Important information about Syndicate Reports and Accounts

Access to this document is restricted to persons who have given the certification set forth below. If this document has been forwarded to you and you have not been asked to give the certification, please be aware that you are only permitted to access it if you are able to give the certification.

The syndicate reports and accounts set forth in this section of the Lloyd's website, which have been filed with Lloyd's in accordance with the Syndicate Accounting Byelaw (No. 8 of 2005), are being provided for informational purposes only. The syndicate reports and accounts have not been prepared by Lloyd's, and Lloyd's has no responsibility for their accuracy or content. Access to the syndicate reports and accounts is not being provided for the purposes of soliciting membership in Lloyd's or membership on any syndicate of Lloyd's, and no offer to join Lloyd's or any syndicate is being made hereby. Members of Lloyd's are reminded that past performance of a syndicate in any syndicate year is not predictive of the related syndicate's performance in any subsequent syndicate year.

You acknowledge and agree to the foregoing as a condition of your accessing the syndicate reports and accounts. You also agree that you will not provide any person with a copy of any syndicate report and accounts without also providing them with a copy of this acknowledgment and agreement, by which they will also be bound.

Marketform

SYNDICATE 2468

SYNDICATE ANNUAL ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2014

SYNDICATE UNDERWRITING YEAR ACCOUNTS
2012 YEAR OF ACCOUNT AS AT 31 DECEMBER 2014

AND

SYNDICATE UNDERWRITING YEAR ACCOUNTS
2007 RUN-OFF YEAR OF ACCOUNT AS AT 31 DECEMBER 2014

CONTENTS

Marketform

SYNDICATE 2468

SYNDICATE ANNUAL ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2014

SYNDICATE 2468

CONTENTS

SYNDICATE 2468

DIRECTORS AND ADMINISTRATION

MANAGING AGENT:

Marketform Managing Agency Limited

Directors

J E Mumford (Non-Executive Chairman)
V Badal
S E H Barr
A C Durkin (resigned as director 11/09/14)
S P Lotter
P V Olsen (Non-Executive)
J G F O'Neill
A S Ribaudo
A J Walker (Non-Executive)

Company secretary

A C Durkin (resigned as company secretary 31/07/14)

J M Taylor (appointed 31/07/14 resigned 17/10/14)

Acting Company Secretary A Walley (appointed 18/10/14)

Managing agent's registered office

20 Gracechurch Street

London EC3V 0BG

Managing agent's registered number

03584320

SYNDICATE:

Active underwriter

S P Lotter

Bankers

Barclays Bank PLC

Principal investment managers

Lloyd's Treasury

Registered auditors

Ernst & Young LLP

Solicitors

Clyde & Co

Consulting actuaries

Towers Watson

SYNDICATE 2468

REPORT OF THE DIRECTORS OF THE MANAGING AGENT

The directors of the managing agent present their report for the year ended 31 December 2014.

These Syndicate annual accounts are prepared using the annual basis of accounting as required by statutory instrument No 1950 of 2008, the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 ("the 2008 Regulations").

In addition to these Syndicate annual accounts there is also a separate set of underwriting year accounts drawn up on the three year funded basis which have been prepared to show the cumulative result for the 2012 underwriting account and also a set of underwriting year accounts showing the cumulative result of the 2007 and prior years of account in run-off.

Principal Activities

The principal activity of Syndicate 2468 is that of underwriting insurance and reinsurance risks and this is conducted through the Lloyd's market. The Syndicate historically specialised in underwriting non-USA third party casualty business. The current classes underwritten by the Syndicate are Medical Malpractice, General Liability, Professional Indemnity, Personal Accident, Directors and Officers, Bloodstock, Marine Liability, Hull, Cargo, War, Political Violence and Political Risk businesses.

Results

The result for the year ended 31 December 2014 is a Loss of £16.0m (2013: profit of £0.7m). The results are discussed in the Key Performance Indicators section below.

The board of Marketform Managing Agency Limited (MMA) resolved to leave the 2007 year of account open due to the continuing uncertainty of the Italian Public Hospitals Medical Malpractice reserves. The Syndicate ceased underwriting this business from the 2008 year of account. The settlement of these claims continues to be managed actively and the number of open claims on this account has reduced from 1,488 at December 2013 to 964 at December 2014. The current net reserve held against IPH is £104.6m (2013: £127.0m).

The board of MMA resolved to close the 2012 year of account at a loss of £6.3m.

Key Performance Indicators

	2014	2013	Movement
Capacity (underwriting year)	£175.0m	£145.0m	£30.0m
Gross premiums written	£190.7m	£186.2m	£4.5m
Net premiums earned	£150.6m	£153.1m	(£2.5m)
Total recognised (loss)/gain for the year	(£16.0m)	£0.7m	(£16.7m)
Claims ratio (net)	69.1%	54.2%	14.9%
Expense ratio (net)	46.3%	47.1%	(0.8%)
Combined ratio (net)	115.4%	101.3%	14.1%

In calculating the expense ratios and combined ratios shown above, profit or losses on exchange have been excluded from the net operating expenses. The combined ratio is calculated as the sum of the net claims and net expenses.

The loss for the year ended 31 December 2014 is £16.0m. The loss is mainly due to deteriorations in Dutch Hospital business in the Medical Malpractice class, Australian Binder in the General Liability class, sports sector in the Personal Accident class and reduction in Medical Malpractice reinsurance recoverables which collectively resulted in additional losses of £27.7m.

REPORT OF THE DIRECTORS OF THE MANAGING AGENT (cont.)

The net loss ratio for the period is 69.1% (2013: 54.2%). The resulting combined ratio has deteriorated from 101.3% for 2013 to 115.4% for 2014.

The gross written premium is £190.7m, an increase of £4.5m over 2013. The ceded written premium is £33.4m (2013: £30.6m).

Net Earned premium is £150.6m, decreasing by £2.5m from the net premium earned in 2013.

The acquisition costs, i.e. brokerage and commission, have decreased from 35.0% in 2013 to 33.4% in 2014 as a result of a combination of changes in the product mix.

Administrative expense has increased to £19.4m from £18.6m in 2013 driven by increase in cost of accommodation due to office relocation and increase in headcount.

Development of Individual Years of Account

The Managing Agent's Report contained in the separate underwriting year accounts includes a review of the run-off result of the 2007 year of account and the 2012 year of account.

Investment Report

(a) Investment Policy and Management

Alliance Bernstein Limited was replaced by Lloyd's Treasury who manage the fixed interest portfolios denominated in US dollars and Canadian dollars. GAM, Pictet and Bluebay were also appointed during the year. Pooled funds were used to invest in other asset classes to diversify investment risk and to seek higher returns.

MMA has in place an investment risk policy and an investment strategy for the Syndicate that are aligned to the risk appetite. These permit the investment manager to invest in a range of fixed interest securities, whilst limiting the exposure to credit, liquidity and other investment risks. The policy also allows the Investment Committee to recommend investment in other asset classes. An analysis of the investments held at 31 December 2014 by security rating and type is shown in note 11 to the accounts.

(b) Review of Calendar Year 2014

The investment yield was 2.1% for the year (2013: 2.1%). Following a strategic review by P-Solve Meridian, Alliance Bernstein was replaced by Lloyd's Treasury to manage the fixed interest portfolios. GAM, Pictet and Bluebay were also appointed during the year.

Capital Providers – Distribution of Capacity

Year of account	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2007 £'000
SCOR Underwriting Limited	60,000	52,500	43,500	56,550	39,000
Lavenham Underwriting Limited	40,000	35,000	29,000	22,475	15,500
Ebury Underwriting Limited	-	-	-	-	14,000
Hermanus Underwriting Limited	-	-	-	-	15,000
Sampford Underwriting Limited	42,000	36,750	30,450	23,925	16,500
GAI Indemnity Limited	58,000	50,750	42,050	42,050	-
Totals	**200,000**	**175,000**	**145,000**	**145,000**	**100,000**

REPORT OF THE DIRECTORS OF THE MANAGING AGENT (cont.)

Future Developments

The Syndicate stamp capacity for the 2015 underwriting year of account is £200million.

The Syndicate's goals are to write a diversified and profitable book of business, as more fully set out in the MMA three year business plan.

PRINCIPAL RISKS AND UNCERTAINTIES

RISK MANAGEMENT

To support the achievement of the Syndicate's business strategy, MMA has adopted an enterprise risk management framework which ensures that all risks associated with the Syndicate's activities are identified, measured, prioritised and proactively managed in a consistent and effective manner across the organisation.

The board of MMA has agreed an overall risk appetite statement.

MMA has a Risk & Capital Committee (RCC) which is responsible to the board for the assessment of risk under a suitable risk framework. The RCC comprises senior executives and a Chairman who is a non-executive director.

The Risk Management Function has been actively engaged in the preparation of the business for Solvency II (albeit with a commencement date delayed), working with the Syndicate's actuaries to develop its Internal Model, Risk Framework and Own Risk and Solvency Assessment (ORSA) in line with Solvency II requirements. Lloyd's considers that MMA has provided sufficient evidence to give comfort that it meets the principles of Solvency II tests and standards. As at 31 December 2014, no regulatory prudential measures or capital loading have been applied.

Insurance Risk

Insurance risk is the risk of losses arising from the inherent uncertainties as to the occurrence, amount and timing of insurance liabilities. The Syndicate's main insurance risks relate to:

- Pricing risk: the premiums charged for new or renewing risks not being adequate to cover the Syndicate's claim liabilities arising from those risks.
- Reserving risk: the current level of reserves not being adequate to pay the Syndicate's liabilities.
- Reinsurance risk: a failing in the reinsurance programme with the Syndicate not receiving the expected level of recoveries.

The board manages Insurance Risk by agreeing its appetite for these risks annually through the business plan and an Underwriting Risk Appetite statement, which set out targets for volumes, pricing, line sizes, retentions and exposure management by class of business. Performance against business plan and risk appetite is regularly monitored by the Underwriting & Claims Committee (UCC) and more frequently by monthly underwriting meetings. Claims reserves and IBNR are re-assessed quarterly by the actuarial team with input from the Syndicate's external actuaries, underwriters, claims personnel and UCC.

Credit Risk

Credit risk is the risk of loss to the Syndicate resulting from another party failing to perform its obligations or failing to perform them in a timely fashion. The Syndicate's most significant credit risk relates to the failure of one or more of the Syndicate's reinsurers to pay due recoveries.

The board has established policies with regard to minimum reinsurance security ratings and exposure to individual reinsurer entities. The UCC monitors these policies on a regular basis and is required to approve all new reinsurers or changes in participation before business is placed with them. Letters of credit may be requested from reinsurers to collateralise the Syndicate's exposure where there is any concern about levels of exposure or the reinsurer's rating. The Credit Control Working Group is responsible for regularly monitoring and reviewing reinsurance debtors on an aged basis.

Coverholder, broker and TPA insolvency are also considered as significant credit risks which Marketform seeks to address with robust broker, coverholder and TPA selection, monitoring and credit control processes.

REPORT OF THE DIRECTORS OF THE MANAGING AGENT (cont.)

Market Risk

Market risk relates to the risk arising from fluctuations in asset values, interest or exchange rates. There are also elements of credit risk and liquidity risk prevalent within the makeup of the investment portfolio.

The Investment Committee is responsible for recommending to the board and implementing on its behalf an investment risk policy and an investment strategy. The Syndicate has a conservative appetite in respect of investment risk which is expressed by setting an annual risk budget. The actual risk is monitored against this budget on a monthly basis.

Investment management services are provided by a number of fund managers. A majority of the fund is invested with Lloyd's Treasury. The fund managers' performance against established benchmarks is monitored each month by the finance team and also quarterly by the Investment Committee. In addition, independent investment advisors are employed as consultants to help monitor the fund managers and give advice on investment strategy.

The risk of material exchange rate losses arising out of mis-matches between assets and liabilities is also considered a material market risk and the managing agency has implemented a strategy of hedging its position to mitigate losses arising from exchange rate fluctuations.

Liquidity Risk

Liquidity risk is the risk that sufficient financial resources are not maintained to meet liabilities as they fall due.

The Chief Financial Officer has responsibility on behalf of the board for ensuring that sufficient liquidity is maintained to meet liabilities on a day to day basis and for an extreme event, i.e. the funding of the Syndicate's biggest Realistic Disaster Scenario (RDS) event. Budgetary and cash flow planning routines, the adequacy of financial resources and the matching of assets and liabilities are conducted by the finance department and reviewed at the Investment Committee and board. The managing agency has a Liquidity Contingency Plan and it is not envisaged that liquidity is a significant issue for Syndicate 2468 given the size and liquidity of the investment portfolio against the gross RDS exposures.

Operational Risk

Operational risk refers to the risk of losses resulting from inadequate or failed internal processes, people or systems, or from external events. There are elements of operational risk within all other risk categories and controls to mitigate operational risk are contained throughout the Syndicate's risk register.

The most significant stand-alone operational risks are regulatory risk, the failure to get approval of the Internal Model for Solvency II, and the loss of key employees or premises. A variety of methods are used to mitigate these distinct risk events and operational risk generally which is inherent in all other risk categories. These include:

- Business continuity planning and testing;
- Staff retention measures and staff appraisals and training;
- Use of procedure manuals and authority levels;
- Internal audit around key controls; and, where relevant
- Purchase of insurance policies.

The Operations Committee is responsible for many of the key areas of operational risk in the business. These include IT and project management, premises and people.

Strategic Risk

Strategic risk is the risk of loss arising from changes in the business environment and from adverse strategic decisions or a lack of responsiveness to changes in the business environment. The Syndicate recognises a number of these risks within the risk register and the management of these risks lies with the MMA board.

OTHER PERFORMANCE INDICATORS

Employment Matters

The managing agent considers its employees to be a key resource and seeks to provide a good working environment that is safe and complies with appropriate employee legislation.

