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Fish (Sakana)

Financial strength

**Syndicate 958 Underwriting Year Accounts for the 2014
Year of Account Closed as at 31 December 2016**



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Syndicate 958

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Directors and Professional Advisors

To the members of Syndicate 958 – 2014 Closed Year of Account

MANAGING AGENT:

Managing Agent	Canopius Managing Agents Limited ("CMA")
Directors	I B Owen <i>Independent Non-Executive Chairman</i> I K Beale (<i>resigned 10 January 2014</i>) J D Birney <i>Independent Non-Executive Director</i> R Bradley (<i>resigned 25 February 2014</i>) D Broome <i>Independent Non-Executive Director (appointed 1 January 2016)</i> P Ceuvorst <i>Independent Non-Executive Director (appointed 6 September 2016)</i> P D Cooper <i>Chief Financial & Operating Officer (appointed as Chief Executive Officer on 14 March 2017)</i> S R Davies <i>Chief Executive Officer (resigned 22 November 2016)</i> M P Duffy <i>Chief Underwriting Officer & Active Underwriter, Syndicates 4444 and 958</i> S J Gargrave <i>Non-Executive Director (resigned as Active Underwriter of Syndicate 4444 and 958 and appointed Non-Executive Director 30 June 2016)</i> P F Hazell <i>Independent Non-Executive Director</i> S T Manning <i>Chief Operating Officer (resigned 29 July 2016)</i> G E Moss <i>Chief Risk Officer</i> T P Rolfe <i>CEO, UK Specialty (resigned 27 January 2016)</i> M C Watson <i>Executive Director</i>
Company Secretary	J W Greenfield (<i>resigned 10 February 2016</i>) M O'Connell (<i>appointed 23 February 2016</i>)
Managing Agent's Registered Office	Gallery 9, One Lime Street, London EC3M 7HA
Managing Agent's Registered Number	1514453

SYNDICATE:

Active Underwriters	M P Duffy (<i>w.e.f. February 2016</i>)
Investment Managers	Schroder Investment Management ("Schroders") 31, Gresham Street, London, EC2V 7QA
	SYZ & Co Asset management LLP ("SYZ & Co") Buchanan House, 3 St James's Square, London, SW1Y 4JU
Independent Auditors	Ernst & Young LLP ("EY") 25 Churchill Place, Canary Wharf E14 5EY

Report of the Directors of the Managing Agent

To the members of Syndicate 958 – 2014 Year of Account

The directors of CMA, the managing agent for Syndicate 958, present their report at 31 December 2016 for the 2014 closed year of account.

This report is prepared in accordance with the Lloyd's Syndicate Accounting Byelaw (No. 8 of 2005). It accompanies the underwriting year accounts prepared on an underwriting year basis of accounting as required by Statutory Instrument No. 1950 of 2008, the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations ("Lloyd's Regulations 2008").

Principal Activities

The principal activity of Syndicate 958 is the underwriting of insurance and reinsurance business at Lloyd's.

Review of the business for the closed 2014 year of account

The syndicate capacity for 2014 was £174.9m. The 2014 year has closed with a profit of £12.6m (7.2% of capacity). The make-up of the result is a combination of the pure year experience which generated a profit of £5.2m and an improvement of £7.4m from the 2013 and prior years.

The key performance indicators for the 2014 and prior years are shown in the table below.

	£000
Gross premiums written	178,613
Earned premiums, net of reinsurance	131,908
Net operating expenses (including members' personal expenses)	67,570
Investment return	4,504
Profit for the 2014 closed year of account	12,611
Gross claims ratio	62.9%
Net claims ratio	61.4%
Expenses ratio	32.5%
Combined operating ratio	93.9%

After the above-average catastrophe losses experienced in 2011, 2012 and 2013, 2014 provided a respite for the reinsurance industry and the 2014 year of account benefitted accordingly. A benign US catastrophe season and exposure to few large risk losses resulted in a gross loss ratio of 62.9%.

Gross written premiums of £178.6m showed a slight improvement on the 2013 year of account. The 2014 year of account was the second year that Syndicate 958 underwrote in tandem with Syndicate 4444 with certain lines of business shared between the two managed syndicates in predetermined proportions.

The 2014 year of account achieved an investment return of £4.5m. Operating expenses after members' personal expenses and profit on exchange amounted to £63.7m generating an expenses ratio of 32.5% and a combined ratio of 93.9%.

Review of the open years of account

Both the 2014 and 2015 years of account were underwritten on a split stamp basis with Syndicate 4444 such that all business was shared in the ratio 80:20. The two syndicates merged for the 2016 year of account but will maintain separate accounts for the 2014 and 2015 years of account.

The 2015 year of account of Syndicate 958 is forecast to make a profit in the range 1.3% to 6.3% of stamp capacity.

Report of the Directors of the Managing Agent

To the members of Syndicate 958 – 2014 Year of Account

Investment Performance for the closed 2014 year of account

The investment portfolios have achieved a return of £4.5m which reflects the focus on high quality fixed income securities during a protracted period of historically low interest rates and challenging investment conditions. The portfolios were managed by Schroders and SYZ & Co.

Current trading and future developments

Syndicate 958 and Syndicate 4444 merged for the 2016 year of account. As a result of the merger, Syndicate 958 ceased to underwrite with effect from 31 December 2015 and all new and renewal syndicate business for the 2016 year of account is written by Syndicate 4444. The open 2015 year of account of Syndicate 958 will run-off in the expectation that it will be reinsured to close at 31 December 2017.

Risk Management

CMA's governance structure ensures a clear definition of responsibility for the management and oversight of the many risks faced by the business. CMA has established an Enterprise Risk Management process that is designed to identify, assess, measure and mitigate risk. A description of the principal risks and uncertainties facing the syndicate is set out in the notes to the financial statements (Management of risk).

