5,042)</u>

Notes:

(a) Gross premiums written have been analysed by reference to the situs of the risk.

(b) The reinsurance balance comprises reinsurance recoveries less outward reinsurance premiums.

All premiums written are in respect of contracts concluded in the UK and are in respect of term life business.

2. Claims Incurred Net of Reinsurers' Share

The Syndicate has applied a similar approach to establishing the technical provision for claims outstanding and the reinsurers' share thereof to that established at the previous year end. Although there were no particular significant factors meriting separate explanation, differences have arisen on the provisions established at the previous year end compared to the estimated ultimate costs of those claims established at the current year end. The release amounts to a reduction in 2010 of £8.1m (2009 £2.7m increase).

Notes to the Financial Statements (continued)

3. Net Operating Expenses

	<i>2010</i>	<i>2009</i>
	<i>£'000</i>	<i>£'000</i>
Brokerage and commissions	5,903	15,247
Other acquisition costs	3,974	1,642
Acquisition costs	9,877	16,889
Change in deferred acquisition costs	5,331	2,299
Administrative expenses	2,945	2,323
(Profit)/loss on exchange	(105)	85
	<u>18,048</u>	<u>21,596</u>

Administrative expenses include:

	<i>2010</i>	<i>2009</i>
	<i>£'000</i>	<i>£'000</i>
Fees payable to the Syndicate auditors for:		
The audit of the Syndicate's accounts	59	40
Other services pursuant to legislation (e.g. Return to Lloyd's)	14	22
Taxation services	3	3
All other services	–	3
	<u>76</u>	<u>68</u>

4. Employees

All staff are employed by the Managing Agent. The following amounts were recharged to the Syndicate in respect of salary costs:

	<i>2010</i>	<i>2009</i>
	<i>£'000</i>	<i>£'000</i>
Wages and salaries	1,547	861
Social security costs	161	96
Other pension costs	91	86
	<u>1,799</u>	<u>1,043</u>

The 2009 calendar year wages and salaries include a credit of £483,000 in respect of underwriters' previous bonus recharged to the Managing Agent.

The average number of employees employed by the Managing Agent but working for the Syndicate during the year was as follows:

	<i>2010</i>	<i>2009</i>
	<i>No.</i>	<i>No.</i>
Administration and finance	12	9
Underwriting	4	6
Claims	1	1
	<u>17</u>	<u>16</u>

Notes to the Financial Statements (continued)

5. Directors' and Active Underwriter's Emoluments

The directors of Jubilee Managing Agency Limited received the following aggregate remuneration charged to the Syndicate and included within net operating expenses:

	<i>2010</i>	<i>2009</i>
	<i>£'000</i>	<i>£'000</i>
Emoluments	362	469
Contributions to defined contribution pension schemes	<u>22</u>	<u>21</u>
	<u>384</u>	<u>490</u>

The active underwriter received the following aggregate remuneration charged as a Syndicate expense:

	<i>2010</i>	<i>2009</i>
	<i>£'000</i>	<i>£'000</i>
Emoluments	338	407
Contributions to defined contribution pension schemes	<u>21</u>	<u>24</u>
	<u>359</u>	<u>431</u>

6. Investment Income

	<i>2010</i>	<i>2009</i>
	<i>£'000</i>	<i>£'000</i>
Income from investments	1,852	1,847
Gains on realisation of investments	<u>121</u>	<u>319</u>
	<u>1,973</u>	<u>2,166</u>

7. Investment Expenses and Charges

	<i>2010</i>	<i>2009</i>
	<i>£'000</i>	<i>£'000</i>
Investment management expenses, including interest	92	42
Losses on realisation of investments	<u>468</u>	<u>–</u>
	<u>560</u>	<u>42</u>

Notes to the Financial Statements (continued)

8. Other Financial Investments

	<i>Market value</i>		<i>Cost</i>	
	<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Share and other variable yield securities and units in unit trusts	149	352	149	352
Debt securities and other fixed income securities	34,929	38,514	35,046	37,930
Participation in investment pools	8,224	–	8,224	–
Deposits with credit institutions	–	8,555	–	8,555
Other	(87)	25	(87)	25
	<u>43,215</u>	<u>47,446</u>	<u>43,332</u>	<u>46,862</u>

Shares and other variable yield securities and units in unit trusts and debt securities and other fixed income securities are all listed on recognised stock exchanges. Other is comprised of currency forwards.

9. Debtors Arising out of Direct Insurance Operations

	<i>2010</i>	<i>2009</i>
	<i>£'000</i>	<i>£'000</i>
Due within one year:		
Intermediaries	<u>6,097</u>	<u>1,803</u>

10. Debtors Arising out of Reinsurance Operations

	<i>2010</i>	<i>2009</i>
	<i>£'000</i>	<i>£'000</i>
Due within one year:		
Intermediaries	<u>533</u>	<u>–</u>

Notes to the Financial Statements (continued)

11. Reconciliation of Members' Balances

	<i>2010</i>	<i>2009</i>
	<i>£'000</i>	<i>£'000</i>
Members' balances brought forward at 1 January	669	731
Profit for the financial year	2,410	3,959
Currency translation differences	(54)	(50)
Transfer to members' personal reserve funds	(4,160)	(3,793)
Members' agents' fees advances	<u>(158)</u>	<u>(178)</u>
Members' balances carried forward at 31 December	<u><u>(1,293)</u></u>	<u><u>669</u></u>

Members participate on syndicates by reference to years of account and their ultimate result. Assets and liabilities are assessed with reference to policies incepting in that year of account, in respect of the members participation in a particular year.