REPORT OF THE DIRECTORS OF THE MANAGING AGENT (cont.)

Environmental Matters

The managing agent does not consider that a business such as a Syndicate at Lloyd's has a large adverse impact upon the environment. As a result the agent does not manage its business by reference to any environmental key performance indicators. Directors and employees of the managing agent are not provided with company cars and travel requisitions and expenses are subject to review as to whether the journey is necessary for the business. The agent seeks to maintain a high proportion of its records electronically. To help achieve this the agent is a party to the current electronic data exchange programme in the London market, which is intended to reduce the amount of paper records circulating in the market.

OTHER DISCLOSURES

Directors

The Directors of the Managing Agent, who served during the year ended 31 December 2014, were as follows:

V Badal

S E H Barr

A C Durkin resigned (11/09/14)

S P Lotter

J E Mumford (Non-Executive Chairman)

P V Olsen (Non-Executive)

J G F O'Neill

A S Ribaudo

A J Walker (Non-Executive)

Annual General Meeting

The directors do not propose to hold an annual general meeting for the Syndicate for the year ended 31 December 2014.

Auditors

Ernst & Young LLP are the Syndicate auditors for the 2014 report and accounts. Ernst & Young LLP have indicated their willingness to continue in office as the Syndicate's auditors.

Disclosure of Information to the Auditors

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

Approved by Order of the Board

A S Ribaudo
Director
17th March 2015

SYNDICATE 2468

STATEMENT OF MANAGING AGENT'S RESPONSIBILITIES

The managing agent is responsible for preparing the annual report and the Syndicate annual accounts in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 ("the 2008 Regulations") require the managing agent to prepare Syndicate annual accounts at 31 December each year which 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:

a) select suitable accounting policies and apply them consistently except where relevant accounting requirements change;

b) make judgements and estimates that are reasonable and prudent;

c) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Syndicate annual accounts; and

d) prepare the Syndicate annual accounts on a going concern basis unless it is inappropriate to do so.

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

The managing agent is responsible for the maintenance and integrity of the corporate and financial information relating to the Syndicate included on the managing agent's website. Legislation in the United Kingdom governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT

To the Members of Syndicate 2468

We have audited the syndicate annual accounts of Syndicate 2468 for the year ended 31 December 2014 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the syndicate's members, as a body, in accordance with The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the syndicate's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the syndicate's 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 the auditor

As explained more fully in the Statement of Managing Agent's Responsibilities set out on page 7, the managing agent is responsible for the preparation of syndicate annual accounts which give a true and fair view. Our responsibility is to audit and express an opinion on the syndicate annual accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the syndicate annual accounts

An audit involves obtaining evidence about the amounts and disclosures in the annual accounts sufficient to give reasonable assurance that the annual accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the syndicate's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the managing agent; and the overall presentation of the annual accounts. In addition, we read all the financial and non-financial information in the Syndicate Annual Accounts to identify material inconsistencies with the audited syndicate annual accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on syndicate annual accounts

In our opinion the annual accounts:

- give a true and fair view of the syndicate's affairs as at 31 December 2014 and of its loss 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 Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008.

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

In our opinion the information given in the Managing Agent's Report for the financial year in which the annual accounts are prepared is consistent with the annual accounts.

Matters on which we are required to report by exception

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

- the managing agent in respect of the syndicate has not kept adequate accounting records; or
- the syndicate annual accounts are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Emphasis of matter – quantification of insurance contract liabilities

In forming our opinion on the annual accounts, which is not modified, we have considered the adequacy of the disclosures made by the managing agent in note 4 to the annual accounts, relating to the uncertainty regarding the ultimate cost of a reinsurance to close which has resulted in the managing agent deciding to not close the 2007 run-off year of account. The ultimate estimate of the reinsurance to close is subject to significant uncertainty and may differ materially from the estimate that is currently provided in the annual accounts.

Stuart Wilson (Senior statutory auditor)

For and on behalf of Ernst & Young LLP, Statutory Auditor

London

17 March 2015

SYNDICATE 2468

PROFIT AND LOSS ACCOUNT: TECHNICAL ACCOUNT – GENERAL BUSINESS

For the year ended 31 December 2014

	Notes	£'000	2014 £'000	*£'000*	*2013* *£'000*
Earned premiums, net of reinsurance					
Gross premiums written	3		190,659		*186,186*
Outward reinsurance premiums			(33,417)		*(30,600)*
Net premiums written			157,242		*155,586*
Change in the provision for unearned premiums:					
Gross amount		(9,347)		*(2,854)*	
Reinsurers' share		2,655		*353*	
			(6,692)		*(2,501)*
Earned premiums, net of reinsurance			150,550		*153,085*
Allocated investment return transferred from the non-technical account			7,976		*7,434*
Claims incurred, net of reinsurance					
Claims paid					
Gross amount		(122,354)		*(154,975)*	
Reinsurers' share		30,181		*40,537*	
Net claims paid		(92,173)		*(114,438)*	
Change in the provision for claims					
Gross amount		14,024		*59,113*	
Reinsurers' share		(25,943)		*(27,669)*	
		(11,919)		*31,444*	
Claims incurred, net of reinsurance			(104,092)		*(82,994)*
Net operating expenses	5		(82,437)		*(68,756)*
Balance on the technical account for general business			(28,003)		*8,769*

All operations are continuing.

The notes on pages 15 to 30 form an integral part of the accounts

SYNDICATE 2468

PROFIT AND LOSS ACCOUNT: NON TECHNICAL ACCOUNT

For the year ended 31 December 2014

	Notes	2014 £'000	*2013 £'000*
Balance on the general business technical account		**(28,003)**	*8,769*
Investment income	**8**	**8,260**	*7,423*
Unrealised gains on investments		**2,565**	*3,532*
Investment expenses and charges	**9**	**(1,221)**	*(1,835)*
Unrealised losses on investments		**(1,628)**	*(1,686)*
Allocated investment return transferred to general business technical account		**(7,976)**	*(7,434)*
(Loss)/ Profit for the financial year		**(28,003)**	*8,769*

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31 December 2014

	Notes	2014 £'000	*2013 £'000*
(Loss)/Profit for the financial year		**(28,003)**	*8,769*
Gain/(Loss) on foreign currency translation	**10**	**11,993**	*(8,044)*
Total recognised gains and losses since last report		**(16,010)**	*725*

The notes on pages 15 to 30 form an integral part of the accounts

BALANCE SHEET - ASSETS

At 31 December 2014

	Notes	£'000	2014 £'000	*£'000*	*2013 £'000*
Investments					
Financial investments	11		313,390		*299,308*
Reinsurers' share of technical provisions					
Provision for unearned premiums		20,701		*18,130*	
Claims outstanding		106,448		*134,215*	
			127,149		*152,345*
Debtors					
Debtors arising out of direct insurance operations	12	50,142		*48,227*	
Debtors arising out of reinsurance operations	13	7,684		*11,035*	
Other debtors		4,122		*8,061*	
			61,948		*67,323*
Other assets					
Cash at bank and in hand		8,727		*9,011*	
Other	14	62,203		*67,409*	
			70,930		*76,420*
Prepayments and accrued income					
Deferred acquisition costs		27,967		*25,861*	
Other prepayments and accrued income		2,738		*863*	
			30,705		*26,724*
TOTAL ASSETS			604,122		*622,120*

The notes on pages 15 to 30 form an integral part of the accounts

SYNDICATE 2468

BALANCE SHEET - LIABILITIES

At 31 December 2014

	Notes	£'000	2014 £'000	*£'000*	*2013* *£'000*
Capital and reserves					
Members' balances	**15**		**(74,843)**		*(80,890)*
Technical provisions					
Provision for unearned premiums		**96,903**		*87,318*	
Claims outstanding		**549,509**		*581,108*	
			646,412		*668,426*
Creditors					
Creditors arising out of direct insurance operations	**16**	**905**		*7,682*	
Creditors arising out of reinsurance operations	**17**	**16,653**		*10,029*	
Other creditors	**18**	**12,440**		*13,348*	
			29,998		*31,059*
Accruals and deferred income			**2,555**		*3,525*
TOTAL LIABILITIES			**604,122**		*622,120*

The Syndicate Annual Accounts were approved on behalf of the Board of Marketform Managing Agency Limited on 17th March 2015 and were signed on its behalf by

A S Ribaudo

Director

The notes on pages 15 to 30 form an integral part of the accounts

SYNDICATE 2468

CASH FLOW STATEMENT

For the year ended 31 December 2014

	Note	2014 £'000	*2013 £'000*
Reconciliation of Operating Loss to Net Cash Inflow from Operating Activities			
Operating (loss)/profit on ordinary activities		**(28,003)**	*8,769*
Realised and unrealised investment losses including foreign exchange	**20**	**6,663**	*15,868*
Increase/(Decrease) in net technical provisions		**3,182**	*(43,197)*
Decrease/(Increase) in debtors		**1,395**	*(8,195)*
(Decrease)/Increase in creditors		**(2,032)**	*12,578*
Exchange differences on foreign currency translation		**11,993**	*(8,044)*
Net Cash Outflow from Operating Activities		**(6,802)**	*(22,221)*
Cash Flow Statement			
Net Cash Outflow from Operating Activities		**(6,802)**	*(22,221)*
Transfer from/(to) Members in respect of underwriting participations		**2,057**	*(3,785)*
Financing			
Cash call from Members		**20,000**	*60,000*
	20	**15,255**	*33,994*
Cash flows were invested as follows			
(Decrease)/Increase in cash holdings		**(265)**	*3,857*
(Decrease)/Increase in overseas deposits		**(5,075)**	*6,062*
Net portfolio investment	**21**	**20,595**	*24,075*
Net Investment of Cash Flows	**20**	**15,255**	*33,994*

The notes on pages 15 to 30 form an integral part of the accounts

SYNDICATE 2468

NOTES TO THE ACCOUNTS
At 31 December 2014

1. Basis of Preparation

These Annual Accounts have been prepared in accordance with The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008, and applicable Accounting Standards in the United Kingdom, and comply with the Statement of Recommended Practice on Accounting for Insurance Business issued in December 2006 by the Association of British Insurers.

2. Accounting Policies

a) Basis of Accounting

Under the annual basis of accounting, the incurred cost of claims, commission and related expenses are charged against the earned proportion of premiums, net of reinsurance as follows:

i) Premiums Written

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

ii) Unearned Premiums

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

iii) 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.

iv) Claims Incurred and Reinsurers' Share

Gross claims incurred comprise claims and settlement expenses (both internal and external) occurring during the year and the movement in provision for outstanding claims and settlement expenses brought forward. Allowance is made for the cost of claims incurred by the balance sheet date but not reported until after the year-end. Any amount of salvage and subrogation recoveries is separately identified and, where material, reported as an asset.

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

2. Accounting Policies (cont.)

The reinsurers' share of provisions for claims is based on calculated 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. The Syndicate uses a number of statistical techniques to assist in making these estimates.

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

The directors consider that the provisions for gross claims and related reinsurance recoveries are fairly stated on the basis of the information currently available to them. However, ultimate liability will vary as a result of subsequent information and events and this may result in significant adjustments to the amounts provided. Adjustments to the amounts of claims provisions established in prior years are reflected in the financial statements for the period in which the adjustments are made. The provisions are not discounted for the investment earnings that may be expected to arise in the future on the funds retained to meet the future liabilities. The methods used, and the estimates made, are reviewed regularly.

b) Unexpired Risks Provision

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

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

c) Net Operating Expenses (including Acquisition Costs)

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

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

d) Foreign Currencies

Transactions in US dollars, Canadian dollars, Australian 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 the transaction is processed.

All assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange at the balance sheet date or if appropriate at the forward contract rate.

Exchange differences arising from the retranslation of the opening balance sheet items at the closing balance sheet rate and the retranslation of the profit and loss account items from average rate to the closing balance sheet rate are included in the Statement of Total Recognised Gains and Losses. Also included are unrealised gains/losses on the revaluation of foreign exchange contracts at the year end.

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

2. Accounting Policies (cont.)

e) Investments

Investments are stated at current value at the balance sheet date. For this purpose listed investments and overseas deposits are stated at bid market value. All investments are considered portfolio investments.

f) 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 sale proceeds and purchase price. Unrealised gains and losses on investments represent the difference between the valuation at the balance sheet date, and their valuation at the previous balance sheet date, or purchase price, if acquired during the year, together with the reversal of unrealised gains and losses recognised in earlier accounting periods in respect of investment disposals in the current period.

Investment return is initially recorded in the non-technical account. A transfer is made from the non-technical account to the general business technical account to reflect the investment return on funds supporting underwriting business. All investment return is considered to arise on such funds.

g) Taxation

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

No provision has been made for any United States Federal Income Tax payable on underwriting results or investment earnings. Any payments on account made by the Syndicate during the year have been included in the technical account under the heading 'net operating expenses'.

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

h) Pension Costs

Marketform Management Services Limited (MMSL), on behalf of the managing agent, makes contributions to employees' individual pension plans. Pension contributions relating to Syndicate employees are charged to the Syndicate and included within net operating expenses.

