

HARDY

Syndicate 382



Report & Accounts **2008**



CONTENTS

Syndicate annual report and accounts	
Directors and administration	1
Report of the directors of the managing agent	2-8
Statement of managing agent's responsibilities	9
Independent auditor's report	10-11
Profit and loss account: Technical Account	12
Profit and loss account: Non-Technical Account	13
Balance Sheet: Assets	14
Balance Sheet: Liabilities	15
Statement of cash flows	16
Notes to the financial statements	17-24
Report for the 2006 year of account	25
Report of the directors of the managing agent	26-27
Statement of managing agent's responsibilities	28
Independent auditor's report	29
Profit and loss account: Technical Account	30
Profit and loss account: Non-Technical Account	31
Balance Sheet: Assets	32
Balance Sheet: Liabilities	33
Notes to the financial statements	34-41
Thirty two year summary of results	42-43



DIRECTORS AND ADMINISTRATION

MANAGING AGENT

Hardy (Underwriting Agencies) Limited

NON-EXECUTIVE DIRECTORS

DP Mann (Chairman)

RD Abbott (appointed 20 February 2008)

BG Devereese

IE Ivory

BS Thomas (appointed 20 February 2008)

EXECUTIVE DIRECTORS

JEG Barker (resigned 31 December 2008)

PJ Gage

TP Griffin

T Hutchings

JD MacDiarmid

BJ Merry

MJ Simpson

MT A Sugden

AJ Walker

AD Williams

COMPANY SECRETARY

T Hutchings

MANAGING AGENT'S REGISTERED OFFICE

4th Floor

40 Lime Street

London EC3M 7AW

MANAGING AGENT'S REGISTERED NUMBER

1264271

ACTIVE UNDERWRITER

AJ Walker

BANKERS

Citibank N.A.

Lloyds TSB Bank plc

INVESTMENT MANAGERS

Credit Agricole Asset Management

REGISTERED AUDITOR

KPMG Audit Plc

REPORTING ACTUARIES

PricewaterhouseCoopers LLP

REPORT OF THE DIRECTORS OF THE MANAGING AGENT

The directors of Hardy (Underwriting Agencies) Limited ("HUA") present their report for the year ended 31 December 2008. This annual report is prepared using the annual basis of accounting as required by *Statutory Instrument No. 3219 of 2004: the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2004* which came into force on 31 December 2004.

A separate report for the closed 2006 year of account is also required and is included from page 25.

The directors who served during the period were as follows:

NON-EXECUTIVE DIRECTORS	EXECUTIVE DIRECTORS	
DP Mann (Chairman)	JEG Barker (resigned 31 December 2008)	BJ Merry
RD Abbott (appointed 20 February 2008)	PJ Gage	MJ Simpson
BG Devereese	TP Griffin	MTA Sugden
IE Ivory	T Hutchings	AJ Walker
BS Thomas (appointed 20 February 2008)	JD MacDiarmid	AD Williams

DIRECTORS' INTERESTS

None of the directors were members of the syndicate for the year of account under review.

DISCLOSURE OF INFORMATION TO THE AUDITORS

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

AUDITOR

The managing agent appointed KPMG Audit Plc as the syndicate auditor on 23 February 2009.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the business is underwriting general insurance and reinsurance business in the United Kingdom via its two managed syndicates, 382 and 38Twenty.

The result for the calendar year together with key performance ratios is shown below:

	2008	2007
Gross premiums written (£m)	116.3	108.5
Net premiums written (£m)	100.7	98.2
Net premiums earned (£m)	88.4	102.2
Profit for the year (£m)	24.9	23.0
Claims ratio (%)	56.0	45.4
Expenses ratio (%)	20.9	36.5
Combined ratio (%)	76.9	81.9

The claims ratio is the ratio of claims incurred net of reinsurance to earned premiums net of reinsurance.

The expense ratio is the ratio of net operating expenses to earned premiums net of reinsurance.

The expense ratio includes gains and losses arising from changes in foreign exchange rates. The 2008 result has benefited from a foreign exchange gain of £18.9m (2007: gain of £1.8m).

HUA is a wholly owned subsidiary of Hardy Underwriting Group plc ("HUG"). Following the successful capacity offer to syndicate 382's remaining third party capital providers during 2006, HUG now provides 100% of the capacity to the syndicate through its other principal subsidiary, Hardy Underwriting Limited ("HUL"), a corporate member of Lloyd's. The table below analyses the source of the capacity provided to syndicate 382 in recent years.

	2006	2007	2008	2009
	%	%	%	%
Hardy Underwriting Limited	90.9	100.0	100.0	100.0
Third party members of Lloyd's	9.1	-	-	-

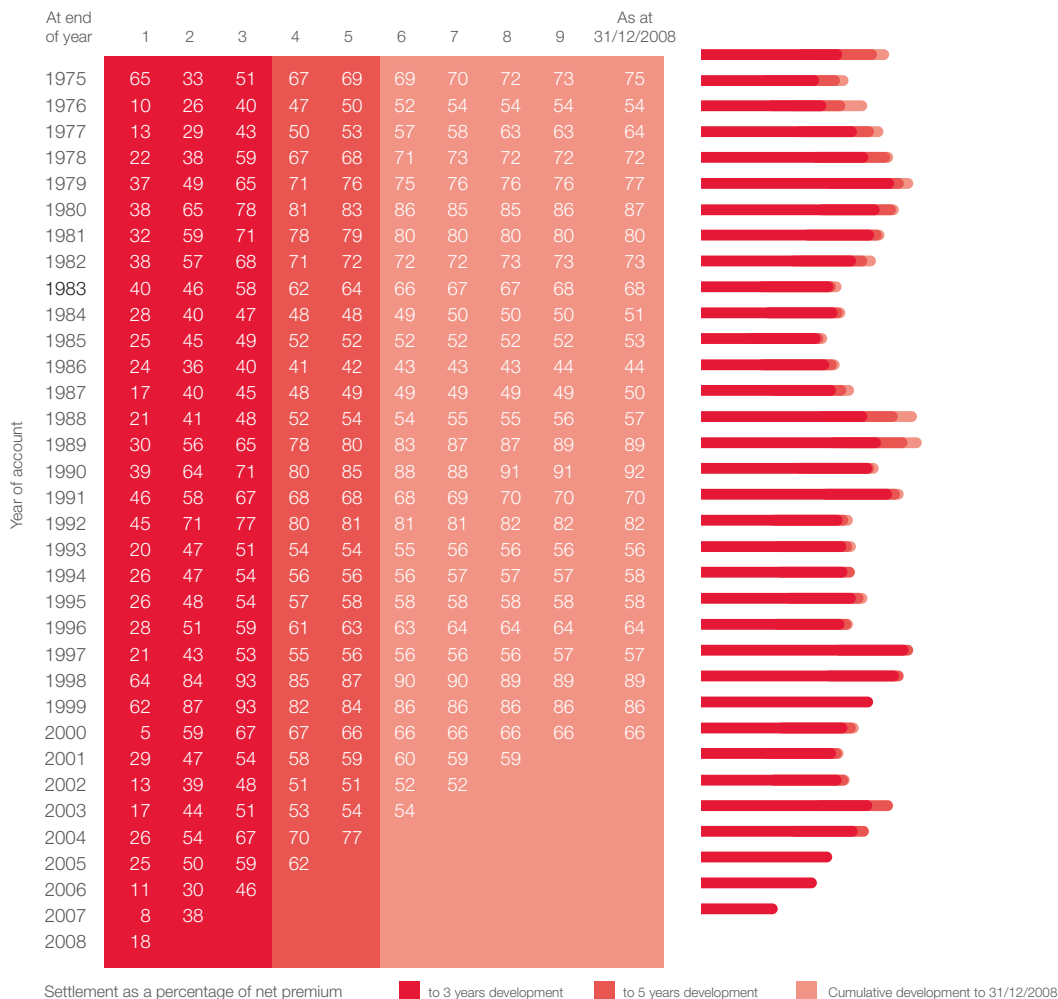
HUL also provided the entire capacity for syndicate 382*Twenty*, which commenced underwriting for the 2007 year of account, writing predominantly non-marine property insurance and treaty reinsurance.

Syndicate 382*Twenty* ceased underwriting at 31 December 2008 and was merged into syndicate 382 for the 2009 underwriting year.

Hardy Underwriting Bermuda Limited is the ultimate parent company of HUA following the redomicile to Bermuda in February 2008.

OVERALL PROFILE

The majority of syndicate 382's portfolio is short tail, which facilitates early analysis of underwriting performance. The chart below demonstrates this by showing the settlement ratio for each year of account as a percentage of net premium focussing on 2, 3, 5 years, and beyond. The chart shows that there is very little deterioration in the overall portfolio beyond the 3 year stage of development.



