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AmTrust Syndicates Limited: Syndicate 1206

Syndicate Financial Statements

31 December 2016

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AmTrust Syndicates Limited: Syndicate 1206

Contents

Directors and advisers	2
Report of the directors of the Managing Agent	4
Statement of Managing Agent's responsibilities	10
Independent auditor's report to the member of Syndicate 1206	11
Statement of Profit or Loss: Technical account – General business	12
Statement of Profit or Loss: Non-technical account	13
Statement of financial position - Assets	14
Statement of financial position - Liabilities	15
Statement of changes in member's balance	16
Statement of cash flows	17
Notes to the financial statements	18

AmTrust Syndicates Limited: Syndicate 1206

Directors and advisers

Managing Agent:

Managing Agent AmTrust at Lloyd's Limited (till 3 March 2017)

Directors

D J L Barrett	
J E Cadle	
M G Caviet	
H A Contractor	(Resigned 8 December 2016)
P Dewey	
J P Fox	(Non-Executive Director)
B Gilman	(Appointed 28 November 2016)
J M Hamilton	(Appointed 8 December 2016)
S J Helson	(Appointed 8 November 2016)
B J Jackson	(Non-Executive Director)
B Jansli	(Non-Executive Chairman)
N C T Pawson	(Appointed 8 November 2016)
M A Sibthorpe	
G Sweatman	(Resigned 20 February 2017)
G L Ross	(Resigned 20 May 2015)
E Tenenti	(Resigned 31 March 2015)

Secretary D J L Barrett

Registered Office 1 Great Tower Street
London
EC3R 5AA

Registered Number 3043923

AmTrust Syndicates Limited: Syndicate 1206

Directors and advisers *(continued)*:

Managing Agent	AmTrust Syndicates Limited (from 3 March 2017)	
Directors	A C Barker	(Resigned 31 October 2016)
	D J L Barrett	(Appointed 29 November 2016)
	J E Cadle	(Appointed 8 December 2016)
	M G Caviat	(Appointed 8 December 2016)
	L J Cross	(Resigned 7 November 2016)
	P Dewey	(Appointed 8 November 2016)
	R M Fairfield	(Resigned 21 April 2015)
	J P Fox	(Non-Executive Director - Appointed 22 November 2016)
	B Gilman	
	J M Hamilton	
	A S W Hall	(Resigned 7 November 2016)
	S J Helson	(Appointed 22 January 2016)
	A P Hulse	(Non-Executive Director - Resigned 7 November 2016)
	B J Jackson	(Non-Executive Director - Appointed 8 November 2016)
	B Jansli	(Non-Executive Chairman - Appointed 8 November 2016)
	S Lacy	(Appointed 11 August 2016, Resigned 7 November 2016)
	N C T Pawson	(Non-executive Director)
	M A Sibthorpe	(Appointed 8 December 2016)
	G Sweatman	(Appointed 22 November 2016, Resigned 20 February 2017)
	J M P Taylor	(Non-Executive Chairman - Resigned 7 November 2016)
	J G M Verhagen	(Non-Executive Director - Resigned 12 July 2016)
	G M van Loon	(Resigned 7 November 2016)
Secretary	A S W Hall	(Resigned 22 January 2016)
	G J Luckett	(Appointed 22 January 2016, Resigned 7 November 2016)
	D J L Barrett	(Appointed 29 November 2016)
Registered Office	47 Mark Lane London EC3R 7QQ	
Registered Number	4434499	
Syndicate:		
Active Underwriter	M A Sibthorpe (Resigned 7 November 2016) C Jarvis (Appointed 7 November 2016)	
Bankers	Barclays Bank PLC Citibank N.A. National Westminster Bank PLC Royal Bank of Canada	
Investment Managers	All Insurance Management Limited	
Independent Auditors	KPMG LLP	

Report of the directors of the Managing Agent

The directors of the Managing Agent present their report for the year ended 31 December 2016.

This annual report is 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 and applicable United Kingdom Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland ('FRS102') and Financial Reporting Standard 103: Insurance Contracts ('FRS103').

Managing Agent

During 2016, AmTrust at Lloyd's Limited ("ATL") was the managing agent of Syndicate 1206 ("the Syndicate"). ATL and the Syndicate's capital provider AmTrust Corporate Member Limited ("ACML") are wholly owned by AmTrust International Limited, a subsidiary of AmTrust Financial Services Inc. ("AmTrust"), throughout 2016.

On 3 March 2017, the management of the Syndicate was novated to AmTrust Syndicates Limited ("ASL") formerly ANV Syndicates Limited. On 7th November 2016, ASL became a wholly owned subsidiary of AmTrust as part of its acquisition of ANV Holdings B.V. at which point ANV Syndicates Limited was renamed AmTrust Syndicates Limited. Following the acquisition, an exercise was completed to align the ASL Board and governance structure with ATL's existing structure. The changes to the Board composition are detailed within the Directors' Report and in the Directors and Advisers on pages 2 - 3.

Results for the year

Annual Accounted Result

The result before accounting for investment income of £9,850k (2015 - £2,493k) for the year is a loss of £13,899k (2015 loss - £20,597k). The losses on the 2015 and 2016 years of account are driven by new catastrophe and large losses in the year, primarily on the Property, Special Lines and Treaty classes, and attritional loss development on the Property and Personal Accident & Sickness lines. In particular, the Property book suffered a number of natural catastrophe claims arising from Hurricane Matthew, earthquakes in New Zealand, Taiwan and Japan, Cyclone Winston and the Canadian Wildfires.

Underwriting Year Result

The 2014 and prior underwriting years produced a profit of £25,887k (2013 & prior: loss £34,891k). This profit compares to a forecast profit of £3,667k at 31 December 2015. The result has benefited from better than expected investment income and profits on exchange. In addition, the claims development on the Property, Special Lines and Liability accounts on the older years of account has been better than expected.

Profits and losses will continue to be distributed and collected by reference to the results of individual underwriting years. A distribution of £25,887k (2015 – cash call of £34,891k) will be made to the corporate member in June 2017.

Members Balances

Primarily as a result of the loss arising during the year the members' balances on the balance sheet show a deficit, albeit much reduced from prior years. Although the Syndicate does not hold capital on its own balance sheet, the sole corporate member AmTrust Corporate Member Limited holds Funds at Lloyd's on behalf of the Syndicate and has deposited the required funds for the 2017 Coming into Line Process as at 1 December 2016. These funds are deposited to support the solvency position of the Syndicate and for the Syndicate's 2017 business plan.

Ultimately, the Syndicate's obligations are underpinned by the support provided by the Lloyd's solvency process and the Lloyd's chain of security as explained in note 4.

Principal activities and review of business

The principal activity of the Syndicate remains the transaction of general insurance and reinsurance business in the United Kingdom.

A brief outline of the internal classes of business is set out overleaf.

Report of the directors of the Managing Agent (*continued*)

Personal Accident and Sickness: This is a broad mix of risk types, including accidental death, dismemberment and disability including sports disability, with incidental amounts of trip travel and medical expense. Trip travel includes lost baggage, delay, cancellation, repatriation and personal liability. The sub class Professional Sports Disability is primarily covering the temporary or permanent disablement of sports persons, and includes a small amount of related accidental death and medical expense cover.

Property: The Syndicate is a major market for all types of property related risks in the Lloyd's market. The portfolio primarily covers North American property exposures and also a smaller amount of international business, either on an all risks basis or for specific perils, together with ancillary coverages for terrorism, business interruption, liability and breakdown. A large proportion of risks protect the insured against natural catastrophe events such as earthquake and wind storm. The business is placed either on a Direct and Facultative basis or through carefully chosen approved Lloyd's coverholders.

Treaty: The portfolio specialises in providing cover to counterparties who have an established presence and record in that class on an excess or quota share basis. Specifically, the portfolio concentrates on Political Risks and Personal Accident treaties.

Special Lines: This part of the portfolio provides corporate insurance cover for various professions and includes, Professional Liability (PI), Management Liability (D&O/Commercial Crime).

Professional Liability provides indemnity cover for professional groups such as solicitors, accountants or architects and it is underwritten according to the size of risk; on a primary basis for Small to Medium Enterprises where the majority of risks are placed with one carrier, on both a primary and excess of loss basis for Mid-market business, and on an excess of loss basis for larger risks.

Management Liability provides management professionals with insurance protection in case they are accused by a third party of a wrongful act in connection with their business practice. The main product in terms of income being Director's and Officer's liability (D&O), followed by Commercial Crime, Employment Practices Liability (EPLI), Pension Trustee Liability (PFT), Charities and other not-for-profit entities.

Liability: Since 2014 a period of reunderwriting has resulted in a significant contraction in the product offering and exposure on the legacy portfolio. As a result, the Syndicate now writes a small and concentrated portfolio, with a focus on working with clients and coverholders who meet our stringent underwriting criteria and risk pricing structure.

Extended Warranty: This business was commenced for the 2015 year of account, building on the extensive underwriting knowledge and expertise that is available as part of the AmTrust Financial Services Group, where the Group has a market leading presence and highly successful track record. As a result, the Syndicate has been able to participate on facilities with major equipment manufacturers of commercial and personal consumer goods to offer comprehensive warranty cover against failure or breakdown. Additionally, in certain territories, Accidental Damage cover is also provided on brown, white and yellow goods and equipment.