SYNDICATE 2468

NOTES TO THE ACCOUNTS
At 31 December 2014

3. Segmental Analysis

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

2014	**Gross Written Premiums £'000**	**Gross Premiums Earned £'000**	**Gross Claims Incurred £'000**	**Gross Operating Expenses £'000**	**Reinsurance Balance £'000**	**Total £'000**
Direct Insurance:						
Third Party Liability	**103,927**	**98,820**	**(60,355)**	**(47,380)**	**(20,585)**	**(29,500)**
Accident and Health	**19,633**	**18,848**	**(14,333)**	**(9,037)**	**(459)**	**(4,981)**
Fire and other damage to property	**20,045**	**19,498**	**(12,554)**	**(7,329)**	**1,349**	**964**
Energy Non-Marine	**270**	**132**	**(2,386)**	**(68)**	**541**	**(1,781)**
Energy Marine	**1,263**	**1,195**	**60**	**(579)**	**(238)**	**438**
Marine	**9,425**	**9,239**	**(4,233)**	**(4,162)**	**(2,016)**	**(1,172)**
Pecuniary Loss	**16,756**	**13,264**	**(4,655)**	**(5,169)**	**(2,958)**	**482**
Transport	**2,871**	**3,951**	**(4,037)**	**(1,563)**	**(122)**	**(1,771)**
Motor (other classes)	**-**	**-**	**-**	**-**	**-**	**-**
	174,190	**164,947**	**(102,493)**	**(75,287)**	**(24,488)**	**(37,321)**
Reinsurance Acceptances:	**16,469**	**16,365**	**(5,837)**	**(7,150)**	**(2,036)**	**1,342**
Total	**190,659**	**181,312**	**(108,330)**	**(82,437)**	**(26,524)**	**(35,979)**

2013	*Gross Written Premiums £'000*	*Gross Premiums Earned £'000*	*Gross Claims Incurred £'000*	*Gross Operating Expenses £'000*	*Reinsurance Balance £'000*	*Total £'000*
Direct Insurance:						
Third Party Liability	*107,540*	*112,618*	*(55,899)*	*(44,337)*	*(13,180)*	*(798)*
Accident and Health	*14,982*	*12,032*	*(5,349)*	*(4,844)*	*(1,176)*	*663*
Fire and other damage to property	*16,832*	*15,281*	*(5,938)*	*(4,684)*	*(2,416)*	*2,243*
Energy Non-Marine	*57*	*45*	*(22)*	*(18)*	*(2)*	*3*
Energy Marine	*955*	*834*	*(1,143)*	*(314)*	*573*	*(50)*
Marine	*9,912*	*10,329*	*(7,744)*	*(3,663)*	*(737)*	*(1,815)*
Pecuniary Loss	*12,151*	*10,545*	*(3,476)*	*(3,009)*	*(2,486)*	*1,574*
Transport	*6,318*	*6,419*	*(7,079)*	*(2,439)*	*1,092*	*(2,007)*
Motor (other classes)	*(43)*	*(18)*	*18*	*(50)*	*125*	*75*
	168,704	*168,085*	*(86,632)*	*(63,358)*	*(18,207)*	*(112)*
Reinsurance Acceptances:	*17,482*	*15,247*	*(9,230)*	*(5,398)*	*828*	*1,447*
Total	*186,186*	*183,332*	*(95,862)*	*(68,756)*	*(17,379)*	*1,335*

Total commissions for direct insurance written in the year amounted to £41.7million (*2013: £42.3million*). All premiums written are in respect of contracts concluded in the UK.

3. Segmental Analysis (cont.)

Gross operating expenses are the same as net operating expenses shown in the profit and loss account, as no commission in respect of outward reinsurances was received and set off in arriving at the net operating expenses.

The geographical analysis of gross written premiums is as follows;

	2014 £'000	2013 £'000
UK	**21,285**	*27,891*
Other EU Countries	**24,223**	*31,115*
Other	**76,113**	*54,365*
Australia	**40,817**	*35,407*
North America	**28,221**	*37,408*
	190,659	*186,186*

4. Italian Public Hospitals Claims

There has been continued incurred movement in 2014 on Italian Public Hospitals within the medical malpractice class. The uncertainty around the ultimate cost of Italian Public Hospitals claims for the 2007 & prior YOAs has reduced and now stabilised. Nevertheless, the MMA Board has elected to keep the year open at this time because the book has not developed to a level necessary to close the year. Net claims provisions for Italian Public Hospitals on the 2007 & prior years of account amount to £104.6million as at 31 December 2014 *(2007 & prior years at 31 December 2013 £127million)*.

SYNDICATE 2468

NOTES TO THE ACCOUNTS
At 31 December 2014

5. Net Operating Expenses

	2014 £'000	2013 £'000
Brokerage and commissions	47,537	48,602
Other acquisition costs	4,930	4,222
Acquisition costs	52,467	52,824
Change in deferred acquisition costs	(2,144)	749
Administrative expenses	19,358	18,551
Loss/(Profit) on exchange	12,756	(3,368)
	82,437	68,756

Administrative expenses include:

	2014 £'000	2013 £'000
Fees payable to the Syndicate's Auditors for:		
- Audit of the Syndicate Annual Accounts and Lloyd's Returns	265	178
- Other services pursuant to regulations and Lloyds Byelaws	-	65
- Taxation compliance services	8	8
	273	251

Members' standard personal expenses	2,481	2,424

6. Employees Numbers and Costs

All employees are employed by MMSL which recharges the relevant costs of employment to the Syndicate. The following amounts are included in administrative expenses in respect of salary costs:

	2014 £'000	2013 £'000
Wages and salaries	7,735	6,960
Social security costs	880	829
Other pension costs	576	568
	9,191	8,357

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

	2014 Number	2013 Number
Administration and finance	66	61
Underwriting	46	41
Claims	19	21
	131	123

7. Emoluments of the Directors of MMA and the Active Underwriter

The directors of MMA received the following aggregate remuneration charged to the Syndicate and included within net operating expenses:

	2014	*2013*
	£'000	*£'000*
Emoluments	**1,444**	*1,456*
Contributions to individual pension plans	**72**	*127*
	1,516	*1,583*

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

	2014	*2013*
	£'000	*£'000*
Emoluments	**332**	*257*
Contributions to an individual pension plan	**6**	*38*
	338	*295*

8. Investment Income

	2014	*2013*
	£'000	*£'000*
Income from investments	**6,461**	*6,351*
Gains on the realisation of investments	**1,799**	*1,072*
	8,260	*7,423*

SYNDICATE 2468

NOTES TO THE ACCOUNTS
At 31 December 2014

9. Investment Expenses and Charges

	2014 £'000	*2013 £'000*
Investment management expenses, including interest	**328**	*549*
Losses on realisation of investments	**893**	*1,286*
	1,221	*1,835*

10. Exchange Differences on Foreign Currency Translation

Exchange differences arising from the retranslation of the opening Balance Sheet items at the closing Balance Sheet rate and the retranslation of the Profit and Loss Account items from average rate to the closing Balance Sheet rate are included in the Statement of Total Recognised Gains and Losses. Also included are unrealised gains/losses on the revaluation of foreign exchange contracts at the year end.

11. Financial Investments

	Market value		Cost	
	2014 £'000	*2013 £'000*	**2014 £'000**	*2013 £'000*
Shares and other variable yield securities	**181,696**	*116,478*	**180,813**	*113,949*
Debt securities and other fixed income securities				
Government securities	**69,589**	*57,232*	**69,468**	*57,703*
Government agencies	**-**	*-*	**-**	*-*
Guaranteed government debt	**18,916**	*18,900*	**18,983**	*18,986*
Corporate bonds	**42,071**	*47,344*	**42,224**	*47,386*
Mortgage backed instruments	**-**	*121*	**-**	*121*
Provincial and municipal debt	**1,118**	*57,728*	**1,145**	*57,418*
SupraNational	**-**	*-*	**-**	*-*
Money market	**-**	*-*	**-**	*-*
Asset-backed securities	**-**	*1,505*	**-**	*1,504*
Inflation-linked securities	**-**	*-*	**-**	*-*
	131,694	*182,830*	**131,820**	*183,118*
	313,390	*299,308*	**312,633**	*297,067*

11. Financial Investments (cont.)

The market value of the debt securities and other fixed income securities analysed by security rating is as follows:

Security Rating	2014 £'000	*2013 £'000*
Long-term credit ratings:		
AAA	**73,867**	*75,553*
AA+	**12,894**	*30,628*
AA	**1,654**	*32,679*
AA-	**22,801**	*5,905*
A+	**5,718**	*5,783*
A	**6,460**	*17,817*
A-	**3,531**	*6,901*
BBB+	**2,991**	*3,540*
BBB	**1,778**	*2,220*
BBB-	**-**	*588*
BB	**-**	*-*
Not rated	**-**	*-*
Short-term credit ratings		
A-1+	**-**	*1,216*
A-1	**-**	*-*
	131,694	*182,830*

12. Debtors arising out of Direct Insurance Operations

	2014 £'000	*2013 £'000*
Due within one year:		
Intermediaries	**50,052**	*48,134*
Due after one year:		
Intermediaries	**90**	*93*
	50,142	*48,227*

13. Debtors arising out of Reinsurance Operations

	2014 £'000	*2013 £'000*
Due within one year	**7,638**	*10,947*
Due after one year	**46**	*88*
	7,684	*11,035*

14. Other Assets

Other assets comprise overseas deposits which are lodged as a condition of conducting underwriting business in certain countries.

15. Reconciliation of Members' Balances

	2014 £'000	*2013 £'000*
Members' balances at 1 January	**(80,890)**	*(137,830)*
(Loss)/Gain for the financial year	**(16,010)**	*725*
Transfer from/(to) Members in respect of 2011/2010 account	**2,057**	*(3,785)*
Cash calls from Members	**20,000**	*60,000*
Members' balances carried forward at 31 December	**(74,843)**	*(80,890)*

Members participate on Syndicates by reference to years of account and their ultimate result, assets and liabilities are assessed with reference to policies incepting in that year of account in respect of their membership of a particular year.

16. Creditors arising out of Direct Insurance Operations

	2014 £'000	*2013 £'000*
Due within one year:		
- Intermediaries	**898**	*7,677*
Due after one year		
- Intermediaries	**7**	*5*
	905	*7,682*

There are no creditors due after 5 years.

17. Creditors arising out of Reinsurance Operations

	2014 £'000	*2013 £'000*
Due within one year	**16,653**	*10,029*
Due after one year	**-**	*-*
	16,653	*10,029*

18. Other Creditors

	2014 £'000	*2013 £'000*
Due within one year	**9,968**	*9,723*
Due after one year	**2,472**	*3,625*
	12,440	*13,348*

There are no creditors due after 5 years.

19. Movement in opening and closing portfolio investments net of financing

	2014 £'000	*2013 £'000*
Net cash (outflow)/ inflow for the year	**(265)**	*3,857*
Cash flow - overseas deposits	**(5,075)**	*6,062*
- portfolio investments	**20,595**	*24,075*
Movement arising from cash flows	**15,255**	*33,994*
Changes in market value and exchange rates	**(6,663)**	*(15,868)*
Total movement in portfolio investments	**8,592**	*18,126*
Portfolio at 1 January	**375,728**	*357,602*
Portfolio at 31 December	**384,320**	*375,728*

NOTES TO THE ACCOUNTS
At 31 December 2014

20. Movement in cash, portfolio investments and financing

	At 1 January 2014 £'000	Cash Flow £'000	Changes to Market value and currencies £'000	31 December 2014 £'000
Cash at bank and in hand	**9,011**	**(265)**	**(19)**	**8,727**
Overseas deposits	**67,409**	**(5,075)**	**(131)**	**62,203**
	76,420	**(5,340)**	**(150)**	**70,930**
Portfolio investments:				
Shares and other variable yield securities	**116,478**	**70,676**	**(5,458)**	**181,696**
Debt securities and other fixed income securities	**182,830**	**(50,081)**	**(1,055)**	**131,694**
	299,308	**20,595**	**(6,513)**	**313,390**
Total cash, portfolio investments and financing	**375,728**	**15,255**	**(6,663)**	**384,320**

21. Net cash inflow on portfolio investments

	2014 £'000	*2013 £'000*
Purchase of shares and other variable yield securities	**162,305**	*86,364*
Purchase of debt securities and other fixed income securities	**385,897**	*359,720*
Sale of shares and other variable yield securities	**(91,629)**	*(79,355)*
Sale of debt securities and other fixed income securities	**(435,978)**	*(342,654)*
Net cash inflow on portfolio investments	**20,595**	*24,075*

22. Related Parties

The immediate parent undertaking of Marketfrom Managing Agency (MMA) is Marketform Holdings Limited (“MHL”). S P Lotter (appointed 28 August 2014), J G F O’Neill and A S Ribaudo are directors of MHL. A C Durkin resigned as a director of MHL on 28 August 2014.

At 31 December 2014 the ultimate UK parent undertaking of MMA was Marketform Group Limited (“MGL”) which owns 100% of the issued share capital of MHL. As at 31 December 2014, S P Lotter, J G F O’Neill and A S Ribaudo were directors of MGL (S G Turner resigned as a director of MGL on 15 January 2014).

American Financial Group Inc (AFG), a company incorporated in Ohio, USA is the ultimate parent undertaking of MGL. Group accounts for MGL, and accounts for MHL, are available from the Company Secretary of MMA, 5th Floor, 20 Gracechurch Street, London, EC3V 0BG.

At 31 December 2014, GAI Holding Bermuda Ltd (GAIHB), which is a wholly owned subsidiary of AFG, owned 100% of the shares in MGL. On 9 June 2014, GAIHB made a cash capital contribution of £10 million to MGL. No directors of MMA have interests in the ordinary share capital of MGL.

GAIHB is the parent company of GAI Indemnity Ltd (GAII), the capital provider of £42,050,000 for 2012 and 2013 years of account and £50,750,000 for the 2014 year of account of the Syndicate. The ultimate parent undertaking of both GAIHB and GAII is AFG.

Great American Insurance Co., (GAIC) a wholly owned subsidiary of AFG participates as a reinsurer of the Syndicate. The premiums paid to that reinsurer in 2014 amounted to £3,732,061 (2013: £2,720,661). These represent approximately 11.94% (2013: 9.45%) of the outward reinsurance spend of the Syndicate. The Syndicate also has four inwards reinsurance agreements with GAIC which amounted to premiums of £92,671 in the calendar year 2014.

MHL owns 100% of the ordinary issued share capital of Marketform Limited (ML), a service company through which the Syndicate receives a substantial percentage of its premium income.

