

10062106203

BERKSHIRE HATHAWAY INTERNATIONAL INSURANCE LIMITED

Company Registration No. 3843820

New Zealand Branch Financial Statements

31 December 2012

**BERKSHIRE HATHAWAY INTERNATIONAL INSURANCE LIMITED
NEW ZEALAND BRANCH**

**FINANCIAL STATEMENTS
31 DECEMBER 2012**

CONTENTS	PAGE
Directors' Report	1
Statement of Comprehensive Income	2
Statement of Movements in Equity	3
Statement of Financial Position	4
Statement of Cashflows	5
Notes to and forming part of the Financial Statements	6
Independent Auditor's report to the members	8

BERKSHIRE HATHAWAY INTERNATIONAL INSURANCE LIMITED NEW ZEALAND BRANCH

DIRECTORS' REPORT

The directors are pleased to present the financial statements for Berkshire Hathaway International Insurance Limited "BHIL" – New Zealand Branch for the period ended 31 December 2012.

No disclosure has been made in respect of s211(a) and (e) to (j) of the Companies Act 1993 following a unanimous decision by the shareholders in accordance with s211(3) of the Act.

The Directors are responsible for the preparation, in accordance with New Zealand Law and generally accepted accounting practice, of financial statements which give a true and fair view of the financial position of BHIL – New Zealand Branch as at 31 December 2012 and the results of its operations for the period from establishment of the branch on 24 May 2012 to 31 December 2012.

The Directors consider that the financial statements of the Branch have been prepared using accounting policies appropriate to the branch's circumstances, consistently applied and supported by reasonable and prudent judgements and estimates, and that all applicable New Zealand Equivalents to International Financial Reporting Standards have been followed.

The Directors have responsibility for the maintenance of a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting. The Directors consider that adequate steps have been taken to safeguard the assets of the Branch and to prevent and detect fraud and other irregularities.

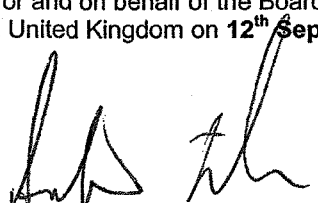
Directors

Mr R A Love (Chief Executive Officer)
Mr F N Krutter (U.S.)
Mr D T Young (Non – Executive)
Mr J H Bishop (Non – Executive)
Mr A Wilson
Mr G E Finney

Events Subsequent to Balance Sheet Date

The Branch has commenced trading since the balance sheet date. There has been no transaction or event of a material and unusual nature since the balance sheet date that is likely, in the opinion of the Directors of the company, to affect significantly the operations of the Company, in subsequent years.

Signed for and on behalf of the Board of Directors who authorised the issue of these financial statement in London, United Kingdom on 12th September 2013



Andrew Wilson
Director



Guy E Finney
Director

London

12th September 2013

**BERKSHIRE HATHAWAY INTERNATIONAL INSURANCE LIMITED
NEW ZEALAND BRANCH**

**STATEMENT OF COMPREHENSIVE INCOME
For the financial period ended 31 December 2012**

	Note	2012 \$
Premium written		Nil
Outward reinsurance premiums		Nil
Net premiums written		<u>Nil</u>
Claims expense		Nil
Reinsurance and other recoveries		Nil
Net claims incurred		<u>Nil</u>
Acquisition costs		Nil
General and administration expenses		Nil
Underwriting result		<u>Nil</u>
Net investment income		Nil
Income tax benefit on loss from continuing operations		Nil
Net Result		<u>Nil</u>
Other comprehensive income		<u>Nil</u>
Total comprehensive income for the year attributable to the members of BHIL		<u>Nil</u>

**BERKSHIRE HATHAWAY INTERNATIONAL INSURANCE LIMITED
NEW ZEALAND BRANCH**

**STATEMENT OF MOVEMENTS IN EQUITY
For the financial period ended 31 December 2012**

	Note	2012 \$
Head Office balance as at establishment of branch 24 May 2012		Nil
Comprehensive Result		Nil
Cash Settlements		Nil
		<hr/>
Head Office balance as at 31 December 2012		<u>Nil</u>

**BERKSHIRE HATHAWAY INTERNATIONAL INSURANCE LIMITED
NEW ZEALAND BRANCH**

Statement of Financial Position as at 31 December 2012

	Note	\$'000
Branch assets		Nil
Branch liabilities		<u>Nil</u>
Net assets		<u><u>Nil</u></u>
Equity		
Head Office Account		Nil
Total Equity		Nil

**BERKSHIRE HATHAWAY INTERNATIONAL INSURANCE LIMITED
NEW ZEALAND BRANCH**

Statement of cashflows for the period ended 31 December 2012

	Note	\$
Branch cash flows from operating activities		Nil
Branch cash flows from investing activities		Nil
Branch cash flows from financing activities		<u>Nil</u>
Net increase/decrease in cash and cash equivalents		<u>Nil</u>
		\$
Branch cash and cash equivalent balances		Nil

**BERKSHIRE HATHAWAY INTERNATIONAL INSURANCE LIMITED
NEW ZEALAND BRANCH**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the financial period ended 31 December 2012**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statement are set out below.

The branch did not commence trading until after 31 December 2012 and accounting policies and notes are only provided to the extent they are relevant to a non-trading branch

These general purpose financial statements cover Berkshire Hathaway International Insurance Limited "BHIL" – New Zealand Branch "the Branch". BHIL is an insurance company incorporated in the UK. The Branch is domiciled in New Zealand, registered address at Level 5, 33 Enfield Street, Mt Eden, Auckland, 1024, New Zealand. The Branch is a reporting entity for the purposes of the Financial Reporting Act 1993.