Directors

The directors of the managing agent who served from 1 January 2014 to the date of this report are shown on page 3. None of the directors had an allocated premium limit on the syndicate, on either an unlimited or limited liability basis, for the 2014 year of account.

Statement of disclosure of information to auditors

In the case of each of the persons who are directors of the managing agent at the time the report is approved:

- So far as the director is aware, there is no relevant audit information, being information needed by the syndicate's auditor in connection with the auditor's report, of which the auditor is unaware; and
- Having made enquiries of fellow directors of the agency and the syndicate's auditor, each director has taken all the steps that he or she ought to have taken as a director to become aware of any relevant audit information and to establish that the syndicate's auditor is aware of that information.

Statement of Managing Agent's Responsibilities

The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 require the directors of the managing agent to prepare syndicate annual accounts each year which give a true and fair view, in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the syndicate and of the profit or loss of the syndicate for that period. In preparing those financial statements, the managing agent is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the syndicate accounts; and
- Prepare the syndicate accounts on the basis that the syndicate will continue to write future business unless it is inappropriate to do so.

The managing agent confirms that it has complied with the above requirements in preparing the syndicate accounts. The directors of the managing agent are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the syndicate and enable it to ensure that the syndicate accounts comply with the 2008 Regulations. The managing agent 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.

Report of the Directors of the Managing Agent

To the members of Syndicate 958 – 2014 Year of Account

Independent Auditors

During the year the managing agent appointed Ernst & Young LLP as the auditors for the Syndicate, replacing PricewaterhouseCoopers LLP. In accordance with section 14(2) of Schedule 1 of the Lloyd's Regulations 2008, the auditors, Ernst & Young LLP, will be deemed to be reappointed and therefore continue in office.

The Report of the directors of the managing agent was approved by the Board of directors of CMA on 20 March 2017 and signed on its behalf by:

Paul Cooper
Chief Executive Officer
London
20 March 2017

Independent Auditors' Report

To the members of Syndicate 958 – 2014 Closed Year of Account

We have audited the syndicate underwriting year accounts for the 2014 year of account of Syndicate 958 ('the syndicate') for the three years ended 31 December 2016 which comprise the Statement of Total Comprehensive Income, the Statement of Changes in Members' Balances, the Statement of Financial Position, the Statement of Cash Flows, the related notes 1 to 18 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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and FRS 103 'Insurance Contracts'.

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) and 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the syndicate'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 5, 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 958 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.

Independent Auditors' Report

To the members of Syndicate 958 – 2014 Closed Year of Account

Opinion on syndicate underwriting year accounts

In our opinion the syndicate underwriting year accounts:

- ▶ give a true and fair view of the profit for the 2014 closed year of account;
- ▶ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and FRS 103 'Insurance Contracts'; 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.

Angus Millar (Senior statutory auditor)

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

London

21 March 2017

Statement of Total Comprehensive Income: Technical Account – General Business

for the 2014 Closed Account for the three years ended 31 December 2016

	<i>Note</i>	<i>Cumulative as at 31 December 2016</i> <i>£000</i>
<i>Syndicate Allocated Capacity</i>		174,931
<i>Earned premiums, net of reinsurance</i>		
Gross premiums written	4	178,613
Outward reinsurance premiums		(46,705)
Earned premiums, net of reinsurance		<u>131,908</u>
<i>Reinsurance to close premium received, net of reinsurance</i>	5	210,554
<i>Allocated investment return transferred from the non-technical account</i>		4,504
<i>Claims incurred, net of reinsurance</i>		
<i>Claims paid</i>		
Gross amount		(111,020)
Reinsurers' share		32,527
Net claims paid		<u>(78,493)</u>
<i>Reinsurance to close premium payable, net of reinsurance</i>	6	<u>(213,013)</u>
		(291,506)
<i>Standard personal expenses</i>		(3,856)
<i>Operating expenses</i>	7	<u>(63,714)</u>
<i>Balance on the technical account for general business</i>		<u>(12,110)</u>

Statement of Total Comprehensive Income: Non-technical Account

for the 2014 Closed Account for the three years ended 31 December 2016

	<i>Cumulative as at 31 December 2016</i>	<i>Note</i>	<i>£000</i>
<i>Balance on the general business technical account</i>			(12,110)
Investment income		9	3,848
Gains on the realisation of investments		9	5,293
Losses on realisation of investments		9	(6,548)
Unrealised gains on investments		9	5,188
Unrealised losses on investments		9	(2,863)
Investment expenses and charges		9	(414)
Allocated investment return transferred to the general business technical account			<hr/> (4,504) <hr/>
Profit on exchange			23,484
Other comprehensive income - currency translation differences			1,237
<i>Total comprehensive income – profit for the 2014 closed year of account</i>			<hr/> 12,611 <hr/>

Statement of Changes in Members' Balances

for the 2014 Closed Account for the three years ended 31 December 2016

	<i>2014 year of account £000</i>
At 1 January 2014	-
Profit for the 2014 closed year of account	12,611
Members' agents' fee advances	(578)
 <i>Amounts due to members at 31 December 2016</i>	 12,033

Statement of Financial Position

For the 2014 Closed Year of Account at 31 December 2016

Assets

		<i>31 December 2016</i> £000
	<i>Note</i>	£000
<i>Investments - other financial investments</i>	11	118,548
<i>Deposits with ceding undertakings</i>		2
Debtors		
Debtors arising out of direct insurance operations	12	13,997
Debtors arising out of reinsurance operations	13	6,156
Other debtors	14	63,620
		83,773
<i>Reinsurance recoveries anticipated on gross reinsurance to close premium payable to close the account</i>	6	54,954
Other Assets		
Cash at bank and in hand		14,544
Overseas Deposits	14	12,583
		27,127
Prepayments		213
Total assets		284,617