J G F O’Neill, A S Ribaudo and A Wakeley are directors of ML. Anne Durkin resigned as a director of ML on 11 September 2014. Prior to January 2011, the Syndicate as leader, along with other syndicates, provided a facility in respect of Medical Malpractice business, known as the Marketform Consortium (but not registered as a consortium), to ML. From 1 January 2011 ML became a Lloyd’s Service Company. The percentage of total gross written premium income introduced to the Syndicate via the Service Company in 2014 amounted to 7.8% (2013: 8.0%). The Syndicate has a participation in the Marketform Consortium of 100% on the primary layer on the 2013-2015 years of account, 100% on the primary layer and 51% on the excess layer for the 2012 year of account and 89% on the primary layer and 37.5% on the excess layer for the 2007 year of account.

ML is also a provider of Professional Indemnity, General Liability, Personal Accident, Directors and Officers and Bloodstock business to the Syndicate and the percentage of total gross written premium income from this source in 2014 amounted to 0.3% (2013: 0.4%).The commission that ML received in 2014 from business introduced to the Syndicate (including the Marketform Consortium) amounted to £223,352 (2013: £1,254,000).

Lavenham Underwriting Limited (LUL), a fellow subsidiary undertaking of MMA’s immediate parent undertaking MHL, has provided capacity to the underwriting years whose transactions are reflected in these accounts as follows:

2007: £15,500,000 (15.5% of allocated capacity)

2012: £22,475,000 (15.5% of allocated capacity)

2013: £29,000,000 (20.0% of allocated capacity)

2014: £35,000,000 (20.0% of allocated capacity)

22. Related Parties (cont.)

At 31 December 2014 LUL's Funds at Lloyd's to support its underwriting comprised a letter of credit provided by Barclays Bank PLC of £42,858,446, which is guaranteed by AFG, and cash of £5,274,016.

By an agreement dated 28 January 2011 between GAIC, Lavenham Underwriting Limited and MMA, GAIC agreed with effect from 1 January 2011 to reinsure Lavenham in respect of certain losses in excess of a retention arising in relation to Italian Public Hospitals business for their participation on Syndicate 2468 for the 2008 and prior years of account. The maximum aggregate limit of liability of GAIC under the agreement amounts to €8,719,000. At 31 December 2014 a recovery of £6,758,915 has been accrued by LUL, which is the aggregate limit in converted GBP. The premium paid by Lavenham to GAIC was £177,000.

SCOR Underwriting Limited is a corporate underwriting member for the 2002 to 2014 years of account. SCOR Group P&C France (a SCOR Group company) has a 7.5% line on the political risk/trade credit reinsurance. The premiums paid to that reinsurer in 2014 amounted to £124,288 (2013: £130,366). This represents approximately 0.40% (2013: 0.45%) of the outwards reinsurance spend of the Syndicate.

Sampford Underwriting Limited (SUL), a fellow subsidiary undertaking of MMA's immediate parent undertaking MHL, has provided capacity to the underwriting years whose transactions are reflected in these accounts as follows:

2007: £16,500,000 (16.5% of allocated capacity)

2012: £23,925,000 (16.5% of allocated capacity)

2013: £30,450,000 (21.0% of allocated capacity)

2014: £36,750,000 (21.0% of allocated capacity)

At 31 December 2014 SUL's Funds at Lloyd's to support its underwriting comprised a letter of credit provided by Barclays Bank PLC of £45,270,529 which is guaranteed by AFG and cash of £5,401,355.

By an agreement dated 28 January 2011 between GAIC, SUL and MMA, GAIC agreed with effect from 1 January 2011 to reinsure SUL in respect of certain losses in excess of a retention arising in relation to Italian Public Hospitals business for their participation on Syndicate 2468 for the 2008 and prior years of account. The maximum aggregate limit of liability of GAIC under the agreement amounts to €9,281,000. At 31 December 2014 a recovery of £7,194,574 has been accrued by SUL, which is the aggregate limit in converted GBP. The premium paid by Sampford to GAIC was £188,000.

In June 2014, a loan of £5,000,000 from GAIC to MGL was repaid by MGL to GAIC. Ebury Underwriting Limited (EUL) was a corporate underwriting member for the 2003 to 2007 years of account. S G Turner is a director of EUL and he owns 50% of the issued share capital. The Funds at Lloyd's were supplied by Everest Reinsurance (Bermuda) Limited who participated as a reinsurer of the Syndicate.

Hermanus Underwriting Limited (HUL) was a corporate underwriting member for the 2004 to 2007 years of account. S G Turner is a director of HUL and he owns 50% of the issued share capital. The Funds at Lloyd's were supplied by XL Re Limited who participated as a reinsurer of the Syndicate.

MMA subcontracts the employment of employees, provision of accommodation and related services to MMSL a fellow subsidiary undertaking of MMA's immediate parent undertaking MHL. D Kempson (appointed 28 August 2014), J G F O'Neill and A S Ribaudo are directors of MMSL. A C Durkin resigned as director of MMSL on 28 August 2014.

22. Related Parties (cont.)

The Syndicate participates in a policy providing medical malpractice protection to first-aiders employed by MMSL. The transaction was negotiated on an arm's length basis.

The standard agency terms for MMA for the 2007, 2012, 2013 and 2014 years of account are:

Agency fee	0.75% of capacity
Profit commission	15.00% of the calculated profit

Managing agency fees of £1,312,500 (2013: £1,087,000) were paid by the Syndicate to MMA. In addition, expenses incurred on behalf of the Syndicate totalling £21.8m (2013: £20.3m) were recharged to the Syndicate by the managing agent. Where expenses are incurred jointly for the agency and the Syndicate such expenses are allocated on bases that the directors consider fairly reflect the nature and usage of the expenses concerned.

There is no profit commission payable to the managing agent in respect of the result on the 2007 run-off year *(2013: £Nil in respect of the 2007 run-off year)* or on the result of the 2012 year of account *(2013: £Nil in respect of the 2011 year of account).* No profit commission has been accrued in these accounts in respect of the 2012 year of account *(2013: £Nil in respect of the 2011 year of account)* and no profit commission has been accrued in respect of the 2013 year of account *(2013: £Nil in respect of the 2012 year of account).* No profit commission has been accrued in respect of the 2014 year of account (*2013: £Nil in respect of the 2013 year of account*). Lloyd's permits interim distributions of profit commission with a final payment on closure of the year of account: the 2013 year of account will normally close at 31 December 2015 and the 2014 year of account at 31 December 2016.

23. Post Balance Sheet Events

The following amounts are proposed to be transferred to/ (repaid from) Members' personal reserve funds during 2015 *(2014).*

	2014 £'000	*2013 £'000*
2007 Run-off year of account *(Cash call)*	**-**	*(20,000)*
2012 Year of account *Profit distribution/(Loss collection) (2011 Year of account)*	**(6,291)**	*(2,316)*
2013 Year of account *(2012 Year of account)*	**-**	-
2014 Year of account *(2013 Year of account)*	**-**	-
	(6,291)	*(22,316)*

24. Funds at Lloyd's

Every Member of Lloyd's is required to hold capital at Lloyd's which is held in trust and known as Funds at Lloyd's (FAL). These funds are 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 determined by Lloyd's based on PRA requirements and resource criteria. FAL has regard to a number of factors including the nature and amount of risk to be underwritten by the Member and the assessment of the reserving risk in respect of business that has been underwritten. Since FAL is not under the management of the managing agent, no amount has been shown in these financial statements by way of such capital resources. However, the managing agent is able to make a call on the Members' FAL to meet liquidity requirements or to settle losses suffered by the Syndicate. In the event that a Members FAL is exhausted the application can be made for any shortfall to be met from the Lloyd's Central Fund.

Marketform

SYNDICATE 2468
SYNDICATE UNDERWRITING YEAR ACCOUNTS

2012 YEAR OF ACCOUNT
AS AT 31 DECEMBER 2014

SYNDICATE 2468

CONTENTS

SYNDICATE 2468

DIRECTORS AND ADMINISTRATION

MANAGING AGENT:

Marketform Managing Agency Limited

Directors

V Badal
S E H Barr
A C Durkin (resigned as Director 11/09/14)
S P Lotter
J E Mumford (Non-Executive Chairman)
P V Olsen (Non-Executive)
J G F O'Neill
A S Ribaudo
A J Walker (Non-Executive)

Company secretary

A C Durkin (resigned as company secretary 31/07/14)

J M Taylor (appointed 31/07/14 resigned 17/10/14)

Acting Company Secretary A Walley (appointed 18/10/14)

Registered office

20 Gracechurch Street
London EC3V 0BG
Registered in England No 03584320

SYNDICATE:

Active underwriter

S P Lotter

Bankers

Barclays Bank PLC

Principal investment managers

Lloyds Treasury

Registered auditors

Ernst & Young LLP

Solicitors

Clyde & Co LLP

Consulting Actuaries

Towers Watson

SYNDICATE 2468

MANAGING AGENT'S REPORT

The managing agent presents its report at 31 December 2014 for the 2012 year of account.

This report is prepared in accordance with the Lloyd's Syndicate Accounting Byelaw (No 8 of 2005)

Review of the 2012 closed year of account

Underwriting capacity for 2012 was £145million (2011: £145million). The gross premium income, after acquisition costs, underwritten against this was £126million (2011: £126million).

The result for this year of account is a loss of £6.3million which represents a loss of 4.3% as a percentage of stamp capacity. The 2012 pure year of account profit (before expenses and investment return) was £14.1million; there was an underwriting loss of £3.9million (before expenses and investment return) attributable to the reinsurance to close of the 2008 to 2011 pure years of accounts.
The loss is mainly due to deteriorations in Dutch Hospital business in the Medical Malpractice class, Australian Binder in the General Liability class, sports sector in the Personal Accident class and reduction in Medical Malpractice recoverable which collectively resulted in additional losses of £22.1million.
The business written by the Syndicate is set out in note 3.

The Investment return for the year of account after fees was £6.5million.

Approved by the Board of Directors of Marketform Managing Agency Limited and signed on its behalf on 23rd March 2015.

A S Ribaudo

Director

SYNDICATE 2468

STATEMENT OF MANAGING AGENT'S RESPONSIBILITIES

The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 require 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 at 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 UK 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 underwriting year accounts comply with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and the Lloyd's Syndicate Accounting Byelaw (No 8 of 2005). It is also responsible for safeguarding the assets of the syndicate and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT

To the Members of Syndicate 2468 – 2012 close year of account

We have audited the syndicate underwriting year accounts for the 2012 year of account of syndicate 2468 for the three years ended 31 December 2014 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the related notes 1 to 16 and the Statement of Managing Agent's Responsibilities. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the syndicate's members, as a body, in accordance with The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the syndicate's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the syndicate's 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 the auditor

As explained more fully in the Statement of Managing Agent's Responsibilities set out on page 3, the managing agent is responsible for the preparation of the syndicate underwriting year accounts, under The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and in accordance with the Lloyd's Syndicate Accounting Byelaw (no. 8 of 2005), which give a true and fair view. Our responsibility is to audit and express an opinion on the syndicate underwriting year accounts in accordance with applicable legal and regulatory requirements 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 syndicate underwriting year accounts

An audit involves obtaining evidence about the amounts and disclosures in the syndicate underwriting year accounts sufficient to give reasonable assurance that the syndicate underwriting year accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the syndicate's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the managing agent; and the overall presentation of the syndicate underwriting year accounts. In addition, we read all the financial and non-financial information in the Syndicate Underwriting Year Accounts to identify material inconsistencies with the audited underwriting year accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on syndicate underwriting year accounts

In our opinion the syndicate underwriting year accounts:

- give a true and fair view of the loss for the 2012 closed year of account;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and have been properly prepared in accordance with the Lloyd's Syndicate Accounting Byelaw (no. 8 of 2005).

Matters on which we are required to report by exception

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

- the managing agent in respect of the syndicate has not kept proper accounting records; or
- the syndicate underwriting year accounts are not in agreement with the accounting records.

Stuart Wilson (Senior statutory auditor)

For and on behalf of Ernst & Young LLP, Statutory Auditor

London

23 March 2015

SYNDICATE 2468

PROFIT AND LOSS ACCOUNT: TECHNICAL ACCOUNT – GENERAL BUSINESS

For the 2012 closed year of account for the three years ended 31 December 2014

	Notes	£'000	£'000
Syndicate allocated capacity			145,000
Earned premiums, net of reinsurance			
Gross premiums written	3		171,407
Outward reinsurance premiums			(26,285)
Earned premiums, net of reinsurance			145,122
Reinsurance to close premiums received, net of reinsurance	4		174,817
Allocated investment return transferred from the non-technical account			6,484
Claims incurred, net of reinsurance			
Claims paid			
Gross amount		(70,394)	
Reinsurers' share		13,177	
		(57,217)	
Reinsurance to close premium received, net of reinsurance	5	(207,161)	
			(264,378)
Net operating expenses	6		(68,336)
Balance on the technical account – general business			**(6,291)**

The notes on pages 42 to 53 form an integral part of the accounts

PROFIT AND LOSS ACCOUNT: NON-TECHNICAL ACCOUNT

For the 2012 closed year of account for the three years ended 31 December 2014

	Notes	£'000
Balance on the technical account for general business		(6,291)
Investment income	8	6,485
Unrealised gains on investments		2,232
Investment expenses and charges	8	(905)
Unrealised losses on investments		(1,328)
Allocated investment return transferred to general business technical account		(6,484)
Loss for the 2012 closed year of account		(6,291)

The notes on pages 42 to 53 form an integral part of the accounts

SYNDICATE 2468

BALANCE SHEET

For the 2012 closed year of account at 31 December 2014

ASSETS	Notes	£'000	£'000
Investments	9		177,367
Debtors	10		5,135
Reinsurance recoveries anticipated on gross reinsurance to close premium payable to close the account	5		54,638
Other assets			
Cash at bank and in hand		3,344	
Other	11	39,066	
			42,410
TOTAL ASSETS			279,550
LIABILITIES			
Amounts due from members			(6,291)
Reinsurance to close premium payable to close the account gross amount	5		261,799
Creditors	12		23,369
Accruals and deferred income			673
TOTAL LIABILITIES			279,550

The Syndicate Annual Accounts were approved on behalf of the Board of Marketform Managing Agency Limited on 23rd March 2015 and were signed on its behalf by

A S Ribaudo

Director

The notes on pages 42 to 53 form an integral part of the accounts

CASH FLOW STATEMENT

For the 2012 closed year of account for the three years ended 31 December 2014

Reconciliation of Operating Loss to Net Cash Inflow from Operating Activities	Notes	£'000
Loss for the closed year of account		(6,291)
Realised and unrealised investment losses including foreign exchange	13	(1,215)
Net amount retained to meet all known and unknown liabilities		207,161
Increase in debtors		(5,135)
Increase in creditors		23,369
Increase in accruals and deferred income		673
Net cash inflow from operating activities		**218,562**

Cash Flow Statement

Net cash inflow from operating activities		218,562
	13	218,562

Cash flows were invested as follows:

Increase in cash holdings		3,344
Increase in overseas deposits		39,066
Net portfolio investment	15	176,152
Net investment of cash flows	13	**218,562**

1. Basis of Preparation

These underwriting year accounts have been prepared in accordance with the Lloyd's Syndicate Accounting Byelaw (No. 8 of 2005) and applicable Accounting Standards in the United Kingdom and comply with 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.