Marine: Marine was underwritten for the first time in Syndicate 1206 for the 2016 Underwriting year of account, following the recruitment of a market leading team. The portfolio is weighted towards Marine Hull business, with smaller complementary offerings in Marine Liability, Cargo and Specie markets.

Report of the directors of the Managing Agent (continued)

Financial Performance

The Syndicate's key financial performance indicators, split, where applicable, in accordance with the internal classes of business as set out on the preceding page, during the year were as follows:

	2016	2015
	£'000	£'000
Gross Written Premiums	237,849	154,445
Gross Earned Premium	200,631	160,640
Net Earned Premium	175,129	144,829
Gross Incurred Claims	(133,650)	(110,939)
Net Incurred Claims	(121,917)	(99,481)
Investment return	9,850	2,493
Operating expenses	(72,467)	(64,232)
Other (expenses)/income	5,356	(1,713)
Loss for the financial year	(4,049)	(18,104)
Claims ratio (net)	69.6%	68.7%
Acquisition ratio (net)	27.2%	30.2%
Expense ratio (net)	14.2%	14.2%
Combined ratio	78.2%	81.1%

Gross written premiums increased from £154,445k in 2015 to £237,849k in 2016. A breakdown of the premium income by internal class of business is set out below.

Gross written premiums	2016	2015
	£'000	£'000
On-going lines of business:		
Personal Accident & Sickness	55,181	32,450
Property	102,056	85,822
Special Lines	15,516	11,284
Treaty	19,654	17,926
Liability	10,218	4,692
Extended Warranty	24,325	2,449
Marine	10,957	-
Lines of business no longer written:	(58)	(178)
Total Gross Written Premium	237,849	154,445

The movement in gross written premiums during 2016 is driven by traction in the new classes of business underwritten during the latter part of 2015 and throughout 2016, notably the Extended Warranty and Marine classes, coupled with growth on the Property and Personal Accident and Sickness classes.

A breakdown of the earned premium by internal class is set out below.

Gross earned premium	2016	2015
	£'000	£'000
On-going lines of business:		
Personal Accident & Sickness	45,235	32,110
Property	98,639	87,395
Special Lines	17,076	15,210
Treaty	22,204	16,047
Liability	10,142	7,283
Extended Warranty	2,438	2,542
Marine	4,955	-
Lines of business no longer written:	(58)	53
Total Gross Earned Premiums	200,631	160,640

The Managing Agent continues to carefully manage line sizes and retention levels such that the aggregate exposure to hurricane and other losses is controlled to manageable levels. Reinsurance remains an integral part of the management of aggregate exposure. The level of earned reinsurance premium for 2016 has moved from £15,811k in 2015 to £25,502k in 2016 due to additional cover on the Treaty (Political Risks) account and underlying growth on gross premiums on the Marine account. A breakdown of the earned reinsurance premiums by internal class of business is set out in the table overleaf.

AmTrust Syndicates Limited: Syndicate 1206

Report of the directors of the Managing Agent *(continued)*

Earned reinsurance premiums	2016 £'000	2015 £'000
On-going lines of business:		
Personal Accident & Sickness	2,324	1,100
Property	12,401	11,230
Special Lines	1,590	332
Treaty	6,538	2,378
Liability	800	1,343
Extended Warranty	-	-
Marine	1,579	-
Lines of business no longer written:	270	(572)
Total Earned Reinsurance Premiums	25,502	15,811

A breakdown of the gross and net incurred claims by internal class of business is set out in the table below.

	Gross Incurred Claims		Net Incurred Claims	
	2016 £'000	2015 £'000	2016 £'000	2014 £'000
On-going lines of business:				
Personal Accident & Sickness	27,227	18,115	27,227	18,077
Property	58,822	34,289	56,870	25,272
Special Lines	17,172	10,921	14,786	12,591
Treaty	18,952	9,350	12,930	9,115
Liability (2014 and post years of account)	5,510	6,228	4,254	6,228
Liability (2013 and prior years of account)	2,589	31,115	2,948	25,570
Extended Warranty	1,766	1,616	1,766	1,616
Marine	3,707	-	3,411	-
Lines of business no longer written:	(2,095)	(695)	(2,275)	1,012
Total	133,650	110,939	121,917	99,481

Investment Performance

The average cash and investment balance during 2016 was £243,690k (2015 - £218,898k). The investment return for 2016 of £9,850k (2015 - £2,493k) represented a return of 4.04% (2015 - 1.14%).

The make-up of the investment portfolio managed by All Insurance Management at 31 December is set out below:

31 December 2016	GBP £'000	Euro £'000	US\$ £'000	Can\$ £'000	AUD £'000	Total £'000
Supranational Bonds	-	-	-	-	-	-
Corporate Bonds	39,532	28,917	62,945	24,919	18,149	174,462
Government Bonds	-	1,626	730	16,379	-	18,735
Government Agencies	-	-	43,219	-	-	43,219
Government Guaranteed Bonds	-	-	-	-	-	-
Total assets under management	39,532	30,543	106,894	41,298	18,149	236,416

31 December 2015	GBP £'000	Euro £'000	US\$ £'000	Can\$ £'000	AUD £'000	Total £'000
Supranational Bonds	-	108	-	-	-	108
Corporate Bonds	-	15,355	73,192	29,166	-	117,713
Government Bonds	-	2,787	448	13,729	-	16,964
Government Agencies	-	-	33,475	-	-	33,475
Government Guaranteed Bonds	-	554	-	-	-	554
Total assets under management	-	18,804	107,115	42,895	-	168,814

The Syndicate does not have any exposure to securities issued by companies or Governments in Southern Europe.

Report of the directors of the Managing Agent (*continued*)

Risk Management

AmTrust at Lloyd's has a formal risk management programme to analyse its risk profile and adopt risk mitigation strategies. Risk identification, assessments and control reviews are updated and refreshed regularly to ensure that risk management adapts to changing conditions and that risk mitigation is continuously strengthened.

The Managing Agent has a risk committee which meets regularly to review and update the risk register, risk appetite and monitor performance of risk controls using a series of key risk indicators and reports to the Board on a quarterly basis. Reportable changes to the risk profile being defined within the Syndicate's risk management policy.

The risk management programme is controlled by the Chief Risk Officer ("CRO") who provides guidance and support for risk management practice across the entity. Responsibility for risk management is spread throughout the organisation and is embedded in the operational responsibilities of each executive director. The CRO works together with Actuarial on the risk based capital modelling; and with Compliance and Internal Audit on other specific initiatives to evaluate and address risk.

During 2016 the implementation of Solvency II has been progressed in line with the regulatory timetables and guidelines.

The principal risks and uncertainties facing the Syndicate, as detailed in Note 4 to the financial statements, are as follows:

- Insurance risk
- Investment risk
- Credit risk
- Market risk
- Liquidity risk
- Operational risk
- Regulatory risk

Future Developments

For the 2017 year of account the Syndicate capacity has increased to £260.0m. The novation of the management of Syndicate 1206 to ASL in March 2017 was the first step in delivering on AmTrust at Lloyd's strategy to have one agency managing the activities of a single combined property and casualty syndicate. For the 2017 year of account ASL has £636m of property and casualty capacity under management on its aligned participations on Syndicates 1861, 1206 and 5820. Management is looking to combine its underwriting interests across Syndicates 1861, 5820 and 1206 into one syndicate for the 2018 year of account by way of transferring the business and associated expenses.

It is management's expectations that this will not impact the results of the 2015, 2016 and 2017 years of account and that the 2015 and 2016 years of account will close by way of reinsurance to close into the successor years of account of this Syndicate at the normal 36 month period on a similar basis to the closure of the 2014 year of account at 31 December 2016.

Following the ANV transaction, Chris Jarvis, Active Underwriter on Syndicate 1861, was appointed as Active Underwriter for Syndicate 1206 on 20 October 2016, with Mike Sibthorpe moving in the AmTrust at Lloyd's Chief Underwriting Officer role. Significant progress has already been made on integrating the underwriting portfolios, appetites and operations of ASL's property and casualty businesses, and this will continue to be a focus into 2017.

In recognition of the current environment, ASL's plan for 2017 includes a contraction in classes where the market continues to see pressure on rates by a surplus market capacity. The Syndicate will continue to look to deliver controlled growth within other existing classes of business, with no new classes or significant changes to the overall geographical composition in 2017. The focus for 2017 will remain on cycle management and profitable underwriting.

Management do not expect the 'Brexit' vote represents a threat to delivering on the Syndicate strategy. In the short-term the UK continues to be a full member of the EU with access to the single market and operating under the current passporting regime. Lloyd's remains committed to its European markets and is delivering on plans to continue trading with the single market.

The overarching AmTrust at Lloyd's vision is for all managed syndicates to be classed as top quartile by Lloyd's, representative of strong performance against plan and compared to peers and overall strong capabilities of the managing agency. The underlying ethos is based on achieving a satisfactory return on capital employed across all syndicates whilst taking a long term view across the market cycle.