Liabilities

		<i>31 December 2016</i> £000
	<i>Note</i>	£000
<i>Amounts due to members</i>		12,033
<i>Reinsurance to close premium payable to close the account – gross amount</i>		267,967
Creditors		
Creditors	15	3,300
Accruals and deferred income		1,317
Total liabilities		284,617

The financial statements on pages 9 to 27 were approved by the Board of CMA on 20 March 2017 and were signed on its behalf by:

Paul Cooper
Chief Executive Officer
20 March 2017

Statement of Cash Flows

for the 2014 Closed Year of Account for the three years ended 31 December
2016

	<i>31 December 2016 £000</i>
<i>Profit on ordinary activities</i>	12,611
Unrealised investment gains including foreign exchange	(28,935)
Increase in debtors, prepayments and accrued interest	5,358
Increase in creditors	(4,238)
Non-cash consideration for net RITC receivable	(202,977)
Net RITC premium payable	213,013
<i>Net cash outflow from operating activities</i>	(5,168)
 <i>Investing activities:</i>	
Sale of shares and other variable yield securities	14,381
Purchase of debt securities and other fixed income securities	(403,213)
Sale of participation in investment pools	76
Sale of deposits with credit institutions	17
Purchase of Deposits with ceding undertakings	(12)
Sale of debt securities and other fixed income securities	420,191
Purchase of Other investments	(3)
Cash flows from other investing activities	1,436
<i>Net cash inflow from investing activities</i>	32,873
 <i>Financing activities</i>	
Members' agents' fees paid on behalf of members	(578)
<i>Net cash outflow from financing activities</i>	(578)
 Increase in cash and cash equivalents	27,127
Cash and cash equivalents at 1 January	-
<i>Cash and cash equivalents at 31 December</i>	27,127
 Cash at bank and in hand	14,544
Overseas deposits	12,583
<i>Cash and cash equivalents at 31 December</i>	27,127

Notes to the Financial Statements

for the 2014 Closed Year of Account at 31 December 2016

1. Basis of preparation

These financial statements have been prepared in accordance with the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008, the Lloyd's Syndicate Accounting Byelaw (No. 8 of 2005) and applicable Accounting Standards in the United Kingdom, comprising Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS102") and Financial Reporting Standard 103, "Insurance Contracts" as modified by the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 and the Lloyd's Syndicate Accounting Byelaw (No. 8 of 2005).

The 2014 year of account has closed and all assets and liabilities have been transferred to a reinsuring year of account. The result for the year of account was declared in Sterling so there is no exchange rate risk. To this extent, the risks that the syndicate is exposed to in respect of the reported financial position and financial performance are significantly less than the syndicate annual accounts. Accordingly, these underwriting year accounts do not have associated risk disclosures as required by section 34 of FRS 102 and section 4 of FRS 103. Full disclosures relating to these risks are provided in the syndicate annual accounts. In addition certain other disclosure requirements under FRS 102 and FRS 103, which include reconciliations of changes in insurance liabilities, reinsurance assets and deferred acquisition costs, have not been provided as the directors believe they are not required for a proper understanding of the underwriting year accounts.

Members participate on a syndicate by reference to a year of accounts and each syndicate year of account is a separate annual venture. These accounts relate to the 2014 year of account which has been closed by reinsurance to close as at 31 December 2016. Consequently the Statement of Financial Position represents the assets and liabilities of the 2014 year of account at the date of closure. The underwriting account reflects the transactions for that year of account during the three-year period until closure. These accounts cover the three years from the date of inception of the 2014 year of account to the date of closure. Accordingly, this is the only reporting period and so corresponding amounts are not shown.

2. Summary of significant accounting policies

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

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. Commission and brokerage are charged to the year of account to which the relevant policy is allocated.

Reinsurance premium ceded

Initial reinsurance premiums paid to purchase policies that give excess of loss protection on a risks attaching basis are charged to the year of account in which the protection commences. Premiums for other reinsurances such as proportional treaty and excess of loss on a losses occurring basis are charged to the same year of account as the risks being protected.

Notes to the Financial Statements

for the 2014 Closed Year of Account at 31 December 2016

2. Summary of significant accounting policies (continued)

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.

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 provision for claims outstanding is assessed on an individual case basis and is based on the estimated ultimate cost of all claims notified but not settled by the balance sheet date, together with the provision for related claims handling costs. The provision also includes the estimated cost of claims incurred but not reported ('IBNR') at the balance sheet date based on statistical methods.

These methods generally involve 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 reinsurers' share of the provisions for claims is based on the amounts of outstanding claims and projections for IBNR, net of estimated irrecoverable amounts, having regard to the reinsurance programme in place for the class of business, the claims experience for the year and the current security rating of the reinsurance companies involved. A number of statistical methods are used to assist in making these estimates.

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

The directors consider that the provisions for gross claims and related reinsurance recoveries are fairly stated on the basis of the information currently available to them. However, the ultimate liability will vary as a result of subsequent information and events and this may result in significant adjustments to the amounts provided. Adjustments for 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 methods used, and the estimates made, are reviewed regularly.

Short Tail Business

Property and accident and health business is generally "short tail", whereby there is not a significant delay between the occurrence of the claim and the claim being reported. The costs of claims notified at the balance sheet date are estimated on a case-by-case basis to reflect the individual circumstances of each claim. The ultimate expected cost of claims, including IBNR, is projected from this data by reference to statistics, which show how estimates of claims incurred in previous periods have developed over time.