Members participate on a syndicate by reference to a year of account and each syndicate year of account is a separate annual venture. These accounts relate to the 2012 year of account which has been closed by reinsurance to close as at 31 December 2014. Consequently the balance sheet represents the assets and liabilities of the 2012 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 until closure.

As each syndicate year of account is a separate annual venture, there are no comparative figures.

2. Accounting policies

a) Underwriting transactions

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. Where it is not deemed to be possible to determine the outstanding liabilities with sufficient accuracy, the year of account will not be closed by way of reinsurance to close.

i) 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.

Premiums written are treated as fully earned.

ii) Reinsurance premium ceded

Initial reinsurance premiums paid to purchase policies which give excess of loss protection are charged to the year of account in which the protection commences. Premiums for other reinsurances are charged to the same year of account as the risks being protected.

iii) Claims paid and related recoveries

Gross claims paid include internal and external claims settlement expenses with reinsurance recoveries, less amounts provided for in respect of doubtful reinsurers which 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.

2. Accounting policies (cont.)

iv) Reinsurance to close premium payable

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

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. It 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 projecting from past experience of the development of claims over time to form a view of the likely ultimate claims to be experienced for more recent underwriting, having regard to variations in the business accepted and the underlying terms and conditions. For the most recent years, where a high degree of volatility arises from projections, estimates may be based in part on output from rating and other models of the business accepted and assessments of underwriting conditions. The amount of salvage and subrogation recoveries is separately identified.

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. However, it is implicit in the estimation procedure that the ultimate liabilities will be at variance from the amount retained so determined.

b) Foreign currencies

Transactions, other than reinsurance to close and amounts retained to meet all known and unknown liabilities, in US dollars, Canadian dollars, Australian dollars and Euros are translated at the average rates of exchange for the period. Reinsurance to close premiums receivable, and underwriting transactions denominated in other foreign currencies, are included at the rate of exchange ruling at the transaction date. The amounts retained to meet all known and unknown liabilities are included at the rate ruling on the date the amounts are first reflected in the accounts.

All monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the balance sheet date or if appropriate at the forward contract rate.

Exchange differences are included in the technical account.

2. Accounting policies (cont.)

c) Investments

Investments are stated at current value at the balance sheet date. For this purpose listed investments and overseas deposits are stated at bid market value. All investments are considered portfolio investments.

d) 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. The returns on the Overseas Deposits 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.

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

Investment return is initially recorded in the non-technical account. A transfer is made from the non-technical account to the general business technical account. Investment return has been wholly allocated to the technical account as all investments relate to the technical account.

e) Operating expenses

Where expenses are incurred by or on behalf of the managing agent on 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 on bases 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.

f) 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 technical account under the heading 'net operating expenses'.

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

g) Pension costs

Marketform Management Services Limited, on behalf of the managing agent, makes contributions to employees' individual pension plans. Pension contributions relating to syndicate staff are charged to the syndicate and included within net operating expenses.

SYNDICATE 2468

NOTES TO THE ACCOUNTS
For the 2012 closed year of account at 31 December 2014

3. Segmental analysis

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

	Gross premiums written (note i) £'000	Gross claims incurred (note ii) £'000	Gross operating expenses (note iii) £'000	Reinsurance balance (note iv) £'000	Total £'000
Direct Insurance:					
Accident & Health	**12,541**	**(6,454)**	**(4,876)**	**(2,289)**	**(1,078)**
Marine, Aviation and Transport	**15,696**	**(10,942)**	**(6,220)**	**(1,027)**	**(2,493)**
Fire and other damage to property	**15,695**	**(6,960)**	**(5,918)**	**(2,343)**	**474**
Third Party Liability	**101,767**	**(56,787)**	**(40,308)**	**(16,976)**	**(12,304)**
Credit and Suretyship	**8,739**	**(4,802)**	**(4,157)**	**(2,958)**	**(3,178)**
Reinsurance Acceptances:	**16,969**	**(7,154)**	**(6,857)**	**(2,121)**	**837**
	171,407	**(93,099)**	**(68,336)**	**(27,714)**	**(17,742)**
Reinsurance to Close	**174,817**	**(239,094)**	**0**	**69,244**	**4,967**
	346,224	**(332,193)**	**(68,336)**	**41,530**	**(12,775)**

(i) Gross premiums written are treated as fully earned.

(ii) Gross claims incurred comprise gross claims paid and gross reinsurance to close premium payable.

(iii) Gross operating expenses are the same as net operating expenses shown in the profit and loss account, as no commissions in respect of outward reinsurance were received and set off in arriving at the net operating expenses.

(iv) The reinsurance balance comprises reinsurance premiums ceded less reinsurance recoveries on claims paid and reinsurance recoveries anticipated on the reinsurance to close payable.

All premiums written are in respect of contracts concluded in the UK.

The geographical analysis of premiums is as follows:

	£'000
UK	**197,735**
Other EU Countries	**25,002**
Other	**57,032**
Australia	**33,712**
North America	**32,743**
	346,224

SYNDICATE 2468

NOTES TO THE ACCOUNTS
For the 2012 closed year of account at 31 December 2014

4. Reinsurance to close premium receivable

	£'000	£'000
Gross notified outstanding claims	**140,363**	
Reinsurance recoveries anticipated	**(46,302)**	
Net notified outstanding claims		**94,061**
Provision for gross claims incurred but not reported	**102,082**	
Reinsurance recoveries anticipated	**(21,326)**	
Provision for net claims incurred but not reported		**80,756**
Reinsurance to close premium receivable, net of reinsurance		**174,817**

5. Reinsurance to close premium payable

	£'000	£'000
Gross notified outstanding claims	**147,847**	
Reinsurance recoveries anticipated	**(40,542)**	
Net notified outstanding claims		**107,305**
Provision for gross claims incurred but not reported	**113,952**	
Reinsurance recoveries anticipated	**(14,096)**	
Provision for net claims incurred but not reported		**99,856**
Reinsurance to close premium payable, net of reinsurance		**207,161**

The reinsurance to close is effected to the 2013 year of account of Syndicate 2468.

6. Net operating expenses

	£'000
Acquisition costs	45,331
Administrative expenses	18,832
Profit on exchange	4,173
	68,336

Administrative expenses include:

Fees payable to the Syndicates Auditors for:	
- The audit of the Syndicate Accounts and Lloyd's returns	181
- Taxation compliance services	4
	185
Members' standard personal expenses	2,075

7. Analysis of underwriting result: pure and prior years

	2008 to 2011 pure years of account	2012 pure year of account	Total 2012 year of account
	£'000	£'000	£'000
Technical account balance before allocated investment return and net operating expenses	(5,137)	60,698	55,561
Brokerage and commissions on gross premiums	1,244	(46,575)	(45,331)
	(3,893)	14,123	10,230
Allocated investment return transferred from the non-technical account	493	5,991	6,484
Net operating expenses other than acquisition costs	(5,482)	(17,523)	(23,005)
Balance on the technical account – general business	(8,882)	2,591	(6,291)

8. Investment return

	£'000
Investment income	
Income from investments	**5,282**
Gains on the realisation of investments	**1,203**
	6,485
Investment expenses	
Investment management expenses, including interest	**(192)**
Losses on the realisation of investments	**(713)**
	(905)

9. Investments

	Market value 2014 £'000	**Cost** 2014 £'000
Shares and other variable yield securities	**91,221**	**89,924**
Debt securities and other fixed income securities		
Government securities	**45,521**	**45,441**
Guaranteed government debt	**12,374**	**12,417**
Corporate bonds	**27,520**	**27,621**
Mortgage backed instruments	**-**	**-**
Provincial and municipal debt	**731**	**749**
SupraNational	**-**	**-**
Asset-backed securities	**-**	**-**
	86,146	**86,228**
	177,367	**176,152**

10. Debtors

	£'000
Arising out of direct insurance operations	
Due from intermediaries	
within one year	188
after one year	18
Arising out of reinsurance operations	
Due within one year	3,560
Other Debtors	
Due within one year	1,369
	5,135

Other debtors include payments in advance for Canadian income tax and amounts due in respect of premiums.

There are no debtors due after five years.

11. Other assets – other

These comprise overseas deposits which are lodged as a condition of conducting underwriting business in certain countries.

12. Creditors

	£'000
Arising out of direct insurance operations	
Due to intermediaries	
Due within one year	438
Due after one year	4
Arising out of reinsurance operations	6,330
Other Creditors	
Due within one year	15,491
Due after one year	1,106
	23,369

Other creditors include inter-year loans and accruals for underwriting profit commissions.

There are no creditors due after five years.

13. Movement in opening and closing portfolio investments net of financing

	£'000
Net cash inflow from the three years	3,344
Cash flow - overseas deposits	39,066
- portfolio investments	176,152
Movement arising from cash flows	218,562
Changes in market value and exchange rates	1,215
Total movement in portfolio investments	219,777
Portfolio at 1 January 2012	-
Portfolio at 31 December 2014	219,777

14. Movement in cash, portfolio investments and financing

	At 1 January 2012 £'000	Cash flow £'000	Changes to Market value and currencies £'000	At 31 December 2014 £'000
Cash at bank and in hand	-	3,344	-	3,344
Overseas deposits	-	39,066	-	39,066
Portfolio investments:				
Shares and other variable yield securities	-	89,924	1,297	91,221
Debt securities and other fixed income securities	-	86,228	(82)	86,146
Total cash, portfolio investments and financing	-	218,562	1,215	219,777

15. Net cash inflow on portfolio investments

	£'000
Purchase of shares and other variable yield securities	134,018
Purchase of debt securities and other fixed income securities	443,816
Sale of shares and other variable yield securities	(44,094)
Sale of debt securities and other fixed income securities	(357,588)
Net cash inflow on portfolio investments	176,152

16. Related parties

The immediate parent undertaking of Marketform Managing Agency (MMA) is Marketform Holdings Limited ("MHL"). S P Lotter (appointed 28 August 2014), J G F O'Neill and A S Ribaudo are directors of MHL. A C Durkin resigned as a director of MHL on 28 August 2014.

At 31 December 2014 the ultimate UK parent undertaking of MMA was Marketform Group Limited ("MGL") which owns 100% of the issued share capital of MHL. As at 31 December 2014, S P Lotter, J G F O'Neill and A S Ribaudo were directors of MGL (S G Turner resigned as a director of MGL on 15 January 2014).

American Financial Group Inc (AFG), a company incorporated in Ohio, USA is the ultimate parent undertaking of MGL. Group accounts for MGL, and accounts for MHL, are available from the Company Secretary of MMA, 5th Floor, 20 Gracechurch Street, London, EC3V 0BG.

At 31 December 2014, GAI Holding Bermuda Ltd (GAIHB), which is a wholly owned subsidiary of AFG, owned 100% of the shares in MGL. On 9 June 2014, GAIHB made a cash capital contribution of £10 million to MGL. No directors of MMA have interests in the ordinary share capital of MGL.

GAIHB is the parent company of GAI Indemnity Ltd (GAII), the capital provider of £42,050,000 for 2012 and 2013 years of account and £50,750,000 for the 2014 year of account of the Syndicate. The ultimate parent undertaking of both GAIHB and GAII is AFG.

Great American Insurance Co., (GAIC) a wholly owned subsidiary of AFG participates as a reinsurer of the Syndicate. The premiums paid to that reinsurer in 2014 amounted to £3,732,061 (2013: £2,720,661). These represent approximately 11.94% (2013: 9.45%) of the outward reinsurance spend of the Syndicate. The Syndicate also has four inwards reinsurance agreements with GAIC which amounted to premiums of £92,671 in the calendar year 2014.

MHL owns 100% of the ordinary issued share capital of Marketform Limited (ML), a service company through which the Syndicate receives a substantial percentage of its premium income.

J G F O'Neill, A S Ribaudo and A Wakeley are directors of ML. Anne Durkin resigned as a director of ML on 11 September 2014. Prior to January 2011, the Syndicate as leader, along with other syndicates, provided a facility in respect of Medical Malpractice business, known as the Marketform Consortium (but not registered as a consortium), to ML. From 1 January 2011 ML became a Lloyd's Service Company. The percentage of total gross written premium income introduced to the Syndicate via the Service Company in 2014 amounted to 7.8% (2013: 8.0%). The Syndicate has a participation in the Marketform Consortium of 100% on the primary layer on the 2013-2015 years of account, 100% on the primary layer and 51% on the excess layer for the 2012 year of account and 89% on the primary layer and 37.5% on the excess layer for the 2007 year of account.