Statement of Compliance

As a single entity that operates in the insurance industry, the financial statements have been prepared in accordance with the Financial Reporting Act 1993 and New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS), and its interpretations as appropriate. The financial statements also comply with IFRS

These financial statements were authorised for issue by the directors on [DATE].

Basis of Preparation

These financial statements are prepared in accordance with the fair value basis of accounting.

The functional and presentational currency is New Zealand Dollars.

The Branch was established on 24th May 2012 and was granted its license to carry on Insurance Business in New Zealand on 16th October 2012. The financial statements have been prepared for the period 24th May 2012 to 31st December 2012. The Branch did not trade during this period. For the purposes of preparing the financial statements the branch is a for-profit entity.

The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Branch's accounting policies. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods

A General Accounting Policies

The general accounting policies recognised as appropriate for the measurement and reporting of results and the financial position for a for-profit entity have been followed in the preparation of these financial statements.

B Branch Assets

The Branch is part of BHIL. The assets of the Branch are legally available for the satisfaction of debts of the entire company, not solely those appearing on the Branch's Statement of Financial Position. The debts of the Branch may result in claims against the entire company's assets, not solely the assets presented on the Branch's Statement of Financial Position.

C Specific Accounting Policies

The following specific accounting policies, which significantly affect the financial performance and financial position have been applied :

Start-up expenses are borne by BHIL head office and not allocated to the New Zealand Branch

**BERKSHIRE HATHAWAY INTERNATIONAL INSURANCE LIMITED
NEW ZEALAND BRANCH**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the financial period ended 31 December 2012**

1. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

There are no capital commitments or contingent liabilities as at December 2012

2. RELATED PARTY TRANSACTIONS

The entity is a Branch of Berkshire Hathaway International Insurance Limited "BHIL", an insurance company incorporated in the United Kingdom, a wholly owned subsidiary of National Indemnity Company, a company incorporated in the state of Nebraska.

The ultimate parent entity is Berkshire Hathaway Inc. of Omaha, Nebraska, USA.

3. BUSINESS ACTIVITIES

The principal activity of the branch is underwriting insurance providing cover for Earthquake Construction risks.

4. CREDIT RATING

BHIL has a "AA+" credit rating from Standard and Poor's rating agency

5. ADDITIONAL INFORMATION

2012

Number of employees

-

6. EVENTS SUBSEQUENT TO BALANCE DATE

The Branch commenced trading subsequent to the balance sheet date

7. DISCLOSURE OF AUDITOR

The branch auditor is Deloitte Touche Tohmatsu, and the auditor remuneration is paid by BHIL

8. CAPITAL RESOURCES AND CAPITAL RESOURCE REQUIREMENT

As at 31 December 2012 the Capital Resources and Capital Resource Requirement reported in accordance with UK Regulatory requirements on Form 1 of the regulatory returns are:

	2012 £'000	2011 £'000
Capital Resources	94,845	68,205
Capital Resources Requirement	<u>21,246</u>	<u>16,586</u>
Excess of available Capital Resources to cover general insurance business Capital Resources Requirement	<u>73,599</u>	<u>51,619</u>



**Independent Auditor's Report
to the Shareholders of Berkshire Hathaway International Insurance Limited – New Zealand
Branch**

Report on the Financial Statements

We have audited the financial statements of Berkshire Hathaway International Insurance Limited – New Zealand Branch on pages 2 to 7, which comprise the statement of financial position as at 31 December 2012, statement of comprehensive income, statement of movements in equity and statement of cashflows for the period then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation of financial statements, in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates, as well as the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other than in our capacity as auditor, we have no relationship with or interests in Berkshire Hathaway International Insurance Limited – New Zealand Branch.

Opinion

In our opinion, the financial statements on pages 2 to 7:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the financial position of Berkshire Hathaway International Insurance Limited – New Zealand Branch as at 31 December 2012, and its financial performance and cashflows for the period ended on that date.

Emphasis of Matter

The New Zealand Branch is part of Berkshire Hathaway International Insurance Limited, which is incorporated in the United Kingdom. As described page 6 the assets of the Branch are legally available for the satisfaction of debts of the entire company, not solely those appearing on the accompanying statement of financial position and its debts may result in claims against assets not appearing thereon. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

We also report in accordance with section 16 of the Financial Reporting Act 1993. In relation to our audit of the financial statements for the period ended 31 December 2012:

- we have obtained all the information and explanations we have required; and
- in our opinion proper accounting records have been kept by Berkshire Hathaway International Insurance Limited – New Zealand Branch as far as appears from our examination of those records.

Chartered Accountants
12 September 2013
Christchurch, New Zealand

BERKSHIRE HATHAWAY INTERNATIONAL INSURANCE LIMITED

Company Registration No. 03230337

Report and Financial Statements

31 December 2012

BERKSHIRE HATHAWAY INTERNATIONAL INSURANCE LIMITED

REPORT AND FINANCIAL STATEMENTS For the year ended 31 DECEMBER 2012

CONTENTS	PAGE
Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	5
Independent auditor's report	6
Profit and loss account: Technical account general business	8
Profit and loss account: Non-technical account	9
Reconciliation of movements in shareholders' funds	10
Balance sheet	11
Notes to the accounts	13

BERKSHIRE HATHAWAY INTERNATIONAL INSURANCE LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Mr R A Love (Managing Director)

OTHER DIRECTORS

Mr F N Krutter (U.S.)
Mr D T Young (Non – Executive)
Mr J H Bishop (Non – Executive)
Mr A Wilson
Mr G E Finney