12. Creditors Arising out of Direct Insurance Operations

	<i>2010</i>	<i>2009</i>
	<i>£'000</i>	<i>£'000</i>
Due within one year:		
Intermediaries	<u>5,593</u>	<u>573</u>

13. Creditors Arising out of Reinsurance Operations

	<i>2010</i>	<i>2009</i>
	<i>£'000</i>	<i>£'000</i>
Due within one year:		
Intermediaries	<u>2,452</u>	<u>677</u>

14. Movement in Opening and Closing Portfolio Investments Net of Financing

	<i>2010</i>	<i>2009</i>
	<i>£'000</i>	<i>£'000</i>
Net cash outflow for the year	(3,145)	(8,351)
Movement in overseas deposits	199	407
Cash flow – portfolio investments (note 16)	<u>(3,083)</u>	<u>10,183</u>
Movement arising from cash flows	(6,029)	2,239
Changes in market value and exchange rates	<u>(1,208)</u>	<u>(3,638)</u>
Total movement in portfolio investments net of financing	(7,237)	(1,399)
Balance brought forward at 1 January	<u>57,555</u>	<u>58,954</u>
Balance carried forward at 31 December	<u><u>50,318</u></u>	<u><u>57,555</u></u>

Notes to the Financial Statements (continued)

15. Movement in Cash, Portfolio Investments and Financing

	<i>At</i> <i>1 January</i> <i>2010</i> <i>£'000</i>	<i>Cash</i> <i>flow</i> <i>£'000</i>	<i>Changes</i> <i>to market</i> <i>value and</i> <i>currencies</i> <i>£'000</i>	<i>At</i> <i>31 December</i> <i>2010</i> <i>£'000</i>
Cash at bank and in hand	9,658	(3,145)	(60)	6,453
Overseas deposits	451	199	–	650
Portfolio investments:				
Shares and other variable yield securities	352	(212)	9	149
Participation in investment pools	–	8,224	–	8,224
Debt securities and other fixed income securities	38,514	(2,629)	(956)	34,929
Deposit with credit institutions	8,555	(8,354)	(201)	–
Other	25	(112)	–	(87)
	<u>47,446</u>	<u>(3,083)</u>	<u>(1,148)</u>	<u>43,215</u>
Total cash, portfolio investments and financing	<u>57,555</u>	<u>(6,029)</u>	<u>(1,208)</u>	<u>50,318</u>

16. Net Cash Inflow/(Outflow) on Portfolio Investments

	<i>2010</i> <i>£'000</i>	<i>2009</i> <i>£'000</i>
Purchase of participations in investment pools	(8,224)	–
Other	112	(25)
Deposits with credit institutions	8,354	6,059
Purchase of debt securities and other fixed income securities	(23,638)	(17,778)
Sale of debt securities and other fixed income securities	26,267	1,405
Sale of shares and other variable yield securities	212	156
Net cash inflow/(outflow) on portfolio investments	<u>3,083</u>	<u>(10,183)</u>

17. Funds at Lloyd's

Every member of Lloyd's is required to hold capital at Lloyd's which is held in trust and known as Funds at Lloyd's (FAL). These funds are required primarily, in case syndicate assets prove insufficient to meet members' underwriting liabilities.

The level of FAL that Lloyd's requires a member to maintain is determined by Lloyd's according to the nature and the amount of risk to be underwritten by the member and the assessment of the reserving risk in respect of that business. FAL is not hypothecated to any specific syndicate participation by a member therefore, there are no specific funds available to a syndicate which can be precisely identified as its capital.

In addition to the FAL and any additional funds a member may introduce to meet losses, there is a Central Guarantee Fund controlled by Lloyd's which they may utilise to meet any syndicate liabilities that are not met by a member.

Notes to the Financial Statements (continued)

18. Related Parties

Lloyd's market regulations require that a Managing Agent be responsible for employing the underwriting staff and managing the affairs of each Syndicate at Lloyd's on behalf of the Syndicate members. The Managing Agent of Syndicate 779 is Jubilee Managing Agency Limited. The ultimate parent company of Jubilee Managing Agency Limited is Jubilee Group Holdings Limited ("JGHL") (formerly Appleclaim Limited).

Cassidy Capital Life Limited ("CCLL"), a wholly owned group subsidiary company of JGHL, provides 13.8% of the Funds at Lloyd's for the Syndicate.

The Fund's at Lloyd's for the 2008 year of account have been made interavailable between CCL and CCLL until the 2008 year of account is closed.

T T M Agnew, R J G Lowe and Lord Marland of Odstock were group company directors during the year and shareholders of Jubilee Group Holdings Limited who provided capital via CCL and CCLL to support the Syndicate.

A P D Lancaster is a group company director and provides capital via CCL and CCLL to support the Syndicate.

Jubilee Group Holdings Limited, together with a number of its shareholders provides capital via CCL and CCLL to support the Syndicate.

The companies and individuals providing capital to support the Syndicate via CCL and CCLL are party to a participation deed under which they are entitled to their relevant proportion of the Syndicate profit or loss, in relation to Fund's at Lloyd's provided to CCL and CCLL.

In November 2009, CCLL entered into a quota share reinsurance contract with Guardian Re, under the terms of which Guardian Re provides funds at Lloyd's to support the Syndicate's underwriting on the underwriting years 2009, 2010 and 2011.

Jubilee Managing Agency Limited has outsourced the management of IT to IT-Switch Limited, a group associate company owned 44% by the holding company, Jubilee Group Holdings Limited. Costs of £121,515 were charged to the Syndicate during the year (2009: £94,994).

Neither the directors, nor the active underwriter are names on the Syndicate.

Jubilee Managing Agency Limited and related companies of Jubilee Managing Agency Limited entered into transactions with the Syndicate as follows:

Members' expenses, being agent's fees and profit commission payable to the Managing Agent, and subscriptions and Central Fund contributions paid to Lloyd's, are charged on an underwriting year of account, rather than calendar year basis. For the 2010 underwriting year of account Jubilee Managing Agency Limited has charged an agent's fee of 0.575% (2009: 0.575%) of capacity and, when the year of account result is finalised, usually after 36 months, will charge a profit commission of 17.5% of the relevant profit. Within the annual accounts for the 2010 calendar year, fees of £155,250 (2009: £172,500) and profit commission of £1,185,418 (2009: £882,424) have been reflected within net operating expenses. At 31 December 2010 there are no unpaid fees but profit commission of £1,185,418 was unpaid (2009: Profit commission £882,424 owed).