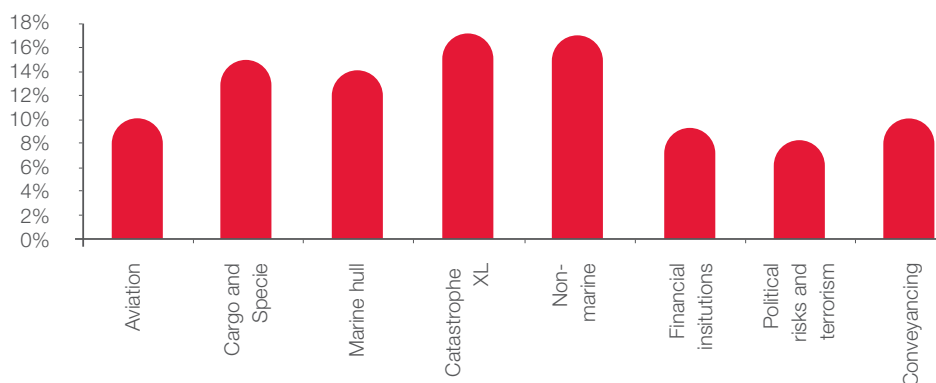
Settlement as a percentage of net premium to 3 years development to 5 years development Cumulative development to 31/12/2008

The years 1976 to 1992 inclusive have been reinsured into Equitas with effect from January 1997. No current records are kept of the development of those years. Accordingly the net settlement pattern may have changed from that reported above.

REPORT OF THE DIRECTORS OF THE MANAGING AGENT - CONTINUED

The syndicate underwrites across most of the major classes of general insurance business, and normally avoids liability business unless this forms part of a wider coverage. The accounting rules require the business to be analysed across specific business lines, but the review of business below follows the classifications used internally for monitoring purposes.

GROSS WRITTEN PREMIUM FOR THE 2008 YEAR ACCOUNT



AVIATION

The account includes both airline and general aviation business, with a specific focus on helicopter insurance on a global basis. Airline rates remained under intense pressure and our participation has therefore remained restricted. General aviation has also been under pressure, which has been most strongly felt on the larger fleet accounts. The account has reduced in premium volume but it has nevertheless performed well and contributed positively towards the 2008 profit. There are signs that the market may be beginning to turn, and the syndicate is well placed to respond when rates recover.

CARGO & SPECIE

The book comprises a diverse range of cargoes as well as jeweller's block, fine art and other niche areas of specie.

The good performance of the cargo market since 2002 means that rates have been under pressure for some time. Cargo business tends, however, to be less volatile than most classes and should continue to deliver a positive return. The specie market has been more volatile in its performance, with some high profile losses, resulting in more stable rates and conditions.

MARINE HULL

The account focuses on fishing vessels, harbour craft, limited conditions and loss of hire. These classes are labour intensive and competition tends to be less fierce, allowing us to generate higher margins. The global economic crisis has impacted the world's fleets, and we are seeing increasing levels of attritional claims, which coupled with a trough in the cycle mean that the business is looking marginal in 2008. We are, however, now beginning to see rate rises.

The small book of energy business is focussed on the Gulf of Mexico and was impacted by hurricane Ike, although our conservative approach means that there is only a very limited downside for the syndicate.

CATASTROPHE XL

The account is predominantly hurricane exposed US business, but has a growing international focus since 2007. The account was impacted by hurricane Ike in 2008. Rating has remained robust due to the levels of hurricane activity since 2004.

NON-MARINE

This includes a predominantly UK based direct property account, an international book of facultative excess of loss risks, accident and health, bloodstock, livestock and crop. Rates have been under pressure, and there has been higher than average loss activity for large property risks 2008.

FINANCIAL INSTITUTIONS

This account has a strong bias towards first party crime protections with approximately 20% of the income attributable to third party liability coverages. Rates have been under pressure during 2008, and we have one significant outstanding claim relating to fraud in Japan. Our account has, however, avoided many of the systemic problems arising from the global economic crisis and is well placed going forward.

POLITICAL RISKS AND TERRORISM

With an absence of a major terrorist incident impacting the industry during the period, the modest terrorism account was highly profitable in 2008. Political risks continues to be a small, tightly controlled account with strong profit potential, albeit with a longer tail than most other areas of the account.

CONVEYANCING

This account covers a wide range of products designed to facilitate the conveyancing process, including defective title and coverages associated with land registry searches. The depressed housing market is having a small negative impact on premium levels, but the account is developing well.

The contribution to the 2008 result from each of the main classes is shown below.

	£ 'million
Aviation	3.9
Cargo & Specie	9.2
Marine Hull	(0.1)
Catastrophe XL	7.0
Non-Marine	4.6
Financial Institutions	(1.4)
Political Risks & Terrorism	3.1
Conveyancing	(1.4)
<hr/>	
Profit for the financial year	24.9

REINSURANCE

The syndicate has historically spent less on reinsurance than the Lloyd's market average, although in recent years the difference is less marked given the higher costs associated with the risks attaching cover for the financial institutions and political risks accounts. Our policy is to write for gross underwriting profit and to purchase reinsurance only where necessary to facilitate a meaningful line size or to protect against potential accumulations of exposure.

Retrocessional cover for the catastrophe excess of loss account was not purchased in 2006, 2007 and 2008. The state of the reinsurance market is kept under constant review, and aggregate exposures managed to reflect the net position to the syndicate.

Reinsurance is purchased on both a pro-rata and excess of loss basis, but with minimal use of facultative reinsurance. No financial or off balance sheet reinsurance is purchased.

The syndicate has a policy of only buying reinsurance from entities with a rating of A- or above and at the time of writing has no material exposure to bad debt.

REPORT OF THE DIRECTORS OF THE MANAGING AGENT

- CONTINUED

INVESTMENT PERFORMANCE

Investment returns have contributed £4.5 million (2007: £4.4 million) to the result during 2008. This reflects a growth in the assets available for investment during the year, and robust returns on those assets in the light of difficult conditions in 2008 due to the fallout from the continuing global credit crisis. The syndicate has maintained its core investment strategy of aiming to maximise investment returns by adjusting the asset mix to match risk appetite, which is achieved through the holding of short dated, liquid investments of high credit quality which are invested in either Government or investment grade securities. The syndicate has no exposure to any investments of a sub-prime nature and has not needed to write down the value of any investments during the year.

Credit markets not only severely underperformed in the past twelve months but also secondary markets in many corporates and most asset and mortgage backed securities have, to all intents and purposes, closed. The syndicate's portfolios had very little exposure to the worst affected of these asset classes, so portfolio returns and liquidity have remained very satisfactory.

	Average balance £'000	Return %	Return £'000
Sterling	12,676	4.56	577
Euros	28,548	4.49	1,281
US dollars	100,498	2.55	2,562
Canadian dollars	10,460	1.81	189
	152,182	3.03	4,609
Investment expenses and changes			(79)
			4,530

OUTLOOK

Conditions in credit markets may well deteriorate further in 2009 with continued credit spread widening possible in the sub-investment grade market as headline and default risk remain high. Low bond yields and falling cash yields mean that returns in 2009 will, most likely, be lower than 2008 in all currencies. That said, the historically wide spreads on higher rated paper mean that low government bond yields can be significantly off-set with high grade quasi-government paper. In particular the raft of government guaranteed bank issues have allowed the investment manager to increase the yield on the more liquid portfolios without increasing default risk. Other opportunities have been taken with non cyclical corporates holding strong cash reserves. The potential for negative capital price movements means that durations will be kept short from the beginning of 2009 and curve positioning means durations may be slightly longer than at the start of 2008. This policy is unlikely to change in the short term as the extremely low absolute level of bond yields means that the potential for capital losses remains high. Investment objectives are biased towards protecting the portfolio against unnecessary losses. However, wider credit spreads mean that the portfolio allocation to attractively priced, highly rated, non government paper may further increase when the opportunities arise and markets permit. The investment manager has the flexibility to utilise such securities within the guidelines defined in the investment management agreement.

FOREIGN CURRENCY EXPOSURE

The syndicate underwrites across most major foreign currencies, with a significant concentration in US dollar denominated business. During each underwriting year, currency balances may be sold to meet syndicate and member's expenses, which are denominated in sterling.

Following the acquisition of a significant book of Japanese business known as "Kyosai" the syndicate will also underwrite an increasing proportion of business in Japanese Yen in 2009.

In the past, underwriting profits in currency have been generated in a similar proportion to inwards premiums. We have elected to distribute US dollar profits in currency rather than convert to sterling prior to distribution. Any profits generated in Canadian dollars and Euros are to be distributed in Sterling.

No currency hedging activity is undertaken for any of the third party members on the syndicate, as we cannot presume to know the investment strategy of each such member. The Hardy Group does, however, sell dollars forward, where appropriate, in respect of the share of syndicate dollar profits attributable to Hardy Underwriting Limited.

SYNDICATE OPERATING EXPENSES

Prior to the 2006 year of account HUA charged a combined fee and covered syndicate expenses itself. Exceptions to this general principle were commissions, claims handling expenses, foreign exchange variances, overseas taxes and member related expenses.

With effect from the 2006 year of account, HUA has changed the fee basis to a fixed fee of 0.75% of allocated capacity, with all expenses borne by HUA being apportioned between the managing agent and the syndicate to reflect the benefit obtained by each party.