SECRETARY

Ms C Martin

REGISTERED OFFICE

London Underwriting Centre
6th Floor
3 Minster Court
Mincing Lane
London
EC3R 7DD

BANKERS

Barclays Bank plc
1 Churchill Place
London
EC14 5HP

Lloyds TSB Bank Plc
113 Leadenhall Street
London
EC3A 4AX

Banco Popolare Societa Cooperativa
Piazza Mercanti, 5
20123 Milano MI
ITALY

Citibank
Citibank House
36 The Strand
London
WC2R 1HB

Lloyds TSB Bank plc
1, place Bel-Air
Case postale 5145
CH-1211
Geneve 11
SWITZERLAND

Wells Fargo Bank N.A.
733 Marquette Ave South
Minneapolis
MN 55479-0047
UNITED STATES OF AMERICA

AUDITORS

Deloitte LLP
Hill House
1 Little New Street
London
EC4A 3TR

INVESTMENT MANAGER

National Indemnity Company
3024 Harney Street
Omaha
Nebraska 68131
USA

BERKSHIRE HATHAWAY INTERNATIONAL INSURANCE LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year to 31 December 2012.

PRINCIPAL ACTIVITIES

Berkshire Hathaway International Insurance Limited commenced trading on January 1, 1997 and its principal activity is underwriting general insurance business. The Company's operations are administered by the Company with additional administrative and claims handling services being provided by related group companies. The Company's operations are directed from London but it also operates from branch offices in Switzerland, Italy and New Zealand.

BUSINESS REVIEW

The Company continued to have three significant underwriting activities, being its participation on the Global Aerospace Underwriting Managers (GAUM) aviation pool, the writing of Energy and other London Market placed business through agreements with major insurance brokers and the writing of high level US Liability coverages through an in-house underwriting team.

The GAUM participation allows the Company to write general insurance policies for Airline, Products, General Aviation and Space insurance to the aviation and space industries.

The Company continued to write Energy business brokered by the Marsh Energy Practice and Willis Limited. The Company continued to develop its London Market facility business in 2012 by entering into new facility agreements to write Specie and Space risks. The Maersk Gryphon Floating Production and Storage facility loss, a loss to the insurance market of \$1bn reported last year continues to be estimated as a gross loss to the Company of \$100m. The estimated net loss is \$7.860m after reinsurance back to the Company's parent company, National Indemnity Company, on both a quota share and excess of loss basis.

The Company continued to develop the writing of high level US Liability coverages, though this market has remained very competitive, and there has been an opportunity to write a small amount of new business at acceptable rates this year. There remain some tentative signs that this market is improving.

The Company's branch in Italy continued its Italian Medical Malpractice business as well as a commercial and private motor portfolio written through local Italian brokers.

In the year the Company established a branch in New Zealand to facilitate the writing of property catastrophe covers in the Christchurch area in support of the rebuilding of the City after the impact of the 2011 earthquakes. Though the Branch was established late in 2012, no business had been written by the year end.

The Company continued the orderly run-off of its UK motor and UK property accounts.

The Company's credit rating from Standard & Poor's remained at AA+, along with the rest of the Berkshire Hathaway Insurance companies throughout the year.

As shown in the Company's profit and loss account on page 8, the Company's gross premiums written have increased from £176.888m to £224.519m.

In the absence of any major losses the Company's general business technical account result was a profit of £7.217m, compared to a loss of £2.410m for the previous year. Investment gains and exchange losses resulted in the Company reporting a profit before tax of £6.540m, compared to a reported loss before tax of £0.843m last year.

The Company's investment income continued to be depressed as base rates in both its key currencies of Sterling and US Dollars impacted the yields on Government Bonds held by the Company.

With the strengthening of the Sterling exchange rate against major currencies, the Company has reported exchange losses of £1.121m compared to a £0.438m gain last year, as the value of its US Dollar and Euro net assets have decreased when reported in Sterling.

BERKSHIRE HATHAWAY INTERNATIONAL INSURANCE LIMITED

DIRECTORS' REPORT (continued) **BUSINESS REVIEW (continued)**

Berkshire Hathaway Inc. manages its insurance operations on a divisional basis. For this reason and the materiality of the Company within the Berkshire Group, the Company's directors believe that further key performance indicators for the Company are not necessarily appropriate for an understanding of the development, performance or position of the business. The performance of the Berkshire Hathaway Reinsurance division, which includes the Company, is discussed in the group's Annual Report, which does not form part of this report.

FUTURE DEVELOPMENTS

In 2013 the Directors anticipate premium rates will remain largely flat on a like for like basis in the Company's key markets of Aviation, Energy and US Liability insurance.

The Company continues to review opportunities to extend its facility business in London and on the 13th March 2013 the Company announced that it had entered into a delegated underwriting agreement with Aon Limited to write a 7½% line on business placed by Aon in the Lloyd's of London market.

In August 2012 the Company increased the authorised, issued and paid up share capital of the Company by £20m by issuing shares to the sole shareholder National Indemnity Company. Furthermore, on the 20th March 2013 the Board of Directors approved the issuance of an additional 32 million £1 ordinary shares to National Indemnity Company at par to support the Aon business line.

GOING CONCERN

The financial position of the Company continues to be encouraging and positive cash flows are expected. The capital structure of the Company has remained stable for a considerable period and financial risk management processes are in place to maintain the Company's liquidity and solvency position.

Having taken into account the risks and uncertainties and the performance of the business and after making enquires, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company is exposed to potentially very large gross claims. The Company evaluates the concentration of exposures to individual and cumulative insurance risk and establishes its reinsurance policy to reduce such exposure to levels acceptable to the Company.