Notes to the Financial Statements

for the 2014 Closed Year of Account at 31 December 2016

2. Summary of significant accounting policies (continued)

Longer tail business

Liability claims are generally longer tail than for those of the other classes of business described above and so a larger element of the claims provision relates to IBNR claims. Claims estimates for business in this category are derived from a combination of loss ratio based estimates and estimates based upon actual claims experience, using a predetermined formula whereby greater weight is given to actual claims experience as time passes. The initial estimates of the claims provisions are based on the experience of previous years and benchmarks adjusted for factors such as premium rate changes and claims inflation. For liability claims, the assessment of claims is particularly sensitive to the level of court awards and to the development of legal precedent on matters of contract and tort. The liability classes of business are also subject to the emergence of new types of latent claims.

Foreign currencies

Transactions other than reinsurance to close in US dollars, Canadian dollars and Euros are translated at the average rates of exchange for each calendar year period. Reinsurance to close premiums receivable and payable and underwriting transactions denominated in other foreign currencies are included at the rate of exchange ruling at the transaction date.

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.

Where US dollars, Canadian dollars or Euros are sold or bought relating to the profit or loss of the closed underwriting account after 31 December, any exchange profit or loss arising is reflected in the underwriting account into which the liabilities of that year have been reinsured.

Investments

Investments are stated at fair value at the balance sheet date. For this purpose listed investments are stated at market value and deposits with credit institutions are stated at cost. Unlisted investments for which a market exists are stated at the average price at which they are traded on the balance sheet date or the last trading day before that date.

The syndicate has classified its financial instruments in accordance with the requirements of paragraph 16 to the March 2016 amendment to FRS102 and has adopted an approach consistent with IFRS13, Fair Value Measurement. The fair value hierarchy classifies financial instruments into Level 1 to 3 based on the significance of the inputs used in measuring their fair value.

The levels within the fair value hierarchy are defined as follows:

- Level 1 - Based on unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement.
- Level 2 - Based on inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3 - Where inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

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 purchase price.

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

Notes to the Financial Statements

for the 2014 Closed Year of Account at 31 December 2016

2. Summary of significant accounting policies (continued)

Investment return (continued)

A formulaic allocation method ('Riesco') is used for attributing investment income to years of account. The formula considers the principal profit and loss drivers by year of account to determine an equitable allocation of the investment income.

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 by Canopus Services Limited ("CSL") are allocated to the managed syndicates and other companies within Sompo Canopus AG ("SCAG") on bases depending on the amount of work performed, resources used and the volume of business transacted. Operating expenses are allocated to the year of account for which they are incurred.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, are not intended to be sold in the short term and do not fall into the other categories of financial assets as described above. Loans and receivables are measured at fair value. Appropriate allowances for estimated irrecoverable amounts are recognised in the profit and loss account when there is objective evidence that the syndicate will not be able to collect all amounts due according to their original terms. These are reversed if the payment is received. Receivables arising from insurance contracts are classified in this category and are reviewed for impairment as part of the impairment review of loans and receivables.

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. It is the responsibility of members to agree and settle their individual tax liabilities.

No provision has been made for any United States Federal Income Tax payable on underwriting results or investment earnings. Any payments on account made by the syndicate during the year have been included in the balance sheet under the heading "other debtors".

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

Pension costs

CSL operates defined contribution pension schemes for the employees of CSL, including those working on the syndicate's affairs. The assets of the schemes are held separately from those of CSL in independently administered funds.

Profit commission

Profit commission is charged by the managing agent at a rate of 20% of profit subject to the operation of a deficit clause. Where profit commission is charged, it is included within members' standard personal expenses within administrative expenses.

3. Management of risk

The syndicate has identified the principal risks and uncertainties arising from its activities and has established policies and procedures to manage these items in accordance with its risk appetite. The sections below explain how the syndicate defines and manages each category of risk.

Notes to the Financial Statements

for the 2014 Closed Year of Account at 31 December 2016

3. Management of risk (continued)

a. Insurance risk

Insurance risk is defined as the risk of fluctuations in the timing, frequency and severity of insured events and claims settlements, relative to expectations. Syndicate 958's exposure to insurance risk arises from underwriting/pricing, insurance concentrations, reserving and reinsurance. The Board of CMA seeks to mitigate insurance risk by analysing historical pricing and claims experience, setting a tolerance to concentration risk, monitoring performance, and conducting in-house and external actuarial review of claims provisions, independent of the underwriting teams.

The syndicate has formal controls in place to ensure that business is underwritten in a controlled environment by reference to both the annual business plan and in line with underwriting policy. Preventative controls include underwriting authority limits which are agreed and signed off by the Active Underwriter, divisional and group underwriting guidelines and benchmark ratings for all underwriting divisions. Detection controls include exception reports where authority limits are exceeded, expert review procedures, peer reviews and internal audit reviews. The underwriting controls team monitors compliance with these controls and reports to senior management as necessary.

The greatest likelihood of significant losses to Syndicate 958 arises from natural catastrophe events such as windstorm, earthquake or flood. CMA quantifies all catastrophe risk exposures using proprietary modelling software in conjunction with the principal underwriting systems to assess and model catastrophe exposures. The modelling tools are used in conjunction with CMA's knowledge of the business, historical loss information and geographic accumulations to monitor aggregation and to simulate catastrophe losses. The range of scenarios considered includes natural catastrophe, property, marine, liability and terrorism events.

CMA's capital setting methodology enables modelling to be performed in a sophisticated, but practical, manner particularly in determining the correlations between catastrophe exposed classes of business. Stochastic models use event tables which capture directly the different geographic distributions of risk in the various lines of business.

Effective risk management in non core areas and from non modelled perils is ensured using a suite of exposure accumulation and aggregation monitoring techniques and proprietary deterministic models

The managing agent manages insurance risks on behalf of the syndicate, including the following:

- inappropriate underwriting activities and cycle management;
- inadequate catastrophe exposure management;
- inadequate or insufficient reinsurance protection.