Report of the directors of the Managing Agent *(continued)*

Finally, this is an opportunity for syndicate management to thank all employees for their continued commitment and hard work during a demanding, but stimulating, year in the Agency; as we look forward to capitalising on the opportunities that are available to a larger, combined AmTrust at Lloyd's platform in 2017 and beyond.

Directors and Directors' Interests

The names of persons who were members of the Board of directors at any time during the period are given on pages 2 and 3. None of the directors had any direct interest in the Syndicate during the year.

Disclosure of Information to the Auditors

The directors of the managing agent who held office at the date of approval of this managing agent's report confirm that, so far as they are each 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.

Auditors

Following the appointment of KPMG LLP as the Auditors of the parent company, they were appointed as auditors of the Managing Agent, AmTrust at Lloyd's Limited, and the managed Syndicates. It is the intention to reappoint KPMG LLP as the Syndicate's auditors.

Going Concern

After making enquiries, the Directors have a reasonable expectation that continued capital support will be in place such that the Syndicate is able to continue to write new business in future underwriting years of account subject to the successful combination of the underwriting of ASL's aligned syndicates for the 2018 year of account as outlined above in Future Developments. Accordingly, they continue to adopt the going concern basis in preparing the annual and underwriting year financial statements.

Syndicate's Annual General Meeting

AmTrust Syndicates Limited does not propose to hold an annual general meeting of the member of the Syndicate to re-appoint the existing Syndicate auditors, KPMG LLP.

By order of the Board

Peter Dewey
Director
March 2017

Statement of Managing Agent's responsibilities

The directors of the Managing Agent are responsible for preparing the Syndicate annual report and accounts in accordance with applicable law and regulations.

The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 ("the Regulations") require the Managing Agent to prepare financial statements at 31 December each year in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS102 *The Financial Reporting Standard Applicable in the UK and the Republic of Ireland*. The Syndicate's financial statements are required by law to give a true and fair view of the state of affairs of the Syndicate as at that date and of its profit or loss for that year.

In preparing these financial statements, the directors of the Managing Agent are required to:

1. select suitable accounting policies which are applied consistently.
2. make judgements and estimates that are reasonable and prudent;
3. state whether UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
4. prepare the financial statements assuming there are no uncertainties surrounding the Syndicate's ability to continue to write business in the future as required to provide a true and fair view.

The Directors of the Managing Agent are responsible for keeping adequate accounting records that are sufficient to show and explain the Syndicate's transactions and disclose with reasonable accuracy at any time the financial position of the Syndicate and enable them to ensure that the Syndicate's financial statements comply with the Regulations. 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.

The Directors of the Managing Agency are responsible for the maintenance and integrity of the Syndicate and financial information included on the Syndicate's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The directors confirm that they have complied with the above requirements in preparing the financial statements of Syndicate 1206.

By order of the Board

Peter Dewey
Director

March 2017

Independent auditor's report to the member of Syndicate 1206

We have audited the financial statements of Syndicate 1206 for the year ended 31 December 2016, set out on pages 12 to 35. 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), including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the members of the Syndicate as a body, in accordance with The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 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 and 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 auditors

As explained more fully in the Statement of Managing Agent's Responsibilities set out on page 10, the Managing Agent is responsible for the preparation of Syndicate's financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Syndicate's financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Syndicate's affairs as at 31 December 2016 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 Report of the Directors of the Managing Agent is consistent with the financial statements.

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:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Mark Taylor (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL
United Kingdom

AmTrust Syndicates Limited: Syndicate 1206

Statement of Profit or Loss: Technical account – General business For the year ended 31 December 2016

	<i>Note</i>	Year Ended 31 December 2016	Year Ended 31 December 2015
		£000	£000
Earned premium, net of reinsurance			
Gross premiums written	5	237,849	154,445
Outward reinsurance premiums		(27,711)	(16,463)
Change in the provision for unearned premiums			
Gross amount	19	(37,218)	6,195
Reinsurers' share	19	2,209	652
		175,129	144,829
Earned premium, net of reinsurance			
Allocated investment return transferred from the non-technical account		9,850	2,493
		184,979	147,322
Claims incurred, net of reinsurance			
Claims paid			
Gross amount		(131,002)	(118,643)
Reinsurers' share		11,551	15,497
		(119,451)	(103,146)
Change in provision for claims			
Gross amount	19	(2,648)	7,704
Reinsurers' share	19	182	(4,039)
		(2,466)	3,665
		(121,917)	(99,481)
Claims incurred, net of reinsurance			
Net operating expenses	8	(72,467)	(64,232)
		(194,384)	(163,713)
Total technical charges			
Balance on the technical account - general business		(9,405)	(16,391)

All operations relate to continuing activities.

The notes on pages 18 to 35 form part of these financial statements.

AmTrust Syndicates Limited: Syndicate 1206

Statement of Profit or Loss: Non-technical account For the year ended 31 December 2016

	<i>Note</i>	Year ended 31 December 2016	Year ended 31 December 2015
		£000	£000
Balance on the technical account – general business		(9,405)	(16,391)
Investment income (including realised gains)	11	10,791	8,276
Unrealised gains on investments		3,220	1,876
Investment expenses and charges			
Investment management expenses	11	(348)	(282)
Realised losses on investments	11	(1,343)	(2,339)
Unrealised losses on investments		(2,470)	(5,038)
Foreign exchange	12	5,356	(1,713)
Allocated investment return transferred to the technical account – general business		(9,850)	(2,493)
Loss for the financial year		(4,049)	(18,104)

All operations relate to continuing activities.

There were no recognised gains or losses relating to the current or prior year other than those included in the income statement. Therefore, no statement of other comprehensive income has been presented

The notes on pages 18 to 35 form part of these financial statements.

AmTrust Syndicates Limited: Syndicate 1206

Statement of financial position - Assets As at 31 December 2016

	<i>Note</i>	£000	2016 £000	£000	2015 £000
Investments					
Other financial investments	13		237,652		171,148
Reinsurers' share of technical provisions					
Provisions for unearned premiums	19	7,656		4,535	
Claims outstanding	19	52,126		46,396	
			59,782		50,931
Debtors					
Debtors arising out of direct insurance operations	14	75,667		41,992	
Debtors arising out of reinsurance operations	15	17,394		13,780	
Other debtors	16	2,660		4,837	
			95,721		60,609
Other assets					
Cash at bank and in hand	22	14,891		6,111	
Overseas deposits	17	41,375		37,943	
			56,266		44,054
Prepayments and accrued income					
Deferred acquisition costs	18	38,083		26,175	
Other prepayments and accrued income		2,352		1,930	
			40,435		28,105
Total assets			489,856		354,847

The notes on pages 18 to 35 form part of these financial statements.

AmTrust Syndicates Limited: Syndicate 1206

Statement of financial position - Liabilities

As at 31 December 2016

	<i>Note</i>	£000	2016 £000	£000	2015 £000
Member's balances			(8,080)		(38,922)
Technical provisions					
Provisions for unearned premiums	19	135,098		80,023	
Claims outstanding	19	353,514		308,104	
		488,612		388,127	
Creditors					
Creditors arising out of direct insurance operations		91		749	
Creditors arising out of reinsurance operations		8,031		3,328	
Other creditors		1,202		1,565	
	21	9,324		5,642	
Total liabilities			489,856		354,847

These Syndicate financial statements on pages 12 to 35 were approved by the Board of AmTrust Syndicates Limited on March 2017 and were signed on its behalf by:

Janice Hamilton
Director

The notes on pages 18 to 35 form part of these financial statements.

AmTrust Syndicates Limited: Syndicate 1206

Statement of changes in member's balance As at 31 December 2016

	2016 £000	2015 £000
Member's balance brought forward at 1 January	(38,922)	(39,739)
Loss for the financial year	(4,049)	(18,104)
Personal expenses	-	1,067
Cash call	34,891	17,854
Member's balance carried forward at 31 December	(8,080)	(38,922)

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.

The notes on pages 18 to 35 form part of these financial statements.

AmTrust Syndicates Limited: Syndicate 1206

Statement of cash flows

For the year ended 31 December 2016

	Year ended 31 December 2016	Year ended 31 December 2015
Cash flows from operating activities	£000	£000
Loss for the financial year	(4,049)	(18,104)
<i>Adjustments for:</i>		
Net unrealised (gains) / losses on other financial assets	(5,045)	3,190
Investment return	(9,850)	(5,655)
<i>Movements in operating assets and liabilities:</i>		
(Decrease) / increase in gross technical provisions	100,485	(20,564)
Decrease / (increase) in reinsurers' share of technical provisions	(8,851)	3,815
Decrease / (increase) in debtors	(47,442)	11,450
(Decrease) / increase in creditors	3,682	(1,607)
Acquisition of other financial instruments	(228,049)	(112,829)
Proceeds from sale of other financial instruments	203,516	103,427
Interest received	9,448	5,792
Investment management fees	(348)	(282)
Foreign Exchange	(38,156)	11,275
Net unrealised gains on other financial assets	750	-
Movement in other assets / liabilities	(3,432)	1,066
Net cash inflow / (outflow) from operating activities	(27,341)	(19,026)
Net cash flow from financing activities		
Cash Call from member in respect of underwriting participation	34,891	17,854
Net cash inflow from financing activities	34,891	17,854
Net increase / (decrease) in cash and cash equivalents	7,550	(1,172)
Cash and cash equivalents at 1 January	6,111	7,592
Effect of exchange rate changes on cash and cash equivalents	1,230	(309)
Cash and cash equivalents at 31 December	14,891	6,111

22

The notes on pages 18 to 35 form part of these financial statements.