The Managing Agent incurs a large proportion of the expenses incurred in the operating of the Syndicate and recharges them to the Syndicate on a basis that reflects the syndicate usage of resources. The recharges are included within the amounts disclosed as net operating expenses, acquisition costs and claims incurred.

Included within the recharges are amounts relating to the remuneration of the directors of Jubilee Managing Agency Limited. The total amount recharged to the Syndicate during 2010 was £3.2m (2009: £2.1m) excluding agent fees and profit commission. As at 31 December 2010 an amount of £124,658 (2009: £532,484) was due to the Managing Agent in relation to expenses.

Notes to the Financial Statements (continued)

18. Related Parties (continued)

In addition to the above arrangements, Lutine Assurance Services Limited ("Lutine"), a 100% subsidiary of JGHL, underwrites, accepts and manages individual and group life risks on policies sold by IFA's on behalf of the Syndicate. Lutine continues to retain the profits which it makes from acting as a marketing and service company for the Syndicate. Business generated by Lutine and underwritten by the Syndicate is under a Lloyd's binding authority.

The gross commission and profit commissions payable to Lutine by the Syndicate during the 2010 calendar year was £3.4m (2009: £2.1m gross commissions, £0.3m profit commissions).

A proportion of the business written by the Syndicate involves the provision of insurance services by Jubilee Service Solutions Limited ("JSSL") (formerly Cassidy Davis Insurance Services Limited). JSSL is a wholly owned subsidiary of JGHL. JSSL provides a range of administrative services to the Syndicate.

JSSL receive fee income of £38,053 (2009: £28,989) in respect of the services provided to Syndicate 779. The balance outstanding at the year end was £nil (2009: £21,697).

Jubilee Europe B.V ("JE") (formerly Cassidy Davis Europe B.V) incorporated in the Netherlands, a wholly owned subsidiary of JGHL, provides marketing services to the Syndicate. It also holds a limited binding authority to accept business on behalf of the Syndicate.

The gross commission and profit commission payable to JE by the Syndicate during the 2010 calendar year was £646,720 (2009: £558,951). The balance outstanding at the year end was £125,209 (2009: £166,183).

The directors of Jubilee Managing Agency Limited consider the commission charged to the Syndicate by Lutine, JSSL and JE to be consistent with those payable to a third party for similar services.

19. Post Balance Sheet Events

The following amounts are proposed to be transferred to members' personal reserve funds during 2011 (2010).

	2010	2009
	£'000	£'000
2008 year of account (2007 year of account)	<u>5,409</u>	<u>4,160</u>

20. Pension Obligations

A Group Personal Pension scheme is operated for Syndicate staff, the cost of which is borne by the Syndicate. The funds of the scheme are administered by Scottish Equitable plc and are held separately. Contributions are paid by the Group and Syndicate staff. The Group also makes payments into certain other staff personal pension plans. The Syndicate's liability for all schemes is limited to the amount of its contributions. The cost of the contributions for the year was £90,965 (2009: £86,088).

Syndicate Underwriting Year Accounts
Closed at 31 December 2010

Contents

	<i>Page</i>
Managing Agent's Report	28
Underwriter's Report	29-31
Statement of Managing Agent's Responsibilities	32
Report of the Auditors	33-34
Profit and Loss Account: Technical Account – Long Term Business	35
Profit and Loss Account: Non-Technical Account	36
Balance Sheet	37
Cash flow Statement	38
Statement of Accounting Policies	39-40
Notes to the Syndicate Underwriting Year Accounts	41-46
Seven Year Summary of Results of Closed Years	47

Managing Agent's Report

Closed at 31 December 2010

The directors of the Managing Agent present their report for the year ended 31 December 2010 in respect of life Syndicate 779. The principal activity of the Syndicate is that of underwriting term life assurance and this is conducted through the Lloyd's market. An overview of the Syndicate's activities is provided in the Underwriter's Report on pages 29 to 31.

Results

2008 account

The final result is a profit of £5.6m (18.6% of capacity) after all expenses including managing agency profit commission but before members' agents fees. This exceeds our forecast made this time last year of £1.2m.

Reserving Methodology

To maintain consistency the Syndicate continues to complete its Reinsurance to Close (RITC) on a prudent basis. Claims on older years of account were again much lower than anticipated allowing a release from the reserves.

Investments

Details on investments and investment performance are provided on page 3.

Directors serving in the year

The directors who held office during the year are shown on page 1. M J Watson was a director during the year but died in July 2010.

Seven Year Summary of Results

A seven year summary of closed year results is shown on page 47.

Figures for the 2005, 2006 and 2007 years of account have been restated for consistent treatment of brokerage and commissions across the summary.

Auditors

The Managing Agent has proposed the appointment of Littlejohn LLP to audit the 31 December 2011 syndicate accounts in accordance with paragraph 5(2(c)) of the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008.

Littlejohn LLP has signified its willingness to continue in office as auditors.

Approved by Order of the Board



P A Cockburn

Director

Jubilee Managing Agency Limited

14 March 2011

Underwriter's Report

Year Ended 31 December 2010

Description of Business Written

The Syndicate continues to write term life business and associated ancillary benefits. The risk written is for less than 10 years duration, with the exception of a small number of Scandinavian risks written for a longer term to comply with regulatory requirements to write business in that market.

Binders account for broadly 80% of business written. These include:

- Retail business through our long standing relationship with Lutine Assurance
- European business sourced largely through Scandinavian coverholders
- Specialist schemes

The balance of the book consists of a mix of Individual, Group risk and Subscription business.

Review

2008 account

The final result is a profit of £5.6m (18.6% on Stamp) after all expenses, investment returns and managing agency profit commission but before member's agents' fee advances. This is made up of a pure year profit of £0.2m and £5.4m from prior years. This exceeds our forecast made this time last year of a profit of £1.2m.

2009 account

Claim developments during the early stages of the year have affected the follow-on assumptions made by our actuaries in calculating further claim activity. Although there is a possibility that the account year will improve with the benefit of premium yet to be earned, it is regrettable that an ultimate loss of £699,000 is forecast at this stage.