The underwriters, supported by the actuarial pricing team, use their expertise and experience to determine the likely claims cost and, therefore, the premium that should be sufficient (across a portfolio of risks) to cover claims costs, expenses and to produce an acceptable profit in line with the agreed business plan.

Due to the nature of insurance risk, however, the premium charged may not be sufficient to cover the cost of claims. The shortfall may result from insufficient premium being calculated and charged or from an unexpected or unprecedented high level of claims.

A number of controls are employed to limit insurance exposures. Each year a business plan is prepared and agreed by the Board which sets the premium income targets and exposures to be written in total and for each class of business. Progress against this plan is monitored by the Board during the year.

Notes to the Financial Statements

for the 2014 Closed Year of Account at 31 December 2016

3. Management of risk (continued)

a. Insurance risk (continued)

Insurance liabilities are assumed through individual risk acceptances, reinsurance treaties or binding authorities. Binding authorities delegate underwriting authority to other underwriters, or agents acting as coverholders, who use their judgement to write risks on Syndicate 958's behalf under clear authority levels. In such situations, the coverholders' activities are closely monitored and reviewed, and periodic on-site audits are carried out to ensure that the terms of the delegated authorities are being adhered to.

The syndicate is also exposed to the risk of:

- inappropriate claims reserves;
- inappropriate payment of claims.

All claims arising are reserved upon notification. The entire portfolio of business is subject to a quarterly reserving process whereby levels of paid and outstanding claims are reviewed. Potential future claims are assessed with a provision for IBNR claims being made. The quarterly review process is overseen by the Reserving Committee. The position is reviewed at the year end by the syndicate's external actuary. Whilst a detailed and disciplined reserving exercise is carried out, known claims can develop beyond the level of reserves held.

Furthermore, there is increased uncertainty around the provision for IBNR claims. Consequently, there is a possibility that claims may arise which in aggregate exceed the reserve provision established. In the event that claims do not develop in line with expectations, the Reserving Committee will seek to release any redundant reserves.

The syndicate purchases specific reinsurances to protect against single risk losses. Proportional reinsurance is purchased from Sompo Japan Canopius Re Ltd ("SCRe") formerly Canopius Reinsurance Limited ("CRL") and, before that, Omega Specialty Insurance Ltd ("OSIL") on a whole account basis to reduce exposure on catastrophe exposed accounts. The syndicate also purchases general excess of loss reinsurance to protect from severe losses.

b. Financial risk

The syndicate is exposed to a wide range of financial risks, the key financial risk being that the proceeds from its assets are not sufficient to fund the obligations arising from its insurance contracts. An analysis of the syndicate's exposure to the significant components of financial risk is given below split between:

- (i) Market risk;
- (ii) Credit risk;
- (iii) Currency risk; and
- (iv) Liquidity risk.

(i) Market risk

Market risk arises from fluctuations in values of, or income from, assets or in interest or exchange rates and is derived primarily from the syndicate's investment of trust fund monies and from currency exposures. The Board has agreed an investment strategy commensurate with the syndicate's risk appetite.

(ii) Credit risk

Credit risk is the risk that the syndicate becomes exposed to loss if a counterparty fails to perform its contractual obligations. Credit risk could, therefore, impact upon the syndicate's ability to meet its claims as they fall due. The syndicate has in place policies and procedures designed to manage its credit risk exposures.

The primary sources of credit risk for the syndicate are:

- amounts due from reinsurers,
- amounts due from insurance intermediaries, and
- counterparty risk with respect to investments including cash and cash equivalents.

Notes to the Financial Statements

for the 2014 Closed Year of Account at 31 December 2016

3. Management of risk (continued)

(ii) Credit risk (continued)

The credit risk in respect of reinsurance debtors is primarily managed by review and approval of reinsurance security by CMA's Reinsurance Security Committee, prior to the purchase of reinsurance contracts. Guidelines are set and monitored, that limit the purchase of reinsurance based on Standard & Poor's or appropriate alternative ratings for each reinsurer. The credit risk in respect of reinsurers is primarily managed by CMA's reinsurance support team. Provisions are made against the amounts due from certain reinsurers, depending on the current rating assigned to the reinsurer. Some reinsurers provide collateral, usually in the form of letters of credit, to protect the syndicate in the event of non-payment of debt. As this collateral effectively guarantees the debt, these reinsurers are zero-rated for bad debt provisions. The recovery of debt from reinsurers is administered by the Reinsurance Support team.

The credit risk in respect of insurance intermediaries is managed by the credit management function with the aid of the underwriting department and a dedicated binder management team.

To transact business with the syndicate the insurance intermediary must first comply with internal guidelines that include approval (where relevant) by both the Prudential Regulation Authority ("PRA") and Lloyd's, to have a satisfactory credit rating and to have in place a Terms of Business Agreement or a Binding Authority Agreement with the syndicate. The position is then monitored through ongoing review of the amount of debt outstanding to terms, and by regular cover-holder audits.

(iii) Currency risk

Policyholders' assets are held in the four principal Lloyd's settlement currencies (sterling, euros, US dollars and Canadian dollars) which represent the vast majority of the syndicate's liabilities by currency. A significant proportion of the syndicate's business is transacted in US dollars. The syndicate's functional currency is the US dollar which limits the underlying foreign exchange risk. Its presentation currency is sterling and, therefore, foreign exchange risk also arises when non-sterling profits are converted into sterling.

CMA has a group policy to mitigate foreign exchange risk and this policy is managed by the finance team and the finance committee.

The syndicate operates internationally and its exposures to foreign exchange risk arise primarily with respect to the US dollar, euro and Canadian dollar. The syndicate mitigates this risk by endeavouring to match assets and liabilities in foreign currency. Moreover, Syndicate 958 enters into conventional foreign currency forward contracts from time to time to manage its exposures to foreign exchange rate volatility.