Notes to the financial statements

For the year ended 31 December 2016

1 Basis of preparation

Syndicate 1206 ("The Syndicate") comprises of single corporate member of Lloyd's (AmTrust Corporate Member Limited), that underwrites business in the London Market.

The financial statements 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 the Republic of Ireland, Financial Reporting Standard 102 (FRS 102), and the applicable Accounting Standard on insurance contracts Financial Reporting Standard 103 (FRS 103). The Syndicate has adopted the March 2016 amendment to paragraph 34.22 of FRS 102 in relation to fair value hierarchy. The fair value hierarchy is detailed in note 13 where 2015 has been restated in line with the new standard.

The financial statements have been prepared on the historical cost basis, except for financial assets at fair value through profit or loss that are measured at fair value.

The financial statements are presented in Pounds Sterling ("GBP"), which is the syndicate's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

After making enquiries, the Directors have a reasonable expectation that continued capital support will be in place such that the Syndicate is able to continue to write new business in future underwriting years of account subject to the successful combination of the underwriting of ASL's aligned syndicates for the 2018 year of account as outlined in the Future Developments section within the Report of the Directors of the Managing Agent. Accordingly, the annual accounts have been prepared on the going concern basis.

2 Judgements and estimates

In preparing these financial statements, the directors of the Managing Agent have made judgements, estimates and assumptions that affect the application of the Syndicate's accounting policies and the reported amounts of assets, liabilities, income and expenses.

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised in the period in which they are identified.

The Syndicate's principal estimates are for claims provisions and related recoveries, estimates of gross premiums written and earned, outwards reinsurance premium ceded and earned, acquisition costs and the valuation of investments. Management regularly reviews and revises these estimates as appropriate based on current information. Any adjustments made to these estimates are reflected in the period in which the estimates are revised.

The most significant estimate is the measurement of the provision for claims outstanding involves judgements and assumptions about the future that have the most significant effect on the amounts recognised in the financial statements.

The provision for claims outstanding comprises the estimated cost of settling all claims incurred but unpaid at the statement of financial position date, whether reported or not. This is a judgemental and complex area due to the subjectivity inherent in estimating the impact of claims events that have occurred but for which the eventual outcome remains uncertain. In particular, judgement is applied when estimating the value of amounts that should be provided for claims that have been incurred at the reporting date but have not yet been reported (IBNR) to the Syndicate.

The amount included in respect of IBNR is based on statistical techniques of estimation applied by the Syndicate Managing Agent's in-house actuaries and reviewed by external consulting actuaries. These techniques generally involve projecting from past experience the development of claims over time to estimate the likely ultimate claims to be experienced and for more recent underwriting years, having regard to variations in 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 higher degree of uncertainty arises from projections, estimates may be based in part on output from rating and other models of business accepted and assessments of underwriting conditions.

In arriving at the level of claims provisions a margin may be applied over and above the actuarial best estimate in line with the Syndicate's Reserving Policy to address the risk of un-modelled claims development.

Further information about the risk that the provision for claims outstanding could be materially different from the ultimate cost of claims settlement is included in note 4.

Notes to the financial statements

For the year ended 31 December 2016 (continued)

3 Accounting policies

The following principal accounting policies have been applied consistently in dealing with items which are considered material in relation to the Syndicate's financial statements

The financial statements have been prepared on an annual basis of accounting, whereby the incurred cost of claims, commission and related expenses are charged against the earned proportion of premiums, net of reinsurance as follows:

a) *Basis of Accounting*

Premiums written

Premiums written comprise premiums on contracts incepted during the financial year. Premiums are shown gross of brokerage payable and exclude taxes and duties levied on them. Estimates are made for pipeline premiums, representing premiums written but not reported to the Syndicate by the balance sheet date, as well as adjustments made in the year to premiums written in prior accounting periods. The directors consider that the estimated provisions for gross premiums written are fairly stated on the basis of the information currently available to them. However, ultimate amounts of premiums will vary as a result of subsequent events and this may result in adjustments to the amounts accounted.

Unearned premiums

Written premium is earned according to the risk profile of the policy. Unearned premium reserves (UPR) 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.

Reinsurance premium ceded

Outwards reinsurance premiums on policies purchased on a "risks attaching during" basis are accounted for in the same accounting period as the premiums for the related direct or inwards business being reinsured.

Outwards reinsurance premiums on policies purchased on a "losses occurring during" basis are accounted for over the period of the contract.

Claims provisions and related recoveries

The provision for claims comprises amounts set aside for claims notified and claims incurred but not yet reported (IBNR).

Gross claims incurred comprise claims and settlement expenses (both internal and external) paid in the year and the movement in provision for outstanding claims and settlement expenses, including an allowance for the cost of claims incurred by the balance sheet date but not reported until after the year end. Claims outstanding are reduced by anticipated salvage and other recoveries.

The amount included in respect of IBNR is based on statistical techniques of estimation applied by the Syndicate's in-house actuaries and reviewed by external consulting actuaries. 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.

In the event of a catastrophe, the Syndicate's approach is to analyse the range of exposures through two primary methods, the Catastrophe Model or on a risk by risk basis, depending on the type of loss occurrence. Both analyses involve a number of departments who consider the ranges arising from the review to determine the Syndicate's ultimate estimate of the event. The Catastrophe Model exercise is principally undertaken by the Catastrophe Modelling, Risk Management and Underwriting teams based on the loss footprints provided by external agencies. The risk by risk analysis is performed by the Claims and Underwriting teams taking into account internal information as well as that received from third party sources.

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.

Notes to the financial statements

For the year ended 31 December 2016 (continued)

3 Accounting policies (continued)

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 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, 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 annual accounts for the period in which the adjustments are made. The methods used, and the estimates made, are reviewed regularly.

b) Unexpired risks provision

A provision for unexpired risks is made where claims, acquisition costs and related expenses, 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 provision for unexpired risks is calculated separately by reference to all classes of business which are managed together, after taking into account relevant investment return.

c) Acquisition costs

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

d) Segmental Reporting

The segmental analysis provided in Note 5 to the financial statements is produced on the basis of the classes of business as required by Lloyd's.

e) Foreign currencies

The functional currency is Sterling. Income and expenditure in US dollars, Canadian dollars, Japanese yen 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.

Monetary assets and liabilities are translated into Sterling at the rates of exchange at the balance sheet dates. Foreign exchange gains and losses are recognised in the non-technical account. Non-monetary assets and liabilities are translated into the functional currency using the monthly average rate of exchange prevailing at the time of the transaction as a proxy for transactional rates

Before the adoption of FRS 102 and FRS 103 for the year ended 31 December 2015 insurance assets and liabilities were considered to be non-monetary items. Under FRS 103 they are now required to be treated as monetary items.

f) Financial assets and liabilities

In applying FRS 102, the Syndicate has chosen to apply the recognition and measurement provisions of IAS 39 Financial Instruments: Recognition and Measurement (as adopted for use in the EU).

The accounting classification of financial assets and liabilities determines the way in which they are measured and changes in those values are presented in the income statement. Financial assets and liabilities are classified on their initial recognition. Financial assets and financial liabilities at fair value through profit and loss comprise financial assets and financial liabilities held for trading and those designated as such on initial recognition. Purchases and sales of financial assets are recognised and derecognised on the trade date, i.e. the date that the Syndicate commits itself to purchase or sell the asset.

Financial assets at fair value through profit or loss are measured at fair value plus, for a financial asset or liability not at fair value through profit and loss, transaction costs that are directly attributable to its acquisition or issue. Financial assets at fair value through profit or loss are measured at fair value with fair value changes recognised immediately in profit or loss. Net gains or net losses on financial assets measured at fair value through profit or loss includes foreign exchange gains/losses arising on their translation to the functional currency, but excludes interest.

Notes to the financial statements

For the year ended 31 December 2016 (continued)

3 Accounting policies (continued)

Investments in shares and other variable yield securities, units in unit trusts and debt and other fixed income securities are managed on a fair value basis in accordance with the Syndicate's investment strategy. Deposits with credit institutions, debtors and accrued interest are classified as loans and receivables. Financial assets at fair value

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

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in fair value and are used by the Syndicate in the management of its short-term commitments.

g) 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 fair value are calculated as the difference between sale proceeds and purchase price. Movements in unrealised gains and losses on investments represent the difference between the valuation at the balance sheet date, 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.

h) 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 balance sheet under the heading 'Member's balances'.

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

i) Pension costs

AmTrust Syndicate Holdings Limited ("ASH"), the parent company of AmTrust at Lloyd's, or other group companies employ all individuals working on the Syndicate. ASH operates a defined contribution scheme. Pension contributions relating to Syndicate staff are charged to the Syndicate and included within net operating expenses.