ML is also a provider of Professional Indemnity, General Liability, Personal Accident, Directors and Officers and Bloodstock business to the Syndicate and the percentage of total gross written premium income from this source in 2014 amounted to 0.3% (2013: 0.4%).The commission that ML received in 2014 from business introduced to the Syndicate (including the Marketform Consortium) amounted to £223,352 (2013: £1,254,000).

Lavenham Underwriting Limited (LUL), a fellow subsidiary undertaking of MMA's immediate parent undertaking MHL, has provided capacity to the underwriting years whose transactions are reflected in these accounts as follows:

2007: £15,500,000 (15.5% of allocated capacity)

2012: £22,475,000 (15.5% of allocated capacity)

2013: £29,000,000 (20.0% of allocated capacity)

2014: £35,000,000 (20.0% of allocated capacity)

16. Related Parties (cont.)

At 31 December 2014 LUL's Funds at Lloyd's to support its underwriting comprised a letter of credit provided by Barclays Bank PLC of £42,858,446, which is guaranteed by AFG, and cash of £5,274,016.

By an agreement dated 28 January 2011 between GAIC, Lavenham Underwriting Limited and MMA, GAIC agreed with effect from 1 January 2011 to reinsure Lavenham in respect of certain losses in excess of a retention arising in relation to Italian Public Hospitals business for their participation on Syndicate 2468 for the 2008 and prior years of account. The maximum aggregate limit of liability of GAIC under the agreement amounts to €8,719,000. At 31 December 2014 a recovery of £6,758,915 has been accrued by LUL, which is the aggregate limit in converted GBP. The premium paid by Lavenham to GAIC was £177,000.

SCOR Underwriting Limited is a corporate underwriting member for the 2002 to 2014 years of account. SCOR Group P&C France (a SCOR Group company) has a 7.5% line on the political risk/trade credit reinsurance. The premiums paid to that reinsurer in 2014 amounted to £124,288 (2013: £130,366). This represents approximately 0.40% (2013: 0.45%) of the outwards reinsurance spend of the Syndicate.

Sampford Underwriting Limited (SUL), a fellow subsidiary undertaking of MMA's immediate parent undertaking MHL, has provided capacity to the underwriting years whose transactions are reflected in these accounts as follows:

2007: £16,500,000 (16.5% of allocated capacity)

2012: £23,925,000 (16.5% of allocated capacity)

2013: £30,450,000 (21.0% of allocated capacity)

2014: £36,750,000 (21.0% of allocated capacity)

At 31 December 2014 SUL's Funds at Lloyd's to support its underwriting comprised a letter of credit provided by Barclays Bank PLC of £45,270,529 which is guaranteed by AFG and cash of £5,401,355.

By an agreement dated 28 January 2011 between GAIC, SUL and MMA, GAIC agreed with effect from 1 January 2011 to reinsure SUL in respect of certain losses in excess of a retention arising in relation to Italian Public Hospitals business for their participation on Syndicate 2468 for the 2008 and prior years of account. The maximum aggregate limit of liability of GAIC under the agreement amounts to €9,281,000. At 31 December 2014 a recovery of £7,194,574 has been accrued by SUL, which is the aggregate limit in converted GBP. The premium paid by Sampford to GAIC was £188,000.

In June 2014, a loan of £5,000,000 from GAIC to MGL was repaid by MGL to GAIC. Ebury Underwriting Limited (EUL) was a corporate underwriting member for the 2003 to 2007 years of account. S G Turner is a director of EUL and he owns 50% of the issued share capital. The Funds at Lloyd's were supplied by Everest Reinsurance (Bermuda) Limited who participated as a reinsurer of the Syndicate.

Hermanus Underwriting Limited (HUL) was a corporate underwriting member for the 2004 to 2007 years of account. S G Turner is a director of HUL and he owns 50% of the issued share capital. The Funds at Lloyd's were supplied by XL Re Limited who participated as a reinsurer of the Syndicate.

16. Related Parties (cont.)

The Syndicate participates in a policy providing medical malpractice protection to first-aiders employed by MMSL. The transaction was negotiated on an arm's length basis.

The standard agency terms for MMA for the 2007, 2012, 2013 and 2014 years of account are:

Agency fee	0.75% of capacity
Profit commission	15.00% of the calculated profit

Managing agency fees of £1,312,500 (2013: £1,087,000) were paid by the Syndicate to MMA. In addition, expenses incurred on behalf of the Syndicate totalling £21.8m (2013: £20.3m) were recharged to the Syndicate by the managing agent. Where expenses are incurred jointly for the agency and the Syndicate such expenses are allocated on bases that the directors consider fairly reflect the nature and usage of the expenses concerned.

There is no profit commission payable to the managing agent in respect of the result on the 2007 run-off year *(2013: £Nil in respect of the 2007 run-off year)* or on the result of the 2012 year of account *(2013: £Nil in respect of the 2011 year of account).* No profit commission has been accrued in these accounts in respect of the 2012 year of account *(2013: £Nil in respect of the 2011 year of account)* and no profit commission has been accrued in respect of the 2013 year of account *(2013: £Nil in respect of the 2012 year of account).* No profit commission has been accrued in respect of the 2014 year of account (*2013: £Nil in respect of the 2013 year of account*). Lloyd's permits interim distributions of profit commission with a final payment on closure of the year of account: the 2013 year of account will normally close at 31 December 2015 and the 2014 year of account at 31 December 2016.

SYNDICATE 2468

NOTES TO THE ACCOUNTS

For the 2012 closed year of account at 31 December 2014

SEVEN YEAR SUMMARY OF RESULTS

Year of Account	**Notes**	**2006**	**2007** run-off after 8 years	**2008**	**2009**	**2010**	**2011**	**2012**
Syndicate allocated capacity (£'000)		**100,000**	**100,000**	**100,000**	**120,000**	**145,000**	**145,000**	**145,000**
Number of participating Members		**5**	**5**	**4**	**4**	**4**	**4**	**4**
Aggregate net premiums (£'000)	**1**	**77,822**	**73,256**	**78,191**	**85,351**	**98,318**	**96,906**	**99,791**
Results for an Illustrative share of £10,000	**2**							
Gross premiums	**1**	**9,246**	**8,772**	**9,497**	**9,290**	**8,842**	**8,677**	**8,695**
Net premiums	**1**	**7,782**	**7,326**	**7,819**	**7,113**	**6,781**	**6,683**	**6,882**
Premiums for reinsurance to close earlier year of account		**15,899**	**18,941**	**-**	**6,726**	**8,826**	**11,004**	**12,056**
Net claims		**(4,008)**	**(30,547)**	**(1,624)**	**(3,117)**	**(3,549)**	**(4,505)**	**(3,946)**
Premiums for reinsurance to close the year of account		**(20,840)**	**-**	**(8,072)**	**(10,665)**	**(11,004)**	**(12,056)**	**(14,287)**
Amounts retained to meet all known and unknown outstanding liabilities		**-**	**(14,444)**	**-**	**-**	**-**	**-**	**-**
Underwriting result		**(1,167)**	**(18,724)**	**(1,877)**	**57**	**1,054**	**1,126**	**705**
Profit/(loss) on exchange		**(134)**	**(3,122)**	**217**	**(121)**	**(198)**	**(364)**	**(288)**
Syndicate operating expenses	**1**	**(574)**	**(1,463)**	**(839)**	**(898)**	**(1,003)**	**(1,188)**	**(1,156)**
Balance on technical account		**(1,875)**	**(23,309)**	**(2,499)**	**(962)**	**(147)**	**(426)**	**(738)**
Investment return	**3**	**1,015**	**2,342**	**408**	**325**	**611**	**434**	**447**
Profit/(Loss) before illustrative Personal expenses		**(860)**	**(20,968)**	**(2,091)**	**(637)**	**464**	**8**	**(291)**
Corporate Member Illustrative personal expenses								
Managing agent's fee		**(75)**	**(75)**	**(75)**	**(75)**	**(75)**	**(75)**	**(75)**
Lloyd's Central Fund contribution		**(100)**	**(100)**	**(44)**	**(45)**	**(46)**	**(46)**	**(23)**
Lloyd's subscription		**(50)**	**(50)**	**(44)**	**(45)**	**(46)**	**(46)**	**(45)**
Profit commission		**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total illustrative personal expenses		**(225)**	**(225)**	**(163)**	**(165)**	**(167)**	**(167)**	**(143)**
Profit/(Loss) after illustrative Personal expenses	**4**	**(1,085)**	**(21,193)**	**(2,254)**	**(802)**	**297**	**(159)**	**(434)**
Total of syndicate operating expenses, managing agent's fee and profit commission		**649**	**1,538**	**914**	**973**	**1,078**	**1,263**	**1,231**
Capacity utilised % Gross premium/allocated capacity		**92**	**88**	**95**	**93**	**88**	**87**	**87**
Net capacity utilised % Net premiums/allocated capacity		**78**	**73**	**78**	**71**	**68**	**67**	**69**
Balance on technical account % Balance on technical account/allocated capacity		**(19)**	**(233)**	**(25)**	**(8)**	**(1)**	**(4)**	**(7)**

Notes:

The summary has been prepared from the audited accounts of the syndicate. However brokerage and commissions have been excluded from both gross and net premiums and syndicate operating expenses from the 2004 year of account onwards so as to make the figures comparable to earlier years.

1. The illustrative share represents a gross premium limit.
2. Investment expenses for all years of account have been deducted from investment return and are not included in syndicate operating expenses.
3. The result after illustrative personal expenses (managing agent's remuneration and standard Lloyd's charges) takes no account of any UK or overseas taxation liabilities, which are the personal responsibility of the Member.

Marketform

SYNDICATE 2468

SYNDICATE UNDERWRITING YEAR ACCOUNTS

2007 RUN-OFF YEAR OF ACCOUNT
AS AT 31 DECEMBER 2014

CONTENTS

SYNDICATE 2468

DIRECTORS AND ADMINISTRATION

MANAGING AGENT:

Marketform Managing Agency Limited

Directors

V Badal
S E H Barr
A C Durkin (resigned as director 11/09/14)
S P Lotter
J E Mumford (Non-Executive Chairman)
P V Olsen (Non-Executive)
J G F O'Neill
A S Ribaudo
A J Walker (Non-Executive)

Company secretary

A C Durkin (resigned as Company secretary 31/07/14)

J M Taylor (appointed 31/07/14 resigned 17/10/14)

Acting Company Secretary A Walley (appointed 18/10/14)

Registered office

20 Gracechurch Street
London EC3V 0BG
Registered in England No 03584320

SYNDICATE:

Active underwriter

S P Lotter

Bankers

Barclays Bank PLC

Principal investment managers

Lloyds Treasury

Registered auditors

Ernst & Young LLP

Solicitors

Clyde & Co LLP

Consulting Actuaries

Towers Watson

SYNDICATE 2468

MANAGING AGENT'S REPORT

The managing agent presents its report at 31 December 2014 for the 2007 Run-off year of account.

This report is prepared in accordance with the Lloyd's Syndicate Accounting Byelaw (No 8 of 2005)

Review of the 2007 run-off year of account

The balance on the technical account at 31 December 2014 is a deficit of £211.9m which represents an improvement in the year of £302k, due to improvements in the reserves.

During 2014 the syndicate received a cash call amount of £20.0m.

There has been continued incurred movement in 2014 on Italian Public Hospitals within the medical malpractice class. However, the uncertainty has reduced and now stabilised. The board has elected to keep the year open at 31 December 2014 for at least another 12 months because the book has not developed to a level necessary to close the year. The settlement of these claims continues to be managed actively and the number of open claims on this account has reduced from 1,488 at December 2013 to 964 at December 2014. The board will continue to monitor closely this year of account with a view to arranging a reinsurance to close at the earliest opportunity.

The business written by the Syndicate is set out in note 3.

Approved on behalf of the Board of Directors of Marketform Managing Agency Limited and signed on its behalf on 23rd March 2015.

A S Ribaudo

Director

STATEMENT OF MANAGING AGENT'S RESPONSIBILITIES

The Lloyd's Syndicate Accounting Byelaw (No 8 of 2005) requires the managing agent to prepare run-off underwriting year accounts at 31 December in respect of any syndicate year that is in run-off.

In preparing the run-off 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 run-off account without regard to the date of receipt or payment;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in these 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 underwriting year accounts comply with the Byelaw. It is also responsible for safeguarding the assets of the syndicate and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

SYNDICATE 2468

INDEPENDENT AUDITOR'S REPORT

To the Members of Syndicate 2468 – 2007 run-off year of account

We have audited the syndicate underwriting year accounts for the 2007 run-off year of account of Syndicate 2468 for the eight years ended 31 December 2014, which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the related notes 1 to 17 and the Statement of Managing Agent's Responsibilities. The financial reporting framework that has been applied in their preparation is applicable law, the Lloyd's Syndicate Accounting Byelaw (no. 8 of 2005) and applicable United Kingdom Accounting Standards.

This report is made solely to the syndicate's members, as a body, in accordance with 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 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 the managing agent and the auditor

As explained more fully in the Statement of Managing Agent's Responsibilities set out on page 3, the managing agent is responsible for the preparation of the syndicate underwriting year accounts in accordance with the financial reporting framework described above. Our responsibility is to audit and express an opinion on the syndicate underwriting year accounts in accordance with applicable legal and regulatory requirements 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 syndicate underwriting year accounts

An audit involves obtaining evidence about the amounts and disclosures in the syndicate underwriting year accounts sufficient to give reasonable assurance that the syndicate underwriting year accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the syndicate's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the managing agent; and the overall presentation of the syndicate underwriting year accounts. In addition, we read all the financial and non-financial information in the Syndicate Underwriting Year Accounts to identify material inconsistencies with the audited syndicate underwriting year accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on syndicate underwriting year accounts

In our opinion the syndicate underwriting year accounts for the 2007 run-off year of account have been properly prepared in accordance with the Lloyd's Syndicate Accounting Byelaw (no. 8 of 2005).