In certain circumstances, the syndicate is exposed to a subsidiary foreign exchange risk where regulators demand that the syndicate hold US dollar and Canadian dollar currency assets to hedge liabilities measured on a regulatory basis, rather than best estimate.

However, the syndicate seeks to limit the risk of currency exchange fluctuations in non-standard settlement currencies by buying forward contracts when appropriate.

(iv) Liquidity risk

Liquidity risk arises where insufficient financial resources are maintained to meet liabilities as they fall due. The syndicates are exposed to daily calls on its available cash resources, principally from claims arising from its insurance activities. As a consequence, cash is managed closely by the treasury team.

All valid claims must be paid as they fall due; it is essential that the syndicate maintains an appropriate level of liquidity at all times. As a consequence, cash is managed closely by the Treasury team. The syndicate is exposed to daily calls on its available cash resources, principally from claims arising from its insurance activities.

Notes to the Financial Statements

for the 2014 Closed Year of Account at 31 December 2016

3. Management of risk (continued)

(iv) Liquidity risk (continued)

The syndicate's policy is to manage its liquidity position so that it can reasonably meet a significant individual or market loss event. This means that the syndicate maintains sufficient liquid assets, or assets that can be quickly converted into liquid assets, without any significant capital loss, to meet estimated cash flow requirements. The availability of liquidity in the event of a major disaster is regularly tested using internal cash flow forecasts and realistic disaster scenarios.

The majority of the syndicate's investments are in highly liquid assets which could be converted into cash in a prompt fashion and at minimal expense. Cash and overseas deposits are generally bank deposits and money funds.

In addition, the duration of assets is maintained at a level to manage liability durations and in recognition of the syndicate's catastrophe exposures. Greater levels of cash and/or liquid assets may be held when determined by market conditions and is considered appropriate by the Chief Investment Officer.

c. Group risk

Group risk arises from the potential impact of risk events, of any nature, arising in or from membership of a corporate group. SCAG is the global specialty lines platform of Sompo Holdings Inc. ("Sompo Holdings") which has total assets of c.\$90 billion. SCAG is wholly owned by the principal subsidiary of Sompo Holdings, Sompo Japan Nipponkoa Insurance Inc. ("SJNK"), an A+ rated company and one of the top three Japanese property and casualty insurers.

Sompo Holdings engages in strategic risk management (SRM) with the aim of maximising Group corporate value. It is used to identify significant risks from a variety of sources throughout the group, which has established an integrated risk control system to analyse, assess, and control risks while maintaining the ability to accurately respond to risks when they occur.

d. Operational risk

Operational risk is the risk that the failure of inadequate or failed internal processes, people and systems, or from external events has an adverse impact on the business. The syndicate manages these risks through a framework of robust systems and controls. CMA's objective for operational risk management is to identify, assess and manage risks and to prevent or reduce any failures or inadequacies in systems and controls. To this end, CMA has established key policies and controls that include:

- regular meetings of the Board of directors at which key aspects of the managing agent's and syndicate's businesses are reviewed, including review of reports from various sub-committees of the Board
- underwriting procedures guidelines
- claims management policies and guidelines
- risk registers which are reviewed and signed off by the risk and control owners on a regular basis
- a suite of risk policies for major risk categories relating to the activities of the syndicate
- an internal audit function whose audit plan is aligned with CMA's risk framework
- human resources policies and guidelines designed to ensure that the operations are adequately resourced by sufficiently skilled and trained people, who are appropriately remunerated
- financial policies and controls that cover:
 - maintaining segregated funds for the syndicate's assets
 - investment of funds
 - expense management
 - establishing adequate provisions for unpaid claims
 - credit risk, including debt collection and managing counter-party exposures
 - cash flow and other financial projections
 - regular review and reconciliation of the entity's financial records.

Notes to the Financial Statements

for the 2014 Closed Year of Account at 31 December 2016

3. Management of risk (continued)

d. Operational risk (continued)

In addition, the managing agent has an established and integrated capital and planning cycle. This provides an assessment of the significant financial and non-financial risks, as identified by the managing agent's risk management framework. The capital requirement is assessed in accordance with applicable requirements through the use of deterministic and stochastic modelling and further challenged using a comprehensive validation process which includes the use of stress and scenario tests. This process assesses the capital required to meet a 1 in 200 level extreme outcome from the aggregation of all recognised sources of risk.

e. Regulatory risk

Regulatory risk is the risk that the syndicate fails to meet the regulatory requirements of the PRA, the Financial Conduct Authority ("FCA"), Lloyd's and those of overseas regulators in jurisdictions where Lloyd's syndicates are licensed to trade.

Regulatory risk is managed by the risk and compliance teams to ensure legislative and regulatory changes are understood and observed.

4. Segmental analysis

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

	Gross written premiums (Note a) £000	Gross claims incurred (Note b) £000	Gross operating expenses (Note c) £000	Reins. Balance (Note d) £000	Total £000
Direct Insurance:					
Accident and health	4,830	(3,624)	(1,678)	(139)	(611)
Motor (third party liability)	9,112	(7,368)	(2,183)	(269)	(708)
Motor (other classes)	7,757	(6,135)	(2,089)	(167)	(634)
Marine, aviation and transport	24,140	(24,482)	(5,664)	(594)	(6,600)
Fire & other damage to property	55,828	(32,261)	(14,732)	(4,658)	4,177
Third party liability	32,955	(32,955)	(8,395)	(127)	(8,522)
Miscellaneous	-	(2,297)	-	176	(2,121)
	134,622	(109,122)	(34,741)	(5,778)	(15,019)
Reinsurance:					
	43,991	(13,161)	(8,034)	(7,028)	15,768
	178,613	(122,283)	(42,775)	(12,806)	749
RTIC received	265,753	(256,705)	(633)	(1,057)	7,357
Total	444,366	(378,988)	(43,408)	(14,784)	8,106

- a. Gross premiums earned are identical to gross premiums written.
- b. Gross claims incurred includes gross claims paid and gross reinsurance to close premium payable.
- c. Gross operating expenses include the profit on exchange shown in the non-technical account.
- d. The reinsurance balance includes reinsurance premiums ceded and reinsurance recoveries anticipated on reinsurance to close receivable less reinsurance recoveries on claims paid and reinsurance recoveries anticipated on reinsurance to close payable. Also included within this balance are reinsurers' commissions and profit participations of £108,000.
- e. All premiums were concluded in the UK.

