

THE SURPLUS LINE ASSOCIATION

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BULLETIN TO ALL MEMBERS

RE: Home and Overseas Insurance Company, Ltd.

Our attention has just been called to the attached article which appeared in "The London Times" on Wednesday, August 10, 1966.

The Security Committee of the Association recommends that this company not be used until the situation is clarified.

We shall keep in touch and shall advise you immediately.


A. L. Lathrop
Manager

att.

INSURANCE GROUP'S 'HEAVY LOSS'

Home and Overseas Insurance announced yesterday that Eagle Star Insurance was to make an offer to acquire all its share capital now in public hands.

The need to seek the protection of a larger group arises from the fact that Home and Overseas issued capital is "no longer fully represented by assets". This situation has resulted from poor underwriting results, which have led to "a substantial loss" being incurred for 1965 after crediting interest and other income, and the recent fall in Stock Exchange values which has virtually wiped out the group's surplus over book values of investments.

Eagle Star acquired a one-third interest in Home and Overseas last year and held options to acquire further shares to bring their holding to 51 per cent of the total. However, the options were to be made at a price of 25s. 6d. a share and the Stock Exchange price of Home and Overseas has been well below this for some time.

The shares covered by the option are to be bought by Eagle Star at 5s. each—and the offer for the remaining 512,000 shares is to be 10s. a share. The directors of Home and Overseas are accepting this offer in respect of their own holdings and recommend shareholders to do likewise. Home and Overseas shares were priced at 7s. 6d. on the Stock Market yesterday.