The establishment of insurance liabilities is an inherently uncertain process and, as a consequence of this uncertainty, the eventual cost of settlement of outstanding claims and unexpired risks can vary substantially from the initial estimates, particularly for the Company's long tail lines of business. The Company seeks to provide appropriate levels of claims provision and provision for unexpired risks taking the known facts and experience into account. The estimation of insurance liabilities involves the use of judgements and assumptions that are specific to each type of insurance risk covered.

The future return on the Company's investment portfolio is dependent on the movement of interest rates in our key currencies of Sterling and US Dollars.

DIVIDENDS

The directors do not recommend the payment of a dividend (2011: Nil).

DIRECTORS AND THEIR INTERESTS

None of the directors had any beneficial interests in the shares of the Company at any time during the financial year. The Company is a wholly owned subsidiary of an entity incorporated outside Great Britain. Accordingly, no disclosure is provided of directors' interests in other Group companies, which are incorporated outside Great Britain.

A listing of all Directors holding office during the year has been included on Page 1 'Officers and Professional Advisers'.

BERKSHIRE HATHAWAY INTERNATIONAL INSURANCE LIMITED

DIRECTORS' REPORT (continued)

SUPPLIER PAYMENT POLICY

It is Company policy to pay suppliers within agreed terms of credit upon timely receipt of an accurate invoice.

FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company adopts a conservative investment and risk management policy to ensure that there is no material exposure to market, liquidity or cashflow risks. In addition, the Company has no exposure to derivatives or currency-hedging risks.

AUDITORS

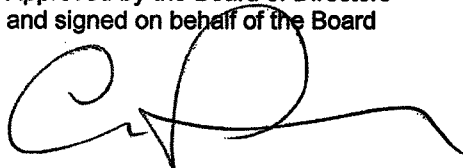
Each of the persons who is a director at the date of approval of this report confirms that:

- (1) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 (2) of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditors. An elective resolution has been passed dispensing with the requirement to appoint auditors annually. Deloitte LLP are, therefore, deemed to continue as auditors.

Approved by the Board of Directors
and signed on behalf of the Board



Guy E Finney
Director

Date: 27 March 2013

BERKSHIRE HATHAWAY INTERNATIONAL INSURANCE LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

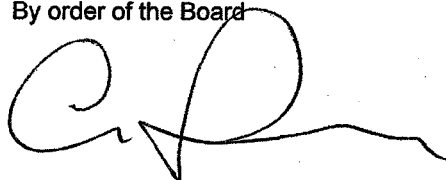
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).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

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

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

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board



Guy E Finney
Director

Date:

27 March 2013

BERKSHIRE HATHAWAY INTERNATIONAL INSURANCE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BERKSHIRE HATHAWAY INTERNATIONAL INSURANCE LIMITED

We have audited the financial statements of Berkshire Hathaway International Insurance Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Reconciliation of Movements in Shareholders' Funds, the Balance Sheet, and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), having regard to the statutory requirement for insurance companies to maintain equalisation provisions. The nature of equalisation provisions, the amounts set aside at 31 December 2012, and the effect of the movement in those provisions during the year on shareholders' funds, the balance on the general business technical account and profit before tax, is disclosed in note 12.

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2012 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 requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

BERKSHIRE HATHAWAY INTERNATIONAL INSURANCE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BERKSHIRE HATHAWAY INTERNATIONAL INSURANCE LIMITED (continued)

Matters on which we are required to report by exception

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

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



Jeremy Casson (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

Date: 27 March 2013

BERKSHIRE HATHAWAY INTERNATIONAL INSURANCE LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2012

TECHNICAL ACCOUNT - General business

	Note	2012 £'000	2011 £'000
Earned premiums, net of reinsurance			
Gross premiums written	2	224,519	176,888
Outward reinsurance premiums		(184,258)	(146,894)
Net premiums written		40,261	29,994
Change in the provision for unearned premiums			
Gross amount	11	(27,994)	(21,522)
Reinsurers' share	11	22,030	18,042
Change in the net provision for unearned premiums		(5,964)	(3,480)
Earned premiums, net of reinsurance		34,297	26,514
Claims incurred, net of reinsurance			
Claims paid			
Gross amount		(76,848)	(56,398)
Reinsurers' share		65,185	42,306
Net claims paid		(11,663)	(14,092)
Change in the provision for claims			
Gross amount	11	(29,282)	(114,527)
Reinsurers' share	11	22,726	104,890
Change in the net provision for claims		(6,556)	(9,637)
Claims incurred, net of reinsurance		(18,219)	(23,729)
Change in other technical provisions			
Gross amount	11	(2,467)	(8,882)
Reinsurers' share	11	1,010	5,643
Change in other technical provisions – net		(1,457)	(3,239)
Net operating expenses	4	(6,193)	(4,465)
Change in equalisation reserve	12	(1,211)	2,509
Total technical charges		(27,080)	(28,924)
Balance on the technical account for general business		7,217	(2,410)

BERKSHIRE HATHAWAY INTERNATIONAL INSURANCE LIMITED

PROFIT AND LOSS ACCOUNT For the year ended 31 December 2012

NON-TECHNICAL ACCOUNT

	Note	2012 £'000	2011 £'000
Balance on the general business technical account		7,217	(2,410)
Investment income		3,480	3,658
Realised losses		(1,222)	(1,329)
Unrealised losses		(1,814)	(1,200)
Foreign exchange (losses) / gains on translation		(1,121)	438
Profit / (loss) on ordinary activities before tax		6,540	(843)
Tax on profit / loss on ordinary activities	6	<u>(1,402)</u>	<u>(51)</u>
Profit / (loss) on ordinary activities after tax retained for the financial year	10	<u>5,138</u>	<u>(894)</u>

There are no recognised gains or losses other than the loss for the year and, accordingly, no statement of recognised gains and losses has been prepared.