The terms of the agent's remuneration are:

- annual fee- 0.75% of premium capacity limit.
- profit commission-17.5%.

RESULTS

The result for the 2008 calendar year is a profit of £24,934,000. The comparative profit for 2007 was £22,982,000. The result includes profit contributions from all underwriting years.

We are pleased to maintain our unbroken record of profitability with the closure of the 2006 year of account, as well as forecasting profits for both the 2007 and 2008 underwriting years when they eventually close.

The following table shows how profits from each of the underlying years of account have contributed to the calendar year result.

Year of account	Year	Year
	ending	ending
	31 December	31 December
	2008	2007
2008 / 2007	3,003	1,763
2007 / 2006	10,036	9,852
2006 / 2005 and prior years	11,895	11,367
	24,934	22,982

REPORT OF THE DIRECTORS OF THE MANAGING AGENT - CONTINUED

FUTURE DEVELOPMENTS

With effect from 1 January 2009, Hardy's other managed syndicate 38*Twenty* merged into syndicate 382 and whilst the initial capacity was set at £185m (the sum of the individual capacities for 2008) the significant movement in rates of exchange in the final quarter of 2008 meant that the capacity was increased to £250m, based on the same business plan in underlying currencies.

As the global economic crisis begins to impact the amount of available capital in the insurance industry, it is becoming increasingly likely that the insurance cycle will harden. The syndicate is well placed to take advantage of this upturn.



T Hutchings
By order of the Board
Secretary
London
18 March 2009

STATEMENT OF MANAGING AGENT'S RESPONSIBILITIES

The managing agent is responsible for preparing the syndicate annual report and accounts in accordance with applicable law and regulations.

The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2004 require the managing agent to prepare the syndicate annual accounts at 31 December each year in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice). The annual accounts are required by law to give a true and fair view of the state of affairs of the syndicate as at that date and of its profit or loss for that year.

In preparing the syndicate annual accounts, the managing agent is required to:

- select suitable accounting policies which are applied consistently, subject to changes arising on the adoption of new accounting standards in the year;
- make judgements 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 annual accounts; and
- prepare the annual accounts on the basis that the syndicate will continue to write future business unless it is inappropriate to presume that the syndicate will 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 accounts comply with the 2004 Regulations and the relevant provisions of the Companies Act 1985. 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.

The managing agent is responsible for the maintenance and integrity of the corporate and financial information included on the website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SYNDICATE 382

We have audited the syndicate 382 annual accounts for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 17. The syndicate annual accounts have been prepared under the accounting policies set out therein.

This report is made solely to the members of the syndicate, as a body, in accordance with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2004. Our audit work has been undertaken so that we might state to the syndicate's members those matters we are required to state 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's members as a body for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF MANAGING AGENT AND AUDITORS

The managing agent's responsibilities for preparing the syndicate annual accounts in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the statement of managing agent's responsibilities on page 9.

Our responsibility is to audit the syndicate annual accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the syndicate annual accounts give a true and fair view and are properly prepared in accordance with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2004. We also report to you if in our opinion the report of the directors of the managing agent is not consistent with the syndicate annual accounts.

In addition we report to you if, in our opinion, the managing agent has not kept proper accounting records in respect of that syndicate, if the syndicate annual accounts are not in agreement with the accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding remuneration of the directors of the managing agent and other transactions is not disclosed.

We read the other information attached to the syndicate annual accounts and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the syndicate annual accounts. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

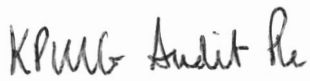
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the syndicate annual accounts. It also includes an assessment of the significant estimates and judgments made by the managing agent in the preparation of the syndicate annual accounts, and of whether the accounting policies are appropriate to the syndicate's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the syndicate annual accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the syndicate annual accounts.

OPINION

In our opinion:

- the syndicate annual accounts give a true and fair view in accordance with UK Generally Accepted Accounting Practice, of the state of syndicate 382's affairs as at 31 December 2008 and of its profit for the year then ended;
- the syndicate annual accounts have been properly prepared in accordance with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2004; and
- the information given in the report of the directors of the managing agent is consistent with the syndicate annual accounts.



KPMG Audit Plc
Chartered Accountants
Registered Auditor
8 Salisbury Square
London
EC4Y 8BB

18 March 2009

PROFIT AND LOSS ACCOUNT: TECHNICAL ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	2008 £'000	2007 £'000
Gross premiums written	3	116,328	108,469
Outward reinsurance premiums		(15,671)	(10,242)
Net premiums written		100,657	98,227
Change in the provision for unearned premiums			
Gross amount		(13,209)	5,227
Reinsurers' share		923	(1,270)
Change in the net provision for unearned premiums		(12,286)	3,957
Earned premiums, net of reinsurance		88,371	102,184
Allocated investment return transferred from the non-technical account		4,530	4,441
Claims incurred, net of reinsurance			
Claims paid			
Gross amount		(60,045)	(36,679)
Reinsurers' share		15,277	3,555
Net claims paid		(44,768)	(33,124)
Change in the provision for claims			
Gross amount		2,563	(16,642)
Reinsurers' share		(7,296)	3,413
Change in the net provision for claims		(4,733)	(13,229)
Claims incurred, net of reinsurance	4	(49,501)	(46,353)
Net operating expenses	3,5	(18,466)	(37,290)
Balance on the technical account		24,934	22,982

PROFIT AND LOSS ACCOUNT: NON-TECHNICAL ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	2008 £'000	2007 £'000
Balance on the technical account		24,934	22,982
Investment income	8	3,833	4,168
Unrealised gains on investments		776	324
Investment expenses and charges		(79)	(51)
Allocated investment return transferred to technical account		(4,530)	(4,441)
Profit for the financial year		24,934	22,982

All operations relate to continuing activities.

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: ASSETS

AT 31 DECEMBER 2008

	Notes	2008 £'000	2007 £'000
Investments			
Financial investments	9	78,756	69,766
Reinsurers' share of technical provisions			
Provision for unearned premiums		5,282	4,360
Claims outstanding		31,696	31,122
		36,978	35,482
Debtors	10		
Debtors arising out of direct insurance operations		17,555	12,686
Debtors arising out of reinsurance operations		45,391	27,175
Other debtors		178	6,009
		63,124	45,870
Debtors due after one year			
Debtors arising out of reinsurance operations		-	7
		-	7
Other assets			
Cash at bank and in hand		39,134	25,149
Overseas deposits	11	5,237	4,104
		44,371	29,253
Prepayments and accrued income			
Accrued interest		332	473
Deferred acquisition costs		21,378	17,414
		21,710	17,887
Total assets		244,939	198,265

BALANCE SHEET: LIABILITIES

AT 31 DECEMBER 2008

	Notes	2008 £'000	2007 £'000
Capital and reserves			
Members' balances	12	22,318	24,528
Technical provisions			
Provision for unearned premiums		69,270	56,061
Claims outstanding		124,077	100,025
		193,347	156,086
Creditors	10		
Creditors arising out of direct insurance operations		4,400	698
Creditors arising out of reinsurance operations		16,040	9,666
Other creditors		8,411	7,112
		28,851	17,476
Creditors due after one year			
Creditors arising out of reinsurance operations		423	175
Total liabilities		244,939	198,265

The financial statements on pages 12 to 24 were approved by the Board of Hardy (Underwriting Agencies) Limited on 18 March 2009.



AJ Walker
18 March 2009

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	2008 £'000	2007 £'000
Profit for the financial year		24,934	22,982
Unrealised investment and foreign exchange (gains)		(27,398)	(2,829)
Increase in technical provisions		35,765	10,050
(Increase) in debtors		(21,070)	(4,678)
Increase in creditors		11,623	1,384
Net cash inflow from operating activities		23,854	26,909
Transfer to members in respect of underwriting participations		(27,144)	(14,292)
	13	(3,290)	12,617
Cash flows were invested as follows			
Increase/(decrease) in cash holdings	13	9,943	(2,611)
Increase/(decrease) in deposits		377	(831)
Net portfolio investments	14	(13,610)	16,059
Net investment of cash flows		(3,290)	12,617

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

1. BASIS OF PREPARATION

These annual accounts have been prepared in accordance with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2004 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.

FRS 29 Financial Instruments: Disclosure, has been adopted for the first time from 1 January 2008. The adoption of FRS 29 has no impact on the profit for the financial year or members balances in either the current or the comparative periods as its provisions relate to disclosures.

2. ACCOUNTING POLICIES

The following principle accounting policies have been applied consistently in dealing with items which are considered material in relation to these financial statements.

PREMIUMS WRITTEN

Premiums written comprise premiums on contracts inception during the financial year as well as adjustments made in the year to premiums written in prior accounting periods. Premiums are shown gross of brokerage payable and exclude taxes and duties levied on them. Estimates are made for pipeline premiums, representing amounts due to the syndicate not yet notified.

UNEARNED PREMIUMS

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

REINSURANCE PREMIUM CEDED

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

CLAIMS PROVISIONS AND RELATED RECOVERIES

Gross claims incurred comprise the estimated cost of all claims occurring during the year, whether reported or not, including related direct and indirect claims handling costs and adjustments to claims outstanding from previous years.