2010 account

Ultimate premium is running at a similar level to 2009. Much of the premium is unearned but it is worth pointing out the poor performance on one of our major accounts will have an effect on outcomes. It is however too early to judge what the overall results will be.

Reserving Methodology

To maintain consistency the Syndicate continues to Reinsurance to Close (RITC) on a prudent basis in accordance with the requirements on reserving for life syndicates. Claims on older years of account were again much lower than previously estimated allowing a release from reserves. Claims on younger years, particularly 2009 and 2010, have been higher than expected.

Analysis of Gross Premium Income

Signed premium compared to stamp capacity as at 31 December 2010, for the closed and open years of account is as follows:

<i>Year of account</i>	<i>Capacity</i> <i>£'000</i>	<i>Signed</i> <i>Premium</i> <i>Income</i> <i>£'000</i>	<i>Percentage</i> <i>Signed</i> <i>to date</i> <i>%</i>
2008	30,000	19,465	65
2009	30,000	21,992	73
2010	27,000	15,197	56

The signed premium is shown net of commission and is translated at premium income monitoring rates of exchange.

Underwriter's Report (continued)

Year Ended 31 December 2010

Analysis of Gross Premium Income (continued)

The mix of business as at 31 December 2010 for the years 2008 to 2010 is set out in the following table:

	2008 <i>Account after 3 years</i>	2009 <i>Account after 2 years</i>	2010 <i>Account after 1 year</i>
Signed Premium Income (£'000)	<u>£19,465</u>	<u>£21,992</u>	<u>£15,197</u>
Analysed by Business Mix	%	%	%
Scheme	93	94	92
Individual lives	4	4	6
Group lives	<u>3</u>	<u>2</u>	<u>2</u>
	<u>100</u>	<u>100</u>	<u>100</u>
Analysed by Currency	%	%	%
Sterling	76	69	93
US Dollars	1	1	2
Euros	23	5	5
Norwegian Krone	<u>–</u>	<u>25</u>	<u>–</u>
	<u>100</u>	<u>100</u>	<u>100</u>
Analysed by Location of Risk	%	%	%
United Kingdom	76	69	93
Other EU countries	23	30	5
Other countries	<u>1</u>	<u>1</u>	<u>2</u>
	<u>100</u>	<u>100</u>	<u>100</u>
Analysed by Method of Acceptance	%	%	%
Binding authorities and similar arrangements	93	94	92
Direct and facultative	<u>7</u>	<u>6</u>	<u>8</u>
	<u>100</u>	<u>100</u>	<u>100</u>

All business written by the Syndicate falls under the Lloyd's term life risk code classification (code TL).

Underwriter's Report (continued)

Year Ended 31 December 2010

Reinsurance Programme

	<i>2008</i>	<i>2009</i>	<i>2010</i>
	<i>Account</i>	<i>Account</i>	<i>Account</i>
	%	%	%
Lloyd's syndicates	2	2	3
Companies authorised in the United Kingdom	32	24	19
EU companies excluding those authorised in the United Kingdom	<u>66</u>	<u>74</u>	<u>78</u>
	<u><u>100</u></u>	<u><u>100</u></u>	<u><u>100</u></u>

Developments

This is my first report as Active Underwriter. My predecessor, Brian Jackson, resigned from the Syndicate during 2010.

I am disappointed that the benign claims activity reported last year and this year in relation to old years has not continued into this calendar year, as far as both the 2009 and 2010 years of account are concerned. In addition to a Scandinavian account, written for the first time in 2009, one other long standing account has also performed poorly. Where appropriate we have taken action to rectify any shortcomings in the underwriting process although it is fair to state that a large part of these claims are random events where we have been unfortunate to pick up losses.

Since my appointment I have taken the opportunity to restructure the team and to recruit additional experience to better enable us to respond to business opportunities and to manage our business once written. We are now in a much stronger position and although we operate in a tough trading climate I am cautiously optimistic we will see business growth in 2011, with a promising start already achieved.

Whilst not unforeseen, it is also worth noting the costs relating to regulatory reporting and associated activity are higher than in the recent past. We are not able to pass this additional cost onto our clients in any meaningful way and until our planned growth translates into actual activity such additional costs will have to be absorbed into the existing business margins.

Finally, my thanks to Brian for the many years of help and assistance he provided and also to my team for their ongoing contribution to the development of Syndicate 779.



J Clarke
Active Underwriter
Syndicate 779

Statement of Managing Agent's Responsibilities

Closed at 31 December 2010

The Managing Agent is responsible for preparing Syndicate underwriting year accounts and an accompanying Managing Agent's Report in accordance with applicable law, Lloyd's Byelaws and United Kingdom Generally Accepted Accounting Practice.

Regulation 6 of the Insurance Accounts Directive (Lloyd's Syndicates and Aggregate Accounts) Regulations 2008 ("the 2008 Regulations") requires the Managing Agent to prepare syndicate underwriting year accounts for a syndicate in respect of any underwriting year which is being closed by reinsurance to close during or at the end of a financial year.

The syndicate underwriting year accounts must be prepared on an underwriting year basis which give a true and fair view of the result of the underwriting year at closure.

In preparing the syndicate underwriting year accounts, the Managing Agent is required by the Syndicate Accounting Byelaw (No. 8 of 2005) to:

- 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;
- take into account all income and charges relating to a closed year of account without regard to the date of receipt or payment;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in these financial statements.

The Managing Agent is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the syndicate and enable it to ensure that the syndicate underwriting year accounts comply with the 2008 Regulations and the Syndicate Accounting Byelaw (No.8 of 2005). It also has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the syndicate and to prevent and detect fraud and other irregularities.

Report of the Auditors

Closed at 31 December 2010

Independent Auditors Report to the Members of Syndicate 779

2008 Closed Year of Account

We have audited the Syndicate Underwriting Year Accounts for the 2008 Year of Account of Syndicate 779 for the three years ended 31 December 2010 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Statement of Accounting Policies and the related notes 1 to 14 and the Statement Of Managing Agent's Responsibilities. 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).