Notes to the Financial Statements

for the 2014 Closed Year of Account at 31 December 2016

4. Segmental analysis (continued)

The geographical analysis of gross premiums written by destination is as follows:

	2014 £000
UK	36,633
Other EU countries	5,465
US	82,065
Other	54,450
Total	178,613

5. Reinsurance to close premium received from the 2013 year of account

	2014 £000
Gross reinsurance to close received	265,753
Reinsurance recoveries anticipated	(56,199)
Reinsurance to close premium received, net of reinsurance	210,554

6. Reinsurance to close premium payable

	£000	2014 £000
Gross notified outstanding claims	157,944	
Reinsurance recoveries anticipated	(30,121)	
Net notified outstanding claims		127,823
Provision for claims incurred but not reported	110,023	
Reinsurance recoveries anticipated	(24,833)	
		85,190
Reinsurance to close payable net of reinsurance		213,013

The reinsurance to close of the 2014 year of account is effected to the 2015 year of account of Syndicate 958.

7. Net operating expenses

	2014 £000
Acquisition costs	59,217
Reinsurers' commissions and profit participations	(559)
	58,658
Other administrative expenses	7,065
Profit on exchange	(2,009)
	63,714

Other administrative expenses include the following amounts paid to the syndicate auditor:

	2014 £000
Audit of the syndicate accounts	98
Other services pursuant to Regulations and Lloyd's Byelaws	61
Total audit and assurance	159

Notes to the Financial Statements

for the 2014 Closed Year of Account at 31 December 2016

8. Staff numbers and costs

All staff are employed by a service company, CSL. The following amounts were recharged to the syndicate in respect of salary costs:

	2014 £'000
Wages and salaries	8,300
Social Security costs	1,021
Other pension costs	697
	10,018

The average number of employees working for the syndicate during the period was as follows:

	2014
Underwriting	29
Insurance services	18
Other	26
	73

The aggregate remuneration charged to the syndicate in respect of emoluments paid to the directors of CMA and the active underwriter was £223,000. This includes £13,000 that relates to the active underwriter.

9. Investment return

	2014 £'000
<i>Investment income</i>	
Income from investments	3,848
Realised gains on investments	5,293
Unrealised gains on investments	5,188
Realised losses on investments	(6,548)
Unrealised losses on investments	(2,863)
<i>Investment expenses and charges</i>	
Investment management expenses	(414)
Investment return	4,504

10. Balance on technical account

<i>Balance excluding investment return and operating expenses other than acquisition costs</i>	2013 & prior years of account £'000	2014 pure year of account £'000	Total 2014 £'000
Technical account balance before allocated investment return and net operating expenses	7,562	45,404	52,966
Brokerage and commissions on gross premiums	(558)	(47,815)	(48,373)
Other acquisition costs	-	(10,845)	(10,845)
	7,004	(13,256)	(6,252)

Notes to the Financial Statements

for the 2014 Closed Year of Account at 31 December 2016

11. Investments

	2014 after three years		
	Market Value £000	Cost £000	Listed £000
Shares and other variable yield securities	66,865	64,900	53,891
Debt securities and other fixed income securities	37,292	37,397	37,292
Participation in investment pools	14,233	14,233	14,233
Rights under derivative contracts	3	-	3
Deposits with credit institutions	155	155	155
	118,548	116,685	105,574

The following table shows financial investments recorded at fair value analysis between three levels in the fair value hierarchy:

	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Shares and other variable yield securities	28,933	37,932	-	66,865
Debt securities and other fixed income securities	35,611	1,681	-	37,292
Participation in investment pools	3,200	11,033	-	14,233
Rights under derivative contracts	3	-	-	3
Deposits with credit institutions	155	-	-	155
	67,902	50,646	-	118,548

12. Debtors arising out of direct insurance operations

	2014 £000
<i>Due within one year</i>	
Due from intermediaries	13,977
<i>Due after one year</i>	
Due from intermediaries	20
	13,997

13. Debtors arising out of reinsurance operations

	2014 £000
<i>Due within one year</i>	
Ceding undertakings	2,951
Intermediaries	3,205
	6,156

Notes to the Financial Statements

for the 2014 Closed Year of Account at 31 December 2016

14. Other debtors

	2014 £000
Inter-syndicate loan with Syndicate 4444	62,910
Other	710
	63,620

Syndicate 958 held an inter-syndicate loan balance at 31 December 2016 of £62.9m due from Syndicate 4444. The loan is wholly unsecured and repayable on demand. These funds are invested on Syndicate 958's behalf by Schroders in high quality corporate bonds with the investment return credited to Syndicate 958.

15. Overseas deposits

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

16. Creditors

	2014 £000
Arising out of direct insurance operations	798
Arising out of reinsurance operations	1,611
Other	891
	3,300

17. Related parties

Transactions between the Managing Agent/Service Company and the Syndicate

£983,000 profit commission is payable by the syndicate to CMA in respect of the 2014 closed year of account.