The provision for claims outstanding is assessed on an individual case basis and is based on the estimated ultimate cost of all claims notified but not settled at the balance sheet date, together with the provision for related claims handling costs.

The provision also includes the estimated cost of claims incurred but not reported ('IBNR') at the balance sheet date based on statistical methods. These methods generally involve the use of projections using past experience of the development of claims over time, to form a view of the likely ultimate claims experience for more recent underwriting, having regard to variations in the business accepted and in underlying terms and conditions. For the most recent years, where a higher 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 amount of salvage and subrogation recoveries is separately identified and, where material, reported as an asset.

The reinsurers' share of provisions for claims is based on the amounts of outstanding claims and projections for IBNR, 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. A number of statistical methods are used to assist in making these estimates.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2008

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 for current business are fair reflections of the likely level of ultimate claims to be incurred.

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. The ultimate liability will, however, vary as a result of subsequent information and events and this may result in significant adjustments to the amounts provided. Any adjustments to the amounts of claims provisions established in previous years are reflected in the financial statements in the period in which the adjustments are made. 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 arising after the end of the financial period in respect of contracts entered into 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 provision for unexpired risks is calculated by reference to classes of business which are managed together, after taking into account relevant investment return.

ACQUISITION COSTS

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

FOREIGN CURRENCIES

Transactions in US dollars, Canadian dollars and Euros are translated at the average rates of exchange for the period. Underwriting transactions denominated in other foreign currencies are included at the rate of exchange ruling at the date on which the transaction is processed.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Non-monetary assets and liabilities are translated at the average rates of exchange for the period. Unearned premium reserves and deferred acquisition costs are treated as non-monetary items.

Exchange differences are included in the technical account.

The following currency exchange rates have been used for principal foreign currency transactions:

	2008 Year-end rate	2008 Average rate	2007 Year-end rate	2007 Average rate
Euro	1.03	1.26	1.36	1.46
US dollar	1.44	1.85	1.99	2.00
Canadian dollar	1.77	1.96	1.96	2.15

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, charges and interest.

Realised gains and losses on investments carried at market value are calculated as the difference between actual sale proceeds and either the valuation at the previous balance sheet date, or purchase price if acquired during the year. Unrealised gains and losses on investments represent either the difference between the valuation at the balance sheet dates, or purchase price if acquired during the year.

Investment return is initially recorded in the non-technical account. Investment return is wholly allocated to the technical account as all investments relate to the technical account.

OPERATING EXPENSES

Where expenses are incurred by or on behalf of the managing agent for the administration of managed syndicates, these expenses are apportioned using varying methods depending on the type of expense. Expenses which are incurred jointly for the agency company and managed syndicates are apportioned between the agency company and the syndicates depending on the amount of work performed, resources used and the volume of business transacted.

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 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 are included in the balance sheet under the heading 'other debtors'.

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

PROFIT COMMISSION

Profit commission within these financial statements is charged by the managing agent at a rate of 17.5% of profit subject to the operation of a deficit clause.

3. SEGMENTAL ANALYSIS

An analysis of the underwriting result before investment return is set out below.

Year ended 31 December 2008	Gross written premiums £'000	Gross premiums earned £'000	Gross claims incurred £'000	Net operating expenses £'000	Reinsurance balance £'000	Total £'000
Direct insurance						
Accident and health	2,359	1,395	239	(989)	51	696
Motor (third party liability)	(310)	(281)	244	(25)	97	35
Motor (other classes)	(1,239)	(1,124)	976	(100)	389	141
Marine, aviation and transport	22,346	23,303	(12,039)	(3,820)	(3,105)	4,339
Fire and other damage to property	27,747	18,514	(12,041)	(4,256)	(4,428)	(2,211)
Third party liability	4,850	1,886	(634)	(608)	(159)	485
Pecuniary loss	9,409	9,056	(9,225)	(673)	1,366	524
Total direct	65,162	52,749	(32,480)	(10,471)	(5,789)	4,009
Reinsurance	51,166	50,370	(25,002)	(7,995)	(978)	16,395
Total	116,328	103,119	(57,482)	(18,466)	(6,767)	20,404

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2008

Year ended 31 December 2007	Gross written premiums £'000	Gross premiums earned £'000	Gross claims incurred £'000	Net operating expenses £'000	Reinsurance balance £'000	Total £'000
Direct insurance						
Accident and health	186	300	77	(323)	35	89
Motor (third party liability)	29	78	(43)	(15)	(15)	5
Motor (other classes)	278	760	(736)	(140)	(29)	(145)
Marine, aviation and transport	26,979	29,650	(15,621)	(10,383)	3,616	7,262
Fire and other damage to property	18,578	18,789	(12,092)	(6,505)	(176)	16
Third party liability	7,431	6,330	(2,893)	(1,772)	(766)	899
Pecuniary loss	11,142	7,811	4,485	(3,588)	(4,480)	4,228
Total direct	64,623	63,718	(26,823)	(22,726)	(1,815)	12,354
Reinsurance	43,846	49,978	(26,498)	(14,564)	(2,729)	6,187
Total	108,469	113,696	(53,321)	(37,290)	(4,544)	18,541

All underwriting contracts were concluded in the UK.

4. CLAIMS OUTSTANDING

The release of claims provisions brought forward in respect of 2007 and prior years, compared with payments and provisions for those years as at 31 December 2008, amounted to £8,053,600 (2007: £10,818,800).

The release has been generated from the following lines of business:

	2007 and prior years £'000	2006 and prior years £'000
Aviation & marine	3,764	8,193
Non-marine property	238	(1,224)
Property treaty	1,526	3,383
Speciality lines	2,526	467
	8,054	10,819

Following the merger of Hardy's two managed syndicates in 2009, a new business unit structure was put in place. The comparatives have been restated on the new business unit basis.

5. NET OPERATING EXPENSES

	2008 £'000	2007 £'000
Commissions	26,968	24,237
Other acquisition costs	3,635	3,630
Change in deferred acquisition costs	(3,964)	(288)
Administrative expenses	10,718	11,489
(Profit) on exchange	(18,891)	(1,778)
	18,466	37,290

	2008 £'000	2007 £'000
Administrative expenses include auditor's remuneration in respect of audit services of:	81	80

Members' standard personal expenses are included within administrative expenses.

6. STAFF MEMBERS AND COSTS

All staff are employed by HUA. The following expenses were incurred in respect of services provided to the syndicate.

	2008 £'000	2007 £'000
Wages and salaries	2,608	2,821
Social security costs	426	427
Other pension costs	939	651
	3,973	3,899

The average number of employees employed by the managing agent during the year was as follows.

	2008 Number	2007 Number
Underwriting activities	21	21
Management and administration	21	19
	42	40

7. EMOLUMENTS OF THE DIRECTORS OF HARDY (UNDERWRITING AGENCIES) LIMITED

The directors of HUA received the following aggregate remuneration which was charged to the syndicate and included within net operating expenses.

	2008 £'000	2007 £'000
Fees	33	33
Emoluments	1,274	1,166
	1,307	1,199

	2008 £'000	2007 £'000
The active underwriter received emoluments of:	337	289

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2008

8. INVESTMENT INCOME

	2008 £'000	2007 £'000
Income from investments	3,881	3,992
(Losses)/ gains on the realisation of investments	(48)	176
	3,833	4,168

9. FINANCIAL INVESTMENTS

	Market value 2008 £'000	Cost 2008 £'000	Market value 2007 £'000	Cost 2007 £'000
Debt securities and other fixed income securities	78,756	77,454	69,766	69,287

Using Standard and Poor's and Moody's as rating sources, the credit ratings of the debt and other fixed income securities are shown below.

	2008 £'000	2008 %	2007 £'000	2007 %
Government / Government Agency	68,005	86	63,781	91
AAA / Aaa	8,574	11	3,881	6
AA / Aa	1,265	2	1,398	2
A	912	1	706	1
	78,756	100	69,766	100

10. DEBTORS AND CREDITORS

All amounts are due within one year, unless disclosed separately on the face of the balance sheet.

11. OVERSEAS DEPOSITS

Overseas deposits are lodged as a condition of conducting underwriting business in certain territories.

12. RECONCILIATION OF MEMBERS' BALANCES

	2008 £'000	2007 £'000
Members' balances at 1 January	24,528	15,838
Profit for the financial year	24,934	22,982
Payment of profits to members	(27,144)	(14,292)
Members' balances at 31 December	22,318	24,528

The ultimate result, and assets and liabilities attributable to members are assessed by reference to the policies incepting in that year of account.