4 Risk and capital management

The Managing Agent has overall responsibility for the establishment and oversight of the Syndicate's risk management framework. It has established a Risk Committee to oversee the operation of the Syndicate's risk management framework and to review and monitor the management of the risks to which the Syndicate is exposed. These risk management policies are established to identify and analyse the risks faced by the Syndicate, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

a) Insurance risk

Management of insurance risk

Insurance risk includes the risks that a policy will be written for too low a premium or provide inappropriate cover (underwriting risk), that the frequency or severity of insured events will be higher than expected (claims risk), or that estimates of claims subsequently prove to be insufficient (reserving risk). The Board manages insurance risk by agreeing its appetite for these risks annually through the business plan, which sets out targets for volumes, pricing, line sizes and retention by class of business. The Board then monitors performance against the business plan.

Notes to the financial statements

For the year ended 31 December 2016 (continued)

4 Risk and capital management (continued)

The Managing Agent uses catastrophe modelling software to model maximum probable losses from catastrophe-exposed business in major territories. Reserve adequacy is monitored through quarterly review by the Syndicate business analysis team. In addition, the Agency receives independent external analyses of the reserve requirements annually.

Binding authority arrangements are an important part of the business and present operational risk to the Syndicate. The Managing Agent has established a dedicated Product Governance Committee to oversee pre-appointment reviews and on-going annual reviews including periodic on-site third party audits.

Concentration of insurance risk

The Syndicate's exposure to insurance risk is well diversified as shown by the following table which provides an analysis of the geographical breakdown of its written premiums by destination.

	2016	2015
	£000	£000
UK	64,406	59,011
USA	94,994	52,882
Australia	12,994	6,936
Canada	16,255	12,198
Other EU Countries	19,181	10,292
Other	30,019	13,126
	237,849	154,445

Sensitivity to insurance risk

The liabilities established could be significantly lower or higher than the ultimate cost of settling the claims arising. This level of uncertainty varies between the classes of business and the nature of the risk being underwritten and can arise from developments in case reserving for large losses or catastrophes or from changes in the level of attritional losses. A five per cent increase or decrease in the ultimate cost of settling gross claims arising is considered to be reasonably possible at the reporting date and would have the following approximate effect on the result of the Syndicate.

	2016		2015	
	5% Increase	5% Decrease	5% Increase	5% Decrease
	£000	£000	£000	£000
Gross claims	(17,624)	17,624	(15,560)	15,560
Reinsurer's share	4,804	(7,814)	2,548	(7,356)
Net impact on member's balances	(12,820)	9,810	(13,012)	8,204

b) Investment risk

The key aspect of investment risk is the risk of the Syndicate's investments not meeting their anticipated returns. All investments are managed under the direction of the Investment Committee. The broad investment strategy adopted is focused on capital preservation and in that context on maximising return while maintaining a low risk portfolio. Investment management has been outsourced to professional fund managers whose performance is monitored by the Investment Committee.

c) Credit risk

Credit risk is the risk of financial loss to the Syndicate if a counterparty fails to discharge a contractual obligation. The Syndicate is exposed to credit risk in respect of the following:

- Debt securities;
- Units in unit trusts and overseas deposits;
- Cash at bank and deposits with credit institutions;
- Reinsurers' share of insurance liabilities
- Amounts due from reinsurers in respect of settled claims
- Amounts due from group undertakings
- Amounts due from insurance intermediaries

AmTrust Syndicates Limited: Syndicate 1206

Notes to the financial statements

For the year ended 31 December 2016 (continued)

4 Risk and capital management (continued)

The Syndicate's credit risk in respect of debt securities is managed by placing limits on its exposure to a single counterparty, by reference to the credit rating of the counterparty. The Syndicate also limits the amount of cash and cash equivalents that can be deposited with a single counterparty.

The Syndicate's exposure to reinsurance counterparties is managed by the Executive Committee which establishes standards applicable to all reinsurers and the reinsurance department which monitors the financial status of reinsurance debtors. The Board's policy is that the Syndicate will only reinsure with businesses rated A- or higher unless collateralised.

The credit rating of financial assets, all of which are neither past due or impaired is as follows:

31 December 2016	AAA	AA	A	BBB or less	Not rated	Total
	£000	£000	£000	£000	£000	£000
Shares and other variable yield securities and units in unit trusts	-	1,236	-	-	-	1,236
Debt securities and other fixed income securities	11,017	73,173	70,662	76,397	5,167	236,416
Overseas deposits	23,538	7,221	4,200	1,824	4,592	41,375
Cash at bank and in hand	-	-	-	14,891	-	14,891
Reinsurers' share of insurance liabilities	-	-	48,382	126	3,618	52,126
Reinsurance debtors	-	-	253	-	52	305
Other debtors and accrued income	-	-	-	-	143,507	143,507
Total credit risk	34,555	81,630	123,497	93,238	156,936	489,856
<hr/>						
31 December 2015	AAA	AA	A	BBB or less	Not rated	Total
	£000	£000	£000	£000	£000	£000
Shares and other variable yield securities and units in unit trusts	-	2,040	-	294	-	2,334
Debt securities and other fixed income securities	7,396	41,264	65,696	54,458	-	168,814
Overseas deposits	22,124	10,446	4,349	937	87	37,943
Cash at bank and in hand	-	-	-	6,111	-	6,111
Reinsurers' share of insurance liabilities	-	-	42,498	309	3,589	46,396
Reinsurance debtors	-	-	678	(52)	54	680
Other debtors and accrued income	-	-	-	-	92,569	92,569
Total credit risk	29,520	53,750	113,221	62,057	96,299	354,847

d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument or insurance contract will fluctuate because of changes in market prices which could be caused by movements in interest rates or exchange rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return on risk.

Interest rate risk arises primarily from the Syndicate's financial investments, cash and overseas deposits. The risk of change in the fair value of these assets is managed by primarily investing in short-duration financial investments and cash and cash equivalents. The Investment Committee monitors the duration of these assets on a regular basis. An analysis of the Syndicate's sensitivity to interest rate changes on the result and net assets of the Syndicate is presented in the table overleaf.

AmTrust Syndicates Limited: Syndicate 1206

Notes to the financial statements

For the year ended 31 December 2016 (continued)

4 Risk and capital management (continued)

Interest rate risk	2016 £000	2015 £000
Impact of 50 basis point increase on result	(5,908)	(3,946)
Impact of 50 basis point decrease on result	6,039	4,118
Impact of 50 basis point increase on net assets	(5,908)	(3,946)
Impact of 50 basis point decrease on net assets	6,039	4,118

The key aspect of exchange rate risk is that the Syndicate incurs losses on foreign exchange movements as a result of mismatches between the currencies in which assets and liabilities are denominated. The Managing Agent's Chief Financial Officer ("CFO") reviews currency matching quarterly. Where there is a significant mismatch, appropriate risk mitigation techniques to minimise the effects of currency movements are considered such as the use of currency forward contracts. The table below summarises the carrying value of the Syndicate's assets and liabilities at the reporting date.

31 December 2016	GBP £000	USD £000	EUR £000	CAD £000	AUD £000	JPY £000	Total £000
Financial investments	39,532	107,421	30,543	42,007	18,149	-	237,652
Overseas deposits	5,206	4,366	-	6,229	25,574	-	41,375
Reinsurers' share of technical provisions	22,439	24,991	3,726	6,784	1,841	-	59,782
Insurance and reinsurance receivables	11,984	66,032	5,671	2,973	6,037	364	93,061
Cash and cash equivalents	7,523	4,387	743	-	641	1,597	14,891
Other assets	13,779	21,795	2,645	2,369	2,383	124	43,095
Total assets	100,463	228,993	43,328	60,362	54,625	2,085	489,856
Technical provisions	(123,551)	(228,562)	(39,280)	(42,800)	(49,440)	(4,979)	(488,612)
Insurance and reinsurance payables	(38)	(4,076)	(3,701)	116	(435)	12	(8,122)
Other creditors	(4,146)	3,162	(205)	10	(23)	-	(1,202)
Total liabilities	(127,735)	(229,476)	(43,186)	(42,674)	(49,898)	(4,967)	(497,936)
Net assets / (liabilities)	(27,272)	(483)	142	17,688	4,727	(2,882)	(8,080)
31 December 2015	GBP £000	USD £000	EUR £000	CAD £000	AUD £000	JPY £000	Total £000
Financial investments	-	107,573	18,804	44,771	-	-	171,148
Reinsurers' share of technical provisions	21,110	22,189	1,371	3,714	2,547	-	50,931
Insurance and reinsurance receivables	14,792	31,799	2,654	2,065	4,343	119	55,772
Cash and cash equivalents	5,275	7,565	1,709	5,105	23,943	457	44,054
Other assets	10,701	15,935	2,421	2,055	1,780	50	32,942
Total assets	51,878	185,061	26,959	57,710	32,613	626	354,847
Technical provisions	(128,769)	(154,813)	(35,167)	(23,353)	(43,737)	(2,288)	(388,127)
Insurance and reinsurance payables	(69)	(3,144)	(1,181)	135	136	46	(4,077)
Other creditors	(1,565)	-	-	-	-	-	(1,565)
Total liabilities	(130,403)	(157,957)	(36,348)	(23,218)	(43,601)	(2,242)	(393,769)
Net assets / (liabilities)	(78,525)	27,104	(9,389)	34,492	(10,988)	(1,616)	(38,922)

If the exchange rates of all non-GBP currencies moved by a foreseeable 5% either to the benefit or detriment of the Syndicate at the same time, the impact on both the result for the year and the members' balances would be £6m (2015: £4.2m).