Managing agency fees for the 2014 year of account of £1,313,000 were paid to CMA.

Employment of staff, provision of accommodation and related services are provided by CSL, which is owned by Canopius Holdings UK Limited ("CHUKL"). Expenses of £2,305,000 have been recharged to the 2014 year of account of Syndicate 958. At 31 December 2016, Syndicate 958's 2014 year of account owed CSL £60,000.

Sompo Japan Canopius Reinsurance Limited ("SCRe")

SCRe, formerly Canopius Reinsurance Limited ("CRL"), is a wholly owned subsidiary of SCAG, domiciled in Switzerland.

Syndicate 958 placed a gross whole account 20% quota share contract with SCRe for the 2014 year of account. This provided the syndicate with proportional reinsurance protection across its whole account. These arrangements were provided on a full "follow the fortunes" basis and as such had no event or occurrence limits. The syndicate benefits from an overriding commission of 5% and a 20% profit commission on these arrangements.

For the 2014 year of account, Syndicate 958 has ceded £29,758,000 of gross net written premium, £28,719,000 of net losses and overrider expenses of £1,179,000 to SCRe under the quota share contract. At 31 December 2016 the syndicate was due a refund from SCRe of £1,163,000 of net premium and £2,700,000 for net claims. The syndicate has accrued reinsurance recoverables due from SCRe on incurred claims of £23,566,000.

Notes to the Financial Statements

for the 2014 Closed Year of Account at 31 December 2016

17. Related parties (continued)

Flectat Limited ("Flectat")

Flectat is a wholly-owned subsidiary of SCAG. The company is a Lloyd's corporate member supplying capacity to Syndicate 958. Flectat had a syndicate premium limit of £107,011,000 for the 2014 year of account.

18. Ultimate parent undertaking and controlling party

Syndicate 958 is managed by CMA and CMA's immediate UK parent is CHUKL, which is registered in England and Wales. CHUKL is part of SCAG which is registered in Switzerland. CMA's registered office is Gallery 9, One Lime Street, London EC3M 7HA.

SCAG is wholly-owned by SJNK, which itself is a wholly-owned direct subsidiary of Sompo Holdings, incorporated in Japan.

Sompo Holdings is the ultimate parent undertaking and controlling party of CMA. Copies of the consolidated financial statements for Sompo Holdings are available from 26-1,Nishi-Shinjuku 1-chome, Shinjuku-ku, Tokyo 160-8338, Japan.

The following is provided by way of additional information and does not form part of these accounts. The Seven Year Summary is unaudited.

**Seven Year Summary of Results of Closed Years
at 31 December 2016**

	2008 £000	2009 £000	2010 £000	2011 £000	2012 £000	2013 £000	2014 £000
Syndicate allocated capacity	248,894	249,209	279,807	279,813	279,364	219,791	174,931
Number of underwriting members	1,453	1,449	1,302	1,329	1,324	1,139	1,117
Aggregate net premiums	180,760	178,175	164,329	111,677	122,956	85,113	131,908

Results for an Illustrative Share (£10,000)

	£	£	£	£	£	£	£
Gross premiums	11,570	11,565	9,392	7,239	6,691	5,921	6,825
Net premiums	7,260	7,150	5,873	3,991	4,401	3,872	4,155
Premiums for the reinsurance to close an earlier year of account	5,443	5,579	6,112	7,656	8,368	10,601	12,036
Net claims	(6,442)	(4,460)	(4,939)	(4,022)	(3,697)	(3,496)	(4,487)
Premium for the reinsurance to close the year of account	(5,567)	(6,862)	(7,656)	(8,354)	(8,340)	(9,580)	(12,177)
Profit/(loss) on exchange	65	76	(353)	104	(163)	116	115
Syndicate operating expenses	(441)	(483)	(499)	(542)	(581)	(733)	(372)
Balance on technical account	318	1,000	(1,462)	(1,167)	(12)	780	(730)
Investment return	274	188	123	115	150	86	257
Non technical account profit on exchange	-	-	-	-	-	-	1,413
Profit/(loss) before personal expenses	592	1,188	(1,339)	(1,052)	138	866	940
Illustrative profit commission	(70)	(167)	-	-	-	-	(45)
Illustrative managing agent's fee	(75)	(75)	(75)	(75)	(75)	(75)	(75)
Other illustrative personal expenses	(99)	(114)	(91)	(71)	(48)	(57)	(100)
Illustrative personal expenses	(174)	(189)	(166)	(146)	(123)	(132)	(175)
Profit/(loss) after illustrative profit commission and personal expenses	348	832	(1,505)	(1,198)	15	734	720
Aggregate annual fee, profit commission and syndicate expenses	(586)	(725)	(574)	(617)	(656)	(808)	(492)

Underwriting Ratios

	%	%	%	%	%	%	%
Gross premium as a percentage of allocated capacity	115.7	115.6	93.9	72.4	66.9	59.2	68.3
Net premium as a percentage of allocated capacity	72.6	71.5	58.7	39.9	44.0	38.7	41.6
Balance on technical account as a percentage of gross premiums	2.7	8.6	(15.6)	(16.1)	(0.2)	8.7	(10.7)

Notes to the Seven Year Summary

- The seven year summary has been prepared on the accounting basis used before the adoption of FRS 102 and FRS 103 whereby syndicate results were reported on a three years basis. Each underwriting year of account was normally kept open for three years at the end of which the result was determined when the year of account was closed by reinsurance, normally to the syndicate's following year of account. Under the three year basis, premiums were recognised net of brokerage.*
- The illustrative profit commissions and personal expenses are estimates of amounts which are charged on an illustrative share of £10,000.*
- Under the standard agency agreement in force, an underwriting member who dies during the calendar year does not participate in that underwriting year of account.*
- All prior year figures are derived from previously audited reports.*