13. MOVEMENT IN OPENING AND CLOSING PORTFOLIO INVESTMENTS NET OF FINANCING

	2008 £'000	2007 £'000
Net cash inflow/(outflow) for the year	9,943	(2,611)
Cash flow		
Increase/(decrease) in overseas deposits	377	(411)
(Decrease) in deposits with ceding undertakings	-	(420)
Portfolio investments	(13,610)	16,059
Movement arising from cash flows	(3,290)	12,617
Changes in market values and exchange rates	27,398	2,829
Total movement in portfolio investments	24,108	15,446
Portfolio at 1 January	99,019	83,573
Portfolio at 31 December	123,127	99,019

Movement in cash, portfolio investments and financing

	At 1 January 2008 £'000	Cash Flow £'000	Changes to market value and currency £'000	At 31 December 2008 £'000
Cash at bank and in hand	25,149	9,943	4,042	39,134
Overseas deposits	4,104	377	756	5,237
Portfolio investments				
Debt securities and other fixed income securities	69,766	(13,610)	22,600	78,756
Total portfolio investments	69,766	(13,610)	22,600	78,756
Total cash, portfolio investments and financing	99,019	(3,290)	27,398	123,127

14. NET CASH INFLOW ON PORTFOLIO INVESTMENTS

	2008 £'000	2007 £'000
Purchase of shares and other variable yield securities	-	11
Purchase of debt securities and other fixed income securities	133,974	108,344
Sale of other loans	-	(1,575)
Sale of debt securities and other fixed income securities	(147,584)	(87,284)
Sale of shares and other variable yield securities	-	(3,437)
Net cash inflow on portfolio investments	(13,610)	16,059

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2008

15. RELATED PARTIES

The immediate parent company of Hardy (Underwriting Agencies) Limited is Hardy Underwriting Group plc. The ultimate parent company is Hardy Underwriting Bermuda Limited. Group accounts for Hardy Underwriting Bermuda Limited are available from 40 Lime Street, London EC3M 7AW and Cedar House, 41 Cedar Avenue, PO Box HM 1838, Hamilton, HM HX.

Profit commissions of £7,985,091 is payable by the syndicate to Hardy (Underwriting Agencies) Limited as at 31 December 2008 (2007: £7,083,239).

Profit commissions payable comprises amounts payable on 2006 closed year of £4,845,883 as well as accruals for the 2007 and 2008 open years of £2,502,799 and £636,409 respectively.

Managing agent fees of £825,000 (2007: £825,000) were paid by the syndicate to Hardy (Underwriting Agencies) Limited.

Hardy Underwriting Limited, a fellow subsidiary of Hardy (Underwriting Agencies) Limited, has provided syndicate capacity as follows:

2006 underwriting year: £99,973,240 (90.9% of allocated capacity);
2007 underwriting year: £110,000,000 (100% of allocated capacity); and
2008 underwriting year: £110,000,000 (100% of allocated capacity).

On 1 January 2007, syndicate 382 loaned £2,500,000 and US\$ 5,000,000 to syndicate 38Twenty, which is also managed by HUA. Under the terms of the loan agreement, interest was charged at 1.5% above the overnight LIBOR applicable in each currency. These loans including accrued interest were fully repaid in April 2008.

16. FUNDS AT LLOYD'S

Every member of Lloyd's is required to hold capital at Lloyd's. This capital is held in trust and is known as Funds at Lloyd's ("FAL"). The funds are intended primarily to cover circumstances where syndicate assets prove insufficient to meet participating members' underwriting liabilities.

The level of FAL that Lloyd's requires a member to maintain is ultimately determined by Lloyd's taking account, inter alia, of a number of factors including the nature and amount of underwriting risk assumed by the member and the assessment of the reserving risk in respect of business that has already been underwritten. FAL is not under the management of the managing agent, so no amounts have been shown in these financial statements to reflect it. The managing agent is able to make a call on members' FAL to meet liquidity requirements and to settle losses should this be required.

17. POST BALANCE SHEET EVENTS

Amounts to be transferred to members' personal reserve funds during 2009:

Open year profit distribution of US\$ 14,571,059 on the 2007 account;

Closed year result distributions of US\$2,299,612 and £6,262,473 on the 2006 account, being the balance of profit to be distributed following the early releases in previous calendar years.

Profit commission of £1,830,896 has been paid to Hardy (Underwriting Agencies) Limited being commission payable based on the early release of profits on the 2007 account as at 31 December 2008.

Hardy (Underwriting Agencies) Limited

Syndicate 382

Report for the 2006 year of account
31 December 2008



REPORT OF THE DIRECTORS OF THE MANAGING AGENT

The directors of the managing agent present their report on the results for the 2006 year of account of syndicate 382, which has been closed by way of reinsurance to close into the syndicate's 2007 year of account as at 31 December 2008.

This annual report is prepared in accordance with the Lloyd's Syndicate Accounting Byelaw (No. 8 of 2005). It accompanies the report and accounts prepared using the new annual basis of accounting, as required by the 2004 Regulations and the Companies Act 1985.

REVIEW OF THE 2006 CLOSED YEAR OF ACCOUNT

The 2006 year of account closed with a profit of £22,788,873 (2005 year of account: £17,491,300) after all personal expenses, including members' agent's fees which represents a profit of 20.7% of capacity and 23% of net premium income after deduction of brokerage. This profit includes a release of surplus reserves amounting to £1,333,000 attributable to the 2005 and prior years of account (2004 and prior years of account: £3,306,000).

The key performance ratios are shown below.

Closed underwriting years	2006	2005
Gross premiums written (£m)	116.7	113.8
Net premiums earned (£m)	97.8	97.2
Profit for the year (£m)	22.8	17.5
Claims ratio (%)	41.1	47.3
Expenses ratio (%)	30.9	36.9
Combined ratio (%)	72.0	84.2

The above ratios exclude reinsurance to close premiums paid and received by each underwriting year.

Following the impact of hurricane Katrina in 2005, the 2006 year was generally well rated across all major lines of business, and in the absence of significant catastrophe activity almost all of the syndicate's classes contributed well to the bottom line. The exceptions to this are the direct and facultative property account, established for the first time in 2006, which was impacted by unusually high loss frequency, and also some miscellaneous short tail classes which are no longer written.

DIRECTORS

The directors of the managing agent who served during the relevant period were as follows:

NON-EXECUTIVE DIRECTORS	EXECUTIVE DIRECTORS
DP Mann (Chairman)	JEG Barker (resigned 31 December 2008)
RD Abbott (appointed 20 February 2008)	PJ Gage (appointed 8 September 2006)
BG Devereese	TP Griffin
IE Ivory (appointed 22 December 2006)	T Hutchings
BS Thomas (appointed 20 February 2008)	JD MacDiarmid
	BJ Merry
	L Santambrogio (resigned 22 December 2006)
	MJ Simpson
	MTA Sugden
	AJ Walker
	AD Williams (appointed 8 September 2006)

DIRECTORS' INTERESTS

None of the directors participated on the syndicate for the 2006 year of account.

By order of the Board



T Hutchings
Secretary
London
18 March 2009

STATEMENT OF MANAGING AGENT'S RESPONSIBILITIES

Company law requires the managing agent to prepare syndicate underwriting year accounts at 31 December, in respect of any underwriting year which is being closed by reinsurance to close, which give a true and fair view of the result of the underwriting year on closure. Detailed requirements in respect of the underwriting year accounts are set out in the Lloyd's Syndicate Accounting Byelaw (No. 8 of 2005).

In preparing the syndicate underwriting year accounts, the managing agent is required 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 the underwriting year accounts.

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 accounts comply with the 2004 Regulations and the relevant provisions of the Companies Act 1985. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SYNDICATE 382-2006 CLOSED YEAR OF ACCOUNT

We have audited the syndicate 382 underwriting year of accounts for the three years ended 31 December 2008 which comprise the profit and loss account, the balance sheet, and the related notes 1 to 16. These accounts have been prepared in accordance with the Lloyd's Regulations and the accounting policies set out therein.

This report is made solely to the members of the syndicate, as a body, in accordance with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2004 and the Lloyd's 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the 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 AUDITOR

The managing agent's responsibilities for preparing the syndicate underwriting year accounts in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the statement of managing agent's responsibilities on page 28.

Our responsibility is to audit the syndicate underwriting year accounts in accordance with the relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the syndicate underwriting year accounts give a true and fair view of the result of the closed year of account. We also report to you if, in our opinion, the report of the directors of the managing agent is not consistent with the syndicate underwriting year accounts, if the managing agent has not kept proper accounting records in respect of that syndicate, if the underwriting year accounts are not in agreement with the accounting records or if we have not received all the information and explanations we require for our audit.

We read the report of the directors of the managing agent and consider the implications for our report if we become aware of any apparent misstatements within it.

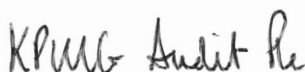
BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the syndicate underwriting year accounts. It also includes an assessment of the significant estimates and judgements made by the directors of the managing agent in the preparation of the syndicate underwriting year accounts, and of whether the accounting policies are appropriate to the syndicate's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the syndicate underwriting year accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the syndicate underwriting year accounts.

OPINION

In our opinion the syndicate underwriting year accounts give a true and fair view in accordance with UK Generally Accepted Accounting Practice of the result for the 2006 closed year of account.