Notes to the financial statements

For the year ended 31 December 2016 *(continued)*

4 Risk and capital management *(continued)*

e) Liquidity risk

This is the risk that the Syndicate will not be able to meet its liabilities as they fall due, owing to a shortfall in cash. The CFO monitors cash flows and manages liquid assets to ensure that cash is available to meet obligations and operational liquidity needs. The Syndicate is exposed to daily calls on its available cash resources mainly from claims arising from insurance contracts and its ongoing expenses. The table below summarises the maturity profile of the Syndicate's financial assets and liabilities based on the estimated timing of claims payments and other undiscounted contractual obligations.

31 December 2016	Carrying amount	Total cash flows	Less than 1 year	1-3 years	3-5 years	More than 5 years
	£000	£000	£000	£000	£000	£000
Shares and other variable yield securities and units in unit trusts	1,236	1,236	1,236	-	-	-
Debt securities and other fixed income securities	236,416	236,416	1,835	12,283	46,847	175,451
Overseas deposits	41,375	41,375	41,375	-	-	-
Reinsurers share of technical provisions	59,782	59,782	29,206	16,726	6,146	7,704
Debtors and accrued interest	136,156	136,156	136,156	-	-	-
Cash at bank and in hand	14,891	14,891	14,891	-	-	-
Total assets	489,856	489,856	224,699	29,009	52,993	183,155
Technical provisions	(488,612)	(488,612)	(249,228)	(143,416)	(55,340)	(40,628)
Insurance and reinsurance payables	(8,121)	(8,121)	(8,121)	-	-	-
Other creditors	(1,202)	(1,202)	(1,202)	-	-	-
Total liabilities	(497,935)	(497,935)	(258,551)	(143,416)	(55,340)	(40,628)
Net assets / (liabilities)	(8,079)	(8,079)	(33,852)	(114,407)	(2,347)	142,527

AmTrust Syndicates Limited: Syndicate 1206

Notes to the financial statements

For the year ended 31 December 2016 (continued)

4 Risk and capital management (continued)

e) Liquidity risk (continued)

31 December 2015	<i>Carrying amount</i>	<i>Total cash flows</i>	<i>Less than 1 year</i>	<i>1-3 years</i>	<i>3-5 years</i>	<i>More than 5 years</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Shares and other variable yield securities and units in unit trusts	2,334	2,334	2,334	-	-	-
Debt securities and other fixed income securities	168,814	168,814	3,522	4,979	21,149	139,164
Overseas deposits	37,943	37,943	37,943	-	-	-
Reinsurers share of technical provisions	50,931	50,931	20,569	16,566	6,980	6,816
Debtors and accrued interest	88,714	88,714	88,714	-	-	-
Cash at bank and in hand	6,111	6,111	6,111	-	-	-
Total assets	354,847	354,847	159,193	21,545	28,129	145,980
Technical provisions	(388,127)	(388,127)	(187,952)	(111,513)	(46,985)	(41,677)
Insurance and reinsurance payables	(4,077)	(4,077)	(4,077)	-	-	-
Other creditors	(1,565)	(1,565)	(1,565)	-	-	-
Total liabilities	(393,769)	(393,769)	(193,594)	(111,513)	(46,985)	(41,677)
Net assets / (liabilities)	(38,922)	(38,922)	(34,401)	(89,968)	(18,856)	104,303

f) Operational risk

This is the risk that errors caused by people, processes or systems lead to losses to the Syndicate. The Managing Agent seeks to manage this risk through the use of detailed procedures manuals and a structured programme of testing of processes and systems by internal audit. The internal audit process is designed to provide management and the Board, through its Audit Committee, with reasonable assurance that the controls and procedures are able to contain the risks within acceptable limits.

g) Regulatory risk

Regulatory risk is the risk of loss owing to a breach of regulatory requirements or failure to respond to regulatory change. The Managing Agent is required to comply with the requirements of the Financial Conduct Authority, the Prudential Regulation Authority and Lloyd's. Lloyd's requirements include those imposed on the Lloyd's market by overseas regulators, particularly in respect of US Situs business. The Managing Agent has a compliance officer who monitors regulatory developments and assesses the impact on the Managing Agent's policy.

h) Capital management

The Managing Agent's objectives in managing the capital of the Syndicate, consistent with the risk profile and the regulatory and market requirements of its business are:

- To match the profile of assets and liabilities, taking account of the risks inherent in the business;
- To satisfy the requirements of the policyholders, regulators and rating agencies; and
- To manage exposure to movements in exchange rates.

Capital framework at Lloyd's

The Society of Lloyd's ("Lloyd's") is a regulated undertaking and subject to the supervision of the Prudential Regulation Authority ("PRA") under the Financial Services and Markets Act 2000 and in accordance with the Solvency II framework. Within this supervisory framework, Lloyd's applies capital requirements at member level and centrally to ensure that Lloyd's complies with Solvency II requirements, and beyond that to meet its own financial strength, licence and ratings objectives.

Notes to the financial statements

For the year ended 31 December 2016 (continued)

4 Risk and capital management (continued)

Although, as described below, Lloyd's capital setting processes use a capital requirement set at syndicate level as a starting point, the requirement to meet Solvency II and Lloyd's capital requirements apply at overall and member level only respectively, not at syndicate level. Accordingly, the capital requirement in respect of Syndicate 1206 is not disclosed in these financial statements.

Lloyd's capital setting process

In order to meet Lloyd's requirements, each syndicate is required to calculate its Solvency Capital Requirement ("SCR") for the prospective underwriting year. This amount must be sufficient to cover a 1 in 200 year loss, reflecting uncertainty in the ultimate run-off of underwriting liabilities ("SCR to ultimate"). The syndicate must also calculate its SCR at the same confidence level but reflecting uncertainty over a one year time horizon ("one year SCR") for Lloyd's to use in meeting Solvency II requirements. The SCRs of each syndicate are subject to review by Lloyd's and approval by the Lloyd's Capital and Planning Group.

A syndicate may be comprised of one or more underwriting members of Lloyd's. Each member is liable for its own share of underwriting liabilities on the syndicates on which it participates though not other members' shares. Accordingly, the capital requirement that Lloyd's sets for each member operates on a similar basis. Each member's SCR is therefore determined by the sum of the member's shares of the syndicates' SCR to ultimate. Where a member participates on more than one syndicate, a credit for diversification is provided to reflect the spread of risk, but consistent with determining an SCR which reflects the capital requirement to cover a 1 in 200 loss to ultimate for that member. Over and above this, Lloyd's applies a capital uplift to the member's capital requirement, known as the Economic Capital Assessment ("ECA"). The purpose of this uplift, which is a Lloyd's not a Solvency II requirement, is to meet Lloyd's financial strength, licence and ratings objectives. The capital uplift applied for 2016 was 35% of the member's SCR to ultimate.

Provision of capital by members

Each member may provide capital to meet its ECA either by assets held in trust by Lloyd's specifically for that member (Funds at Lloyd's), assets held and managed within a syndicate (funds in syndicate), or as the member's share of the members' balances on each syndicate on which it participates. Accordingly, all of the assets less liabilities of the Syndicate, as represented in the members' balances reported on the statement of financial position on page 15, represent resources available to meet members' and Lloyd's capital requirements.

Funds at Lloyd's

Funds at Lloyd's ("FAL") 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 member's FAL to meet liquidity requirements or to settle losses in accordance with a formal process controlled by Lloyd's.

5 Segmental analysis

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

2016	Gross Premiums Written £000	Gross Premiums Earned £000	Gross Claims Incurred £000	Reinsurance Balance £000	Net Operating Expenses £000	Underwriting Result £000
Direct insurance:						
Accident and health	29,797	29,566	(15,053)	(920)	(13,145)	448
Motor (other classes)	35	14	(6,539)	491	(5)	(6,039)
Marine aviation and transport	27,318	14,628	(12,597)	(2,081)	(5,429)	(5,479)
Fire and other damage to property	78,288	71,142	(28,374)	(7,006)	(27,991)	7,771
Third party liability	25,300	27,103	(19,631)	454	(10,241)	(2,315)
Pecuniary loss	7,498	4,663	(506)	444	(3,291)	1,310
	168,236	147,116	(82,700)	(8,618)	(60,102)	(4,304)
Reinsurance acceptances	69,613	53,515	(50,950)	(5,151)	(12,365)	(14,951)
Total	237,849	200,631	(133,650)	(13,769)	(72,467)	(19,255)

AmTrust Syndicates Limited: Syndicate 1206

Notes to the financial statements

For the year ended 31 December 2016 (continued)

5 Segmental analysis (continued)

2014	Gross Premiums Written £000	Gross Premiums Earned £000	Gross Claims Incurred £000	Reinsurance Balance £000	Net Operating Expenses £000	Underwriting Result £000
Direct insurance:						
Accident and health	29,930	29,569	(16,103)	(990)	(14,077)	1,601
Motor (other classes)	6	6	(1,508)	13	349	(1,140)
Marine aviation and transport	1,125	1,413	(61)	(149)	(785)	418
Fire and other damage to property	62,478	65,318	(21,678)	2,525	(25,375)	20,790
Third party liability	16,952	24,928	(58,852)	1,679	(11,224)	(43,469)
Pecuniary loss	5,599	5,503	(1,743)	(837)	(3,292)	(369)
	<u>116,090</u>	<u>126,737</u>	<u>(99,945)</u>	<u>2,241</u>	<u>(54,404)</u>	<u>(25,371)</u>
Reinsurance acceptances	38,355	33,903	(10,994)	(6,594)	(9,828)	6,487
Total	<u>154,445</u>	<u>160,640</u>	<u>(110,939)</u>	<u>(4,353)</u>	<u>(64,232)</u>	<u>(18,884)</u>

Commissions on direct insurance gross premiums earned during 2016 were £48,440k (2015 - £13,581k).