Matters on which we are required to report by exception

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

- the managing agent in respect of the syndicate has not kept proper accounting records; or
- the syndicate underwriting year accounts are not in agreement with the accounting records.

Emphasis of matter – quantification of insurance contract liabilities

In forming our opinion on the underwriting year accounts, which is not modified, we have considered the adequacy of the disclosures made by the managing agent in note 5 to the underwriting year accounts, relating to the uncertainty regarding the ultimate cost of a reinsurance to close to a successor year of the syndicate. The managing agent has decided not to close the 2007 run-off year of account. The ultimate estimate of the reinsurance to close is subject to significant uncertainty and may differ materially from the estimate that is currently provided in the underwriting year accounts.

Stuart Wilson (Senior statutory auditor)

For and on behalf of Ernst & Young LLP, Statutory Auditor

London

23 March 2015

SYNDICATE 2468

PROFIT AND LOSS ACCOUNT: TECHNICAL ACCOUNT – GENERAL BUSINESS

For the 2007 run-off year of account for the year ended 31 December 2014

	Notes	Calendar year £'000	Calendar year £'000	Cumulative balance to 31 December 2014 £'000	Cumulative balance to 31 December 2014 £'000
Syndicate allocated capacity					100,000
Earned premiums, net of reinsurance					
Gross premiums written	3		(3,926)		122,448
Outward reinsurance premiums			398		(14,463)
Earned premiums, net of reinsurance			(3,528)		107,985
Reinsurance to close premium received net of reinsurance	4		-		198,087
			(3,528)		306,072
The amount retained to meet all known and unknown outstanding liabilities, net of reinsurance, brought forward			187,888		-
Allocated investment return transferred from the non-technical account			1,074		23,416
Claims incurred, net of reinsurance					
Claims paid					
Gross amount		(24,353)		(406,061]	
Reinsurers' share		9,220		100,592	
		(15,133)		(305,469]	
The amount retained to meet all known and unknown outstanding liabilities, net of reinsurance, carried forward	5	(144,445)		(144,445]	
			(159,578)		(449,914)
Net operating expenses	6		(25,554)		(91,510)
Balance on the technical account – general business	8		302		(211,936)

The notes on pages 66 to 77 form an integral part of the accounts

PROFIT AND LOSS ACCOUNT: NON-TECHNICAL ACCOUNT

The result for the year ended 31 December 2014 for the 2007 run-off account

	Notes	Calendar year £'000	Cumulative balance to 31 December 2014 £'000
Balance on the technical account for general business		302	(211,936)
Investment income	7	1,037	26,512
Unrealised gains on investments		367	9,338
Investment expenses and charges	7	(304)	(7,085)
Unrealised losses on investments		(26)	(5,349)
Allocated investment return transferred to general business technical account		(1,074)	(23,416)
Result for the year ended 31 December 2014 for the 2007 run-off account		**302**	**(211,936)**

The notes on pages 66 to 77 form an integral part of the accounts

SYNDICATE 2468

BALANCE SHEET

For the 2007 run-off year of account at 31 December 2014

ASSETS	Notes	£'000	£'000
Investments	9		68,052
Debtors	10		22,348
Reinsurance recoveries anticipated on gross amounts retained to meet all known and unknown outstanding liabilities	5		32,889
Other assets			
Cash at bank and in hand		2,951	
Other	12	6,347	
			9,298
TOTAL ASSETS			132,587
LIABILITIES			
Amounts due from Members	11		(50,460)
Amounts retained to meet all known and unknown outstanding liabilities - gross amount	5		177,334
Creditors	13		5,564
Accruals and deferred income			149
TOTAL LIABILITIES			132,587

The Syndicate Annual Accounts were approved on behalf of the Board of Marketform Managing Agency Limited on 23rd March 2015 and were signed on its behalf by

A S Ribaudo

Director

CASH FLOW STATEMENT

The notes on pages 66 to 77 form an integral part of the accounts

For the 2007 run-off year of account for the year ended 31 December 2014

Reconciliation of Operating Loss to Net Cash Inflow from Operating Activities	Notes	£'000
Loss for the run-off year of account		(211,936)
Realised and unrealised investment gains including foreign exchange	14	39
Net amount retained to meet all known and unknown liabilities		144,445
(Increase) in debtors		(22,348)
Increase in creditors		5,564
Increase in accruals and deferred income		149
Net cash inflow from operating activities		(84,087)

Cash Flow Statement	Notes	£'000
Net cash inflow from operating activities		(84,087)
Transfer to Members in respect of underwriting participations		(3,524)
Financing		
Cash call		165,000
	14	77,389

Cash flows were invested as follows:	Notes	£'000
Increase in cash holdings		2,951
Increase in overseas deposits		6,347
Net portfolio investment	16	68,091
Net investment of cash flows	14	77,389

The notes on pages 66 to 77 form an integral part of the accounts

SYNDICATE 2468

NOTES TO THE ACCOUNTS
For the 2007 run-off year of account at 31 December 2014

1. Basis of preparation

These underwriting year accounts have been prepared in accordance with the Lloyd's Syndicate Accounting Byelaw (No. 8 of 2005) and applicable Accounting Standards in the United Kingdom and comply with 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.

Members participate on a syndicate by reference to a year of account and each syndicate year of account is a separate annual venture. These accounts relate to the 2007 run-off year of account. Consequently the balance sheet represents the assets and liabilities of the 2007 run-off year of account and the profit and loss account and cash flow statement reflect the transactions for that year of account during the eight year period from inception to the reference date.

As each syndicate year of account is a separate annual venture, there are no comparative figures.

2. Accounting policies

a) Underwriting transactions

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. Where it is not deemed to be possible to determine the outstanding liabilities with sufficient accuracy, the year of account will not be closed by way of reinsurance to close.

i) 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.

Premiums written are treated as fully earned.

ii) Reinsurance premium ceded

Initial reinsurance premiums paid to purchase policies which give excess of loss protection are charged to the year of account in which the protection commences. Premiums for other reinsurances are charged to the same year of account as the risks being protected.

iii) Claims paid and related recoveries

Gross claims paid include internal and external claims settlement expenses and, together with 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.

2. Accounting policies (cont.)

iv) Amount retained to meet all known and unknown outstanding liabilities

The net amount retained to meet all known and unknown outstanding liabilities is determined on the basis of estimated outstanding liabilities and related claims settlement costs (including claims incurred but not reported), net of estimated collectible reinsurance recoveries, relating to the run-off year of account and all previous years of account reinsured therein.

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. It 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 projecting from past experience of the development of claims over time to form a view of the likely ultimate claims to be experienced for more recent underwriting, having regard to variations in the business accepted and the underlying terms and conditions. For the most recent years, where a high degree of volatility arises from projections, estimates may be based in part on output from rating and other models of the business accepted and assessments of underwriting conditions. The amount of salvage and subrogation recoveries is separately identified.

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. However, it is implicit in the estimation procedure that the ultimate liabilities will be at variance from the amount retained so determined.

b) Foreign currencies

Transactions, other than reinsurance to close and amounts retained to meet all known and unknown liabilities, in US dollars, Canadian dollars, Australian dollars and Euro are translated at the average rates of exchange for the period. Reinsurance to close premiums receivable, and underwriting transactions denominated in other foreign currencies, are included at the rate of exchange ruling at the transaction date. The amounts retained to meet all known and unknown liabilities are included at the rate ruling on the date the amounts are first reflected in the accounts.

All monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the balance sheet date or if appropriate at the forward contract rate.

Exchange differences are included in the technical account.

2. Accounting policies (cont.)

c) Investments

Investments are stated at current value at the balance sheet date. For this purpose listed investments and overseas deposits are stated at bid market value. All investments are considered portfolio investments.

d) 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. The returns on the Overseas Deposits 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.

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

Investment return is initially recorded in the non-technical account. A transfer is made from the non-technical account to the general business technical account. Investment return has been wholly allocated to the technical account as all investments relate to the technical account.

e) Operating expenses

Where expenses are incurred by or on behalf of the managing agent on 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 on bases 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.

f) 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 technical account under the heading 'net operating expenses'. No provision has been made for any other overseas tax payable by Members on underwriting results.

g) Pension costs

Marketform Management Services Limited, on behalf of the managing agent, makes contributions to employees' individual pension plans. Pension contributions relating to syndicate staff are charged to the syndicate and included within net operating expenses.

SYNDICATE 2468

NOTES TO THE ACCOUNTS
For the 2007 run-off year of account at 31 December 2014

3. Segmental analysis

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

	Gross premiums written (note i) £'000	Gross claims incurred (note ii) £'000	Gross operating expenses (note iii) £'000	Reinsurance balance (note iv) £'000	Total £'000
Cumulative to 31 December 2014					
Direct Insurance:					
Third Party Liability	113,265	(137,272)	(73,238)	23,542	(73,703)
Accident & Health	5,524	(2,280)	(1,074)	253	2,423
Reinsurance Acceptances:	3,659	(4,010)	(8,518)	(97)	(8,966)
	122,448	(143,562)	(82,830)	23,698	(80,246)
RITC received	198,087	(439,833)	(8,680)	95,320	(155,106)
	320,535	(583,395)	(91,510)	119,018	(235,352)

(i) Gross premiums earned are identical to gross premiums written.

(ii) Gross claims incurred comprise gross claims paid and gross amounts retained to meet all known and unknown liabilities.

(iii) Gross operating expenses are the same as net operating expenses shown in the profit and loss account, as no commissions in respect of outward reinsurance were received and set off in arriving at the net operating expenses.

(iv) The reinsurance balance comprises reinsurance premiums ceded less reinsurance recoveries on claims paid and reinsurance recoveries anticipated on the amount retained to meet all known and unknown liabilities.

All premiums written are in respect of contracts concluded in the UK.

The geographical analysis of premiums is as follows:

	£'000
UK	223,826
Other EU Countries	33,551
Other	63,158
	320,535

4. Reinsurance to close premium receivable

	£'000	£'000
Gross notified outstanding claims	**190,566**	
Reinsurance recoveries anticipated	**(54,516)**	
Net notified outstanding claims		**136,050**
Provision for gross claims incurred but not reported	**96,320**	
Reinsurance recoveries anticipated	**(34,283)**	
Provision for net claims incurred but not reported		**62,037**
Reinsurance premium to close the 2006 year of account		**198,087**

5. Amount retained to meet all known and unknown liabilities at 31 December 2014

	£'000	**£'000**
Gross notified outstanding claims	**136,485**	
Reinsurance recoveries anticipated	**(28,482)**	
Net notified outstanding claims		**108,003**
Provision for gross claims incurred but not reported	**40,849**	
Reinsurance recoveries anticipated	**(4,407)**	
Provision for net claims incurred but not reported		**36,442**
Amount retained to meet all known and unknown liabilities		**144,445**

There has been continued incurred movement in 2014 on Italian Public Hospitals within the medical malpractice class. The ultimate amounts of these claims (both gross and net of reinsurance) are subject to uncertainty, illustrated by the range of possible ultimates projected by both our internal actuary and our external actuarial advisors. However, the uncertainty has reduced and now stabilised. Given the historical uncertainty, and a change of capital providers between the 2007 and 2008 years of account, the board considered it appropriate to leave the 2007 year of account open at 31 December 2009. The board has elected to keep the year open at 31 December 2014 for at least another 12 months because the book has not developed to a level necessary to close the year. The settlement of these claims continues to be managed actively and the number of open claims on this account has reduced from 1,488 at December 2013 to 964 at December 2014. Net claims provisions for Italian Public Hospitals on the 2007 & prior years of account amount to £104.6 million as at 31 December 2014 *(2007 & prior years at 31 December 2013 £127million).*

6. Net operating expenses

	Calendar year £'000	Cumulative to 31 December 2014 £'000
Acquisition costs	(1,207)	34,730
Administrative expenses	1,737	16,875
Profit on exchange	25,024	39,905
	25,554	91,510
Administrative expenses include:		
Fees payable to the Syndicates Auditors for:		
- The audit of the Syndicate Accounts and Lloyd's returns	56	293
- Taxation compliance services	4	19
	60	312
Members' standard personal expenses	-	2,250

Within the audit fee above £67,000 was paid to previous auditors of the syndicate.

7. Investment return

	Calendar year £'000	Cumulative to 31 December 2014 £'000
Investment income		
Income from investments	778	20,305
Gains on the realisation of investments	259	6,207
	1,037	26,512
Investment expenses		
Investment management expenses, including interest	(209)	(1,630)
Losses on the realisation of investments	(95)	(5,455)
	(304)	(7,085)

NOTES TO THE ACCOUNTS
For the 2007 run-off year of account at 31 December 2014

8. Balance on technical account

	Calendar year £'000	Cumulative to 31December 2014 £'000
Balance excluding investment return and operating expenses but including acquisition costs:		
Profit/(Loss) attributable to business allocated to the 2007 pure year of account	2,988	(46,783)
Loss attributable to business reinsured into the 2007 year of account	14,341	(140,461)
	17,329	(187,244)
Allocated investment return transferred from the non-technical account	1,074	23,416
Net operating expenses excluding acquisition costs	(18,101)	(48,108)
	302	(211,936)

9. Investments

	Market value 2014 £'000	Cost 2014 £'000
Shares and other variable yield securities	54,661	54,686
Debt securities and other fixed income securities		
Government securities	7,076	7,064
Guaranteed government debt	1,924	1,931
Corporate bonds	4,278	4,294
Mortgage backed instruments	-	-
Provincial and municipal debt	113	116
Asset-backed securities	-	-
	13,391	13,405
	68,052	68,091

NOTES TO THE ACCOUNTS
For the 2007 run-off year of account at 31 December 2014

10. Debtors – due within one year

	£'000
Arising out of direct insurance operations	
Due from intermediaries	10
Arising out of reinsurance operations	
Due from intermediaries	2,071
Other Debtors	20,267
	22,348

Other debtors include inter year loans and amounts in respect of foreign exchange transactions.