KPMG Audit Plc
Chartered Accountants
Registered Auditor
8 Salisbury Square
London
EC4Y 8BB
18 March 2009

PROFIT AND LOSS ACCOUNT: TECHNICAL ACCOUNT

FOR THE THREE YEARS ENDED 31 DECEMBER 2008

	Notes	2006 and prior years £'000	2005 and prior years £'000
Syndicate allocated capacity		109,911	99,905
Gross premiums written	2,3	116,682	113,758
Outward reinsurance premiums		(16,453)	(16,164)
Net premiums written		100,229	97,594
Change in the provision for unearned premiums			
Gross amount		(2,462)	(434)
Reinsurers' share		-	-
Change in the net provision for unearned premiums		(2,462)	(434)
Earned premiums, net of reinsurance		97,767	97,160
Reinsurance to close premium received, net of reinsurance	4	26,679	19,620
Allocated investment return transferred from the non-technical account		4,677	3,541
Claims incurred, net of reinsurance			
Claims paid			
Gross amount		(50,948)	(56,848)
Reinsurers' share		10,781	10,908
Net claims paid		(40,167)	(45,940)
Reinsurance to close premium payable, net of reinsurance	5	(35,930)	(21,030)
Claims incurred, net of reinsurance		(76,097)	(66,970)
Net operating expenses	6	(30,237)	(35,860)
Balance on the technical account		22,789	17,491

PROFIT AND LOSS ACCOUNT: NON-TECHNICAL ACCOUNT FOR THE THREE YEARS ENDED 31 DECEMBER 2008

	Notes	2006 and prior years £'000	2005 and prior years £'000
Balance on the technical account		22,789	17,491
Investment income	9	4,145	3,382
Unrealised gains on investments		610	159
Investment expenses and charges		(78)	-
Allocated investment return transferred to technical account		(4,677)	(3,541)
Profit for the closed year of account		22,789	17,491

The underwriting year has closed and all transactions therefore relate to discontinued operations.

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: ASSETS

AT 31 DECEMBER 2008

	Notes	2006 and prior years £'000	2005 and prior years £'000
Investments			
Financial investments	11	26,793	16,090
Debtors	12		
Debtors arising out of direct insurance operations		1,027	721
Debtors arising out of reinsurance operations		8,941	2,300
Other debtors		2,948	6,804
		12,916	9,825
Reinsurance recoveries anticipated on gross reinsurance to close premium payable to close the account	5	20,666	20,120
Other assets			
Cash at bank and in hand		11,035	9,797
Overseas deposits	13	2,881	1,922
		13,916	11,719
Prepayments and accrued income			
Accrued interest		-	473
Deferred acquisition costs		1,544	254
Total assets		75,835	58,481

BALANCE SHEET: LIABILITIES

AT 31 DECEMBER 2008

	Notes	2006 and prior years £'000	2005 and prior years £'000
Capital and reserves			
Amounts due to members	14	7,860	12,141
Reinsurance to close premium payable to close the account, gross amount	5	56,596	41,150
Technical provisions			
Provisions for unearned premiums		2,894	434
Creditors	12		
Creditors arising out of direct insurance operations		827	48
Creditors arising out of reinsurance operations		2,811	316
Other creditors		4,847	4,392
		8,485	4,756
Total liabilities		75,835	58,481

The financial statements on pages 30 to 41 were approved by the Board of Hardy (Underwriting Agencies) Limited on 18 March 2009.



AJ Walker
18 March 2009

NOTES TO THE FINANCIAL STATEMENTS

FOR THE THREE YEARS ENDED 31 DECEMBER 2008

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with the Companies Act 1985, the 2004 Regulations, the Lloyd's Syndicate Accounting Byelaw (No. 8 of 2005), and applicable Accounting Standards in the United Kingdom. They also comply with the Statement of Recommended Practice on Accounting for Insurance Business issued in December 2005 by the Association of British Insurers (as amended in December 2006).

Members participate on individual syndicate years of account, each year of account representing a separate annual venture. These accounts relate to the 2006 year of account which has been reinsured to close as at 31 December 2008.

Consequently the balance sheet represents the assets and liabilities of the 2006 year of account at the date of closure. The profit and loss account and cash flow statement reflect the transactions for that year of account during the three year period from inception until closure.

2. ACCOUNTING POLICIES

The underwriting accounts for each year of account are normally kept open for three years before the result on that year is determined. At the end of the three year period, outstanding liabilities can normally be determined with sufficient accuracy to permit the year of account to be closed by payment of a reinsurance to close premium to the successor year of account.

PREMIUMS WRITTEN

Gross premiums are allocated to years of account on the basis of the inception date of the policy. Premiums in respect of insurance contracts underwritten under a binding authority, line slip or consortium arrangement are allocated to the year of account corresponding to the calendar year of inception of the arrangement. Premiums are shown gross of brokerage payable and exclude taxes and duties levied on them.

UNEARNED PREMIUMS

Written premiums are recognised as earned according to the risk profile of the policy. Unearned premiums represent the proportion of premiums written in the year that relate to the unexpired period of policies in force at the balance sheet date, calculated on the basis of established earnings patterns or time apportionment as appropriate. At the time of closure of the year, the majority of premiums written are expected to be fully earned.

REINSURANCE PREMIUM CEDED

Outwards reinsurance premiums are charged to the same underwriting year as the premiums for the related direct or inwards business being reinsured.

CLAIMS PAID AND RELATED RECOVERIES

Gross claims paid include internal and external claims settlement expenses. Reinsurance recoveries, less amounts provided for in respect of doubtful reinsurers, are attributed to the same year of account as the original premium for the underlying policy. Reinstatement premiums payable in the event of a claim being made are charged to the same year of account as that to which the recovery is credited.

REINSURANCE TO CLOSE PREMIUM

The reinsurance to close premium relating to the closed year of account, and all previous years of account reinsured therein, is determined on the basis of gross estimated outstanding liabilities and related claims settlement costs (including claims incurred but not reported), less estimated collectible reinsurance recoveries.

The estimate of claims outstanding is assessed on an individual case basis and is based on the estimated ultimate cost of all claims notified but not settled by the balance sheet date, together with the provision for related claims handling costs. The provision also includes the estimated cost of claims incurred but not reported ('IBNR') at the balance sheet date, based on statistical methods. These methods generally involve the use of projections using past experience of the development of claims over time, to form a view of the likely ultimate claims experience for more recent underwriting, having regard to variations in the business accepted and in underlying terms and conditions. For the most recent years, where a higher 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 amount of salvage and subrogation recoveries is separately identified and, where material, reported as an asset.

The reinsurers' share is based on the amounts of outstanding claims and projections for IBNR, 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. A number of statistical methods are used to assist in making these estimates.

The two most critical assumptions as regards claims estimates are that the past is a reasonable predictor of the likely level of claims development and that the rating and other models used for current business are fair reflections of the likely level of ultimate claims to be incurred.

The directors consider that the estimates of gross claims and related reinsurance recoveries are fairly stated on the basis of the information currently available to them. It is, however, implicit in the estimation procedure that the ultimate liabilities will be at variance from the reinsurance to close premium so determined.

FOREIGN CURRENCIES

Transactions in US dollars, Canadian dollars and Euros are translated at the average rates of exchange for the period. Underwriting transactions denominated in other foreign currencies are included at the rate of exchange ruling at the date on which the transaction is processed.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Non-monetary assets and liabilities are translated at the average rates of exchange for the period. Unearned premium reserves and deferred acquisition costs are treated as non-monetary items.

Exchange differences 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, charges and interest.

Realised gains and losses on investments carried at market value are calculated as the difference between actual sale proceeds and either the valuation at the previous balance sheet date, or purchase price if acquired during the year. Unrealised gains and losses on investments represent the difference between either the valuation at the balance sheet dates, or purchase price if acquired during the year.

The returns on the Joint Asset Trust Funds and Illinois Deposit are allocated to the year of account as notified by Lloyd's. The returns on other assets arising in a calendar year are apportioned to years of account open during the calendar year in proportion to the average funds available for investment on each year of account.

Investment return is initially recorded in the non-technical account. Investment return is wholly allocated to the technical account as all investments relate to the technical account.

OPERATING EXPENSES

Where expenses are incurred by or on behalf of the managing agent for the administration of managed syndicates, these expenses are apportioned using varying methods depending on the type of expense. Expenses which are incurred jointly for the agency company and managed syndicates are apportioned between the agency company and the syndicates depending on the amount of work performed, resources used and the volume of business transacted. Syndicate operating expenses are allocated to the year of account for which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

FOR THE THREE YEARS ENDED 31 DECEMBER 2008

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 are included in the balance sheet under the heading 'other debtors'.

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

PROFIT COMMISSION

Profit commission within these financial statements is charged by the managing agent at a rate of 17.5% of profit subject to the operation of a deficit clause. Where profit commission is charged, it is included within members' standard personal expenses within administrative expenses.

3. SEGMENTAL ANALYSIS

An analysis of the underwriting result before investment return is set out below.