All of the operations of the Company are continuing.

BERKSHIRE HATHAWAY INTERNATIONAL INSURANCE LIMITED

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS **For the year ended 31 December 2012**

	Note	2012 £'000	2011 £'000
Equity shareholders' funds at 1 January		70,866	71,760
Issue of new Shares		20,000	-
Profit / (loss) for the year		<u>5,138</u>	<u>(894)</u>
Equity shareholders' funds at 31 December		<u>96,004</u>	<u>70,866</u>

BERKSHIRE HATHAWAY INTERNATIONAL INSURANCE LIMITED
COMPANY REGISTRATION NUMBER: 03230337

BALANCE SHEET
As at 31 December 2012

	Note	2012 £'000	2011 £'000
ASSETS			
Fixed Assets	7	-	-
Investments			
Other financial investments	8	203,701	171,839
Reinsurers' share of technical provisions			
Provision for unearned premiums	11	101,068	81,956
Claims outstanding	11	329,407	319,579
Other technical provisions	11	14,549	13,759
		<u>445,024</u>	<u>415,294</u>
Debtors			
Debtors arising out of direct insurance operations			
- Intermediaries		52,287	38,945
Debtors arising out of reinsurance operations		813	264
Other debtors		19	164
		<u>53,119</u>	<u>39,373</u>
Other assets			
Cash at bank and in hand		7,095	3,626
Prepayments and accrued income			
Prepayments and accrued interest		1,425	890
Deferred acquisition costs		3,467	2,859
		<u>4,892</u>	<u>3,749</u>
TOTAL ASSETS		<u>713,831</u>	<u>633,881</u>

BERKSHIRE HATHAWAY INTERNATIONAL INSURANCE LIMITED
COMPANY REGISTRATION NUMBER: 03230337

BALANCE SHEET continued
As at 31 December 2012

	Note	2012 £'000	2011 £'000
LIABILITIES			
Capital and reserves			
Called up share capital	9	79,716	59,716
Profit and loss account	10	16,288	11,150
Equity shareholders' funds		<u>96,004</u>	<u>70,866</u>
Technical provisions			
Provision for unearned premiums	11	126,901	102,424
Claims outstanding	11	401,617	387,703
Equalisation provision	12	5,297	4,086
Other technical provisions	11	26,559	24,416
		<u>560,374</u>	<u>518,629</u>
Creditors			
Creditors arising out of direct insurance operations		2,775	2,728
Creditors arising out of reinsurance operations		51,007	39,539
Other creditors including taxation and social security		3,671	2,119
		<u>57,453</u>	<u>44,386</u>
TOTAL LIABILITIES		<u>713,831</u>	<u>633,881</u>

The notes on pages 13 to 25 form an integral part of these accounts.

Approved at a meeting of the Board of Directors and signed on its behalf.



Robert A Love
 Director

Date: 27/3/13

BERKSHIRE HATHAWAY INTERNATIONAL INSURANCE LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 December 2012

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the Companies Act 2006; and applicable United Kingdom accounting standards and under the current value accounting rules. The Company has adopted all material recommendations of the Statement of Recommended Practice on Accounting for Insurance Business issued in December 2005 (as amended in December 2006) by the Association of British Insurers ("the ABI SORP").

The particular accounting policies adopted are described below.

Going Concern

Having taken into account the risks and uncertainties and the performance of the business as disclosed in the Directors' Report, and after making enquires, there is a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. As a result, the Company continues to adopt the going concern basis in the preparation of the financial statements.

Cash flow statement

Advantage has been taken of the exemption under the revised FRS1 not to present a statement of cash flow as the Company is 90% or more controlled within the Berkshire Hathaway group of companies, and the consolidated financial statements in which the subsidiary undertaking is included, are publicly available (note 14).

Basis of accounting for underwriting activities

All classes of business are accounted for on an annual basis.

Premiums

Under the annual basis of accounting, written premiums comprise the premiums on contracts incepting in the financial year.

Estimates are included of pipeline premiums due but not yet notified to the Company.

Written premiums are stated gross of commissions payable to intermediaries and exclusive of taxes and duties levied on premiums.

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

Unearned premiums

A provision for unearned premiums is made which represents that part of gross, and reinsurers' share of, premiums written which is estimated will be earned in the following or subsequent financial years. It is calculated separately for each insurance contract usually on the 365ths basis depending on the estimated incidence of risk throughout the period of the contract.

Deferred acquisition costs

Acquisition costs represent the expenses, both direct and indirect, of acquiring insurance policies written during the financial year. Acquisition costs are accrued over an equivalent period to that over which the underlying business is written and are charged to the accounting periods in which the related premiums are earned. Deferred acquisition costs represent the proportion of acquisition costs incurred in respect of unearned premiums at the balance sheet date.

BERKSHIRE HATHAWAY INTERNATIONAL INSURANCE LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 December 2012

1. ACCOUNTING POLICIES continued

Claims incurred

Claims incurred comprise all claim payments and internal and external settlement expense payments made in the financial year and the movement in the provisions for outstanding claims and settlement expenses, including claims incurred but not reported, net of salvage and subrogation recoveries.