This report is made solely to the members on the 2008 year of account of the Syndicate, as a body, in accordance with the Regulation 6(4) of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and the Syndicate Accounting Byelaw (No.8 of 2005). Our audit work has been undertaken so that we might state to the Syndicate's members those matters we are required to state to them in an auditors' 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 Syndicate members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Managing Agent and Auditors

As explained more fully in the Statement of Managing Agent's Responsibilities set out on page 32, the Managing Agent is responsible for the preparation of the Syndicate Underwriting Year Accounts, under the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and in accordance with the Lloyd's Syndicate Accounting Byelaw (No.8 of 2005), which give a true and fair view. Our responsibility is to audit and express an opinion on the Syndicate Underwriting Year Accounts 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the Syndicate Underwriting Year Accounts

An audit involves obtaining evidence about the amounts and disclosures in the Syndicate Underwriting Year Accounts sufficient to give reasonable assurance that the Syndicate Underwriting Year Accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Syndicate's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Managing Agent; and the overall presentation of the Syndicate Underwriting Year Accounts.

Opinion on Syndicate Underwriting Year Accounts

In our opinion the Syndicate Underwriting Year Accounts:

- give a true and fair view of the state of the Syndicate's profit for the 2008 Closed Year of Account;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and have been properly prepared in accordance with the Lloyd's Syndicate Accounting Byelaw (No.8 of 2005).

Report of the Auditors (continued)

Closed at 31 December 2010

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Lloyd's Syndicate Accounting Byelaw (No.8 of 2005) requires us to report to you if, in our opinion:

- the Managing Agent in respect of the Syndicate has not kept proper accounting records; or
- the Syndicate Underwriting Year Accounts are not in agreement with the accounting records.



David Roberts (Senior statutory auditor)

For and on behalf of Littlejohn LLP

Statutory auditor

14 March 2011

1 Westferry Circus

Canary Wharf

London E14 4HD

Profit and Loss Account: Technical Account – Long Term Business
Three Years ended 31 December 2010

	Note	£'000	2008 Year of account £'000
Syndicate Allocated Capacity			<u>30,000</u>
Earned Premiums, Net of Reinsurance			
Gross premiums written	1		31,050
Outward reinsurance premiums			<u>(6,543)</u>
Net premium written			24,507
Reinsurance to Close Premiums Received Net of Reinsurance	2		<u>38,288</u>
			62,795
Allocated Investment Return Transferred from the Non-Technical Account			1,478
Claims Incurred, Net of Reinsurance			
Claims paid			
Gross amount		(11,138)	
Reinsurers' share		<u>3,625</u>	
Net claims paid		(7,513)	
Reinsurance to Close Premiums Payable Net of Reinsurance	3	<u>(33,431)</u>	
			(40,944)
Net Operating Expenses	4		<u>(17,741)</u>
Balance on the Technical Account – Long Term Business			<u>5,588</u>

Profit and Loss Account: Non-Technical Account
Three Years ended 31 December 2010

	Note	<i>2008 Year of account £'000</i>
Balance on the Technical Account – Long Term Business		5,588
Investment income	6	1,934
Unrealised gains on investments		87
Investment expenses and charges	7	(432)
Unrealised losses on investments		(111)
Allocated investment return transferred to long term business technical account		<u>(1,478)</u>
Profit for the 2008 Closed Year of Account	10	<u><u>5,588</u></u>

The above profit was after a £1,121,835 exchange loss.

There are no recognised gains or losses in the accounting period other than those dealt with in the technical and non-technical accounts.

Balance Sheet

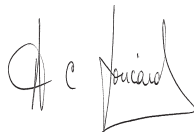
At 31 December 2010

	Note	2008 Year of account £'000
Assets		
Investments	8	40,011
Debtors	9	3,537
Reinsurance recoveries anticipated on gross reinsurance to close premiums payable	3	1,337
Other Assets		
Cash at bank and in hand		<u>2,580</u>
Total Assets		<u><u>47,465</u></u>
Liabilities		
Amounts due to members	10	5,409
Reinsurance to close premiums payable – gross amount	3	34,768
Creditors	11	7,162
Accruals and deferred income		
		<u>126</u>
Total Liabilities		<u><u>47,465</u></u>

The Syndicate underwriting year accounts were approved by the Board of Jubilee Managing Agency Limited on 14 March 2011 and were signed on its behalf by:



P A Cockburn
Director



A C Loucaides
Director

Cash Flow Statement

Three Years ended 31 December 2010

	Note	2008 Year of account £'000
Reconciliation of Closed Year Result to Net Cash Inflow from Operations of the Closed Year		
Profit for the closed year account on ordinary activities		5,588
Increase in reinsurance to close payable		33,431
Increase in debtors		(3,537)
Increase in creditors		<u>7,288</u>
Net Cash Inflow from Operating Activities		<u>42,770</u>
Members' agents' fees advances		<u>(179)</u>
		<u>42,591</u>
Cash Flows were invested as follows:		
Increase in cash holdings	12	2,580
Net portfolio investment	12	<u>40,011</u>
Net Investment of Cash Flows		<u>42,591</u>

Statement of Accounting Policies

Basis of Preparation

The Syndicate underwriting year accounts have been prepared in accordance with the Insurance Accounts Directive (Lloyd's Syndicates and Aggregate Accounts) Regulations 2008 ("the 2008 Regulations"), the Syndicate Accounting Byelaw (No.8 of 2005) and applicable accounting standards in the United Kingdom and comply with the Statement of Recommended Practice issued by the Association of British Insurers in December 2006 ("the ABI SORP"), except that exchange differences are dealt with in the technical account as all differences arise from technical account transactions.

Members participate on a syndicate by reference to a year of account and each syndicate year of account is a separate annual venture. These financial statements relate to the 2008 year of account which has been closed by reinsurance to close into the 2009 year of account of Syndicate 779 at 31 December 2010; consequently the balance sheet represents the assets and liabilities of the 2008 year of account and the profit and loss account and cash flow statement reflect the transactions for that year of account during the 36 months period until closure.