2006 closed year of account	Gross written premiums	Gross premiums earned	Gross claims incurred	Net operating expenses	Reinsurance balance	Total
	£'000	£'000	(Note a) £'000	£'000	(Note a) £'000	£'000
Direct insurance						
Accident and health	2,174	2,128	(949)	(562)	(278)	339
Motor (third party liability)	523	512	(228)	(135)	(67)	82
Motor (other classes)	2,092	2,047	(913)	(541)	(268)	325
Marine, aviation and transport	27,111	26,540	(11,838)	(7,013)	(3,467)	4,222
Fire and other damage to property	25,986	25,438	(11,347)	(6,721)	(3,324)	4,046
Third party liability	2,668	2,612	(1,165)	(690)	(341)	416
Pecuniary loss	9,438	9,238	(4,121)	(2,441)	(1,207)	1,469
Total direct	69,992	68,515	(30,561)	(18,103)	(8,952)	10,899
Reinsurance	46,690	45,705	(20,387)	(12,134)	(5,971)	7,213
Total	116,682	114,220	(50,948)	(30,237)	(14,923)	18,112

2005 closed year of account	Gross written premiums	Gross premiums earned	Gross claims incurred (Note a)	Net operating expenses	Reinsurance balance (Note a)	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Direct insurance						
Accident and health	3,923	3,923	(1,619)	(1,523)	(176)	605
Motor (third party liability)	47	47	(27)	(15)	13	18
Motor (other classes)	1,276	1,276	(1,535)	(393)	2	(650)
Marine, aviation and transport	17,616	17,616	(8,671)	(2,004)	(5,106)	1,835
Fire and other damage to property	17,301	17,301	(8,433)	(5,661)	(4,414)	(1,207)
Third party liability	759	759	448	(470)	1,406	2,143
Pecuniary loss	1,569	1,135	379	(383)	(826)	305
Total direct	42,491	42,057	(19,458)	(10,449)	(9,101)	3,049
Reinsurance	71,267	71,267	(37,390)	(25,411)	2,435	10,901
Total	113,758	113,324	(56,848)	(35,860)	(6,666)	13,950

a) Gross claims incurred comprise gross claims paid and the reinsurance balance comprises reinsurance premiums ceded less reinsurance recoveries on claims paid and on the reinsurance to close.

b) All underwriting contracts were concluded in the UK.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE THREE YEARS ENDED 31 DECEMBER 2008

4. REINSURANCE TO CLOSE PREMIUM RECEIVED

	2006 year of account £'000	2005 year of account £'000
Gross notified outstanding claims	45,542	22,669
Provision for gross claims incurred but not reported ("IBNR")	6,504	9,515
Provision for unallocated loss adjustment expenses	1,182	1,155
	53,228	33,339
Reinsurance recoveries anticipated on outstanding claims	(24,070)	(8,584)
Reinsurance recoveries anticipated on IBNR	(2,479)	(5,135)
	(26,549)	(13,719)
Reinsurance to close premium received, net of reinsurance	26,679	19,620

5. REINSURANCE TO CLOSE PREMIUM PAYABLE

	2006 year of account £'000	2005 year of account £'000
Gross notified outstanding claims	48,163	34,892
Provision for gross claims incurred but not reported ("IBNR")	7,085	5,076
Provision for unallocated loss adjustment expenses	1,348	1,182
	56,596	41,150
Reinsurance recoveries anticipated on outstanding claims	(18,917)	(18,291)
Reinsurance recoveries anticipated on IBNR	(1,749)	(1,829)
	(20,666)	(20,120)
Reinsurance to close premium payable, net of reinsurance	35,930	21,030

The reinsurance to close has been assumed by the 2007 year of account of syndicate 382.

6. NET OPERATING EXPENSES

	2006 year of account £'000	2005 year of account £'000
Commissions	26,355	25,016
Other acquisition costs	2,026	2,246
Administrative expenses	10,614	8,104
(Profit)/loss on exchange	(8,758)	494
	30,237	35,860

	2006 year of account £'000	2005 year of account £'000
Administrative expenses include auditors' remuneration in respect of audit services of:	64	65

Members' standard personal expenses are included within net operating expenses and comprise the following:

	2006 year of account £'000	2005 year of account £'000
Managing agent's salary	824	4,995
Managing agent's profit commission	4,846	4,387
Lloyd's subscriptions	550	499
Central Fund levy	1,099	499
	7,319	10,380

Members' agents fees	57	58
----------------------	-----------	----

7. STAFF MEMBERS AND COSTS

All staff are employed by HUA. The managing agent incurred the following expenses in respect of services provided to the syndicate:

	2006 year of account £'000	2005 year of account £'000
Wages and salaries	1,934	2,325
Social security costs	363	318
Other pension costs	593	545
	2,890	3,188

The average number of employees employed by the managing agent during the three years was as follows:

	2006 year of account £'000	2005 year of account £'000
Underwriting activities	27	21
Management and administration	26	18
	53	39

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

FOR THE THREE YEARS ENDED 31 DECEMBER 2008

8. EMOLUMENTS OF THE DIRECTORS OF HARDY (UNDERWRITING AGENCIES) LIMITED

All directors' emoluments, including those of the active underwriter, are retained by the managing agent. The amounts incurred in respect of services provided to the syndicate are as follows:

	2006 year of account £'000	2005 year of account £'000
Fees	40	44
Emoluments	1,095	991
	1,135	1,035

	2006 year of account £'000	2005 year of account £'000
The active underwriter received emoluments of:	297	277

9. INVESTMENT INCOME

	2006 year of account £'000	2005 year of account £'000
Income from investments	4,050	3,305
Gains on the realisation of investments	95	77
	4,145	3,382

10. BALANCE ON TECHNICAL ACCOUNT

	2006 year of account £'000	2005 year of account £'000
Balance excluding investment return		
Profit attributable to the 2006/ 2005 pure year of account	16,779	10,644
Profit attributable to business reinsured into the 2006/ 2005 year of account	1,333	3,306
	18,112	13,950
Allocated investment return transferred from the non-technical account	4,677	3,541
	22,789	17,491

11. FINANCIAL INVESTMENTS

	2006 year of account Market value £'000	2006 year of account Cost £'000	2005 year of account Market value £'000	2005 year of account Cost £'000
Debt securities and other fixed income securities	26,793	26,351	16,090	15,980

12. DEBTORS AND CREDITORS

All amounts are due within one year.

13. OVERSEAS DEPOSITS

Overseas deposits are lodged as a condition of conducting underwriting business in certain territories.

14. AMOUNTS DUE TO MEMBERS

	2006 year of account £'000	2005 year of account £'000
Profit for the 2006/ 2005 closed year of account	22,789	17,491
Continuous solvency transfers	(14,929)	(5,350)
Amounts due to members at 31 December 2008/ 2007	7,860	12,141

15. RELATED PARTIES

Profit commission of £4,845,883 is payable by the syndicate to Hardy (Underwriting Agencies) Limited in respect of profits for the 2006 year of account (2005 year of account: £4,387,213).

Managing agent fees of £824,306 were paid by the syndicate to Hardy (Underwriting Agencies) Limited (2005 year of account: £4,995,022).

Hardy Underwriting Limited, a fellow subsidiary of Hardy (Underwriting Agencies) Limited, provided syndicate capacity of £99,973,240 on the 2006 year of account (2005 year of account: £90,803,042).

16. POST BALANCE SHEET EVENTS

The reinsurance premium to close the 2006 year of account at 31 December 2008 was agreed by the managing agent on 23 February 2009.

US\$2,299,612 will be transferred to members' personal reserve funds on 9 April 2009, representing £1,596,953 of the total sterling value of £7,859,426 due to members. The balance of £6,262,473 will be distributed in Sterling.