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

Claims outstanding

Provision is made for outstanding claims and settlement expenses incurred at the balance sheet date including an estimate for the cost of claims incurred but not reported at that date. Included in the provision is an estimate of the internal and external costs of handling the outstanding claims. Material salvage and other recoveries are deducted from outstanding claims.

Provisions for claims outstanding are based on information available to the directors and the eventual outcome may vary from the original assessment.

Other technical provisions - unexpired risks

Provision is made for unexpired risks when, after taking account of investment income, it is anticipated, on the basis of information available at the year end, that unearned premiums will be insufficient to meet future claims and related expenses of business in force at the end of the year. The provision for unexpired risks is included within "Other technical provisions" in the balance sheet.

Equalisation provision

Amounts are set aside as equalisation provisions in accordance with the Integrated Prudential Sourcebook for the purpose of mitigating exceptionally high loss ratios in future years. The amounts provided are not liabilities because they are in addition to the provisions required to meet the anticipated ultimate cost of settlement of outstanding claims at the balance sheet date. Notwithstanding this, under Schedule 3 of the Accounting Regulations, they are included within technical provisions.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the time of the transaction. Monetary assets and liabilities are translated into sterling at the rates of exchange prevailing at the balance sheet date. All translation differences are dealt with in the non-technical account.

BERKSHIRE HATHAWAY INTERNATIONAL INSURANCE LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 December 2012

1. ACCOUNTING POLICIES continued

Investment income, expenses and charges

All the investment return is recognised in the non-technical account.

Interest income is recognised on an accruals basis, as are any investment expenses.

Realised gains or losses represent the difference between the net sales proceeds and purchase price.

Unrealised gains or losses represent the difference between the valuation of investments at the balance sheet date and their purchase price. The movement in unrealised investment gains and losses therefore comprises the increase or decrease in the year in the value of investments held at the balance sheet date together with the reversal of previously recognised unrealised gains and losses on investments disposed of in the current year.

Investments

Investments, consisting of listed investments and deposits with credit institutions, are stated at their current values at the end of the year.

Current tax

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred taxation is provided for using the liability method on all timing differences, arising from the different treatment of items for accounting and taxation purposes, calculated at the rates at which it is expected that tax will arise. Deferred tax balances are not discounted.

BERKSHIRE HATHAWAY INTERNATIONAL INSURANCE LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 December 2012

2. SEGMENTAL INFORMATION

Analysis of gross premiums written and gross premiums earned by class of business:

	Gross premiums written		Gross premiums earned	
	2012	2011	2012	2011
	£'000	£'000	£'000	£'000
Direct insurance				
Aviation	53,057	45,441	44,872	46,787
Motor	2,165	-	728	-
Property	125,780	106,873	104,727	85,294
Liability	37,285	24,561	40,884	23,272
Goods In Transit	1,232	-	314	-
	<u>219,519</u>	<u>176,875</u>	<u>191,525</u>	<u>155,353</u>
Portfolio transfer				
Liability	5,000	-	5,000	-
	<u>224,519</u>	<u>176,875</u>	<u>196,525</u>	<u>155,353</u>
Reinsurance acceptances				
Liability	-	13	-	13
	<u>224,519</u>	<u>176,888</u>	<u>196,525</u>	<u>155,366</u>

Analysis of gross premiums written:

	2012	2011
	£'000	£'000
Contracts written by the Company in:		
Europe – EEA	224,045	175,999
Europe – Non EEA	474	889
	<u>224,519</u>	<u>176,888</u>

Geographical analysis of profit before tax and net assets has not been included as the majority of risks either originate or are procured in the United Kingdom in both 2011 and 2012.

Class of business analysis for net assets and profit before taxation have not been disclosed as a meaningful split of the business cannot be obtained.

BERKSHIRE HATHAWAY INTERNATIONAL INSURANCE LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 December 2012

2. SEGMENTAL INFORMATION continued

Analysis of gross claims incurred, gross operating expenses and the reinsurance balance by class of business:

	Gross claims incurred	Operating expenses	Reinsurance Balance
	2012	2012	2012
	£'000	£'000	£'000
Direct insurance			
Aviation	18,134	792	23,788
Motor	(945)	219	176
Property	61,459	3,443	36,574
Liability	27,250	1,714	13,707
Goods In Transit	232	25	72
	<u>106,130</u>	<u>6,193</u>	<u>74,317</u>
Reinsurance acceptances			
Liability	-	-	-
	<u>106,130</u>	<u>6,193</u>	<u>74,317</u>

	Gross claims incurred	Operating expenses	Reinsurance Balance
	2011	2011	2011
	£'000	£'000	£'000
Direct insurance			
Aviation	29,880	(995)	17,527
Motor	1,717	3	(2,378)
Property	120,645	3,162	(35,090)
Liability	18,683	2,295	1,586
Goods In Transit	-	-	-
	<u>170,925</u>	<u>4,465</u>	<u>(18,355)</u>
Reinsurance acceptances			
Liability	-	-	11
	<u>170,925</u>	<u>4,465</u>	<u>(18,344)</u>

BERKSHIRE HATHAWAY INTERNATIONAL INSURANCE LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 December 2012

3. PRIOR-YEARS' CLAIMS PROVISIONS

Material over/(under) provisions for claims at the beginning of the year as compared with net payments and provisions at the end of the year in respect of prior-years' claims are as follows:

	2012 £'000	2011 £'000
Aviation	2,327	(1,030)
Motor	1,479	662
Property	1	83
	<u>3,807</u>	<u>(285)</u>

4. NET OPERATING EXPENSES

	2012 £'000	Restated 2011 £'000
Acquisition costs –		
Commission on Direct business	24,627	20,994
Other acquisition costs	6,661	6,538
Total Acquisition Costs	<u>31,288</u>	<u>27,532</u>
Change in gross deferred acquisition costs	<u>(2,650)</u>	<u>(3,375)</u>
	28,638	24,157
Administrative expenses	<u>3,763</u>	<u>3,708</u>
Gross operating expenses	32,401	27,865
Reinsurance commissions and profit participation	<u>(26,208)</u>	<u>(23,400)</u>
Net operating expenses	<u>6,193</u>	<u>4,465</u>

Administrative expenses include:

	2012 £'000	2011 £'000
Auditors' remuneration		
Audit fees for financial statements and regulatory returns	<u>119</u>	<u>108</u>

The Company's auditors did not provide any other services to the Company in 2012 and 2011.