As each syndicate year of account is a separate annual venture, comparatives do not exist and are therefore not included in these accounts.

Underwriting Transactions

Each account is normally kept open for three years and the underwriting result is ascertained at the end of the third year when the account is closed, normally by reinsurance into the following year of account. The accounts include transactions on the following bases:

- (a) Gross premiums are allocated to years of account on the basis of the policy inception date. Policies written under binding authorities, lineslips or consortium arrangements are allocated to the year of account into which the arrangement incepts. Additional and return premiums and claims are allocated to the year of account to which the related premiums are allocated. Commissions or brokerage charged to the syndicate are allocated to the same year of account as the relevant policy. Premiums are shown gross of brokerage payable and exclude taxes and duties levied on them.
- (b) The reinsurance premiums are allocated to a year of account in accordance with the underlying risks being protected. Any reinsurance premium adjustments are charged to a year of account according to the basis on which the adjustments concerned are calculated.
- (c) Gross claims paid include internal and external adjustment and settlement expenses. Reinsurance recoveries are allocated to the year of account to which the related claim was charged.
- (d) All underwriting transactions are recognised on the basis of transactions processed up to and including the balance sheet date plus accruals in respect of anticipated additional or return premiums, reinsurance premiums and reinsurance recoveries in respect of paid claims.
- (e) A reinsurance to close is a contract of insurance which, in return for a premium paid by the closing year of account, transfers, normally to the following year of account, all known and unknown liabilities arising out of transactions connected with insurance business underwritten by the closing year of account. However, it should be noted that a reinsurance contract does not extinguish the primary liability of the original underwriter.

The estimate of future liabilities (including internal and external settlement costs) and the premium for the reinsurance to close are calculated by the underwriter based on the latest loss information available at the time of making such calculation. The calculation allows for the estimated net cost of claims which may have been incurred but not yet reported; such allowance is established by the underwriter exercising his judgment aided by statistical projections based on the history of past claim settlements and by reference to case by case reviews of notified losses. The calculation includes estimates for known outstanding claims, claims which may have been incurred but not reported, and potential reinsurance recoveries. The calculations include future payments of profit commission in respect of the managed funds and the Self Assured account.

The uncertainties which are inherent in the process of estimating are such that in the normal course of events, unforeseen or unexpected future developments may cause the ultimate cost of settling the outstanding liabilities to differ from that presently estimated. Credit is taken for any reinsurance recoveries that are presently estimated to be recoverable. No credit is taken for investment earnings which may be expected to arise in the future on the funds representing either the reinsurance to close or the estimate of future liabilities as applicable. Any unearned premiums are taken into account within the calculation of the reinsurance to close premium.

Statement of Accounting Policies (continued)

Investment Return

The gross investment return comprises investment income, realised investment gains and losses and movements in unrealised gains and losses, net of investment expenses and charges. Investment return arising in each calendar year is allocated to years of account in proportion to the average funds available for investment attributable to those years. Investment returns in respect of overseas deposits are allocated to the year of account which funded these deposits.

Investment return is wholly allocated to the general business technical account.

Investments are valued at market value at the balance sheet date. Movements in unrealised gains and losses on investments represent the difference between their valuation at the balance sheet date and their purchase price or, if they have been previously valued, their valuation at the last balance sheet date, together with the reversal of unrealised gains and losses recognised in previous calendar years in respect of the investment disposed of in the current period.

Syndicate Operating Expenses

Costs incurred by the Managing Agent in respect of the Syndicate are charged to the Syndicate. Where expenses do not relate to any specific year of account they are apportioned between years of account on bases which reflects the benefit obtained by each year of account from each type of expense.

Where expenses are incurred jointly by the Managing Agent and the Syndicate, they are apportioned on bases that are considered to fairly reflect the nature and usage of the expense concerned.

Taxation

Under Schedule 19 of the Finance Act 1993 Managing Agents are not required to deduct basic rate income tax from trading income. In addition, all UK basic income tax deducted from syndicate investment income is recoverable by Managing Agents and consequently the distribution made to members or their members' agents is gross of tax. Capital appreciation falls within trading income and is also distributed gross of tax. It is the responsibility of members to agree and settle their individual tax liabilities with the Inland Revenue.

No provision has been made for any United States Federal Income Tax or any overseas tax payable on the underwriting results or investment earnings. Members resident overseas for tax purposes are responsible for agreeing and settling any tax liabilities with the taxation authorities of their country of residence.

Basis of Currency Translation

Income and expenditure in US Dollars, Canadian Dollars and Euros are translated at average rates of exchange for each calendar year as an equivalent of transaction rates. Underwriting transactions denominated in other foreign currencies are included at the rate of exchange ruling at the date the transaction is processed. The Reinsurance to Close (RITC) is shown at rates of exchange ruling on 31 December 2010.

Although transactions are translated as described above the assets and liabilities within the balance sheet in US Dollars, Canadian Dollars and Euros are translated at the rates of exchange ruling on 31 December 2010. Any differences are included within the profit or loss on exchange account.

Where Euros and Canadian Dollars are sold or bought relating to the profit or loss of a closed underwriting account after 31 December 2010, any exchange profit or loss arising is reflected in the underwriting account into which the liabilities of that year have been reinsured. Where US Dollars are transferred to or from members any exchange profit or loss accrues to those members.

As these accounts report the total profit or loss to be transferred to members all differences arising on translation of foreign currency amounts in the syndicate have been included in the technical account.

Notes to the Syndicate Underwriting Year Accounts

1. Segmental Analysis

	<i>2008</i>
	<i>£'000</i>
Scheme	28,796
Individual and group	<u>2,254</u>
Gross premiums written	<u>31,050</u>
Periodic premiums	21,071
Single premiums	<u>9,979</u>
Gross premiums written	<u>31,050</u>
Geographical origin of business	
Risks located in UK	23,707
Risks located in other EU countries	7,000
Risks located in other countries	<u>343</u>
Gross premiums written	a <u>31,050</u>
Reinsurance balance	b <u>(4,029)</u>

Notes:

- (a) Gross premiums written have been analysed by reference to the situs of the risk.
- (b) The reinsurance balance comprises reinsurance recoveries less outward reinsurance premiums.
- All premiums written are in respect of contracts concluded in the UK and are in respect of term life business.