There are no debtors due after five years.

11. Amounts due from Members

	£'000
Loss for the 2007 run-off year of account	211,936
Cash calls made	(165,000)
Interim transfers to Members' personal reserve funds	3,524
Amounts due from Members at 31 December 2014	50,460

12. Other assets – other

These comprise overseas deposits which are lodged as a condition of conducting underwriting business in certain countries.

13. Creditors – due within one year

	£'000
Arising out of direct insurance operations	
Due to intermediaries	8
Arising out of reinsurance operations	72
Other Creditors	5,484
	5,564

Other creditors include accruals for underwriting profit commissions.

There are no creditors due after five years

14. Movement in opening and closing portfolio investments net of financing

	Cumulative to 31 December 2014 £'000
Net cash inflow from the seven years	2,951
Cash flow - overseas deposits	6,347
- portfolio investments	68,091
Movement arising from cash flows	77,389
Changes in market value and exchange rates	(39)
Total movement in portfolio investments	77,350
Portfolio at 1 January 2007	-
Portfolio at 31 December 2014	77,350

15. Movement in cash, portfolio investments and financing

	At 1 January 2007 £'000	Cash flow £'000	Changes to Market value and currencies £'000	At 31 December 2014 £'000
Cash at bank and in hand	-	2,951	-	2,951
Overseas deposits	-	6,347	-	6,347
Portfolio investments:				
Shares and other variable yield securities	-	54,686	(25)	54,661
Debt securities and other fixed income securities	-	13,405	(14)	13,391
Total cash, portfolio investments and financing	-	77,389	(39)	77,350

16. Net cash inflow on portfolio investments

	£'000
Purchase of shares and other variable yield securities	217,660
Purchase of debt securities and other fixed income securities	1,340,983
Sale of shares and other variable yield securities	(162,974)
Sale of debt securities and other fixed income securities	(1,327,578)
Net cash inflow on portfolio investments	68,091

17. Related parties

The immediate parent undertaking of Marketform Managing Agency (MMA) is Marketform Holdings Limited (“MHL”). S P Lotter (appointed 28 August 2014), J G F O’Neill and A S Ribaudo are directors of MHL. A C Durkin resigned as a director of MHL on 28 August 2014.

At 31 December 2014 the ultimate UK parent undertaking of MMA was Marketform Group Limited (“MGL”) which owns 100% of the issued share capital of MHL. As at 31 December 2014, S P Lotter, J G F O’Neill and A S Ribaudo were directors of MGL (S G Turner resigned as a director of MGL on 15 January 2014).

American Financial Group Inc (AFG), a company incorporated in Ohio, USA is the ultimate parent undertaking of MGL. Group accounts for MGL, and accounts for MHL, are available from the Company Secretary of MMA, 5th Floor, 20 Gracechurch Street, London, EC3V 0BG.

At 31 December 2014, GAI Holding Bermuda Ltd (GAIHB), which is a wholly owned subsidiary of AFG, owned 100% of the shares in MGL. On 9 June 2014, GAIHB made a cash capital contribution of £10 million to MGL. No directors of MMA have interests in the ordinary share capital of MGL.

GAIHB is the parent company of GAI Indemnity Ltd (GAII), the capital provider of £42,050,000 for 2012 and 2013 years of account and £50,750,000 for the 2014 year of account of the Syndicate. The ultimate parent undertaking of both GAIHB and GAII is AFG.

Great American Insurance Co., (GAIC) a wholly owned subsidiary of AFG participates as a reinsurer of the Syndicate. The premiums paid to that reinsurer in 2014 amounted to £3,732,061 (2013: £2,720,661). These represent approximately 11.94% (2013: 9.45%) of the outward reinsurance spend of the Syndicate. The Syndicate also has four inwards reinsurance agreements with GAIC which amounted to premiums of £92,671 in the calendar year 2014.

MHL owns 100% of the ordinary issued share capital of Marketform Limited (ML), a service company through which the Syndicate receives a substantial percentage of its premium income.

J G F O’Neill, A S Ribaudo and A Wakeley are directors of ML. Anne Durkin resigned as a director of ML on 11 September 2014. Prior to January 2011, the Syndicate as leader, along with other syndicates, provided a facility in respect of Medical Malpractice business, known as the Marketform Consortium (but not registered as a consortium), to ML. From 1 January 2011 ML became a Lloyd’s Service Company. The percentage of total gross written premium income introduced to the Syndicate via the Service Company in 2014 amounted to 7.8% (2013: 8.0%). The Syndicate has a participation in the Marketform Consortium of 100% on the primary layer on the 2013-2015 years of account, 100% on the primary layer and 51% on the excess layer for the 2012 year of account and 89% on the primary layer and 37.5% on the excess layer for the 2007 year of account.

ML is also a provider of Professional Indemnity, General Liability, Personal Accident, Directors and Officers and Bloodstock business to the Syndicate and the percentage of total gross written premium income from this source in 2014 amounted to 0.3% (2013: 0.4%).The commission that ML received in 2014 from business introduced to the Syndicate (including the Marketform Consortium) amounted to £223,352 (2013: £1,254,000).

Lavenham Underwriting Limited (LUL), a fellow subsidiary undertaking of MMA’s immediate parent undertaking MHL, has provided capacity to the underwriting years whose transactions are reflected in these accounts as follows:

2007: £15,500,000 (15.5% of allocated capacity)

2012: £22,475,000 (15.5% of allocated capacity)

2013: £29,000,000 (20.0% of allocated capacity)

2014: £35,000,000 (20.0% of allocated capacity)

17. Related Parties (cont.)

At 31 December 2014 LUL's Funds at Lloyd's to support its underwriting comprised a letter of credit provided by Barclays Bank PLC of £42,858,446, which is guaranteed by AFG, and cash of £5,274,016.

By an agreement dated 28 January 2011 between GAIC, Lavenham Underwriting Limited and MMA, GAIC agreed with effect from 1 January 2011 to reinsure Lavenham in respect of certain losses in excess of a retention arising in relation to Italian Public Hospitals business for their participation on Syndicate 2468 for the 2008 and prior years of account. The maximum aggregate limit of liability of GAIC under the agreement amounts to €8,719,000. At 31 December 2014 a recovery of £6,758,915 has been accrued by LUL, which is the aggregate limit in converted GBP. The premium paid by Lavenham to GAIC was £177,000.

SCOR Underwriting Limited is a corporate underwriting member for the 2002 to 2014 years of account. SCOR Group P&C France (a SCOR Group company) has a 7.5% line on the political risk/trade credit reinsurance. The premiums paid to that reinsurer in 2014 amounted to £124,288 (2013: £130,366). This represents approximately 0.40% (2013: 0.45%) of the outwards reinsurance spend of the Syndicate.

Sampford Underwriting Limited (SUL), a fellow subsidiary undertaking of MMA's immediate parent undertaking MHL, has provided capacity to the underwriting years whose transactions are reflected in these accounts as follows:

2007: £16,500,000 (16.5% of allocated capacity)

2012: £23,925,000 (16.5% of allocated capacity)

2013: £30,450,000 (21.0% of allocated capacity)

2014: £36,750,000 (21.0% of allocated capacity)

At 31 December 2014 SUL's Funds at Lloyd's to support its underwriting comprised a letter of credit provided by Barclays Bank PLC of £45,270,529 which is guaranteed by AFG and cash of £5,401,355.

By an agreement dated 28 January 2011 between GAIC, SUL and MMA, GAIC agreed with effect from 1 January 2011 to reinsure SUL in respect of certain losses in excess of a retention arising in relation to Italian Public Hospitals business for their participation on Syndicate 2468 for the 2008 and prior years of account. The maximum aggregate limit of liability of GAIC under the agreement amounts to €9,281,000. At 31 December 2014 a recovery of £7,194,574 has been accrued by SUL, which is the aggregate limit in converted GBP. The premium paid by Sampford to GAIC was £188,000.

In June 2014, a loan of £5,000,000 from GAIC to MGL was repaid by MGL to GAIC. Ebury Underwriting Limited (EUL) was a corporate underwriting member for the 2003 to 2007 years of account. S G Turner is a director of EUL and he owns 50% of the issued share capital. The Funds at Lloyd's were supplied by Everest Reinsurance (Bermuda) Limited who participated as a reinsurer of the Syndicate.

Hermanus Underwriting Limited (HUL) was a corporate underwriting member for the 2004 to 2007 years of account. S G Turner is a director of HUL and he owns 50% of the issued share capital. The Funds at Lloyd's were supplied by XL Re Limited who participated as a reinsurer of the Syndicate.

17. Related Parties (cont.)

The Syndicate participates in a policy providing medical malpractice protection to first-aiders employed by MMSL. The transaction was negotiated on an arm's length basis.

The standard agency terms for MMA for the 2007, 2012, 2013 and 2014 years of account are:

Agency fee	0.75% of capacity
Profit commission	15.00% of the calculated profit

Managing agency fees of £1,312,500 (2013: £1,087,000) were paid by the Syndicate to MMA. In addition, expenses incurred on behalf of the Syndicate totalling £21.8m (2013: £20.3m) were recharged to the Syndicate by the managing agent. Where expenses are incurred jointly for the agency and the Syndicate such expenses are allocated on bases that the directors consider fairly reflect the nature and usage of the expenses concerned.

There is no profit commission payable to the managing agent in respect of the result on the 2007 run-off year *(2013: £Nil in respect of the 2007 run-off year)* or on the result of the 2012 year of account *(2013: £Nil in respect of the 2011 year of account).* No profit commission has been accrued in these accounts in respect of the 2012 year of account *(2013: £Nil in respect of the 2011 year of account)* and no profit commission has been accrued in respect of the 2013 year of account *(2013: £Nil in respect of the 2012 year of account).* No profit commission has been accrued in respect of the 2014 year of account (*2013: £Nil in respect of the 2013 year of account*). Lloyd's permits interim distributions of profit commission with a final payment on closure of the year of account: the 2013 year of account will normally close at 31 December 2015 and the 2014 year of account at 31 December 2016.

SYNDICATE 2468

SEVEN YEAR SUMMARY OF RESULTS

Year of Account	Notes	2001	2002	2003	2004	2005	2006	2007 run-off After 8 years
Syndicate allocated capacity (£'000)		20,000	53,800	91,000	99,400	100,000	100,000	100,000
Number of participating Members		1	3	5	5	5	5	5
Aggregate net premiums (£'000)	1	13,048	32,355	60,577	61,428	58,558	77,822	73,256
Results for an Illustrative share of £10,000	2							
Gross premiums	1	12,875	10,565	8,035	7,535	7,125	9,246	8,772
Net premiums	1	6,524	6,014	6,657	6,180	5,856	7,782	7,326
Premiums for reinsurance to close earlier year of account		6,692	4,749	4,881	7,261	10,578	15,899	18,941
Net claims		(3,425)	(1,730)	(2,171)	(1,645)	(2,158)	(4,008)	(30,547)
Premiums for reinsurance to close the year of account		(12,821)	(8,111)	(8,128)	(10,076)	(13,570)	(20,840)	-
Amounts retained to meet all known and unknown outstanding liabilities		-	-	-	-	-	-	(14,444)
Underwriting result		(3,030)	922	1,239	1,720	706	(1,167)	(18,724)
Profit/(loss) on exchange		591	186	122	(211)	345	(134)	(3,122)
Syndicate operating expenses	1	(1,099)	(693)	(542)	(503)	(528)	(574)	(1,463)
Balance on technical account		(3,538)	415	819	1,006	523	(1,875)	(23,310)
Investment return	3	682	642	478	433	725	1,015	2,342
(Loss)/Profit before illustrative Personal expenses		(2,856)	1,057	1,297	1,439	1,248	(860)	(20,968)
Corporate Member Illustrative personal expenses								
Managing agent's fee		(75)	(75)	(75)	(75)	(75)	(75)	(75)
Lloyd's Central Fund contribution		(75)	(100)	(100)	(125)	(50)	(100)	(100)
Lloyd's subscription		(25)	(25)	(18)	(50)	(50)	(50)	(50)
Profit commission		-	(129)	(166)	(178)	(161)	-	-
Total illustrative personal expenses		(175)	(329)	(359)	(428)	(336)	(225)	(225)
(Loss)/Profit after illustrative Personal expenses	4	(3,031)	728	938	1,011	912	(1,085)	(21,193)
Total of syndicate operating expenses, managing agent's fee and profit commission		1,174	897	783	756	764	649	1,538
Capacity utilised % Gross premium/allocated capacity		129	106	80	75	71	92	88
Net capacity utilised % Net premiums/allocated capacity		65	60	67	62	59	78	73
Balance on technical account % Balance on technical account/allocated capacity		(35)	4	8	10	5	(19)	(233)

Notes:

4. The summary has been prepared from the audited accounts of the syndicate. However brokerage and commissions have been excluded from both gross and net premiums and syndicate operating expenses from the 2003 year of account onwards so as to make the figures comparable to earlier years.
5. The illustrative share represents a gross premium limit.
6. Investment expenses for all years of account have been deducted from investment return and are not included in syndicate operating expenses.
7. The result after illustrative personal expenses (managing agent's remuneration and standard Lloyd's charges) takes no account of any UK or overseas taxation liabilities, which are the personal responsibility of the Member.
8. The 2002 and 2003 years include whole account quota share syndicate 3579.