All premiums were written in the UK.

6 Currency rates of exchange

The rates of exchange applied in these accounts are:

	31 December 2016	Average for 2016	31 December 2015	Average for 2015
Australian Dollar	1.7102	1.8257	2.08	2.05
Canadian Dollar	1.6553	1.7968	2.01	1.96
Euro	1.1717	1.2246	1.42	1.38
Japanese Yen	144.1870	147.6823	185.39	185.34
US Dollar	1.2325	1.3557	1.50	1.53

7 Movement in prior year's provision for claims outstanding

The Syndicate has applied a similar approach at current year end to that applied at the previous year end in establishing the technical provisions for claims outstanding reserves and reinsurers' share thereof. Included within net claims incurred of £121,917k (2015 - £99,481) is a deterioration of £6,859k (2015 – deterioration of £29,646k) to the claims reserves established at the prior year end principally due to adverse developments in prior year reserves on the Treaty class.

AmTrust Syndicates Limited: Syndicate 1206

Notes to the financial statements

For the year ended 31 December 2016 (continued)

8 Net operating expenses

	2016	2015
	£000	£000
Brokerage and commissions	55,095	38,417
Change in deferred brokerage	(3,627)	3,238
Other acquisition costs	357	241
Change in deferred other acquisition costs	(4,269)	1,628
Administrative expenses	24,911	20,522
Reinsurers' commissions and profit participations	-	186
	72,467	64,232
	72,467	64,232

Administrative expenses include:

	2016	2015
	£000	£000
Auditors' remuneration		
Fees payable to the Syndicate's auditor, KPMG LLP (2015: BDO LLP), for the audit of the Syndicate annual accounts	159	135
Fees payable to KPMG LLP (2015: BDO LLP) for other services:		
Other services pursuant to legislation, including the audit of the regulatory return	65	40
Other assurance services	-	5
	224	180
	224	180
Members' standard personal expenses (Lloyd's subscriptions, New Central Fund contributions & Managing Agent's fees)	3,550	3,280
	3,550	3,280
	3,550	3,280

9 Staff numbers and costs

All staff (including directors) are employed by AmTrust Syndicate Holdings Limited ("ASH") or other group companies and their costs recharged to the Managing Agent. The following amounts were recharged to the Syndicate in respect of staff costs (including claims staff costs):

	2016	2015
	£000	£000
Wages and salaries	10,236	6,381
Social security costs	1,361	892
Other pension costs	760	512
	12,357	7,785
	12,357	7,785

The average number of employees (including directors) employed by the ASH or other group companies but working for the Syndicate during the year was as follows:

	2016	2015
	Number	Number
Administration and finance	6	7
Underwriting	31	34
Technical support	39	37
	76	78
	76	78

AmTrust Syndicates Limited: Syndicate 1206

Notes to the financial statements

For the year ended 31 December 2016 (continued)

10 Emoluments of the directors of AmTrust at Lloyd's Limited and the active underwriter

During the year AmTrust at Lloyd's Limited recharged the syndicate £474,010 (2014 - £568,952) in respect of emoluments and pension costs paid to its directors. This included aggregate remuneration, including pension contributions, in respect of the active underwriter of £285,228 (2014 - £212,000).

11 Investment return

	2016 £000	2015 £000
Investment income		
Interest and dividend income	7,607	6,506
Gains on the realisation of investments	3,184	1,770
	10,791	8,276
Investment expenses and charges		
Investment management expenses	(348)	(282)
Losses on disposal of investments	(1,343)	(2,339)
	(1,691)	(2,621)
Net unrealised gains/(losses) on investments	750	(3,162)
Total investment return	9,850	2,493
On financial assets at fair value through profit and loss	10,198	2,775
On financial assets at amortised cost	-	-
	10,198	2,775
Investment management fees	(348)	(282)
Total investment return	9,850	2,493

12 Other income / expenses

Other income / expenses represents the profit or loss on foreign exchange

	2016 £000	2015 £000
Profit / (Loss) on exchange	5,356	(1,713)
	5,356	(1,713)

13 Other financial Investments

	Carrying Value		Cost	
	2016 £000	2015 £000	2016 £000	2015 £000
Shares and other variable yield securities and units in unit trusts	1,236	2,334	1,236	2,334
Debt securities and other fixed income securities	236,416	168,814	235,593	172,283
	237,652	171,148	236,829	174,617
Financial assets measured at fair value through profit and loss	237,652	171,148	236,829	174,617
Financial assets measured at amortised cost	-	-	-	-
	237,652	171,148	236,829	174,617

AmTrust Syndicates Limited: Syndicate 1206

Notes to the financial statements

For the year ended 31 December 2016 (continued)

13 Other financial investments (continued)

Shares and other variable yield securities and units in unit trusts and debt securities and other fixed income securities are analysed between the three levels in the fair value hierarchy as follows:

2016	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Shares and other variable yield securities and units in unit trusts	-	1,236	-	1,236
Listed debt securities and other fixed income securities	730	235,686	-	236,416
	<u>730</u>	<u>236,922</u>	<u>-</u>	<u>237,652</u>
2015 (restated*)	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Shares and other variable yield securities and units in unit trusts	-	2,334	-	2,334
Listed debt securities and other fixed income securities	448	168,366	-	168,814
	<u>448</u>	<u>170,700</u>	<u>-</u>	<u>171,148</u>

*As a result of the amendment to paragraph 34.22 of FRS 102, 2015 has been restated.

In accordance with the amended FRS 102, included in the level 1 category are financial assets that are measured by reference to published quotes in an active market where quoted prices are readily available from an exchange and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Included in the level 2 category are financial assets measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions.

The level 3 category includes financial assets measured using a valuation technique based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are based on available market data but are based on assumptions that market participants would use in pricing the asset.

14 Debtors arising out of direct insurance operations

	2016 £000	2015 £000
Due within one year		
Intermediaries	75,667	41,992
	<u>75,667</u>	<u>41,992</u>

15 Debtors arising out of reinsurance operations

	2016 £000	2016 £000
Due within one year	17,394	13,780
	<u>17,394</u>	<u>13,780</u>

16 Other debtors

	2016 £000	2015 £000
Balance with other group undertakings	2,149	4,141
Other debtors	511	696
	<u>2,660</u>	<u>4,837</u>

AmTrust Syndicates Limited: Syndicate 1206

Notes to the financial statements

For the year ended 31 December 2016 (continued)

17 Overseas deposits

Overseas deposits are lodged as a condition of conducting business in certain countries and are managed by Lloyd's centrally or by investment managers appointed on their behalf. The assets contained within the overseas deposits are as follows:

2016	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Shares and other variable yield securities and units in unit trusts	4,541	-	-	4,541
Listed debt securities and other fixed income securities	3,251	33,532	-	36,783
Cash at bank and in hand	51	-	-	51
	<u>7,843</u>	<u>33,532</u>	<u>-</u>	<u>41,375</u>
	<u><u>7,843</u></u>	<u><u>33,532</u></u>	<u><u>-</u></u>	<u><u>41,375</u></u>
2015	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Shares and other variable yield securities and units in unit trusts	775	3,818	-	4,593
Listed debt securities and other fixed income securities	29,014	4,316	-	33,330
Cash at bank and in hand	18	2	-	20
	<u>29,807</u>	<u>8,136</u>	<u>-</u>	<u>37,943</u>
	<u><u>29,807</u></u>	<u><u>8,136</u></u>	<u><u>-</u></u>	<u><u>37,943</u></u>

The investments and cash have not been included on the balance sheet within Investments or Cash at bank and in hand as they are not under the direct control of the Managing Agency. Cash included in Overseas Deposits has not been included with Cash and cash equivalents (Note 22) as it is not readily available for use by the Syndicate.