2. Reinsurance to Close Premiums Received

	<i>Outstanding</i>	<i>IBNR</i>	<i>2008</i>
	<i>claims</i>	<i>£'000</i>	<i>Year of</i>
	<i>£'000</i>	<i>£'000</i>	<i>account</i>
			<i>£'000</i>
Gross reinsurance to close premiums received	1,913	38,823	40,736
Reinsurance recoveries anticipated	<u>(1,275)</u>	<u>(1,173)</u>	<u>(2,448)</u>
Reinsurance to close premiums received net of reinsurance	<u>638</u>	<u>37,650</u>	<u>38,288</u>

Notes to the Syndicate Underwriting Year Accounts (continued)

3. Reinsurance to Close Premiums Payable

	<i>Outstanding claims £'000</i>	<i>IBNR £'000</i>	<i>2008 Year of account £'000</i>
Gross reinsurance to close premiums payable	(677)	(34,091)	(34,768)
Reinsurance recoveries anticipated	<u>421</u>	<u>916</u>	<u>1,337</u>
Reinsurance to close premiums payable net of reinsurance	<u>(256)</u>	<u>(33,175)</u>	<u>(33,431)</u>

This amount represents a provision for the Reinsurance to Close the 2008 year of account into the 2009 year of account of Syndicate 779 as at 31 December 2010, a transaction that was subsequently approved by the board of Jubilee Managing Agency Limited on 22 February 2011.

4. Net Operating Expenses

	<i>2008 Year of account £'000</i>
Brokerage and commissions	12,544
Other acquisition costs	<u>1,173</u>
Acquisition costs	13,717
Loss on exchange	1,122
Administrative expenses	<u>2,902</u>
	<u>17,741</u>

Included within administrative expenses above are the following:

	<i>£'000</i>
Taxation services	21
Auditors' remuneration – audit	57
Standard personal expenses	<u>1,732</u>

5. Balance on the Technical Account before Net Operating Expenses and Allocated Investment Return

	<i>2007 & prior years of account £'000</i>	<i>2008 pure £'000</i>	<i>2008 Year of account £'000</i>
Technical account balance before net operating expenses & allocated investment return	9,927	11,924	21,851
Brokerage and commission on gross premium	<u>(4,850)</u>	<u>(7,694)</u>	<u>(12,544)</u>
Balance after brokerage and commissions	<u>5,077</u>	<u>4,230</u>	<u>9,307</u>

Notes to the Syndicate Underwriting Year Accounts (continued)

6. Investment Income

	<i>2008 Year of account £'000</i>
Income from investments	1,764
Gains on realisation of investments	170
	<u>1,934</u>

7. Investment Expenses and Charges

	<i>2008 Year of account £'000</i>
Investment management expenses, including interest	53
Losses on realisation of investments	379
	<u>432</u>

8. Investments

	<i>2008 Year of account</i>	
	<i>Market Value £'000</i>	<i>Cost £'000</i>
Debt securities and other fixed income securities	31,608	31,715
Holdings in collective investment schemes	178	178
Participations in investment pools	8,225	8,225
	<u>40,011</u>	<u>40,118</u>

9. Debtors

	<i>2008 Year of account £'000</i>
Arising out of direct insurance operations	1,622
Arising out of reinsurance operations	1,915
	<u>3,537</u>

All amounts are due within one year.

Notes to the Syndicate Underwriting Year Accounts (continued)

10. Amounts due to Members

	<i>2008 Year of account £'000</i>
Profit for the 2008 closed year of account	5,588
Members' agents' fees advances	<u>(179)</u>
Amounts due to members' balances at 31 December 2010	<u>5,409</u>

11. Creditors

	<i>2008 Year of account £'000</i>
Creditors arising out of direct insurance operations	5,632
Creditors arising out of reinsurance operations	356
Other creditors	<u>1,174</u>
	<u>7,162</u>

All amounts are payable within one year.

12. Movement in Cash and Portfolio Investments

	<i>Cash flow as at 31 December 2010 £'000</i>
Cash at bank and in hand	2,580
Debt securities and other fixed income securities	<u>40,011</u>
Total movement in cash and portfolio investments	<u>42,591</u>

13. Net Cash Outflow on Portfolio Investments

	<i>2008 Year of account £'000</i>
Purchase of debt securities and other fixed income securities	<u>40,011</u>

Notes to the Syndicate Underwriting Year Accounts (continued)

14. Related Parties

Lloyd's market regulations require that a Managing Agent is responsible for employing the underwriting staff and managing the affairs of each syndicate at Lloyd's on behalf of the syndicate members. The Managing Agent of Syndicate 779 is Jubilee Managing Agency Limited. The ultimate parent company of Jubilee Managing Agency Limited is Jubilee Group Holdings Limited ("JGHL") (formerly Appleclaim Limited).

Cassidy Capital Life Limited ("CCLL"), a wholly owned group subsidiary company, provides 13.8% of the Funds at Lloyd's for the Syndicate on the 2008 year of account.

The funds at Lloyd's for the 2008 year of account have been made interavailable between CCL and Cassidy Capital Life Limited ("CCLL") until the 2008 year of account was closed.

T T M Agnew, R J G Lowe and Lord Marland of Odstock were group company directors during the year and shareholders of Jubilee Group Holdings Limited who provided capital via CCL and CCLL to support the Syndicate.

A P D Lancaster is a group company director and provides capital via CCL and CCLL to support the Syndicate.

The companies and individuals providing capital to support the Syndicate via CCL and CCLL are party to a participation deed under which they are entitled to their relevant proportion of the Syndicate profit or loss, in relation to Funds at Lloyd's provided to CCL and CCLL.

Jubilee Managing Agency Limited has outsourced the management of IT to IT-Switch Limited, a group associate company owned 44% by the holding company, JGHL. Costs of £108,073 were charged to the Syndicate to the 2008 year of account.