Operating expenses were restated to realign the acquisition costs and administrative expenses.

BERKSHIRE HATHAWAY INTERNATIONAL INSURANCE LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 December 2012

5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Directors' emoluments

	2012 £'000	2011 £'000
Emoluments recharged from another Group Company	<u>783</u>	<u>748</u>

The emoluments stated above are in respect of the services of two non-executive directors and three executive directors during the year. The other director did not receive any remuneration specifically for activity as a director of this Company, these costs were borne by another group company and not recharged. The Company did not make any contribution to any pension scheme and no director is entitled to any other benefits.

The emoluments of the highest paid director charged into the Company were £560,249 (2011: £548,856).

Employee costs

The Company has no full-time employees, with services provided by another group company and, accordingly, no direct staff costs are incurred by the Company. During the year an amount of £2,085,036 (2011 £1,311,660) has been charged to the Company for the provision of these services.

BERKSHIRE HATHAWAY INTERNATIONAL INSURANCE LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 December 2012

6. TAX ON PROFIT / (LOSS) ON ORDINARY ACTIVITIES

The standard rate of current tax for the year is 26% to March 31st, and 24% thereafter (2011 – 28% to March 31st, and 26% thereafter). The current tax charge for the year is not 26% and then 24% of the profit before tax for the reasons set out below:

	2012 £'000	2011 £'000
Profit / (loss) on ordinary activities before tax	6,540	(843)
Tax on profit / (loss) on ordinary activities at standard rate	1,602	(223)
Factors affecting tax charge:		
Expenses disallowable for tax purposes	1	-
Capital allowances in excess of depreciation	(2)	(2)
Current year unrelieved losses	-	225
Previous year losses surrendered as group relief	(236)	-
Overseas Tax paid	37	51
	<u>1,402</u>	<u>51</u>

No provision is made for potential deferred tax assets (2011: nil), as this is dependent upon the availability of future profits within this Company or the rest of the UK group.

The estimated amount of the deferred tax asset not provided:

	2012 £'000	2011 £'000
Depreciation in excess of capital allowances	<u>7</u>	<u>10</u>

No credit has been recognised for the potential of the Company to receive consideration for current year tax losses being surrendered to other group companies.

BERKSHIRE HATHAWAY INTERNATIONAL INSURANCE LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 December 2012

7. TANGIBLE FIXED ASSETS

	Computer and office equipment £'000	Total £'000
Cost		
At 1 January 2012	210	210
At 31 December 2012	210	210
Accumulated depreciation		
At 1 January 2012	210	210
At 31 December 2012	210	210
Net book value		
At 31 December 2012	-	-
At 31 December 2011	-	-

8. INVESTMENTS IN OTHER FINANCIAL INVESTMENTS

	2012 £'000	2011 £'000
Market Value		
Debt securities and other fixed income securities – listed	155,466	124,674
Deposits with credit institutions	48,235	47,165
	<u>203,701</u>	<u>171,839</u>
Historical Cost		
Debt securities and other fixed income securities – listed	157,296	125,859
Deposits with credit institutions	48,235	47,165
	<u>205,531</u>	<u>173,024</u>

BERKSHIRE HATHAWAY INTERNATIONAL INSURANCE LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 December 2012

9. CALLED UP SHARE CAPITAL

	2012 £'000	2011 £'000
Authorised:		
59,716,169 ordinary shares of £1 each	59,716	59,716
20,000,000 ordinary shares of £1 each	20,000	-
	<u>79,716</u>	<u>59,716</u>
Called up, allotted and fully paid:		
59,716,169 ordinary shares of £1 each	59,716	59,716
20,000,000 ordinary shares of £1 each	20,000	-
	<u>79,716</u>	<u>59,716</u>

Effective 11th August 2012, the Shareholders authorised the share capital of the Company be increased to £79,716,169 by the issue of 20,000,000 additional ordinary shares of £1 each. The Company subsequently received £20,000,000 for these shares.

10. MOVEMENTS IN RESERVES

	2012 £'000	2011 £'000
Profit and loss account		
Balance at 1 January 2012	11,150	12,044
Profit / (loss) for the year	5,138	(894)
Balance at 31 December 2012	<u>16,288</u>	<u>11,150</u>

BERKSHIRE HATHAWAY INTERNATIONAL INSURANCE LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 December 2012