THIRTY TWO YEAR SUMMARY OF RESULTS FOR SYNDICATE 382

	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
Syndicate allocated capacity (£'000)	530	630	1,120	3,825	4,585	4,550	4,535	3,625	4,355	6,230	7,955	16,785	19,350
Number of members of the Syndicate	36	43	68	180	218	217	206	205	231	298	351	686	793
Aggregate net premiums (£'000)	706	755	816	1,358	1,966	2,554	3,135	3,375	2,619	4,816	6,082	9,713	10,370
Results for a member with an illustrative share of £10,000													
Gross premiums	16,361	16,390	9,593	4,683	5,511	7,039	8,388	11,978	10,315	9,272	8,851	6,459	6,021
Net premiums	13,328	11,976	7,290	3,551	4,287	5,607	6,913	9,310	8,335	7,755	7,662	5,813	5,359
Reinsurance to close an earlier year of account	-	3,659	3,697	1,400	1,933	3,245	4,110	6,663	4,680	3,604	2,460	1,294	1,328
Net claims	(6,807)	(5,835)	(3,619)	(2,310)	(3,096)	(4,813)	(5,419)	(7,388)	(5,347)	(3,961)	(4,012)	(2,494)	(2,479)
Reinsurance to close the year of account	(4,495)	(6,955)	(5,045)	(1,977)	(2,872)	(3,769)	(4,486)	(6,613)	(5,217)	(3,587)	(2,662)	(1,428)	(1,560)
Underwriting result	2,026	2,845	2,323	664	252	270	1,118	1,972	2,451	3,811	3,448	3,185	2,648
Profit/(loss) on exchange	-	40	(72)	(4)	126	84	94	55	(19)	(26)	168	2	61
Syndicate expenses	(298)	(302)	(258)	(174)	(243)	(320)	(414)	(498)	(471)	(367)	(368)	(233)	(233)
Balance on technical account	1,728	2,583	1,993	486	135	34	798	1,529	1,961	3,418	3,248	2,954	2,476
Percentage of gross premiums	10.6%	15.8%	20.8%	10.4%	2.4%	0.5%	9.5%	12.8%	19.0%	36.9%	36.7%	45.7%	41.1%
Investment return	1,066	1,326	1,140	432	768	765	785	1,235	1,145	1,067	938	724	866
Profit before personal expenses	2,794	3,909	3,133	918	903	799	1,583	2,764	3,106	4,485	4,186	3,678	3,342
Illustrative personal expenses:													
Profit commission	(277)	(390)	(301)	(69)	(23)	(6)	(120)	(329)	(384)	(584)	(545)	(479)	(430)
Agent's salary	(8)	(21)	(28)	(38)	(38)	(38)	(38)	(38)	(38)	(38)	(60)	(60)	(60)
Lloyd's subscription etc	(53)	(37)	(61)	(58)	(50)	(58)	(114)	(87)	(107)	(124)	(124)	(128)	(144)
Special Central Fund Levy	-	-	-	-	-	-	-	-	-	-	-	-	-
	(338)	(448)	(390)	(165)	(111)	(102)	(272)	(454)	(529)	(746)	(729)	(667)	(634)
Profit after illustrative personal expenses	2,456	3,461	2,743	753	792	697	1,311	2,310	2,577	3,739	3,457	3,011	2,708
% Profit to net premium income before Levy	18.4%	28.9%	37.6%	21.2%	18.5%	12.4%	19.0%	24.8%	30.9%	48.2%	45.1%	51.8%	50.5%
% Profit to allocated capacity before Levy	24.6%	34.6%	27.4%	7.5%	7.9%	7.0%	13.1%	23.1%	25.8%	37.4%	34.6%	30.1%	27.1%
% Special central fund levy to net premium income	-	-	-	-	-	-	-	-	-	-	-	-	-
% Special central fund levy to allocated capacity	-	-	-	-	-	-	-	-	-	-	-	-	-

Note:

- (i) The figures for the 1982 to 2006 closed accounts have been prepared in accordance with the Lloyd's Syndicate Accounting Rules. For the closed accounts for 1975 to 1981 the figures have been derived from the annual reports originally presented to the members of the syndicate and do not reflect the current names' charges. For the years 1978 to 1981 the amounts shown for investment income, appreciation, exchange profit or loss and syndicate expenses have been derived from the annual reports of syndicate 382. For all years of account premiums are stated net of brokerage.
- (ii) As from 1 January 1986 accrued interest arising from the acquisition, disposal and revaluation of investments became subject to income tax. Prior to that date such interest was subject to capital gains tax. For the years 1975 to 1985 accrued interest has been included in investment appreciation. From 1986 this interest has been included as investment income.
- (iii) The figures for 1975 to 1985 have been restated to give the investment return on a gross of tax basis.

1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
26,245	20,184	19,740	19,498	27,731	41,326	64,715	69,418	62,276	65,167	58,684	52,866	50,281	50,290	54,000	99,910	114,959	99,905	109,911
885	847	815	800	935	1,442	1,245	1,826	1,676	1,350	1,220	477	417	342	355	262	206	156	156
8,018	6,215	6,102	7,524	12,935	37,785	41,980	53,180	37,515	25,610	16,635	15,991	16,613	26,218	34,446	56,437	71,078	72,144	71,413
3,482	3,811	4,194	5,157	5,644	10,200	7,235	8,705	6,911	4,678	3,268	3,660	4,123	6,491	7,985	6,734	7,782	8,883	8,218
3,055	3,079	3,091	3,859	4,665	9,143	6,487	7,661	6,024	3,930	2,835	3,025	3,304	5,213	6,379	5,649	6,183	7,221	6,497
1,022	1,598	2,347	2,577	1,853	1,345	617	1,156	1,824	2,132	2,629	2,854	2,537	1,943	1,974	1,051	1,236	1,964	2,427
(1,644)	(2,251)	(2,766)	(2,975)	(3,762)	(4,367)	(3,608)	(4,267)	(3,796)	(2,476)	(2,592)	(2,563)	(2,626)	(3,150)	(3,425)	(2,947)	(4,359)	(4,598)	(3,655)
(1,202)	(1,987)	(2,514)	(2,733)	(1,995)	(2,937)	(1,212)	(1,645)	(2,188)	(2,255)	(2,539)	(2,583)	(2,060)	(2,215)	(1,945)	(1,541)	(1,677)	(2,105)	(3,269)
1,231	439	158	728	761	3,184	2,284	2,905	1,864	1,331	333	733	1,155	1,791	2,983	2,212	1,383	2,482	2,000
-	115	(19)	(41)	(50)	11	15	(13)	(1)	9	(39)	(21)	133	127	47	(144)	(3)	(49)	797
(185)	(244)	(238)	(263)	(212)	(97)	(96)	(149)	(156)	(193)	(112)	(85)	(78)	(109)	(154)	(70)	(9)	8	(479)
1,046	310	(99)	424	499	3,098	2,203	2,743	1,707	1,147	182	627	1,210	1,809	2,877	1,998	1,371	2,441	2,318
30.0%	8.1%	-2.4%	8.2%	8.8%	30.4%	30.4%	31.5%	24.7%	24.5%	5.6%	17.1%	29.3%	27.9%	36.0%	29.7%	17.6%	27.5%	28.2%
583	444	289	244	134	633	422	594	544	320	192	242	189	167	155	162	210	354	426
1,629	754	190	668	633	3,731	2,625	3,337	2,251	1,467	374	869	1,399	1,976	3,032	2,160	1,581	2,795	2,744
(200)	(76)	-	(77)	(71)	(642)	(405)	(530)	(418)	(265)	-	(57)	(178)	(287)	(492)	(317)	(191)	(439)	(441)
(60)	(60)	(60)	(60)	(60)	(60)	(50)	(50)	(50)	(50)	(350)	(375)	(398)	(450)	(450)	(450)	(450)	(500)	(75)
(110)	(110)	(110)	(110)	(110)	(143)	(143)	(110)	(110)	(125)	(150)	(135)	(125)	(100)	(125)	(125)	(175)	(100)	(150)
-	-	(166)	(166)	(166)	(150)	(150)	(150)	-	-	-	-	-	-	-	-	-	-	-
(370)	(246)	(336)	(413)	(407)	(995)	(748)	(840)	(578)	(440)	(500)	(567)	(701)	(837)	(1,067)	(892)	(816)	(1,039)	(666)
1,259	508	(146)	255	226	2,736	1,877	2,497	1,673	1,027	(126)	302	698	1,139	1,965	1,268	765	1,756	2,078
41.2%	16.5%	0.6%	10.9%	8.4%	39.1%	31.3%	34.5%	27.8%	26.1%	(4.4%)	10.0%	22.1%	21.8%	30.8%	22.4%	12.4%	24.3%	32.0%
12.6%	5.1%	0.2%	4.2%	3.9%	28.9%	20.3%	26.5%	16.7%	10.3%	(1.3%)	3.0%	7.0%	11.4%	19.7%	12.7%	7.6%	17.6%	20.8%
-	-	(5.4%)	(4.3%)	(3.6%)	(1.6%)	(2.3%)	(2.0%)	-	-	-	-	-	-	-	-	-	-	-
-	-	(1.7%)	(1.7%)	(1.7%)	(1.5%)	(1.5%)	(1.5%)	-	-	-	-	-	-	-	-	-	-	-

(iv) The figures for the 1975 to 1987 years of account are prepared on an illustrative share of £10,000 net premium, whereas subsequent years of account have been prepared on the basis of £10,000 gross premium. Prior to 1988 premium limits were expressed net of reinsurance ceded, but with effect from 1988, account premium limits are shown gross of reinsurance ceded.

(v) For the 1990 to 2006 years of account the investment return is net of investment expenses and charges. For 1975 to 1989 these items have been included with the syndicate expenses.

(vi) The 1993 result includes a profit before personal expenses of £3.6m from 1992 and prior years arising on the establishment of Equitas. This equates to £873 per £10,000 share.

(vii) For the 1993 to 2006 years claims settlement expenses have been included in net claims. For 1992 and prior years of account claims settlement costs are included in syndicate operating expenses. This reclassification has no effect on the profit after illustrative personal expenses.

(viii) For the 1998 account onwards agency fees were amended to include the majority of syndicate expenses.

NOTES





HARDY

LONDON

4th Floor
40 Lime Street
London,
EC3M 7AW

T: +44 (0)20 7626 0382
F: +44 (0)20 7283 4677

www.hardygroup.co.uk

BERMUDA

Cedar House
41 Cedar Avenue
PO Box HM 1838
Hamilton, HM HX

T: +1 441 292 5853
F: +1 441 292 5963

www.hardygroup.bm