18 Deferred acquisition costs

	2016 £000	2015 £000
Balance at 1 January	26,175	31,270
Incurred costs deferred	55,452	38,658
Amortisation	(47,556)	(43,524)
Effect of movements in exchange rates	4,012	(229)
Balance at 31 December	<u><u>38,083</u></u>	<u><u>26,175</u></u>

AmTrust Syndicates Limited: Syndicate 1206

Notes to the financial statements

For the year ended 31 December 2016 (continued)

19 Technical provisions

	Gross provisions £000	2016 Reinsurance assets £000	Net £000	Gross provisions £000	2015 Reinsurance assets £000	Net £000
Incurred claims outstanding						
Claims notified	147,388	(23,849)	123,539	170,317	(38,837)	131,480
Claims incurred but not reported	160,716	(22,547)	138,169	151,568	(11,994)	139,574
Balance at 1 January	308,104	(46,396)	261,708	321,885	(50,831)	271,054
Movement in provision	2,648	(182)	2,466	(7,705)	4,039	(3,666)
Exchange adjustments	42,762	(5,548)	37,214	(6,076)	396	(5,680)
Balance at 31 December	<u>353,514</u>	<u>(52,126)</u>	<u>301,388</u>	<u>308,104</u>	<u>(46,396)</u>	<u>261,708</u>
Claims notified	188,931	(35,363)	153,568	147,388	(23,849)	123,539
Claims incurred but not reported	164,583	(16,763)	147,820	160,716	(22,547)	138,169
Balance at 31 December	<u>353,514</u>	<u>(52,126)</u>	<u>301,388</u>	<u>308,104</u>	<u>(46,396)</u>	<u>261,708</u>
Unearned premiums						
Balance at 1 January	80,023	(4,535)	75,488	86,806	(3,915)	82,891
Premiums written in year	237,849	(27,711)	210,138	154,446	(16,463)	137,983
Premiums earned in year	(200,631)	25,502	(175,129)	(160,640)	15,811	(144,829)
Exchange adjustments	17,857	(912)	16,945	(589)	32	(557)
Balance at 31 December	<u>135,098</u>	<u>(7,656)</u>	<u>127,442</u>	<u>80,023</u>	<u>(4,535)</u>	<u>75,488</u>

20 Claims development

Claims development is shown in the tables below on an underwriting year basis both gross and net of reinsurance ceded. Balances have been translated at 31 December 2016 rates of exchange.

Underwriting year - gross	2011 £000	2012 £000	2013 £000	2014 £000	2015 £000	2016 £000	Total £000
Estimate of gross incurred claims							
At the end of underwriting year	86,317	48,121	58,671	47,164	34,386	68,444	
One year later	168,638	108,615	117,550	105,991	101,983		
Two years later	176,334	127,697	127,108	111,066			
Three years later	194,043	131,656	120,182				
Four years later	211,419	136,440					
Five years later	211,437						
Less: gross claims paid	162,194	98,731	83,182	61,574	42,833	13,970	
Gross claims reserve	49,243	37,709	37,000	49,492	59,150	54,474	287,068
Gross claims reserve for 2010 and prior years	66,446						66,446
Gross unearned portion of claims							
Gross claims reserve	<u>115,689</u>	<u>37,709</u>	<u>37,000</u>	<u>49,492</u>	<u>59,150</u>	<u>54,474</u>	<u>353,514</u>

AmTrust Syndicates Limited: Syndicate 1206

Notes to the financial statements

For the year ended 31 December 2016 (continued)

20 Claims development (continued)

Underwriting year - net	2011 £000	2012 £000	2013 £000	2014 £000	2015 £000	2016 £000	Total £000
Estimate of gross incurred claims At the end of underwriting year	71,683	39,460	48,833	44,308	32,497	63,838	
One year later	146,471	88,021	106,440	99,477	95,612		
Two years later	155,480	102,221	115,390	104,509			
Three years later	173,086	106,176	112,766				
Four years later	180,932	107,129					
Five years later	181,716						
Less: net claims paid	141,531	80,099	76,024	61,574	41,877	13,921	
Net claims reserve	40,185	27,030	36,742	42,935	53,735	49,917	250,544
Net claims reserve for 2010 and prior years	50,844						50,844
Net unearned portion of claims Net claims reserve	91,029	27,030	36,742	42,935	53,735	49,917	301,388

21 Financial liabilities at amortised cost

	2016 £000	2015 £000
Creditors arising out of direct insurance operations	91	749
Creditors arising out of reinsurance operations	8,031	3,328
Other creditors	1,202	1,565
Total financial liabilities at amortised cost	<u>9,324</u>	<u>5,642</u>

22 Cash and cash equivalents

	2016 £000	2015 £000
Cash at bank and in hand	14,891	6,111
Total cash and cash equivalents	<u>14,891</u>	<u>6,111</u>

23 Amounts held within Premium Trust Funds

A large part of the Syndicate's assets are required to be held in trust funds. The total amount concerned as at 31 December 2016 was £382,679k (2015: £272,109k). These assets comprise all the Syndicate's investments, cash and overseas deposits together with certain debtors net of creditors. The Syndicate writes business in certain jurisdictions that require the deposit of cash and investments in locally held trust funds therefore preventing the free transfer of cash between currencies and locations.

AmTrust Syndicates Limited: Syndicate 1206

Notes to the financial statements

For the year ended 31 December 2016 (continued)

24 Related parties

Following the novation of the managing agency agreement on 3 March 2017, Syndicate 1206 is now managed by AmTrust Syndicates Limited. Until that date it was managed by AmTrust at Lloyd's Limited, a subsidiary of AmTrust Syndicate Holdings Limited. Messrs Barrett, Cadle, Caviet and Dewey are, and Messrs Contractor, Jansli, Sibthorpe and Sweatman were directors of AmTrust Syndicate Holdings Limited. During the year Managing Agents fees of £2,000,000 (2015 - £2,000,000) were charged by the Managing Agent to the Syndicate. AmTrust at Lloyds Limited was also the Managing Agent for Syndicate 44 (from 3 March 2017 AmTrust Syndicates Limited) and, from 1 April 2015, Syndicate 2526. During the year Syndicate 44 loaned funds to this Syndicate. The amount outstanding at 31 December 2016 was £Nil (2015 - £Nil).

Employment of staff, provision of accommodation and related services are provided by AmTrust Syndicate Holdings Limited to the Syndicate on a non-profit basis and recharges of £21,272,000 were recharged to the Syndicate by AmTrust Syndicate Holdings, and paid on the Syndicate's behalf by AmTrust at Lloyd's Limited (2015 - £16,589,000). At 31 December 2015 the amount due to AmTrust at Lloyd's Limited was £1,022,000 (2015 – due from AmTrust at Lloyd's Limited £2,347,000).

Syndicate 1206's entire capital since 2000 has been provided by AmTrust Corporate Member Limited, a subsidiary of AmTrust Lloyd's Holdings Limited, itself the parent company of AmTrust Syndicate Holdings Limited. Messrs Barrett, Cadle, Dewey, and Ms Hamilton are and Messrs Contractor, Jansli, Sibthorpe and Sweatman were directors of AmTrust Corporate Member Limited.

AmTrust Syndicate Services Limited, a subsidiary of AmTrust Syndicate Holdings Limited, acts as a means of introducing business to Syndicate 1206, from non-Lloyd's brokers, under a binding authority arrangement. During the year £Nil (2015 - £Nil) was processed through this company. Messrs Barrett, Cadle, Dewey, Jansli, Sibthorpe and Sweatman are and Mr Contractor was a director of AmTrust Syndicate Services Limited.

AmTrust Underwriting Limited, a subsidiary of AmTrust Syndicate Holdings Limited, is an insurance intermediary authorised by the FCA and produces Accident & Health and Commercial Combined business to the Syndicate. Premiums amounting to £2,324k (2015 - £3,324k) were received from this company during 2016. Messrs Barrett, Cadle, and Dewey are, and Messrs Caviet, Contractor, Jackson, Jansli, Sibthorpe, Sweatman and Ms Fox were directors of this company.

AmTrust Claims Services Limited (ACS), a subsidiary of AmTrust Syndicate Holdings Limited, is a claims management company in California and adjusts claims on behalf of the Syndicate and others on the Liability book of business. Messrs Dewey, Sweatman, Sibthorpe, Caviet and Cadle are directors of ACS and Mr Contractor was a director of ACS.

The ultimate holding company is AmTrust Financial Services Inc. (AFSI), a company incorporated in Delaware and listed on NASDAQ Global Market. A copy of AFSI's consolidated accounts can be obtained from that company's registered office, which is located at 59 Maiden Lane, 43rd Floor, New York, New York, USA.

25 Post Balance Sheet Events

a) Cash Call and Distribution

The following amounts are proposed to be (paid) / called from members' personal reserve funds as part of the normal distribution process.

	2016 £000	2015 £000
2014 Year of account (2013 Year of account)	<u>(25,887)</u>	<u>34,891</u>

b) Novation of Managing Agency

On 3 March 2017, the management of the Syndicate was novated to AmTrust Syndicates Limited ("ASL") formerly ANV Syndicates Limited. On 7th November 2016, ASL became a wholly owned subsidiary of AmTrust as part of its acquisition of ANV Holdings B.V. at which point ANV Syndicates Limited was renamed AmTrust Syndicates Limited. Following the acquisition, an exercise was completed to align the ASL Board and governance structure with ATL's existing structure.