11. TECHNICAL PROVISIONS

	Provision for unearned premiums £'000	Claims reserve £'000	Claims Handling Costs £'000	Claims outstanding £'000	Other technical provisions £'000	Total £'000
Gross						
Balance at 1 January 2012	102,424	383,055	4,648	387,703	24,416	514,543
Exchange on revaluation	(3,517)	(15,368)	0	(15,368)	(324)	(19,209)
Movement in provision	27,994	31,280	(1,998)	29,282	2,467	59,743
Balance at 31 December 2012	126,901	398,967	2,650	401,617	26,559	555,077
Reinsurance amount						
Balance at 1 January 2012	81,956	316,869	2,710	319,579	13,759	415,294
Exchange on revaluation	(2,918)	(12,898)	0	(12,898)	(220)	(16,036)
Movement in provision	22,030	23,997	(1,271)	22,726	1,010	45,766
Balance at 31 December 2012	101,068	327,968	1,439	329,407	14,549	445,024
Net at 31 December 2012	25,833	70,999	1,211	72,210	12,010	110,053
Net at 31 December 2011	20,468	66,186	1,938	68,124	10,657	99,249

The Claims Reserves reported are based on undiscounted estimates of the future claim payments, except in one personal motor case where a structured settlement, or periodic payment order (PPO), has been agreed. In this case a discounted reserve has been provided based on a discount rate of 2% with a mean term of exposure of 30 years. The discounted reserves held amounted to £4.5M at the Balance Sheet date.

The impact of this discounting in the reporting is as follows:-

	Gross £'000	Reinsurance £'000	Net £'000
Value of claims reserves reported at 31 December 2012	398,967	327,968	70,999
Effect of discounting	1,145	1,145	-
Value of undiscounted claims reserves at 31 December 2012	400,112	329,113	70,999

The ultimate cost of general business outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as the Chain Ladder and Bornhuetter-Ferguson methods. Such methods extrapolate the development of paid and incurred claims, average costs per claim and ultimate claim numbers for each accident year, or underwriting year if appropriate, based upon the observed development of earlier years and expected loss ratios. The main assumption underlying these techniques is that past claims development experience can be used to project ultimate claims costs. Judgement is used to assess the extent to which past trends may not apply in future, for example to reflect public attitudes to claiming, economic conditions or varying levels of claims inflation. The approach adopted takes into account, inter alia, the nature and materiality of the business and the type of data available. Large claims are usually separately assessed, either by being measured at case estimate face value or separately projected in order to reflect their future development. Case estimates are generally set by skilled claims technicians applying their experience and knowledge to the circumstances of individual claims. Additional qualitative input, such as allowance for one-off occurrences or changes in legislation, policy conditions or portfolio

BERKSHIRE HATHAWAY INTERNATIONAL INSURANCE LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 December 2012

11. TECHNICAL PROVISIONS (continued)

mix, is also used in arriving at the estimated ultimate cost of claims, in order that it represents the most likely outcome, from a range of possible outcomes, taking account of all the uncertainties involved.

Provisions are calculated allowing for reinsurance recoveries and a separate asset is recorded for the reinsurers' share, having regard to collectability.

12. EQUALISATION PROVISION

The equalisation reserve, established in accordance with the Integrated Prudential Sourcebook, is required by Schedule 3 of the Accounting Regulations to be included within technical provisions, notwithstanding that it does not represent a liability at the balance sheet date. It is in addition to the provisions required to meet the anticipated ultimate cost of settling outstanding claims at the balance sheet date. This provision has reduced shareholders' funds by £5.297m (2011 £4.086m). The balance on the general technical account and the result before taxation for the year have both decreased by £1.211m (2011, increase of £2.509m), following an increase of the reserve.

13. GUARANTEES AND FINANCIAL COMMITMENTS

The Company had a co-ordinating role for a defined contribution pension plan, the Resolute Pension Plan, and has indemnified the Trustees to the extent that no Trustee shall (as a Trustee for the Plan or in the exercise of any rights or powers under the Plan Rules) incur any personal liability except in respect of fraud or wilful and knowing breach of trust actually committed by the Trustee. No provision is considered necessary in the Company's accounts for any amounts due or potentially due under this indemnity.

During the year the Company provided indemnities to the Non-Executive Directors for their activities with the Company. Indemnities were also provided on a similar basis to the Executive Directors and to a number of Executive Directors of related Companies based in London. These indemnities are intended to indemnify the indemnitees in the event of proceedings being brought against the individuals where the individual has reasonably believed they have acted in the best interests of the relevant related Company and have acted consistently within the related Company's rules, instructions and guidelines. These indemnities remained in place at the date of the approval of this report. No provision is considered necessary in the Company's accounts for any amounts due or potentially due under these indemnities.

Except as noted above, the Company has no charges, potential capital gains tax liabilities, contingent liabilities, guarantees, indemnities or other contractual commitments, or other fundamental uncertainties to report.

In order for the Company to transact business in the United States of America, the Company holds restricted investments of US\$15,066,755. To transact business in Switzerland, the Company holds restricted investments of US\$1,500,000 and CHF100,046. In addition, the Company has one US\$100,000 bond that has been lodged in respect of the state of Oklahoma. The Company has no other restricted investments.

BERKSHIRE HATHAWAY INTERNATIONAL INSURANCE LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 December 2012

14. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The Company's ultimate parent company, controlling party, company which heads the largest group of undertakings for which group accounts were drawn up and of which the Company was a member of, is Berkshire Hathaway Inc., a Company incorporated in the United States of America.

The parent undertaking which heads the smallest group of undertakings for which group accounts were drawn up and of which the Company was a member of, is National Indemnity Company, a company incorporated in the state of Nebraska.

The consolidated financial statements of both of these companies are available to the public and may be obtained from 1440 Kiewit Plaza, Omaha, Nebraska 68131, USA.

15. RELATED PARTY TRANSACTIONS

The Company is taking advantage of the exemption under FRS 8, Paragraph 3 Related Party Transactions. The consolidated accounts of the Parent Company are publicly available.