Neither the directors, nor the active underwriter are names on the Syndicate.

Jubilee Managing Agency Limited and related companies of Jubilee Managing Agency Limited entered into transactions with the Syndicate as follows:

Members' expenses, being agent's fees and profit commission payable to the Managing Agent, and subscriptions and Central Fund contributions paid to Lloyd's, are charged on an underwriting year of account, rather than calendar year basis. For the 2008 underwriting year of account Jubilee Managing Agency Limited has charged an agent's fee of 0.575% of capacity and, when the year of account result is finalised, usually after 36 months, will charge a profit commission of 17.5% of the relevant profit. Within the underwriting accounts for the 2008 year of account, fees of £172,500 and profit commission of £1,185,418 have been reflected within net operating expenses. At 31 December 2010 there are no unpaid fees but profit commission of £1,185,418 was unpaid.

The Managing Agent incurs a large proportion of the expenses incurred in operating the Syndicate and recharges them to the Syndicate on a basis that reflects the syndicates usage of resources. The recharges are included within amounts disclosed as net operating expenses, acquisition costs and claims incurred.

Included within the recharges are amounts relating to the remuneration of directors of Jubilee Managing Agency Limited. The total amount recharged by the Managing Agent to the Syndicate for the 2008 year of account was £2.4m excluding agent fees and profit commission. As at 31 December 2010, an amount of £nil was due to the Managing Agent in relation to expenses.

In addition to the above arrangements, Lutine Assurance Services Limited ("Lutine"), a 100% subsidiary of JGHL, underwrites, accepts and manages individual and group life risks on policies sold by IFAs on behalf of the Syndicate. Lutine continues to retain the profits which it makes from acting as a marketing and service company for the Syndicate. Business generated by Lutine and underwritten by the Syndicate is under a Lloyd's binding authority.

The gross commission payable to Lutine by the Syndicate for the 2008 year of account was £2.1m.

Notes to the Syndicate Underwriting Year Accounts (continued)

14. Related Parties *(continued)*

A proportion of the business written by the Syndicate involves the provision of insurance services by Jubilee Service Solutions Limited ("JSSL") (formerly Cassidy Davis Insurance Services Limited). JSSL is a wholly owned subsidiary of JGHL. JSSL provides a range of administrative services to the Syndicate.

JSSL received fee income of £8,752 in respect of services provided to the 2008 year of account of Syndicate 779. The balance outstanding at the year end was £nil.

Jubilee Europe B.V ("JE") (formerly Cassidy Davis Europe B.V) incorporated in the Netherlands, a wholly owned subsidiary of JGHL, provides marketing services to the Syndicate. It also holds a limited binding authority to accept business on behalf of the Syndicate.

The gross commission and profit commission payable to JE by the Syndicate in respect of the 2008 year of account was £125,209.

The directors of Jubilee Managing Agency Limited consider the commission charged to the Syndicate by Lutine, JSSL and JE to be consistent with those payable to a third party for similar services.

Seven Year Summary of Results of Closed Years
Closed at 31 December 2010

	2002	2003	2004	2005	2006	2007	2008
Syndicate allocated capacity (£'000)	17,431	19,982	29,753	35,775	37,936	37,973	30,000
Number of underwriting members	304	267	278	258	263	278	273
Aggregate net premiums (£'000)	12,550	10,196	16,353	16,956	12,590	11,134	11,963

Result for a Name with an illustrative share of £10,000

Gross premiums	£11,994	£12,119	£15,219	£5,798	£4,590	£4,740	£6,169
	£	£	£	£	£	£	£
Net premiums	7,198	5,103	5,496	4,740	3,319	2,932	3,987
Premium for reinsurance to close an earlier year of account	7,906	8,355	6,238	7,502	8,582	11,124	12,762
Net claims	(3,168)	(2,837)	(1,620)	(2,047)	(1,165)	(1,954)	(2,504)
Premium for reinsurance to close the year of account	(9,603)	(9,288)	(9,020)	(8,953)	(11,135)	(10,083)	(11,144)
Syndicate operating expenses	(669)	(598)	(385)	(528)	(563)	(698)	(780)
Profit/(loss) on exchange	–	(324)	(99)	125	1,846	(243)	(374)
Balance on technical account	1,664	411	610	839	884	1,078	1,947
Investment return	528	431	584	540	580	556	493
Profit before personal expenses	2,192	842	1,194	1,379	1,464	1,634	2,440
Illustrative profit commission (note 6)	(355)	(117)	(170)	(215)	(221)	(247)	(395)
Illustrative personal expenses (note 2)	(185)	(175)	(225)	(150)	(200)	(252)	(182)
Profit after illustrative profit commission and illustrative personal expenses	£1,652	£550	£799	£1,014	£1,043	£1,135	£1,863
Capacity utilised (note 3)	119.9%	121.1%	152.2%	58.0%	45.9%	47.4%	61.7%
Net capacity utilised (note 4)	72.0%	51.0%	55.0%	47.4%	33.2%	29.3%	39.9%
Underwriting profit ratio (note 5)	13.9%	3.4%	4.0%	14.5%	19.3%	22.7%	31.6%

Notes to the Summary

1. The summary has been prepared from the audited accounts of the Syndicate.
2. Illustrative personal expenses comprise the Managing Agent's fee, contributions to the Central Fund and High Level Stop Loss Scheme in applicable years and the Lloyd's Annual Subscription incurred by a Name writing the illustrative share, irrespective of any minimum charge applicable to the Managing Agent's Fee.
3. Capacity utilised represents gross premium written expressed as a percentage of allocated capacity.
4. Net capacity utilised represents written premium net of reinsurance expressed as a percentage of allocated capacity.
5. The underwriting profit ratio represents the balance on technical account expressed as a percentage of gross premiums written.
6. Illustrative profit commission for the 2002 Account excludes any amount chargeable on refunds of the Member's Special Contributions notified by Lloyd's.
7. For consistency across the seven year summary all premiums and operating expenses are stated exclusive of brokerage and commissions. This has led to a restatement of figures previously reported for the 2005, 2006 and 2007 years of account.

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